



**PEOPLE'S COMMUNITY FEDERAL CREDIT UNION
HOME EQUITY CREDIT LINE ACCOUNT DISCLOSURES**

This disclosure contains important information about your Home Equity Credit Line Account (Account) with People's Community Federal Credit Union. 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 any of these terms change (other than the **ANNUAL PERCENTAGE RATE**) and you decide, as a result, to not enter into an agreement with us, you are entitled to a refund of any fees that you paid in connection with your application.

Security Interest. We will take a deed of trust on your home. You could lose your home if you do not meet the obligations in your agreement with us.

Possible Actions. We may take the following actions with respect to your Account under the circumstances listed below:

a. Termination and Acceleration. We may terminate your Account and require you to pay us the entire outstanding balance immediately, and charge you certain fees if any of the following happen:

- (1) You engage in any fraud or material misrepresentation in connection with your Account. For example, if there are false statements or omissions on your application or financial statements.
- (2) You do not meet the repayment terms of the Account.
- (3) Your action or inaction adversely affects the collateral or our rights in the collateral. For example, if you fail to: maintain insurance, pay taxes, transfer title to or sell the collateral, prevent the foreclosure of any items, or waste of the collateral.

b. Suspension of Credit/Reduction of Credit Limit. We may refuse to make additional advances on your line or reduce your credit limit during any period in which the following exist or occur:

- (1) Any of the circumstances listed in a., above.
- (2) The value of your dwelling securing the Account declines significantly below its appraised value for purposes of the Account.
- (3) We reasonably believe that you will not be able to meet the repayment requirements of the Account due to a material change in your financial circumstances.
- (4) You are in default under any material obligation of your Account.

All of your obligations under the Account (Agreement and Deed of Trust) are material to maintaining this Account. The categories of your obligations are set forth in the following paragraphs of these Agreements.

Home Equity Credit Line Account Agreement. 1. You Promise to Pay; 2. Line of Credit Agreement; 4. Loan Payments; 6. Security Agreement; 12. Conditions Under Which Other Charges May Be Imposed; 14. Possible Credit Union Actions; and 17. Credit Information/Financial Statements.

Line of Credit Trust Deed. 3. Payment and Performance; 4. Possession and Maintenance of the Property; 5. Indemnity; 6. Due on Sale; 7. Leases; 8. Taxes and Liens; 9. Property Damage Insurance; 11. Warranty/Defense of Title; 12. Condemnation; 13. Imposition of Taxes; 14. Security Agreement; 15. Further Assurances/Attorney in Fact; 17. Possible Actions of Lender; 21. Attorney Fees; and 26. Miscellaneous Provisions.

- (5) The maximum **ANNUAL PERCENTAGE RATE** under your Account is reached.
- (6) Any 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.



(7) We have been notified by government agency that continued advances would constitute an unsafe and unsound practice.

c. Change in Terms. The Agreement permits us to make certain changes to the terms of the Account at specified times or upon the occurrence of specified events.

Minimum Payment Requirements. You can request credit advances for eight (8) years (the “draw period”). During the draw period, payments will be due monthly. Your minimum monthly payment will equal the greater of 1.00% of the outstanding balance, or \$50.00. After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (the “repayment period). During the repayment period, payments will be due monthly. Your minimum monthly payment will equal the amount necessary to amortize the balance at the beginning of the repayment period over fifteen (15) years, or \$50.00, whichever is greater.

Minimum Payment Example. If you took a single \$10,000 advance at an **ANNUAL PERCENTAGE RATE** of 5.50% (the most recent index plus margin from the historical table shown below) and made only the minimum monthly payments, it would take 268 months to pay off your account. During that period you would make 96 payments ranging from \$100.00 to \$59.69, 171 payments of \$50.00, and a final payment of \$41.11.

Fees and Charges. In order to open and maintain the account, you must pay certain fees and charges.

Lender Fees. You must pay a document preparation fee (**FINANCE CHARGE**) of \$300.00 at the time the Account is established.

