

IMPORTANT TERMS OF YOUR HOME EQUITY LINE OF CREDIT

Retention of Information: This disclosure contains important information about your 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, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees that you have 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: We can terminate your credit line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if: (i) You engage in fraud or material misrepresentation in connection with the line; (ii) You do not meet the repayment terms; (iii) 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: (i) Any of the reasons mentioned above exist; (ii) The value of the dwelling securing the line declines significantly below its appraised value for purposes of this line; (iii) We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (iv) You are in default of a material obligation in the agreement; (v) 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; (vi) A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; (vii) 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: You can obtain advances of credit for 10 years (the "**Draw Period**"). At our option, we may renew or extend the Draw Period. During the Draw Period, your minimum payment will equal the (i) the greater of \$ **100.00** or (ii) total of (a) the periodic finance charges, and other fees, charges and costs including without limitation, any other expenses or advances incurred by us under the Security Instrument; (b) accrued but unpaid interest for prior Billing Cycles; and (c) premiums for any optional credit life insurance. The Draw Period will be followed by a "Repayment Period" of **15** years. During the Repayment Period, if any, your minimum payment will equal 1/ **180** of your unpaid Account Balance at the end of the Draw Period, plus all periodic finance charges, and other fees, charges, and costs. All payments will be due monthly.

☒ The minimum payments may not be sufficient to fully repay the principal that is outstanding on your line. If they are not, you will be required to pay the entire outstanding balance in a single payment and a balloon payment may result.

☐ Your minimum payments will not repay the principal that is outstanding on your line. You will be required to pay the entire outstanding balance in a single payment.

Minimum Payment Example: If you received an Advance of \$10,000 and made only the minimum monthly payments and took no other credit advances, it would take the following amount of time to repay this loan. This example assumes a minimum monthly payment of \$100, but your minimum monthly payment may be a different amount. For the (i) 10-year Draw Period followed by a 0-year Repayment Period, it would take 120 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.50%. During that period, you would make 119 monthly payments of \$100.00 followed by 1 payment of \$4,612.63; (ii) 10-year Draw Period followed by a 5-year Repayment Period, it would take 180 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.50%. During that period you would make 120 monthly payments of \$100.00 followed by 60 monthly payments between \$107.17 and \$75.74; (iii) 10-year Draw Period followed by a 10-year Repayment Period, it would take 240 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.50%. During that period, you would make 120 monthly payments of \$100.00 followed by 120 monthly payments between \$69.57 and \$37.87; (iv) 10-year Draw Period followed by a 15-year Repayment Period, it would take 300 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.50%. During that period, you would make 120 monthly payments of \$100.00 followed by 180 monthly payments between \$57.03 and \$25.25; (v) 10-year Draw Period followed by a 20-year Repayment Period, it would take 360 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.50%. During that period, you would make 120 monthly payments of \$100.00 followed by 240 monthly payments between \$50.77 and \$18.94.

Fees and Charges: To open and maintain a line of credit, you must pay the following fees to us:

Annual Fee of \$ **N/A**

Unless otherwise noted, all fees will be paid at closing. You also must pay certain fees to third parties. These fees generally total between \$0 and \$2500. If you ask, we will give you an itemization of the fees you will have to pay to third parties.

Property Insurance: You must carry insurance on the property that secures the line. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available. You may select the insurance company of your choice, provided the company and coverage meet our requirements.

Transaction Requirements: The minimum Initial Advance is \$ **N/A**. Subsequently, the minimum advance is \$ **N/A**. You must maintain an outstanding balance of at least \$ **N/A**.

Negative Amortization: Under some circumstances, your payments will not cover the finance charges that accrue and "negative amortization" will occur. Negative amortization will increase the amount that you owe us and reduce your equity in the dwelling.

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

Other Products: If you ask, we will provide you with information on our other available home equity lines.

Variable-Rate Information: The Agreement has a variable **ANNUAL PERCENTAGE RATE**. The **ANNUAL PERCENTAGE RATE** and the amount and/or number of Minimum Payment may change as a result. The **ANNUAL PERCENTAGE RATE** includes only interest and not other costs. The Initial **ANNUAL PERCENTAGE RATE** may be "discounted." Any discounted rate is not based on the index and margin used for later rate adjustments. The discounted initial rate will be in effect for the first **N/A** months your credit line is open.



