

# Home Equity Credit Account Disclosure



P.O. Box 77002  
Springfield, OR 97475  
800.365.1111  
MyOCCU.org

This disclosure contains important information about your Home Equity Credit Account (Account). You should read it carefully and keep a copy for your records.

1. **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.
2. **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.
3. **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, or if you prevent the foreclosure of any items, or prevent waste of the collateral, or if you transfer title to or sell the collateral.
  - b. **Suspension of Credit/Reduction of Credit Limit.** We may refuse to make additional advances on your line or we may 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 Agreement. 1. You Promise to Pay; 2. Account Line; 3. Payments; 5. Security Requirements; 9. Other Charges and Closing Costs; 11. Possible Credit Union Actions; and 14. Credit Information/Financial Statements.  
Deed of Trust. 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 25. 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 a 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.
4. **Minimum Payment Requirements.**
  - a. **Select Home Equity Line-of-Credit.**
    - 1) **Draw Period.** You can obtain credit advances for fifteen (15) years ("draw period"). During the draw period, payments will be due monthly. Your regular monthly payment will equal the amount of accrued interest at the end of the billing cycle.
    - 2) **Repayment Period.** After the draw period ends, you will no longer be able to obtain credit advances and must continue to repay the outstanding balance ("repayment period"). The length of the repayment period may vary depending on changes in the **ANNUAL PERCENTAGE RATE**. During the repayment period, payments will be due monthly. The regular monthly payment will be the amount necessary to amortize the outstanding balance at the beginning of the repayment period, with interest, over fifteen (15) years. Changes in the **ANNUAL PERCENTAGE RATE** will affect the number of payments you make.
  - b. **Flex Home Equity Line-of-Credit.**
    - 1) **Draw Period.** You can obtain credit advances for five (5) years ("draw period"). During the draw period, payments will be due monthly. Your regular monthly payment will equal 1.00% of the outstanding balance at the end of the billing cycle.
    - 2) **Repayment Period.** After the draw period ends, you will no longer be able to obtain credit advances and must continue to repay the outstanding balance ("repayment period"). The length of the repayment period may vary depending on changes in the **ANNUAL PERCENTAGE RATE**. During the repayment period, payments will be due monthly. The regular monthly payment will be the amount necessary to amortize the outstanding balance at the beginning of the repayment period, with interest, over ten (10) years. Changes in the **ANNUAL PERCENTAGE RATE** will affect the number of payments you make.
  - c. **Courtesy Lien Line-of-Credit.**
    - 1) **Draw Period.** You can obtain credit advances for five (5) years ("draw period"). During the draw period, payments will be due monthly. Your regular monthly payment will equal 1.00% of the outstanding balance at the end of the billing cycle.
    - 2) **Repayment Period.** After the draw period ends, you will no longer be able to obtain credit advances and must continue to repay the outstanding balance ("repayment period"). The length of the repayment period may vary depending on changes in the **ANNUAL PERCENTAGE RATE**. During the repayment period, payments will be due monthly. The regular monthly payment will be the amount necessary to amortize the outstanding balance at the beginning of the repayment period, with interest, over ten (10) years. Changes in the **ANNUAL PERCENTAGE RATE** will affect the number of payments you make.
  - d. **Conversion Option Payments.** During the draw period, you may elect to convert all or any portion of the balance to a Fixed Rate Equity Conversion Loan ("Conversion Option"). Your minimum payment for each Conversion Option will be an amount sufficient to amortize the Conversion Option balance over a period of up to the remaining draw period plus the amortization period used to calculate payments during the repayment period for your Account. Your available line of credit is reduced by the outstanding balance of any Conversion Options. As you make payments reducing the principal balance of a Conversion Option, the available balance on your line of credit will automatically increase by the corresponding principal reduction amount. You may elect additional Fixed Rate Equity Conversion Loans over the life of the Account up to any limit specified in the Loan Advance Voucher when you open your Account. Conversion Options may be subject to fees as specified below. Any increase or decrease in the **ANNUAL PERCENTAGE RATE** will affect the number of payments you will make. However, if, at any time during the life of the loan the amount of the monthly payment is not enough to pay at least the **FINANCE CHARGES** accruing and advance for insurance premiums (if applicable), we may increase your monthly payment to an amount necessary to amortize the loan balance over the remainder of the original repayment period.
5. **Minimum Payment Examples.** The following examples are based on the most recent index plus margin for the applicable account type from the historical table below.
  - a. **Select Home Equity LOC.** If you took a single \$10,000 advance at an **ANNUAL PERCENTAGE RATE** of 5.00% and made only the minimum monthly payments, it would take 360 months to pay off your account. During that period you would make 180 payments of \$41.67 and 180 payments of \$79.08.
  - b. **Flex Home Equity LOC.** If you took a single \$10,000 advance at an **ANNUAL PERCENTAGE RATE** of 7.75% and made only the minimum monthly payments, it would take 180 months to pay off your account. During that period you would make 60 payments ranging from \$100.00 to \$81.11 and 120 payments of \$97.00.
  - c. **Courtesy Lien LOC.** If you took a single \$10,000 advance at an **ANNUAL PERCENTAGE RATE** of 8.50% and made only the minimum monthly payments, it would take 180 months to pay off your account. During that period you would make 60 payments ranging from \$100.00 to \$84.17 and 120 payments of \$104.05.
6. **Fees and Charges.** In order to open and maintain the account, you must pay certain fees and charges.
  - Origination Fee. \$199 upon an approved line of credit application.
  - Conversion Option Fee. You will pay a fee of \$25 for each time that you elect to convert any portion (or all) of your balance to a Fixed Rate Equity Conversion Loan.
  - Third Party Fees. You must pay certain fees to third parties such as appraisers, title insurance companies, and government agencies. You must carry insurance on the property that secures this Account. These fees generally total between \$100 and \$3,600 depending on whether the advance is a loan or a line of credit, and the total amount borrowed. For example, on a \$10,000 loan or line of credit the following estimated fees must be paid to third parties:

