



1960 Sweet Home Road • Amherst, NY 14228

Home Equity Early Disclosure

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN

This disclosure contains important information about our Home Equity Line of Credit Plan. You should read it carefully and keep a copy for your records.

AVAILABILITY OF TERMS: All of the terms described below are subject to change. If these terms change (other than the annual percentage rate) and you decide, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees that you pay to us or anyone else in connection with your application.

SECURITY INTEREST: We will take a security interest in your home. You could lose your home if you do not meet the obligations in your agreement with us.

POSSIBLE ACTIONS: We can terminate your line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if (1) you engage in fraud or material misrepresentation in connection with the plan; (2) you do not meet the repayment terms of this plan, or (3) your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if (1) any reasons mentioned above exist; (2) the value of the dwelling securing the line declines significantly below its appraised value for purposes of the line; (3) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (4) you are in default of a material obligation of the agreement; (5) government action prevents us from imposing the annual percentage rate provided for in the agreement; (6) the priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit line; (7) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (8) the maximum annual percentage rate is reached.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 15 years. This period is called the "draw period." At our option, we may renew or extend the draw period. After the draw period ends the repayment period will begin. The length of the repayment period will be the time left until the maturity date disclosed on the Addendum. You will be required to make monthly payments during both the draw and repayment periods. At the time you obtain a credit advance a payoff period of 240 monthly payments will be used to calculate your payment. The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date on the plan which is disclosed on the Addendum. Your payment will be set to repay the balance after the advance, at the current annual percentage rate, within the payoff period. Your payment will remain the same unless you obtain another credit advance. Your payment may also change if the annual percentage rate increases or decreases. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the original payoff period. Your payment will include any amounts

past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than the smaller of \$50.00, or the full amount that you owe.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 20 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.5%. During that period, you would make 239 payments of \$86.81 and one (1) final payment of \$85.16.

FEES, CHARGES AND REIMBURSEMENT: You may have to pay certain fees to third parties to open the plan. These fees generally total between \$250.00 and \$1,250.00. The Credit Union may pay these fees on your behalf; however, if your plan's balance (after the initial advance) ever becomes zero within three (3) years from its opening date you agree to reimburse the Credit Union for those fees. The Credit Union will typically pay all third party fees with the exception of the Title Insurance, if needed. Title Insurance may be required if there is no 1st mortgage in place. If the Credit Union will hold a 1st position lien, we may require title insurance. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

PROPERTY INSURANCE: You must carry insurance on the property that secures this plan. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available.

The following notice is required by New York law. You are required to obtain property insurance on the property that is security for your mortgage loan. We cannot require you to obtain an insurance policy in excess of the replacement cost of the improvements on the property securing the loan.

REFUNDABILITY OF FEES: If you decide not to enter into this plan within three business days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

TRANSACTION REQUIREMENTS: The minimum credit advance that you can receive is \$15,000.00 for the first advance and \$1,000.00 for each subsequent advance.

PRIMARY RESIDENCE: You must use the property offered as collateral as your primary residence. This is a material obligation under the Agreement and if the property is not used as your primary residence we may refuse to make additional advances under the plan.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the plan.

VARIABLE RATE FEATURE: This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum payment may change as a result. The annual percentage rate includes only interest and no other costs.

The annual percentage rate is based on the value of an index. The index is the Prime Rate published in the Money Rates column of the *Wall Street Journal*. When a range of rates has been published the highest rate will be used. We will use the most recent index value available to us as of 10 days before the date of any annual percentage rate adjustment.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. Ask us for the current index value, margin and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

RATE CHANGES: The annual percentage rate can change annually on the first day of March. The rate cannot increase or decrease more than 2.0 percentage points in any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 17.90% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 4.0% at any time during the term of the plan unless the credit union is running a lower promotional rate.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 17.90% would be \$153.62. This annual percentage rate could be reached at the time of the 49th payment.

MARGIN: The margin you receive will be based on your credit history. Please ask us for the margin that you qualify for. You may receive a different margin than what appears in the Historical Example.

HISTORICAL EXAMPLE: The following table shows how the annual percentage rate and the minimum payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 15 years. The index values are from the last business day of July of each year. While only one payment per year is shown, payments may have varied during each year.

The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of July)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2009.....	3.250	0.000	4.000 ⁽²⁾	\$60.61
2010.....	3.250	0.000	4.000 ⁽²⁾	\$60.61
2011.....	3.250	0.000	4.000 ⁽²⁾	\$60.61
2012.....	3.250	0.000	4.000 ⁽²⁾	\$60.61
2013.....	3.250	0.000	4.000 ⁽²⁾	\$60.61
2014.....	3.250	0.000	4.000 ⁽²⁾	\$60.61
2015.....	3.250	0.000	4.000 ⁽²⁾	\$60.61
2016.....	3.500	0.000	4.000 ⁽²⁾	\$60.61
2017.....	4.250	0.000	4.250	\$61.45
2018.....	5.000	0.000	5.000	\$63.83
2019.....	5.500	0.000	5.500	\$65.30
2020.....	3.250	0.000	4.000 ⁽²⁾	\$61.31
2021.....	3.250	0.000	4.000 ⁽²⁾	\$61.31
2022.....	5.500	0.000	5.500	\$64.45
2023.....	8.500	0.000	7.500 ⁽³⁾	\$68.21

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a 4.000% floor.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** reflects an annual percentage rate periodic cap of 2.000% per year.

FIXED RATE OPTION: This plan has a fixed rate option (the "option") which you may exercise only at the time of an advance. During the fifteen (15) year draw period you may opt for the interest rate on an advance or balance to be locked at a fixed rate. You may only have five (5) locked rate advances or balances at any one time. Each option must be exercised for an advance or balance of at least \$1,000.00. We will charge you a fee of \$25.00 for each time you exercise the option. You may not exercise the option if your credit limit will be exceeded. Your Credit limit will apply to the combined total of all amounts owing under the plan. All future advances will be at the current variable rate according to the terms disclosed in this plan, unless another option is exercised.

When you exercise the option, the interest rate will be fixed on the advance or balance until it is repaid. The fixed rate will be based on the *Wall Street Journal* Prime Rate in effect on the date you elect the option, plus a margin. The margin you receive will be based on your credit history in effect on the date you elect the option. The margin will be disclosed to you at the time you elect the option. You may contact us for the current prime rate value, margin and fixed annual percentage rate. You may choose a payoff period of 60 months or 120 months or 180 months; however, the payoff period may not exceed the number of months remaining to the maturity date of your plan. Your payment will be amortized to repay the advance or balance, at the applicable fixed rate, within the payoff period. Your minimum payment will be calculated separately from the minimum payment on your variable rate, and the other fixed rate options you may have. Your payment will include any amounts past due and all other charges.