

512.435.4545 903.597.7484 800.531.2328 UHCU.ORG

Texas Home Equity Line of Credit: Early Disclosure Statement

Important Terms of Our Texas Home Equity Line of Credit Account

This disclosure contains important information about our Texas Home Equity Line of Credit Account. You should read it carefully and keep a copy for your records. In this Disclosure, "you" and "your" refer to each person applying for a Texas Home Equity Line of Credit and anyone else authorized to use it. "We", "our" and "us" refer to United Heritage Credit Union.

1. **Availability of Terms.** All of the terms described below are subject to change. If any of these terms change (other than the annual percentage rate due to fluctuations in the index) and you decide, as a result, to not 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.
2. **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.
3. **Possible Actions.** We may take the following actions with respect to your line of credit under the circumstances listed below:
    a. **Termination & Acceleration.** We can terminate your line of credit and require you to pay us the entire outstanding balance on your line of credit in one payment, and charge you certain fees if:
        i. You engage in any fraud or material misrepresentation or omission at any time in connection with the line of credit;
        ii. You do not meet the repayment terms of the line of credit; or
        iii. Your action or inaction adversely affects the collateral (your home) for your line of credit or our rights in the collateral. This includes, to the extent allowable by applicable law, your failure to insure the collateral or pay taxes on the collateral as they become due, the sale or other transfer of the collateral, the creation of a senior lien encumbering the collateral, or the foreclosure or threatened foreclosure of another lien on the collateral.
    b. **Suspension of Credit or Reduction of Credit Limit.** We may refuse to make additional advances or reduce your credit limit if:
        i. Any of the circumstances set forth in subparagraph (a)above occur;
        ii. The value of your dwelling securing your line of credit declines significantly below its appraised value for purposes of the line;
        iii. We reasonably believe that you will not be able to meet the repayment obligations of your line of credit Agreement due to a material change in your financial circumstances;
        iv. You are in default of a material obligation of your line of credit Agreement or the line of credit Security Document. All of your obligations under your line of credit Agreement and the line of credit Security Document are material for purposes of this provision;
        v. 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 limit;
        vi. A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; or
        vii. The maximum annual percentage rate is reached.

c. **Change in Terms.** The line of credit Agreement permits us to make certain changes to the terms of your line of credit at specified times or upon the occurrence of specified events.

4. **Draw Period and Repayment Period.** The draw period (the "Draw Period") is the time period in which advances can be obtained on your line of credit. The repayment period (the "Repayment Period") is the time period between the Draw Period and when your line of credit ends.

If your line of credit will be secured by a 2nd lien on your home, your line of credit account contains an option to select either a 5 year Draw Period with a 15 year Repayment Period or a 10 year Draw Period with a 10 year Repayment Period.

If your line of credit will be secured by a 1st lien on your home, you have an option to select either a 5 year Draw Period with a 15 year Repayment Period or a 10 year Draw Period with a 15 year Repayment Period.
You must make your selection at the time your line of credit is established.

5. **Payment Terms.**

2nd Lien Payment Option 1 - 5/15 Plan

Under this option, the Draw Period is 5 years and you may obtain credit advances for 5 years. After the Draw Period ends, and if the Draw Period is not renewed or extended by us, you will no longer be able to obtain credit advances and must repay the outstanding balance within a Repayment Period of 15 years. Minimum monthly payments will be due during the Draw Period and during the Repayment Period as described below.

2nd Lien Payment Option 2 - 10/10 Plan

Under this option, the Draw Period is 10 years and you may obtain credit advances for 10 years. After the Draw Period ends, and if the Draw Period is not renewed or extended by us, you will no longer be able to obtain credit advances and must repay the outstanding balance within a Repayment Period of 10 years. Minimum monthly payments will be due during the Draw Period and during the Repayment Period as described below.

1st Lien Payment Option 1 - 5/15 Plan

Under this option, the Draw Period is 5 years and you may obtain credit advances for 5 years. After the Draw Period ends, and if the Draw Period is not renewed or extended by us, you will no longer be able to obtain credit advances and must repay the outstanding balance within a Repayment Period of 15 years. Minimum monthly payments will be due during the Draw Period and during the Repayment Period as described below.