The **ANNUAL PERCENTAGE RATE** is based on the value of an index, and we may add a margin to the value of the Index. The "Index" is **Prime Rate** as published in the Wall Street Journal.

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 will send you.

Rate Changes: The **ANNUAL PERCENTAGE RATE** may be adjusted on the first day of each billing cycle (each, a "**Change Date**"). Each change in the **ANNUAL PERCENTAGE RATE** (and the related Daily Periodic Rate) will take effect without prior notice and will apply to both new Advances and your Account Balance. The maximum **ANNUAL PERCENTAGE RATE** that can apply is **25.000 %**, subject to state limitations. Except for this **25.000 %** "cap," there is no limit on the amount by which the rate can increase or decrease during any one-year period.

Maximum Rate and Payment Examples: If you had an outstanding balance of \$10,000 during the Draw Period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$150.00. This annual percentage rate could be reached during the first month of the Draw Period. During the Repayment Period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$316.67 during the 10-year Draw Period followed by the 5-year Repayment Period; \$233.33 during the 10-year Draw Period followed by a 10-year Repayment Period; \$205.56 during the 10-year Draw Period followed by a 15-year Repayment Period; and \$191.67 during the 10-year Draw Period followed by a 20-year Repayment Period.

Historical Example: The following table shows how the **ANNUAL PERCENTAGE RATE** and the minimum monthly 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 January 1 of each year. While only one payment amount per year is shown, payments during the Draw and Repayment Periods would have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payments were made each month, 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.

				MINIMUM MONTHLY PAYMENT FOR A 10-YEAR DRAW PERIOD FOLLOWED BY A				
Year	Index (%)	Margin ⁽¹⁾ (%)	ANNUAL PERCENTAGE RATE (%)	0-Year Repay Period (\$)	5-Year Repay Period (\$)	10-Year Repay Period (\$)	15-Year Repay Period (\$)	20-Year Repay Period (\$)
2011	3.250	1.000	3.750 ⁽²⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾
2012	3.250	1.000	4.250	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾
2013	3.250	1.000	4.250	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾
2014	3.250	1.000	4.250	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾
2015	3.250	1.000	4.250	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾
2016	3.500	1.000	4.500	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾
2017	3.750	1.000	4.750	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾
2018	4.500	1.000	5.500	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾
2019	5.500	1.000	6.500	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾
2020	4.750	1.000	5.750	100.00 ⁽⁴⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾
2021	3.250	1.000	4.250		8.99 ⁽⁵⁾	5.28 ⁽⁵⁾	4.05 ⁽⁵⁾	3.43 ⁽⁵⁾
2022	3.250	1.000	4.250		8.67	5.12	3.94	3.35
2023	7.500	1.000	8.500		9.30	6.23	5.20	4.69
2024	8.500	1.000	9.500		8.82	6.17	5.29	4.85
2025	7.500	1.000	8.500		8.04 ⁽⁶⁾	5.60 ⁽⁶⁾	4.78	4.37

(1) This is a margin we have used recently. Your margin may be different.

(2) The initial **ANNUAL PERCENTAGE RATE** shown is discounted. If your Home Equity Line of Credit provides for an initial discounted rate, your initial discounted rate may be different.

(3) The \$100 payments reflect the minimum monthly payment amount. Your minimum payment may be a different amount.

(4) A balloon payment in the amount of \$544.67 is due at the end of the Draw Period.

(5) The Repayment Period begins this year.

(6) This loan is paid off in this year.

By signing below, you acknowledge receipt of a copy of this disclosure statement and a copy of the Consumer Financial Protection Bureau Handbook entitled "What You Should Know About Home Equity Lines of Credit."

