

**HOME EQUITY LINE OF CREDIT
EARLY DISCLOSURE**



NMLS Company Identifier: 402507
NMLS Originator Identifier: 402507

| DISCLOSURE DATE | | |
|-----------------|--|--|
| January 2, 2024 | | |

BORROWER INFORMATION

In this disclosure the words "you" and "your" mean the recipient of this disclosure, and the words "we," "us" and "our" mean APCI Federal Credit Union, the Lender listed above. "e" means an estimate.

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

RETENTION OF INFORMATION. This disclosure contains important information about our home equity line of credit, HELOC ("Account"). 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 you paid to us or anyone else in connection with your application.

SECURITY INTEREST. We will take a security interest in your home (collateral). You could lose your home if you do not meet the obligations in your Agreement with us.

POSSIBLE ACTIONS. We can terminate your Account 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 Account; or you do not meet the repayment terms; and/or 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 Account declines significantly below its appraised value for purposes of the Account; or we reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances; or you are in default of a material obligation in the Agreement; or 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; or a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; and/or 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 120 months (the "Draw Period"). During the Draw Period, payments will be due monthly. Your minimum periodic payment will be based on an amortization of the balance after your most recent credit advance or \$100.00, whichever is greater.

After the Draw Period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance over 120 months (the "Repayment Period"). During the Repayment Period, payments will be due monthly. Your minimum periodic payment will be based on an amortization of the balance after your most recent credit advance or \$100.00, whichever is greater.

BALLOON PAYMENT. The minimum payment will not fully repay the principal that is outstanding on your Account before the end of the Repayment Period. At the end of the Repayment Period, you will be required to pay the entire unpaid balance and any outstanding fees or charges in a single balloon payment.

MINIMUM-PAYMENT EXAMPLE. If you made only the minimum monthly payments and took no other credit advances, it would take 10 years to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 4%. During the Draw Period, you would make 119 monthly payments ranging from \$93.80 to \$102.00. During the Repayment Period, you would make 119 monthly payments ranging from \$93.80 to \$102.00.

FEES AND CHARGES. To open and maintain your Account, you must carry insurance on the property securing your Account. You must also pay certain fees to third parties. These fees generally total between \$0.00 and \$2,500.00. The following are the third party fees you must pay:

If you tell us you have decided not to enter into the Account within three business days of receiving this Disclosure and the Consumer Financial Protection Bureau brochure "What You Should Know About Home Equity Lines of Credit" in person, or within six business days after the day we mail them to you, as the case might be, any fees or charges you might have already paid will be refunded.

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

VARIABLE RATE FEATURE. The Account has a variable rate feature. The Annual Percentage Rate (corresponding to the periodic rate) and the minimum payment can change as a result. This Annual Percentage Rate does not include costs other than interest. The Annual Percentage

Rate is based on the value of an index. The index is Prime Rate and is published in the Wall Street Journal. To determine the Annual Percentage Rate that will apply to your Account, we subtract a margin from the value of the index. Ask us for the current index value, margin and Annual Percentage Rate. After you open an Account, rate information will be provided on periodic statements that we furnish to 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 in any one-year period, except that under no circumstances will the rate ever be less than 4.000% per annum.

MAXIMUM-RATE AND PAYMENT EXAMPLE. If the **ANNUAL PERCENTAGE RATE** during the Draw Period equaled the 18.000% maximum and you had an outstanding balance of \$10,000.00, your minimum payment would be \$181.00. The maximum Annual Percentage Rate could be reached the first time your Annual Percentage Rate changes, unless your initial rate is equal to the maximum, in which case it would be reached immediately. If you had an outstanding balance of \$10,000.00 at the beginning of the Repayment Period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.000% would be \$180.00. This Annual Percentage Rate could be reached at the beginning of the Repayment Period.

HISTORICAL EXAMPLE. The following table shows how the Annual Percentage Rate and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the past. The index values are from the rate in effect as of the last business day of December of each year. While only one payment amount per year is shown, payments would 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.

| Year | Index | Margin* | ANNUAL PERCENTAGE RATE | Minimum Periodic Payment |
|------|--------|----------|------------------------|-------------------------------------|
| 2008 | 4.000% | - 0.500% | 4.000% | \$102.00 |
| 2009 | 3.250% | - 0.500% | 4.000% | \$102.00 |
| 2010 | 3.250% | - 0.500% | 4.000% | \$102.00 |
| 2011 | 3.250% | - 0.500% | 4.000% | \$102.00 |
| 2012 | 3.250% | - 0.500% | 4.000% | \$102.00 |
| 2013 | 3.250% | - 0.500% | 4.000% | \$102.00 |
| 2014 | 3.250% | - 0.500% | 4.000% | \$102.00 |
| 2015 | 3.250% | - 0.500% | 4.000% | \$102.00 |
| 2016 | 3.250% | - 0.500% | 4.000% | \$102.00 |
| 2017 | 3.750% | - 0.500% | 4.000% | \$102.00 ^{1/} ₋ |
| 2018 | 4.000% | - 0.500% | 4.000% | \$102.00 |
| 2019 | 5.000% | - 0.500% | 4.500% | \$102.00 |
| 2020 | 4.250% | - 0.500% | 4.000% | \$102.00 |
| 2021 | 4.000% | - 0.500% | 4.000% | \$102.00 |
| 2022 | 4.000% | - 0.500% | 4.000% | \$102.00 |
| 2023 | 7.500% | - 0.500% | 7.000% | \$117.00 |

* This is a margin we have used recently.

^{1/} Draw period ends on the 120th month.