1st Lien Payment Option 2 - 10/15 Plan

Under this option, the Draw Period is 10 years and you may obtain credit advances for 10 years. After the Draw Period ends, and if the Draw Period is not renewed or extended by us, you will no longer be able to obtain credit advances and must repay the outstanding balance within a

Repayment Period of 15 years. Minimum monthly payments will be due during the Draw Period and during the Repayment Period as described below.

6. **Minimum Payment Requirements.** During the Draw Period and the Repayment Period,

payments will be due monthly whenever a balance exists on your statement date. Depending on the Payment Option which you select, the minimum payment requirements are as follows:

2nd Lien Payment Option 1 - 5/15 Plan

Draw Period - A minimum monthly payment equal to the finance charges that have accrued on the outstanding balance during the preceding month, together with all past due amounts, amounts in excess of your credit limit, late charges, insurance premiums and other fees imposed to the extent allowable by applicable law. Paying the minimum monthly payment will not reduce the principal balance that is outstanding on your line of credit.

Repayment Period - A minimum monthly payment in an amount, including both principal and interest, sufficient to amortize the unpaid line of credit balance at the end of the Draw Period over 180 months, considering the index plus margin then in effect, together with all past due amounts, amounts in excess of your credit limit, late charges, insurance premiums and other fees imposed to the extent allowable by applicable law.

2nd Lien Payment Option 2 - 10/10 Plan

Draw Period - A minimum monthly payment equal to the finance charges that have accrued on the outstanding balance during the preceding month, together with all past due amounts, amounts in excess of your credit limit, late charges, insurance premiums and other fees imposed to the extent allowable by applicable law. Paying the minimum monthly payment will not reduce the principal balance that is outstanding on your line of credit.

Repayment Period - A minimum monthly payment in an amount, including both principal and interest, sufficient to amortize the unpaid line of credit balance at the end of the Draw Period over 120 months, considering the index plus margin then in effect, together with all past due amounts, amounts in excess of your credit limit, late charges, insurance premiums and other fees imposed to the extent allowable by applicable law.

1st Lien Payment Option 1 - 5/15 Plan

Draw Period - A minimum monthly payment equal to the finance charges that have accrued on the outstanding balance during the preceding month, together with all past due amounts, amounts in excess of your credit limit, late charges, insurance premiums and other fees imposed to the extent allowable by applicable law. Paying the minimum monthly payment will not reduce the principal balance that is outstanding on your line of credit. Repayment Period - A minimum monthly payment in an amount, including both principal and interest, sufficient to amortize the unpaid line of credit balance at the end of the Draw Period over 180 months, considering the index plus margin then in effect, together with all past due amounts, amounts in excess of your credit limit, late charges, insurance premiums and other fees imposed to the extent allowable by applicable law.

1st Lien Payment Option 2 - 10/15 Plan

Draw Period - A minimum monthly payment equal to the finance charges that have accrued on the outstanding balance during the preceding month, together with all past due amounts, amounts in excess of your credit limit, late charges, insurance premiums and other fees imposed to the extent allowable by applicable law. Paying the minimum monthly payment will not reduce the principal balance that is outstanding on your line of credit.

Repayment Period - A minimum monthly payment in an amount, including both principal and interest, sufficient to amortize the unpaid line of credit balance at the end of the Draw Period over 180 months, considering the index plus margin then in effect, together with all past due

amounts, amounts in excess of your credit limit, late charges, insurance premiums and other fees imposed to the extent allowable by applicable law.

7. **Minimum Payment Examples.**

2_{nd} Lien Payment Option 1 - 5/15 Plan

If you took a single $10,000 advance at an **ANNUAL PERCENTAGE RATE** of 6.95% (the most recent index plus margin shown in the Historical Table), it would take 240 months to pay off your account. During that period you would make 60 monthly payments of $59.03 followed by 180 monthly payments of $89.60.

2_{nd} Lien Payment Option 2 - 10/10 Plan

If you took a single $10,000 advance at an **ANNUAL PERCENTAGE RATE** of 7.20% (the most recent index plus margin shown in the Historical Table), it would take 240 months to pay off your account. During that period you would make 120 monthly payments of $61.15 followed by 120 monthly payments of $117.14.

