

APPLETREE CREDIT UNION
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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 fail to make a required payment when due two times within a twelve month period, or (2) your failure to observe the terms of this plan materially impairs the condition, value or protection of, or our rights in, the property securing this plan.

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; (8) the maximum annual percentage rate is reached, or (9) you engage in fraud or material misrepresentation in connection with this plan.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 10 years. This period is called the "draw period." At our option, we may renew or extend the draw period. The length of the repayment period will depend upon 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 the draw and repayment periods. If your balance is \$5000.00 and under, your monthly payment will be \$75.00. If your balance is greater than \$5000.00, your payment will be 1.5% of the outstanding balance at the time you obtain the advance or \$75.00, whichever is greater. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. We will recalculate your payment each time you obtain an advance. If the interest rate increases, you will be required to make more payments of the same amount.

MINIMUM PAYMENT EXAMPLE – WITH ELECTRONIC PAYMENT: If you made only the minimum monthly payment and took no other credit advances it would take 6 years 2 months to pay off a credit advance of

\$10,000 at an **ANNUAL PERCENTAGE RATE** of 3.25%. During that period, you would make 73 payments of \$150.00 and one (1) final payment of \$93.48.

MINIMUM PAYMENT EXAMPLE – WITHOUT ELECTRONIC PAYMENT: If you made only the minimum monthly payment and took no other credit advances it would take 7 years 6 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.25%. During that period, you would make 89 payments of \$150.00 and one (1) final payment of \$72.87.

FEES AND CHARGES: In order to open, use and maintain a line of credit plan, you must pay the following fees to us:

Document Preparation Fee: \$25.00 (Due at closing)

You must pay certain fees to third parties to open the plan. These fees generally total between \$135.00 and \$395.00. 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.

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 \$1,000.00 for the first advance and \$100.00 for each subsequent advance.

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 interest rate may increase as a result and you will be required to make more payments until the balance is repaid. 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 the last business day of the prior month 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. If the rate is not already rounded we then round up to the next 1/100 of one percentage point.

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.

PREFERRED RATE: If your monthly payment is made electronically you may be entitled to a reduction of your margin by 5%. If you discontinue the electronic payment the margin will increase by 5%.

RATE CHANGES: The annual percentage rate can change on the first Monday of each month. There is no limit on the amount by which the annual percentage rate can change during any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18% or the maximum permitted by law, whichever is less.

MARGIN: The margin will be determined by the amount of equity in the property used to secure this plan and whether you choose to have repayment set up by electronic payment. Please ask about your qualifying margin.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$150.00. This annual percentage rate could be reached at the time of the 1st payment.

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.

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)	With Electronic Payment			Without Electronic Payment		
		Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2000	9.500	0.000	9.500	150.00	5.000	14.500	150.00
2001	6.750	0.000	6.750	150.00	5.000	11.750	150.00
2002	4.750	0.000	4.750	150.00	5.000	9.750	150.00
2003	4.000	0.000	4.000	150.00	5.000	9.000	150.00
2004	4.250	0.000	4.250	150.00	5.000	9.250	150.00
2005	6.250	0.000	6.250	150.00	5.000	11.250	150.00
2006	8.250	0.000	8.250	150.00	5.000	13.250	150.00
2007	8.250	0.000	8.250		5.000	13.250	150.00
2008	5.000	0.000	5.000		5.000	10.000	150.00
2009	3.250	0.000	3.250		5.000	8.250	
2010	3.250	0.000	3.250		5.000	8.250	
2011	3.250	0.000	3.250		5.000	8.250	
2012	3.250	0.000	3.250		5.000	8.250	
2013	3.250	0.000	3.250			8.250	
2014	3.250	0.000	3.250			8.250	

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