Appraisal:	\$700-\$1,500 (estimated, if required)
Limited Appraisal:	\$150-\$200 (estimated)
Title Insurance:	\$0-\$1,500 (estimated, if required)
Reconveyance Fee:	\$128 (estimated)



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7. **Appraisal Report.** You have the right to a copy of the appraisal report used in connection with the loan for which you are applying, provided that you have paid for the appraisal. If you wish to receive a copy, please write to us at Oregon Community Credit Union, Real Estate Department, P.O. Box 77002, Springfield, Oregon 97475. We must hear from you no later than 90 days after we notify you about any action taken on your credit application, or after you withdraw your application.
8. **Tax Deductibility.** Home Equity Lines of Credit may have potential tax benefits. IRS regulations govern the deductibility of interest and charges associated with equity-based loans, but can vary with each individual property and loan situation. The interest on the portion of a credit extension that is greater than the fair market value of the dwelling is not tax deductible for federal income tax purposes. Before considering whether any home equity product is right for you, please consult your tax advisor for further information regarding the deductibility of interest and charges.
9. **Annual Percentage Rate.** Lines of Credit have a variable rate feature and the **ANNUAL PERCENTAGE RATE** (corresponding to the periodic rate) may change. The **ANNUAL PERCENTAGE RATE** includes only interest and no other costs.
10. **Variable Rate Features.** The **ANNUAL PERCENTAGE RATE** is based on the value of an index. The index is the Prime Rate published in the Wall Street Journal. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your Account, we add a margin to the value of the index. Your initial rate may be discounted, and not based on the index plus margin used for later rate adjustments. Ask us for the current index value, margin, **ANNUAL PERCENTAGE RATE**, and the amount of any discount. After you open an account, rate information will be provided on periodic statements that we will send you.
11. **Rate Changes.** The **ANNUAL PERCENTAGE RATE** can change monthly on the first day of each month, based on the index as of the first day of the month. The minimum **ANNUAL PERCENTAGE RATE** that can apply is 3.99% for Select Home Equity LOC, 5.99% for Flex Home Equity LOC, and 6.99% for Courtesy Lien LOC. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.00%.
12. **Fixed Rate Conversion Option.** The Periodic Rate and corresponding **ANNUAL PERCENTAGE RATE** for any Conversion Option amount is determined by the Credit Union at the time of the conversion and will be fixed for the duration of the Conversion Option.
13. **Maximum Rate and Payment Examples.**
  - a. **Select Home Equity LOC.** If you had an outstanding balance of \$10,000 at the beginning of your Account, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.00. 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 18.00% would be \$161.04. This **ANNUAL PERCENTAGE RATE** could be reached during the first month of the repayment period.
  - b. **Flex Home Equity LOC.** If you had an outstanding balance of \$10,000 at the beginning of your Account, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$161.04. 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 18.00% would be \$180.18. This **ANNUAL PERCENTAGE RATE** could be reached during the first month of the repayment period.
  - c. **Courtesy Lien LOC.** If you had an outstanding balance of \$10,000 at the beginning of your Account, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$161.04. 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 18.00% would be \$180.18. This **ANNUAL PERCENTAGE RATE** could be reached during the first month of the repayment period.
14. **Historical Example.** The following tables show how the **ANNUAL PERCENTAGE RATE** and the minimum monthly payments for a single \$10,000 credit advance would have changed for each type of account based on changes in the index over the last 15 years. The index values are from the first day of January each year. While only one payment amount per year is shown, payments 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 payments would change in the future.