1_{st} Lien Payment Option 1 - 5/15 Plan

If you took a single $10,000 advance at an **ANNUAL PERCENTAGE RATE** of 6.75% (the most recent index plus margin shown in the Historical Table), it would take 240 months to pay off your account. During that period you would make 60 monthly payments of $57.33 followed by 180 monthly payments of $88.49.

1_{st} Lien Payment Option 2 - 10/15 Plan

If you took a single $10,000 advance at an **ANNUAL PERCENTAGE RATE** of 7.00% (the most recent index plus margin shown in the Historical Table), it would take 300 months to pay off your account. During that period you would make 120 monthly payments of $59.45 followed by 180 monthly payments of $89.88.

8. **Fees and Charges.** In order to open and maintain a line of credit, you must pay certain fees and charges as follows:

   a. **Credit Union Fees:** $0.00

   b. **Third Party Fees.** Appraisal Fee: $695. If your line of credit limit exceeds $200,000 at the time your line of credit is established, you must pay certain fees to third parties. These fees generally range between $2,500 and $5,500. If you ask, we will give you an itemization of the fees you will have to pay third parties in such event.

9. **Transaction Requirements.** We do not require an initial draw (advance) at the time you establish your line of credit account. There is a minimum draw requirement of $4,000 for each advance.

10. **Tax Deductibility.** You should consult a tax advisor regarding the deductibility of interest and charges under the line of credit.

11. **Property Insurance.** We will require that you carry insurance coverage on the property that secures your line of credit.

12. **Variable Rate Feature.** The line of credit has a variable rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum payment can change as a result. The 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 the Prime Rate as published in the Money Rates Section of the Wall Street Journal. We will use the most recent index value available to us as of 15 days before the date of any annual percentage rate adjustment. To determine the annual percentage rate that will apply to your line of credit, we add a margin to the value of the index. To determine the annual percentage rate, we take the index and round up to the nearest 0.125% and add the margin.

The initial annual percentage rate may be "discounted". If this discount is in effect, the initial annual percentage rate will not be based on the index and margin used for later adjustments. Such discounted annual rate may be in effect for as long as the first 6 months your credit line is open. Ask us for the current index value, margin, discount or premium, and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we will send you.

13. **Rate Changes.** The annual percentage rate is subject to change quarterly. Any change will be effective on the 1st day of January, April, July and October. An increase in the index will result in an increase in the periodic rate which, in turn, may result in higher payments. A decrease in the index may have the opposite effect. In any event the daily periodic rate will never be less than a daily periodic rate with a corresponding **ANNUAL PERCENTAGE RATE** of 4.00%, and it will never be greater than a daily periodic rate with a corresponding **ANNUAL PERCENTAGE RATE** of 18%. Apart from this rate "floor" and this rate "cap", there is no limit on the amount by which the rate can change during any 1 year period.

14. Maximum Rate and Payment Examples.

2nd Lien Payment Option 1 - 5/15 Plan

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 $152.88. This maximum annual percentage rate could be reached during the 1st month of the Draw Period.

If you had an outstanding balance of $10,000 at the beginning of the Repayment Period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be $161.05. This maximum annual percentage rate could be reached during the 1st month of the Repayment Period.

2nd Lien Payment Option 2 - 10/10 Plan

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 $152.88. This maximum annual percentage rate could be reached during the 1st month of the Draw Period.

If you had an outstanding balance of $10,000 at the beginning of the Repayment Period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be $180.19. This maximum annual percentage rate could be reached during the 1st month of the Repayment Period.

1st Lien Payment Option 1 - 5/15 Plan

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 $152.88. This maximum annual percentage rate could be reached during the 1st month of the Draw Period.

If you had an outstanding balance of $10,000 at the beginning of the Repayment Period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be $161.05. This maximum annual percentage rate could be reached during the 1st month of the Repayment Period.

1st Lien Payment Option 2 - 10/15 Plan

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 $152.88. This maximum annual percentage rate could be reached during the 1st month of the Draw Period.

If you had an outstanding balance of $10,000 at the beginning of the Repayment Period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be $161.05. This maximum annual percentage rate could be reached during the 1st month of the Repayment Period.

