

Fairport Federal Credit Union

Home Equity Disclosure

This disclosure contains important information about our Home Equity Line of Credit. 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 you paid to us or anyone else in connection with your application.

Security Interest: We will take a security interest on 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:

- You engage in fraud or material misrepresentation in connection with the Plan.
- You do not meet the repayment terms.
- 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:

- Any reason mentioned above exists.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the Annual Percentage Rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum Annual Percentage Rate is reached.
- The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.

Minimum Payment Requirements

Draw Period

You can obtain credit advances for 5 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 depend on the balance at the time of the last advance you obtain before the draw period ends. You will be required to make monthly payments during both the draw and repayment periods.

Repayment Period

The payoff will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. 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.

Minimum Payment Example: If you made only the minimum monthly payment and took no other credit advances, it would take 240 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 3.45%. You would make 240 monthly payments of \$57.74.

Transaction Limitation: The minimum initial advance is \$500.00. Second and subsequent advances \$500.00.

Third Party Fees: You may have to pay certain fees to third parties. These fees generally total between \$500.00 and \$2,500.00. If you ask, we will give you an itemization of the fees you will have to pay to third parties. If the fees are paid by the Credit Union and your account is paid in full and closed within 36 months, you will be required to reimburse the credit union for all fees paid on your behalf upon closing your account.

Late Payment Fee: If your payment is more than 10 days late, you will be charged \$25.00.

Non-Sufficient Funds Fee: You will be charged up to \$50.00 when a payment is returned for any reason.

Property Insurance: You are required to carry insurance on the property that secures this Plan with the Credit Union listed as loss payee. We cannot require you carry an insurance policy in excess of the replacement cost of the improvements on the property securing your Plan. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available.

Tax Deductibility: You should consult a tax advisor regarding the deductibility of interest and charges for the Plan.

Variable Rate: 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 15 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 on the first day of each month. There is no limit on the amount by which the annual percentage rate can change during anyone year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 15.9% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 2.95% at any time during the term of the plan.