



**ARGENT**  
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 engage in fraud or material misrepresentation in connection with the plan; (2) you do not meet the repayment terms of this plan; or (3) 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 (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, or (8) the maximum annual percentage rate is reached.

**REFUNDABILITY OF FEES:** If you decide not to enter into this plan 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.

**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. After the draw period ends the repayment period will begin. The length of the repayment period will be 10 years. You will be required to make monthly payments during both the draw and repayment periods.

During the draw period your monthly payment will be 1.5% of the outstanding balance at the time of your most recent advance. Your payment will remain the same unless you obtain another credit advance. At the beginning of the repayment period we will recalculate your payment to repay the outstanding balance at the current interest rate in 120 months. During the repayment period your annual percentage rate will be a fixed rate. During both the draw and repayment periods your payment will include any amounts past due and any amount by which you have

exceeded your credit limit and all other charges. Your payment will never be less than the smaller of \$45.00, or the full amount you owe.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 8 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 9.5%. During that period, you would make 95 payments of \$150.00 and one (1) final payment of \$25.82.

#### FEES AND CHARGES:

You must pay certain fees to third parties to open the plan. These fees generally total between \$ \_\_\_\_\_ and \$ \_\_\_\_\_. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

**FEE REIMBURSEMENT:** We may pay certain third party fees on your behalf. However, you will be liable to reimburse us these fees if you close the Plan within the first 36 months after it is opened. Any amounts owed can be added onto the principal balance.

**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 during the draw period and the annual percentage rate (corresponding to the periodic rate) and the minimum payment may change as a result. 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 *Wall Street Journal*. When a range of rates has been published, the highest rate is used. We will use the most recent index value available to us as of the last day of the month preceding 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. We then round up to the nearest .25%. The margin you receive is based on your loan-to-value ratio. The initial annual percentage rate is "discounted" - it is not based on the index and margin used for later rate adjustments. The initial rate will be in effect for 12 months. Ask us for the current index value, margin, discount and annual percentage rate.

During the repayment period the annual percentage rate will be a fixed rate which will not change. The fixed rate will be the current annual percentage rate on your plan at the time the repayment period begins and will remain the same throughout the repayment period. After you open a plan, rate information will be provided on periodic statements that we send you.

**RATE CHANGES:** During the draw period the annual percentage rate can change quarterly on the first day of February, May, August and November. 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%.

During the repayment period the annual percentage rate will be fixed at the current annual percentage rate on your plan at the beginning of the

repayment period. However, the **ANNUAL PERCENTAGE RATE** will never be greater than 12%.

**PROPERTY INSURANCE:** You must carry insurance on the property that secures this plan.

**MAXIMUM RATE AND PAYMENT EXAMPLES:** If you had an outstanding balance of \$10,000 during the draw period, 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 13th payment during the draw period.

If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 12% would be \$143.51. This annual percentage rate could be reached at the time of the 1st payment during the repayment period.

**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 January of each year. While only one payment per year is shown, payments may have varied during 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 January)	Index (Percent)	Margin <sup>(1)</sup> (Percent)	<b>ANNUAL PERCENTAGE RATE</b>	Monthly Payment (Dollars)
2010.....	3.250	1.00	5.490 <sup>(2)</sup>	150.00
2011.....	3.250	1.00	4.250	150.00
2012.....	3.250	1.00	4.250	150.00
2013.....	3.250	1.00	4.250	150.00
2014.....	3.250	1.00	4.250	150.00
2015.....	3.250	1.00	4.250	150.00
2016.....	3.500	1.00	4.500	150.00
2017.....	3.750	1.00	4.750	
2018.....	4.500	1.00	5.500	
2019.....	5.500	1.00	6.500	
2020.....	4.750	1.00	5.750 <sup>(3)</sup>	
2021.....	3.250	1.00	5.750 <sup>(3)</sup>	
2022.....	3.250	1.00	5.750 <sup>(3)</sup>	
2023.....	7.500	1.00	5.750 <sup>(3)</sup>	
2024.....	8.500	1.00	5.750 <sup>(3)</sup>	

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

<sup>(2)</sup> This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.

<sup>(3)</sup> This **ANNUAL PERCENTAGE RATE** is fixed during the repayment period.