

# IMPORTANT TERMS OF YOUR HOME EQUITY LINE OF CREDIT

Lender:

SAN FRANCISCO FEDERAL CREDIT UNION  
770 Golden Gate Ave  
San Francisco, CA 94102

This disclosure contains important information about our home equity line of credit. 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 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 do not meet the obligations in your agreement with us.

**Possible Actions:** We can terminate your line and require you to pay us the entire outstanding balance in one payment 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 the priority of our security interest such that the value of the interest is less than 120 percent of the credit line.
- The maximum annual percentage rate is reached.
- The initial Agreement permits us to make changes to the terms of the Agreement at specified times or upon the occurrence specified events.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.

**Minimum Payment Requirements:** You can obtain advances of credit (the "draw period") for 120 months. During the draw period, payments will be due monthly. Your minimum monthly payment will equal the finance charges that have accrued on the remaining balance. The minimum payment during the draw period will not reduce the principal that is outstanding on your line.



After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance over a specified period of months (the "repayment period"). During the repayment period of 240 months, payments will be due monthly. During the Repayment Period you will repay the entire balance outstanding at the end of the draw period. Your monthly payment will be the amount consisting of principal and finance charges that will amortize the unpaid balance over the repayment period based on the ANNUAL PERCENTAGE RATE in effect each Change Date.

**Minimum Payment Example:** If you made only the minimum payments and took no other credit advances, it would take 30 years to pay off a credit advance of \$10,000.00 at the ANNUAL PERCENTAGE RATE of 7.5%. During that period, you would make 120 payments of \$62.50, followed by 240 payments of \$80.56.

**Fees and Charges:** To open and maintain an account, you must pay the following fees:

Application Fee:	\$	0.00	(due at application)
Points:	\$	0.00	% of credit line (due when account is opened)
Origination Fee:	\$	0.00	(due when the account is opened)
Loan Processing Fee:	\$	0.00	(due when the account is opened)
Other:	\$	0.00	(due when the account is opened)
Annual Fee:	\$	0.00	(due each year beginning on the first anniversary of opening the account)
Termination Fee:	\$	300.00	(due when the account is terminated in 36 months)
Lien Release Fee:	\$	213.00	estimated 3 <sup>rd</sup> party fees subject to change (due when the account is terminated)

You may also be required to pay certain fees to third parties to open a line. These fees generally total between \$400.00 and \$1500.00. If you ask, we will give you an itemization of the fees you will have to pay to third parties.

**Early Termination:** You will not pay any fee to establish your Loan Account, but if you pay off the balance in full and close the account within 36 months of opening it, you will be charged \$300.00 to reimburse the costs of establishing the Loan Account. You will pay \$300.00 regardless of the amount of costs you so incurred. If you do not pay this fee upon written request, it will be added to your outstanding balance on this account and it will accrue interest at the rate called for by this agreement until paid.

**Minimum Draw Requirement:** The minimum credit advance that you can receive is \$1.00.

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

**Variable Rate Feature:** The line has a variable rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result.

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 highest commercial Prime Rate as published in the Wall Street Journal, Western Edition, on the last business day of the month prior to the change. Information about the index is available in the Federal Reserve Statistical Release H-15 ([www.federalreserve.gov/releases/h15](http://www.federalreserve.gov/releases/h15)). To determine the annual percentage rate that will apply to your line, we may add a margin to the value of the index.

At our option and from time to time, we may offer an introductory or promotional ANNUAL PERCENTAGE RATE and Daily Periodic Rate that may apply to your HELOC Plan Account subject to the terms and conditions of the offer. The initial annual percentage rate is not based on the index and margin used to make later rate adjustments, and the period of time such initial rate will be in effect. Ask us for the current index value, margins, discount and annual percentage rates. 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 18.000%. Apart from this rate "cap," there is no limit on the amount by which the rate can change during any one-year period.

**Floor Rate:** Your rate will never be lower than 4.00%.

**Maximum Rate and Payment Examples:** If the ANNUAL PERCENTAGE RATE during the draw period equaled the 18% maximum and you had an outstanding balance of \$10,000.00, the minimum monthly payment would be \$150.00. This maximum ANNUAL PERCENTAGE RATE could be reached during the first month of the draw period.

If you had an outstanding balance of \$10,000.00 at the beginning of the repayment period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18.000% would be \$154.33. This annual percentage rate could be reached during the first month of the repayment period.

**Historical Example:** The following table shows how the ANNUAL PERCENTAGE RATE and the minimum monthly payments for a \$10,000.00 outstanding balance would have changed based on changes in the index over the past 15 years. The index values are from the last business day of December of each year. While only one payment amount per year is shown, payments during the repayment period would have varied during each year.

The table assumes an outstanding balance of \$10,000.00, 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.

	Year	Index (%)	Margin (%)	ANNUAL PERCENTAGE RATE (%)*	Monthly Minimum Payment (\$)
<b>Draw Period</b>	2010	3.250	0.000	4.000	33.33
	2011	3.250	0.000	4.000	33.33
	2012	3.250	0.000	4.000	33.33
	2013	3.250	0.000	4.000	33.33
	2014	3.250	0.000	4.000	33.33
<b>Repayment Period</b>	2015	3.500	0.000	4.000	60.60
	2016	3.750	0.000	4.000	60.60
	2017	4.500	0.000	4.000	63.26
	2018	5.500	0.000	5.500	68.79
	2019	4.750	0.000	4.750	64.62
	2020	3.250	0.000	4.000	60.60
	2021	3.250	0.000	4.000	60.60
	2022	7.500	0.000	7.500	80.56
	2023	8.500	0.000	8.500	86.78
	2024	7.500	0.000	7.500	80.56

\* Minimum Annual Percentage Rate is 4.000%