

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

(10-Year Draw / 10 year Repay)

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, solely as a result of such change, 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. **YOU SHOULD CHECK WITH YOUR LEGAL ADVISOR AND WITH OTHER MORTGAGE LIEN HOLDERS AS TO WHETHER ANY PRIOR LIENS CONTAIN ACCELERATION CLAUSES WHICH WOULD BE ACTIVATED BY A JUNIOR MORTGAGE.**

**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 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, or both, 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 the priority of our security interest such that the value of the interest is less than 120 percent of the credit line.
- The maximum annual percentage rate is reached.
- The creditor is notified by its regulatory agency that continued advances constitute an unsafe and unsound practice.

The initial Agreement permits us to make changes to the terms of the Agreement at specified times or upon the occurrence of specified events.

**Minimum-Payment Requirements:** During the Draw Period, your payments will be due monthly. Your minimum monthly payment is the amount, if any by which your outstanding principal loan balance exceeds your Credit Limit, plus the amount of accrued but unpaid finance charges, late charges, and any other charges authorized by this Agreement, including, without limitation, any expenses or advances incurred by us. During the Draw Period the minimum payment may not fully repay the principal that is outstanding on your Account.

After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance over a specified period of years (the "repayment period"). The repayment period is 120 months, and, during the 120-month repayment period, your payments will be due monthly and your minimum monthly payment will equal 1/120th of the principal balance that was outstanding at the end of the draw period plus finance charges that accrued on the outstanding balance during the billing cycle.

**Minimum Payment Example:** If you made only the minimum payments and your outstanding balance was \$10,000.00, and the ANNUAL PERCENTAGE RATE was 3.500%, it would take 20 years to pay off the \$10,000.00 balance. During that period, you would make 120 payments of \$29.17, followed by 120 payments varying between \$83.57 and \$112.51.

**Fees and Charges:** To open and maintain an account, you must pay the following fees:

<b>Loan Closing Package Fee</b>	<b>PD to CU Close by NESCFCU</b>	<b>\$</b>	<b>50.00</b>
<b>Lender Paid Fees</b>		<b>\$</b>	<b>-424.72</b>
<b>Appraisal Fee</b>	<b>Pd to Diversified Appraisal Mgt by NESCFCU</b>	<b>\$</b>	<b>25.00</b>
<b>Credit Report</b>	<b>Pd to Credit Plus Inc by NESCFCU</b>	<b>\$</b>	<b>33.72</b>
<b>Flood Determination</b>	<b>Pd to Credit Union Close by NESCFCU</b>	<b>\$</b>	<b>16.00</b>
<b>Homeowner's Insurance</b>	<b>Pd to XXXXXXXX by borrower</b>	<b>\$</b>	<b>P.O.C. 1,433.00</b>
<b>Attorney Fee</b>	<b>Pd to the Law Offices of Copani Tarlow &amp; Cranney by NESCFCU</b>	<b>\$</b>	<b>125.00</b>
<b>Registry Recording Fee</b>	<b>Pd to Registry of Deeds by NESCFCU</b>	<b>\$</b>	<b>175.00</b>

**Demand Statement Expedited Delivery Fee:** *(due when account paid in full)* \_\_\_\_\_ \$ \_\_\_\_\_

**Third Party Fees:** You may also be required to pay certain fees to third parties (such as appraisers, credit reporting firms, and government agencies) to open a line. These fees generally total between \$ 0.00 and \$ 0.00. If you ask, we will give you an itemization of the fees you will have to pay to third parties. In MA, the title insurance premium (if applicable) and mortgage recording tax will be based on the maximum amount of the credit line available to you, regardless of how much is advanced to you at any time. If you engage a broker to arrange a line of credit for you, you may be charged fees by the broker for his/her services.

**Prepayment/Termination Fees:** N/A

**Reimbursement Fees:** If you cancel or terminate your line of credit within the first 24 months you will be assessed a reimbursement fee equaling the sum of all of the amounts prepaid by lender to Reimbursement parties at loan origination.

**Refundability of Fees:** If you decide not to enter into this line of credit within three days of receiving this disclosure and the Home Equity brochure, you are entitled to a refund of any fee you may have already paid.

**Property Insurance:** In addition to these fees and charges, you must carry insurance (including, without limitation, flood insurance if required) on the property that secures the line. You may select the insurance company or agent of your choice, provided the insurance company and coverage meet our requirements.