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Select Home Equity LOC				
*This is a margin we have used recently.				
Year	Index (%)	Margin* (%)	ANNUAL PERCENTAGE RATE (%)	Minimum Payment (\$)
2004	4.00	0.50	4.50	37.50
2005	5.25	0.50	5.75	47.92
2006	7.25	0.50	7.75	64.58
2007	8.25	0.50	8.75	72.92
2008	7.25	0.50	7.75	64.58
2009	3.25	0.50	3.99**	33.25
2010	3.25	0.50	3.99**	33.25
2011	3.25	0.50	3.99**	33.25
2012	3.25	0.50	3.99**	33.25
2013	3.25	0.50	3.99**	33.25
2014	3.25	0.50	3.99**	33.25
2015	3.25	0.50	3.99**	33.25
2016	3.50	0.50	4.00	33.33
2017	3.75	0.50	4.25	35.42
2018	4.50	0.50	5.00	41.67

Flex Home Equity LOC				
*This is a margin we have used recently.				
Year	Index (%)	Margin* (%)	ANNUAL PERCENTAGE RATE (%)	Minimum Payment (\$)
2004	4.00	3.25	7.25	100.00
2005	5.25	3.25	8.50	95.35
2006	7.25	3.25	10.50	92.07
2007	8.25	3.25	11.50	90.70
2008	7.25	3.25	10.50	90.13
2009	3.25	3.25	6.50	100.94
2010	3.25	3.25	6.50	100.94
2011	3.25	3.25	6.50	100.94
2012	3.25	3.25	6.50	100.94
2013	3.25	3.25	6.50	100.94
2014	3.25	3.25	6.50	100.94
2015	3.25	3.25	6.50	100.94
2016	3.50	3.25	6.75	100.94
2017	3.75	3.25	7.00	100.94
2018	4.50	3.25	7.75	100.94

Draw Period  
Repayment Period

\*\*This rate reflects the lifetime minimum.

Courtesy Lien LOC				
*This is a margin we have used recently				
Year	Index (%)	Margin* (%)	ANNUAL PERCENTAGE RATE (%)	Minimum Payment (\$)
2004	4.00	4.00	8.00	100.00
2005	5.25	4.00	9.25	96.07
2006	7.25	4.00	11.25	93.46
2007	8.25	4.00	12.25	94.70***
2008	7.25	4.00	11.25	92.77
2009	3.25	4.00	7.25	108.09
2010	3.25	4.00	7.25	108.09
2011	3.25	4.00	7.25	108.09
2012	3.25	4.00	7.25	108.09
2013	3.25	4.00	7.25	108.09
2014	3.25	4.00	7.25	108.09
2015	3.25	4.00	7.25	108.09
2016	3.50	4.00	7.50	108.09
2017	3.75	4.00	7.75	108.09
2018	4.50	4.00	8.50	108.09

Draw Period  
Repayment Period

\*\*\*This payment was increased to avoid negative amortization.

### Notice of Right to Receive a Copy of the Appraisal Report

We may order an appraisal to determine the property's value and charge you for this appraisal.  
We will promptly give you a copy of any appraisal, even if your loan does not close.  
You may pay for an additional appraisal for your own use at your own cost.

