

## Jefferson Parish Employees Federal Credit Union Home Equity Credit Agreement Disclosure Statement

**RETENTION OF INFORMATION:** This disclosure contains important information about our Adjustable Line of Credit Agreement. 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 changes (other than your 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 don't meet the obligations in your agreement with us.

**POSSIBLE ACTIONS:** We can terminate your account, 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 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.

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

**MINIMUM PAYMENT REQUIREMENTS:** The length of the draw period is five years and may be renewed annually thereafter at our discretion. Payments will be due monthly while there is an outstanding balance on the account. Your minimum payment will equal \$15.00 per \$1,000.00 (or fraction thereof) of the outstanding account balance. The minimum payment will be determined after each Advance and will remain that amount until the next subsequent Advance. If the minimum payment will not repay the balance that is outstanding on your account by the maturity date, you will then be required to pay the entire balance in a single payment at maturity.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum payments and took no other credit advances, it would take 92 months to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 8.75%. During that period, you would make 92 monthly payments of \$150.00.

**FEES AND CHARGES:** To open and maintain a line of credit, you must pay certain fees to third parties. These fees generally total between \$1,000.00 and \$2,000.00. If you ask, we will give you an itemization of the fees you will have to pay to third parties. You must carry insurance on the property that secures this plan.

**MINIMUM DRAW AND BALANCE REQUIREMENTS:** The minimum credit advance you can receive is \$500.00 or your remaining available credit, whichever is less. There is no minimum balance requirement.

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

**VARIABLE RATE FEATURE:** The plan has a variable rate feature, and the annual percentage rate (corresponding to the periodic rate) and the number of monthly payments can change as a result. Increases in the annual percentage rate will result in more monthly payments of the same amount. If there is still a balance due at maturity, you will then be required to pay the entire balance in a single payment at maturity. 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 Prime Rate which is the base rate for corporate loans at large U.S. Money Center commercial banks and is the highest rate published in *The Wall Street Journal*. 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 the current index value, margin and annual percentage rate. 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. The maximum ANNUAL PERCENTAGE RATE that can apply is 15.00%. The minimum ANNUAL PERCENTAGE RATE that can apply is 3.00%. In addition, the ANNUAL PERCENTAGE RATE can not increase or decrease by more than 2.00% annually.

**MAXIMUM RATE AND PAYMENT EXAMPLES:** If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 15.00% would be \$150.00. This annual percentage rate could be reached as soon as the sixth year.

**HISTORICAL EXAMPLE:** The following table shows how the annual percentage rate and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the last 15 years. The index values are from the first full week in June of each year, as shown in the Wall Street Journal. 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.

<u>Year</u>	<u>Index Rate</u>	<u>Margin*</u>	<u>ANNUAL PERCENTAGE RATE</u>	<u>Minimum Monthly Payment</u>
2009	3.25	0.75	4.00	\$150.00
2010	3.25	0.75	4.00	\$150.00
2011	3.25	0.75	4.00	\$150.00
2012	3.25	0.75	4.00	
2013	3.25	0.75	4.00	
2014	3.25	0.75	4.00	
2015	3.25	0.75	4.00	
2016	3.50	0.75	4.25	
2017	4.25	0.75	5.00	
2018	5.00	0.75	5.75	
2019	5.50	0.75	6.25	
2020	3.25	0.75	4.00	
2021	3.25	0.75	4.00	
2022	4.00	0.75	4.75	
2023	8.00	0.75	6.75♦	

\* This is a margin we have used recently; your margin may be different. ♦ This rate reflects an annual rate cap of 2.00%. ♣ This rate reflects our minimum rate of 3.00%.

I/we hereby acknowledge receipt of this disclosure statement on \_\_\_\_\_, 20\_\_\_\_\_, and a copy of the initial disclosure and a copy of the booklet "When Your Home Is On The Line: What You Should Know About Home Equity Lines of Credit" at application.

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