**Minimum Credit Line Requirement:** The minimum credit line you can receive is generally \$10,000.00.

**Minimum Initial Draw Requirements:** To open a home equity line of credit in MASSACHUSETTS, the initial credit advance must be at least \$0.00.

**Minimum-Draw Requirement:** Except as limited above, the minimum credit advance that you can receive is \$1,000.00.

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

**Variable-Rate Feature:** The line has a variable-rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result.

**APR: A recent Annual Percentage Rate imposed on similar lines of credit is 2.990%.** The Annual Percentage Rate includes only interest and not other costs.

The annual percentage rate is based on the value of an index. The index is the highest prime rate as published in the "Money Rates" table of *The Wall Street Journal* as of the first business day of the calendar month. To determine the annual percentage rate that will apply to your line, we add a margin to the value of the index.

The initial annual percentage rate is "discounted" - it is not based on the index and margin used for later rate adjustments. The initial, discounted rate will be in effect during the first **TWELVE** months (approximately 12 months) after your line is open.

The initial annual percentage rate is not discounted.

Ask us for the current index value, margins, discount and annual percentage rates. Margins vary depending on combined loan to value ratios, underwriting criteria and certain account features. After you open a credit line, rate information will be provided on periodic statements that we send you.

**Rate Changes:** The annual percentage rate can change monthly. (If the initial rate is "discounted," the annual percentage rate can change monthly once the initial "discount" period expires.) The maximum **ANNUAL PERCENTAGE RATE** that can apply is **18.000%** and the Minimum rate is **1.000%**. Apart from this rate "cap," there is no limit on the amount by which the rate can change during any one-year period.

**Maximum-Rate and Payment Examples:** If the **ANNUAL PERCENTAGE RATE** during the draw period equaled the **18.000%** maximum and you had an outstanding balance of \$10,000.00, the minimum monthly payment would be **\$150.00**. If the initial rate is "discounted," this maximum **ANNUAL PERCENTAGE RATE** could be reached during the **12th** billing cycle (approximately the **12th** month) of the draw period. If the initial rate is not "discounted," this maximum **ANNUAL PERCENTAGE RATE** could be reached during the first month of the draw period.

If you had an outstanding balance of \$10,000.00 at the beginning of the repayment period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of **18.000%** would be **\$233.33**. 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 payments for a \$10,000.00 outstanding balance would have changed based on changes in the index over the past 15 years. The index values are from the first business day of January of each year. While only one payment amount per year is shown, payments during the repayment period would have varied during each year.

The table assumes an outstanding balance of \$10,000, 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.

Year	Index (%)	Margin (%) <sup>1</sup>	<b>ANNUAL PERCENTAGE RATE (%)</b>	Monthly Minimum Payment (\$)	Year End Principal Balance (\$)
2003	4.250	-0.250	4.000	33.33	10,000.00
2004	4.000	-0.250	3.750	31.25	10,000.00
2005	5.250	-0.250	5.000	41.67	10,000.00
2006	7.250	-0.250	7.000	58.33	10,000.00
2007	8.250	-0.250	8.000	66.67	10,000.00
2008	7.250	-0.250	7.000	58.33	10,000.00
2009	3.250	-0.250	3.000	25.00	10,000.00
2010	3.250	-0.250	3.000	25.00	10,000.00
2011	3.250	-0.250	3.000	25.00	10,000.00

2012	3.250	-0.250	3.000	25.00	10,000.00
			Draw Period Ends - Repayment Period Begins		
2013	3.250	-0.250	3.000	108.34 to 106.05	8,999.92
2014	3.250	-0.250	3.000	105.84 to 103.55	7,999.84
2015	3.250	-0.250	3.000	103.34 to 101.05	6,999.76
2016	3.500	-0.250	3.250	102.30 to 99.81	5,999.76
2017	3.750	-0.250	3.500	100.83 to 98.16	4,999.80

<sup>1</sup> This is a margin we have used or made available recently..

<sup>2</sup> This represents the minimum interest rate.

<sup>3</sup> This represents the maximum interest rate.

By signing below, you hereby acknowledge receipt of this "Important Terms of Our Home Equity Line of Credit" Disclosure and a copy of the Home Equity Brochure, "What You Should Know About HELOCS" on the date indicated next to your signature.

Signatures

\_\_\_\_\_  
Sabrina Casella

\_\_\_\_\_  
Date

\_\_\_\_\_  
Mark Casella

\_\_\_\_\_  
Date