Date

Date

**UNIVERSITY OF MICHIGAN CREDIT UNION
HOME EQUITY LINE OF CREDIT AGREEMENT**

Visa Credit Card Addendum

By using the HELOC Visa Credit Card attached to your University of Michigan Credit Union Home Equity Line Of Credit Plan Account (HELOC Account or Account), you understand and acknowledge that:

The meaning of the words in this Addendum have the same meaning as the words in your Home Equity Line Of Credit Agreement and Disclosure statement. All terms and conditions of your Home Equity Line Of Credit Agreement and Disclosure statement are applicable to this Addendum. In this Addendum, the words (a) "you", "your" and "yours" mean the person(s) being given this informational disclosure: (b) "we", "us" and "our" "Credit Union" mean University of Michigan Credit Union.

If your HELOC Account is accessed by the HELOC Visa Credit Card (Card), it is for use in obtaining credit under your Home Equity Line Of Credit Agreement and Disclosure Statement. If applicable, see your HELOC Agreement and Disclosure Statement for additional terms and conditions of your HELOC Account and fees that may apply to your HELOC Account.

1. **ISSUANCE OF CARDS:** We will issue VISA credit cards embossed as you direct in your application for this plan. As soon as received, the person whose name is embossed on the card must sign it on the back. That signature must be in the same form as the name embossed on the front of the card.
2. **USE OF CARDS:** You agree not to let anyone else use your card. If you authorize another person to use your Card(s) for any transaction(s), you agree to be responsible for all transactions performed by that person, even those not expressly authorized by you. If you notify us to do so, we will take prompt steps to prevent further card use. If you do not wish to be bound by this agreement, as soon as you receive your card, cut it in half and return it to us. You agree that when you or any authorized user of your card(s) uses the card to make a purchase or obtain a cash advance that the terms of this agreement shall become effective.
3. **USING THE CARD:** To make a purchase or obtain a cash advance, present this card to a participating VISA plan merchant, to us or to another financial institution, and sign the sales or cash advance draft which will be imprinted with your card number. You will receive a copy of the draft, which you should retain to verify your monthly statement. You may not receive a sales draft if the transaction is below a minimum transaction amount defined by VISA
4. **UNLAWFUL TRANSACTIONS:** You agree that you will not use the card for any unlawful purpose, including the purchase of goods or services prohibited by applicable laws or regulations. This includes, but is not limited to, illegal Internet gambling.
5. **CREDIT LIMIT:** You will be advised of your Credit Limit under this plan. You agree not to make advances that would cause your balance to exceed that limit. If advances are made that exceed that limit, you agree to repay the excess immediately. We expressly disclaim any security interest in the collateral that secures this Account to the extent your Account balance exceeds your established credit limit due to an advance made by you.
6. **FEES:** The first Card is provided at no charge. For fees related to your card, please refer to your Home Equity Line of Credit Agreement and Disclosure Statement or the current Fee Schedule available at www.UMCU.org.
7. **RETURNS AND ADJUSTMENTS:** If merchants who honor your card process a return or adjustment, they will do so by sending us a credit, which we will post to your HELOC account, and you agree to accept returns or adjustments in this manner. You should keep your copy of the credit slip to verify the transaction on your monthly statement. The credits posted to your HELOC account do not count as monthly payments. You are required to make at least your minimum monthly payment each month, regardless of whether a credit was posted to your account. However, if your credits and payments exceed the balance you owe us, we will hold and apply this credit balance against future purchases and cash advances. A minimum payment would not be due and we will refund this credit balance after (6) six months or upon your written request.
8. **FOREIGN TRANSACTIONS:** Purchases and cash advances made in foreign currencies will be posted to your HELOC Account in U.S. dollars. The exchange rate between the transaction currency and the billing currency used for processing international transactions is a rate selected by VISA from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate VISA itself receives or the government-mandated rate in effect for the applicable central processing date. The exchange rate used on the processing date may differ from the rate that would have been used on the purchase date of cardholder statement posting date. You agree to pay a foreign transaction fee.
9. **LOSS, THEFT, OR UNAUTHORIZED USE OF CARD:** You agree that you will contact the Credit Union immediately at 734-662-8200 or 800-968-8628 if you learn or believe that your card has been lost, stolen, or used by some other person without your permission. Outside of normal business hours call 800-991-4965 or 800-847-2911 (if outside of the United States). You may also write to University of Michigan Credit Union, Attn: Card Services, PO Box 7850, Ann Arbor, MI 48107. Telephoning is the best way to limit the possible losses and liability.