Third Party Fees. You must carry insurance on the property that secures this Account. You must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These fees generally total \$920.00 but may vary, depending on the amount of the credit line. For example, on a \$10,000 line of credit the following estimated fees must be paid to third parties:

Appraisal Fee:	\$550.00
Title Insurance:	\$200.00
Recording Fee:	\$150.00
Flood Determination Fee:	\$ 20.00

Appraisal Report. You have the right to a copy of any real estate appraisal we use in connection with your credit application. To receive a copy, your request must be in writing to: People’s Community Federal Credit Union, P.O. Box 764, Vancouver, Washington, 98666. We must hear from you no later than 90 days after we notify you about the action taken on your credit application or you withdraw your application.

Minimum Draw Requirements. There is no minimum credit advance.

Tax Deductibility. You should consult a tax advisor regarding the deductibility of interest and charges under the plan.

Periodic Rate and Corresponding ANNUAL PERCENTAGE RATE. The **ANNUAL PERCENTAGE RATE** is divided by 365 to obtain the periodic rate. The **ANNUAL PERCENTAGE RATE** includes only interest and not other costs.

Variable Rate Accounts. Your Account has a variable rate feature, and the **ANNUAL PERCENTAGE RATE** (and the corresponding periodic rate) may change as a result. Any increase or decrease in the **ANNUAL PERCENTAGE RATE** may affect the amount of your monthly payments during the repayment period. If your minimum payment during the draw period is insufficient to cover the accrued **FINANCE CHARGE**, we may increase the payment to an amount sufficient to amortize the balance over the remaining term of the Account.

Variable Rate Features. The **ANNUAL PERCENTAGE RATE** is based on the value of an index. The index is the Prime Rate, as published in *The Wall Street Journal (Western Edition)*. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your line, we add a margin to the value of the index. Ask us for our current margin and **ANNUAL PERCENTAGE RATE**. After you open your Account, rate information will be provided on periodic statements that we will send you.



Rate Changes to Variable Rate Accounts. The ANNUAL PERCENTAGE RATE can change quarterly, on the first day of the billing cycle that begins in January, April, July and October. The maximum ANNUAL PERCENTAGE RATE that can apply over the life of the loan is 18.00%.

Variable Rate Maximum Rate and Payment Examples. If you have an outstanding balance of \$10,000 at the beginning of your Account, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$152.50 (to avoid negative amortization). This ANNUAL PERCENTAGE RATE could be reached during the first month of the draw period. If you had an outstanding balance of \$10,000 at the beginning of the repayment period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$161.04. This ANNUAL PERCENTAGE RATE could be reached during the first month of the repayment period.

Historical Example. The following table shows how the ANNUAL PERCENTAGE RATE and the minimum monthly payment for a single \$10,000 credit advance would have changed based on the index over the last 15 years. The index values are from the beginning of January each year. While only one payment amount per year is shown, payment would have varied slightly during each year. The table assumes that no additional credit advances were taken, that only the minimum payment was made each month, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payment would change in the future.

<u>Year</u>	<u>Index (%)</u>		<u>Margin* (%)</u>	<u>ANNUAL PERCENTAGE RATE (%)</u>	<u>Minimum Monthly Payment (\$)</u>
2005	5.25		0.00	5.25	100.00
2006	7.25		0.00	7.25	93.45
2007	8.25		0.00	8.25	89.11
2008	7.25		0.00	7.25	85.83
2009	3.25		0.00	3.25	81.84
2010	3.25		0.00	3.25	74.96
2011	3.25	DRAW	0.00	3.25	68.65
2012	3.25	PERIOD	0.00	3.25	62.88
2013	3.25	REPAYMENT	0.00	3.25	50.00
2014	3.25	PERIOD	0.00	3.25	50.00
2015	3.25		0.00	3.25	50.00
2016	3.50		0.00	3.50	50.00
2017	3.75		0.00	3.75	50.00
2018	4.50		0.00	4.50	50.00
2019	5.50		0.00	5.50	50.00

* This is a margin we have used recently.