



Police Federal Credit Union
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IMPORTANT TERMS of our HOME EQUITY LINE OF CREDIT

THIS DISCLOSURE CONTAINS INFORMATION ABOUT OUR HOME EQUITY LINE OF CREDIT. YOU SHOULD READ IT CAREFULLY AND KEEP THIS COPY FOR YOURSELF.

Availability Of Terms

All 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 you paid to us or anyone else in connection with your application.

Security Interest

We will take a Deed of Trust/Mortgage on your home ("Security Property"). You could lose your home if you do not meet certain obligations in your agreement with us.

Possible Actions

Termination

If you fail to meet the terms of repayment, or if you act or fail to act in a way that adversely affects our security interest or other rights in the Security Property, or if you have committed fraud or made a material misrepresentation in connection with the account, we may, subject to the Governing Law, terminate the plan, require payment in full of the entire outstanding balance in a single payment or cause the Security Property to be sold and the proceeds of such sale to be applied to your obligation to us. You agree to pay any reasonable costs of protecting, retaking, repairing or selling the Security Property.

Suspension

Your right to request additional advances may be suspended, or your maximum credit limit reduced, at our option, in the following instances: (1) you fail to make the scheduled payments due to us; (2) you fail to make timely payments to the holders of Deeds of Trust/Mortgages senior to ours; (3) you fail to pay real property taxes prior to delinquency; (4) you fail to maintain the required property insurance; (5) the value of the Security Property declines significantly below the appraised value upon which we relied in approving your application; (6) we reasonably believe that your ability to meet your payment obligations is impaired because of a material change in your financial circumstances; (7) governmental action precludes our imposing the interest rate provided herein or adversely affects the priority of our security interest such that the value of our interest is less than 120.00% of your maximum credit limit; or (8) government regulatory authorities find that further advances under this plan constitute an unsafe and unsound practice. When the condition which caused the suspension of advances or reduction of your maximum credit limit no longer exists, the original terms of your agreement will be reinstated. You understand that if your right to request additional advances is suspended or your maximum credit limit is reduced, you still owe us whatever sums you have already borrowed, all other charges under your agreement and applicable Finance Charges.

Interest Rates

We offer multiple rates for our Home Equity Line of Credit Plan that differ based on the applicants creditworthiness. Not all applicants may qualify for the more favorable rates.

Minimum Payment Requirements

You can obtain credit advances for 60 months (the draw period). During the draw period, payments will be due on a monthly basis. Your minimum monthly payment will be established at the close of each billing cycle at an amount equal to 1.25% of your then unpaid principal balance, subject to the lesser of \$125.00 or your account balance.

After the draw period ends, you will no longer be able to obtain credit advances and must pay your outstanding balance (the repayment period). The length of the repayment period will be 120 months. During the repayment period, minimum payments will be due on a monthly basis and will be established and fixed on the first day of the repayment period to the amount necessary to amortize your then outstanding account balance over 120 months, subject to the lesser of your account balance.

Negative Amortization

If the interest rate provided to you under this plan exceeds 15.00% during the draw period, your payment 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 your home.

Minimum Payment Example

If you made only the minimum payments and took no other credit advances, it would take 180 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 5.99%*. During that period, you would make 60 monthly payments of \$125.00, followed by 119 monthly payments of \$52.85 and a final payment of \$53.58.

*This represents a fixed interest rate that we have recently used.

Fees And Charges

To open and maintain a line of credit, you may have to pay certain fees to third parties. These fees generally total from \$0.00 to \$3,000.00. If you ask, we will give you an itemization of the fees you may have to pay to third parties.

Insurance

You must carry insurance on the property that secures this plan.

Minimum Draw And Balance Requirements

The minimum initial advance you can receive is \$5,000.00. The minimum subsequent advance you can receive is \$500.00.

Tax Deductibility

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