

**PREMIER SOURCE CREDIT UNION**  
232 N. Main Street  
East Longmeadow, MA 01028  
(413) 525-2002

## **IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT**

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**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 mortgage 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 if:

- \* You engage in fraud or material misrepresentation in connection with the line.
- \* 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:

- \* The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- \* 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.

### **Minimum Payment Requirements**

**Interest Only Plan-** You can obtain credit advances for 120 months (the draw period). During the draw period, payments will be due on a monthly basis. Your minimum monthly payment will be established at an amount equal to the interest due on your outstanding account balance at the end of each billing cycle, subject to a minimum of \$50.

**2% of Payment Plan -** You can obtain credit advances for 120 months (the draw period). During the draw period, payments will be due on a monthly basis. Your minimum monthly payment will be established at the time of each advance in an amount equal to 2.00% of your outstanding account balance, subject to a minimum of \$50.

After the draw period ends, you will no longer be able to obtain credit advances and you must repay the outstanding account balance (the repayment period). The length of the repayment period is the same for both Plans and will depend on your outstanding account balance at the beginning of the repayment period but in no event exceed 60 months. During the repayment period, minimum payments will be due on a monthly basis and will be established on the first day of the repayment period in an amount necessary to fully amortize your outstanding account balance over 60 months from end of the draw period, subject to a minimum of \$50.

### **Minimum Payment Example**

**Interest Only Plan -** If you made only the minimum monthly payment and took no other credit advances, it would take 180 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.250%. You would make 120 monthly payments of \$68.75 followed by 59 payments of \$203.95 with a final payment of \$203.08.

**2% of Payment Plan -** If you made only the minimum monthly payment and took no other credit advances, it would take 180 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.250%. You would make 120 monthly payments varying between \$200.00 and \$50.00 followed by 46 payments of \$50.00 with a final payment of \$19.97.

**Late Charge:** If your payment is not received within fifteen (15) days of the payment due date, you will be charged and agree to pay a late fee of 3% of that payment for the period of time it is late.

**Third Party Fees:** You may have to pay certain fees to third parties. These fees generally total between \$0 and \$1,000. If you ask, we will give you an itemization of the fees you may have to pay to third parties.

**Property Insurance:** You must carry insurance on the property that secures this Plan.

**Transaction Requirements:** The minimum advance you can receive is \$500. You will be charged \$50.00 for a minimum advance less than \$500. Second and subsequent advances are subject to a \$500 minimum. You will be charged \$25.00 for any subsequent advance less than \$500.

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

**VARIABLE RATE:** Your Plan is subject to a Variable Rate and the annual percentage rate (corresponding to the periodic rate) can change as a result. The annual percentage rate is based on the highest Prime Rate as published in the Money Rates Section of The Wall Street Journal and will be the rate in effect on the first business day of each calendar month ("Index"). To determine the Annual Percentage Rate that will apply to your line of credit, we add our margin to the value of the index. Changes in the Index will cause changes in the Interest Rate on the first day of each calendar month of each year. Increases and decreases in the Interest Rate will result in like increases or decreases in Finance Charge and may affect the amount of your scheduled payments during the draw and repayment periods. If the index becomes unavailable, we will choose another Index with a similar Interest Rate. The Annual Percentage Rate includes only interest and no other costs.

**RATE CHANGES:** The annual percentage rate can change on the first day of each calendar month of each year. There is no limit on the amount by which the annual percentage rate can change during any one-year period other than the maximum Annual Percentage Rates that can apply at any time to this Plan. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.00%.

**MAXIMUM RATE AND PAYMENT EXAMPLES**

**Interest Only Plan**

If you had an outstanding balance of \$10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.02. This Annual Percentage Rate could be reached in the first month of the draw period.

If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$253.93. This Annual Percentage Rate could be reached in the first month of the repayment period.

**2% of Payment Plan**

If you had an outstanding balance of \$10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$200.00. This Annual Percentage Rate could be reached in the first month of the draw period.

If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$253.93. This Annual Percentage Rate could be reached in the first month of the repayment period.

**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 last 15 years. The index values are from the first business day in January of each year. While only one payment amount per year is shown, payments would have varied slightly during the year. The table assumes that no additional credit advances were taken, that only the minimum payment was made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

YEAR	INDEX %	MARGIN % (1)	ANNUAL PERCENTAGE RATE	MINIMUM PAYMENT \$	
				(2)	(3)
1994	6.00	1.00	7.000	58.33	200.00
1995	8.50	1.00	9.500	79.16	170.68
1996	8.50	1.00	9.500	79.16	147.51
1997	8.25	1.00	9.250	77.08	127.48
1998	8.50	1.00	9.500	79.16	109.90
1999	7.75	1.00	8.750	72.91	94.98
2000	8.50	1.00	9.500	79.16	82.30
2001	9.50	1.00	10.500	87.50	71.13
2002	4.75	1.00	5.750	50.00(4)	62.10
2003	4.25	1.00	5.250	50.00(4)	51.66
2004	4.00	1.00	5.000	188.70	50.00 (4)
2005	5.25	1.00	6.250	193.37	50.00 (4)
2006	7.25	1.00	8.250	199.18	50.00 (4)
2007	8.25	1.00	9.250	201.19	50.00 (4)
2008	7.25	1.00	8.250	200.12	50.00 (4)

- 1) This is a margin we have used recently. Your margin may be different.
- 2) This represents the Minimum Payment for our Interest Only Plan during the draw period line of credit.
- 3) This represents the Minimum Payment for our 2% of Payment Plan during the draw period line of credit.
- 4) This represents the \$50.00 Minimum Payment.

**I/We hereby acknowledge receipt of this disclosure and a copy of the home equity brochure or comparable publication provided by the lender.**

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(Recipient) Date

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(Recipient) Date