10. **LIABILITY FOR UNAUTHORIZED USE:** You may be liable for the unauthorized use of your credit card. You will not be liable for unauthorized use that occurs after you notify us of the loss, theft, or possible unauthorized use. You will have no liability for unauthorized use of your card(s) unless you were grossly negligent or fraudulent in the handling of your credit card(s). In any case, your liability will not exceed \$50.
11. **PLAN MERCHANT DISPUTES:** We are not responsible for the refusal of any merchant or financial institution to honor your card. Except as provided in "Your Billing Rights" at the end of this agreement, you promise to pay what you owe us under this loan plan even if you have a dispute with a merchant who honored your card.
12. **DEFAULT:** If you are in default, we may refuse to pay transactions including any pending transactions that would require us to make an additional loan to you and demand that you return all credit card devices used to obtain loan Advances. Other applicable HELOC terms and conditions apply.
13. **AMENDMENTS:** From time to time, we may amend this agreement by giving you written notice of the amendment at least 45 days before it goes into effect, unless a shorter notice period is permitted by law. The notice will state the date upon which the amendment will become effective. Amendments to fees or terms to this agreement may be announced by letter, newsletter or by a notice printed on or with your statement. The notice may be delivered electronically if you previously consented to electronic delivery of documents or it may be sent to your last known mailing address appearing in our records at the time of the mailing. The terms and conditions set forth in the Addendum amend and supersede any prior Addendums governing your HELOC Visa Credit Card. Your use of the card thereafter will indicate your agreement to the amendments.
14. **ELECTRONIC ADVANCES OR PURCHASES:** If automated teller machines or other electronic devices are available while this agreement remains in effect which make it possible for you to obtain a cash advance by use of your card in such a machine, or to make a purchase from a merchant that uses the card in an electronic terminal that accesses the VISA system, we will furnish you with a secret PERSONAL IDENTIFICATION NUMBER (PIN). You agree to keep the PIN secret. You also agree that you won't write the PIN on the card or anything you keep with the card. Your use of the PIN, together with your card, in getting a cash advance or making a purchase is agreed to constitute your signature for purposes of such transaction.
15. **RENEWAL:** Cards are issued with an expiration date and are renewed for a pre-determined period. We have the right, on written notice, not to renew your card for any reason.
16. **TERMINATION:** Prior to or as part of the payoff and termination of my HELOC Account, you must surrender any and all Cards associated with this credit line. This payoff would include any direct payoff or a payoff received from another lender. All charges using the Card(s) must be posted prior to payoff.
17. **DELAY IN ENFORCEMENT:** We can delay enforcing our rights under this agreement without losing them.
18. We reserve the right to block transactions from certain merchants and certain geographic regions due to a high incidence of fraud from that merchant or region. You can obtain a list of affected merchants and geographic regions by contacting us.

The laws of the State of Michigan govern this agreement, except to the extent that federal law controls.

YOUR BILLING RIGHTS: Keep this Document for Future Use: This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

Notify Us in Case of Errors or Questions About Your Bill

If you think your bill is wrong, or if you need more information about a transaction on your bill, write to us at University of Michigan Credit Union, 340 E. Huron St., Suite 100, Ann Arbor, MI 48104. Write to us as soon as possible. We must hear from you no later than (60) sixty days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

If you have authorized us to pay your credit card bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us (3) three business days before the automatic payment is scheduled to occur.

Your Rights and Our Responsibilities After We Receive Your Written Notice

We must acknowledge your letter within (30) thirty days, unless we have corrected the error by then. Within (90) ninety days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within (10) ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

Special Rule for Credit Card Purchases

If you have a problem with the quality of property or services that you purchased with a credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the property or services.

There are two limitations on this right:

- (a) You must have made the purchase in your home state or, if not within your home state within 100 miles of your current mailing address; and
- (b) The purchase price must have been more than \$50.

These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services. By accepting your card, you acknowledge that you are contractually liable according to this Agreement and that you acknowledge receipt of a copy of the Credit Agreement and other Truth in Lending Disclosure provided by the Credit Union to you at or about the time of your application and a copy of the Home Equity Brochure published by the Federal Reserve Board.