

# HOME EQUITY APPLICATION DISCLOSURE

**Borrower:**

**Lender:**

Riverways Federal Credit Union  
Rolla  
1012 Forum Drive  
Rolla, MO 65401

## IMPORTANT TERMS OF OUR HOME EQUITY APPLICATION DISCLOSURE

This disclosure contains important information about our 5 Year HELOC (the "Plan" or the "Credit Line"). You should read it carefully and keep a copy for your records.

**AVAILABILITY OF TERMS.** All of the terms of the Plan described herein are subject to change. If any of these terms change 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 paid 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.** Under this Plan, we have the following rights:

**Termination and Acceleration.** We can terminate the Plan and require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if any of the following happens:

- (a) You commit fraud or make a material misrepresentation at any time in connection with the Plan. This can include, for example, a false statement about your income, assets, liabilities, or any other aspect of your financial condition.
- (b) You do not meet the repayment terms of the Plan.
- (c) Your action or inaction adversely affects the collateral for the Plan or our rights in the collateral. This can include, for example, failure to maintain required insurance, waste or destructive use of the dwelling, failure to pay taxes, death of all persons liable on the account, transfer of title or sale of the dwelling, creation of a senior lien on the dwelling without our permission, foreclosure by the holder of another lien or the use of funds or the dwelling for prohibited purposes.

**Suspension or Reduction.** In addition to any other rights we may have, we can suspend additional extensions of credit or reduce your credit limit during any period in which any of the following are in effect:

- (a) The value of your dwelling declines significantly below the dwelling's appraised value for purposes of the Plan. This includes, for example, a decline such that the initial difference between the credit limit and the available equity is reduced by fifty percent and may include a smaller decline depending on the individual circumstances.
- (b) We reasonably believe that you will be unable to fulfill your payment obligations under the Plan due to a material change in your financial circumstances.
- (c) You are in default under any material obligation of the Plan. We consider all of your obligations to be material. Categories of material obligations include, but are not limited to, the events described above under Termination and Acceleration, obligations to pay fees and charges, obligations and limitations on the receipt of credit advances, obligations concerning maintenance or use of the dwelling or proceeds, obligations to pay and perform the terms of any other deed of trust, mortgage or lease of the dwelling, obligations to notify us and to provide documents or information to us (such as updated financial information), obligations to comply with applicable laws (such as zoning restrictions).
- (d) We are precluded by government action from imposing the annual percentage rate provided for under the Plan.
- (e) 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 limit.
- (f) We have been notified by governmental authority that continued advances may constitute an unsafe and unsound business practice.
- (g) The maximum annual percentage rate under the Plan is reached.

**Change in Terms.** We may make changes to the terms of the Plan if you agree to the change in writing at that time, if the change will unequivocally benefit you throughout the remainder of the Plan, or if the change is insignificant (such as changes relating to our data processing systems).

**Fees and Charges.** In order to open and maintain an account, you must pay certain fees and charges.

**Lender Fees.** The following fees must be paid to us:

| Description              | Amount  | When Charged       |
|--------------------------|---------|--------------------|
| Loan Origination Fee:    | 1%      | At Account Closing |
| Flood Certification Fee: | \$16.00 | At Account Opening |
| Flood Monitoring Fee:    | \$1.00  | At Account Opening |

**Late Charge.** Your payment will be late if it is not received by us within **10 days after the "Payment Due Date" shown on your periodic statement.** If your payment is late we may charge you 5.000% of the payment or \$15.00, whichever is less.

**Third Party Fees.** You must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies.

These third party fees generally total between \$55.00 and \$2,857.00. We estimate the breakdown of these as follows:

| Description                         | Amount               | When Charged       |
|-------------------------------------|----------------------|--------------------|
| Recording Fee:                      | \$50.00 - \$100.00   | At Account Opening |
| e-Recording Fee (\$5 per document): | \$5.00 - \$20.00     | At Account Opening |
| Credit Report Fee:                  | \$57.00 - \$120.00   | At Account Opening |
| Appraisal Fee:                      | \$450.00 - \$600.00  | At Account Opening |
| Title Insurance Fee:                | \$100.00 - \$2000.00 | At Account Opening |

**PROPERTY INSURANCE.** You must carry insurance on the property that secures the Plan.

## HOME EQUITY APPLICATION DISCLOSURE (Continued)

**MINIMUM PAYMENT REQUIREMENTS.** You can obtain advances of credit during the following period: five (5) years from the date of origination (the "Draw Period"). Your Regular Payment will equal the amount of your accrued FINANCE CHARGES or \$100.00, whichever is greater. You will make 59 of these payments. You will then be required to pay the entire balance owing in a single balloon payment. If you make only the minimum payments, you may not repay any of the principal balance by the end of this payment stream. Your payments will be due monthly. Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges.

**MINIMUM PAYMENT EXAMPLE.** If you made only the minimum payment and took no other credit advances, it would take 5 years to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 0.000%. During that period, you would make 59 monthly payments of \$100.00 and one final payment of \$4,100.00.

**TRANSACTION REQUIREMENTS.** The following transaction limitations will apply to the use of your Credit Line:

**Credit Line HELOC Account, Telephone Request, Request By Mail and In Person Request Limitations.** The following transaction limitations will apply to your Credit Line and the writing of HELOC Accounts, requesting an advance by telephone, requesting an advance by mail and requesting an advance in person.

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

**ADDITIONAL HOME EQUITY PROGRAMS.** Please ask us about our other available Home Equity Line of Credit plans.

**ANNUAL PERCENTAGE RATE INFORMATION.** The ANNUAL PERCENTAGE RATE under the Plan is not based on an Index. It is based upon a fixed rate, which will be specified either at the time you receive a loan commitment or at the loan closing, and will be based upon the market conditions at that time. An ANNUAL PERCENTAGE RATE of \_\_\_\_\_% percentage points is representative of a fixed rate recently offered by us under the Plan. The ANNUAL PERCENTAGE RATE does not include costs other than interest. Please ask us for the current annual percentage rate under the Plan.

**PREPAYMENT.** You may prepay all or any amount owing under the Plan at any time without penalty.