15. **Historical Example.** The following tables show how the annual percentage rate and the minimum monthly payments for a single $10,000 credit advance under each of the payment options available would have changed based on changes in the index over the past 15 years. The index values are from the last business day of July each year. While only one payment amount per year is shown, payments would have varied during each year.

The tables assume 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. They do not necessarily indicate how the index or your payments will change in the future.

2nd Lien Payment Option 1 - 5/15 Plan Table

Year	Index (%)	Margin (%)*	Annual Percentage Rate (%)		Minimum Monthly Payment ($)
2012	3.25	0.2	3.45	Draw	29.30
2013	3.25	0.2	3.45	Period	29.30
2014	3.25	0.2	3.45		29.30
2015	3.25	0.2	3.45		29.30
2016	3.50	0.2	3.70		31.42
2017	4.25	0.2	4.45	Repayment	76.24
2018	5.00	0.2	5.20	Period	80.13
2019	5.50	0.2	5.70		82.77
2020	3.25	0.2	3.45		71.24
2021	3.25	0.2	3.45		71.24
2022	5.50	0.2	5.70		82.77
2023	8.50	0.2	8.70		99.65
2024	8.50	0.2	8.70		99.65
2025	7.50	0.2	7.70		93.84
2026	6.75	0.2	6.95		89.60

*This is a margin we have used recently.

2nd Lien Payment Option 2 - 10/10 Plan Table

Year	Index (%)	Margin (%)*	Annual Percentage Rate (%)		Minimum Monthly Payment ($)
2012	3.25	0.45	3.70	Draw	31.42
2013	3.25	0.45	3.70	Period	31.42
2014	3.25	0.45	3.70		31.42
2015	3.25	0.45	3.70		31.42
2016	3.50	0.45	3.95		33.55
2017	4.25	0.45	4.70		39.92
2018	5.00	0.45	5.45		46.29
2019	5.50	0.45	5.95		50.53
2020	3.25	0.45	3.70		31.42
2021	3.25	0.45	3.70		31.42
2022	5.50	0.45	5.95	Repayment	110.77
2023	8.50	0.45	8.95	Period	126.41
2024	8.50	0.45	8.95		126.41
2025	7.50	0.45	7.95		121.06
2026	6.75	0.45	7.20		117.14

*This is a margin we have used recently.

1st Lien Payment Option 1 - 5/15 Plan Table

Year	Index (%)	Margin (%)*	Annual Percentage Rate (%)		Minimum Monthly Payment ($)
2012	3.25	0	3.25	Draw	27.60
2013	3.25	0	3.25	Period	27.60
2014	3.25	0	3.25		27.60
2015	3.25	0	3.25		27.60
2016	3.50	0	3.50		29.73
2017	4.25	0	4.25	Repayment	75.23
2018	5.00	0	5.00	Period	79.08
2019	5.50	0	5.50		81.71
2020	3.25	0	3.25		70.27
2021	3.25	0	3.25		70.27
2022	5.50	0	5.50		81.71
2023	8.50	0	8.50		98.47
2024	8.50	0	8.50		98.47
2025	7.50	0	7.50		92.70
2026	6.75	0	6.75		88.49

*This is a margin we have used recently.

1st Lien Payment Option 2 - 10/15 Plan Table

Year	Index (%)	Margin (%)*	Annual Percentage Rate (%)		Minimum Monthly Payment ($)
2012	3.25	0.25	3.50	Draw	29.73
2013	3.25	0.25	3.50	Period	29.73
2014	3.25	0.25	3.50		29.73
2015	3.25	0.25	3.50		29.73
2016	3.50	0.25	3.75		31.85
2017	4.25	0.25	4.50		38.22
2018	5.00	0.25	5.25		44.59
2019	5.50	0.25	5.75		48.84
2020	3.25	0.25	3.50		29.73
2021	3.25	0.25	3.50		29.73
2022	5.50	0.25	5.75	Repayment	83.04
2023	8.50	0.25	8.75	Period	99.94
2024	8.50	0.25	8.75		99.94
2025	7.50	0.25	7.75		94.13
2026	6.75	0.25	7.00		89.88

*This is a margin we have used recently.

1st Lien Payment Option 2 - 10/15 Plan Table

Year	Index (%)	Margin (%)*	Annual Percentage Rate (%)		Minimum Monthly Payment ($)
2009	3.25	0.25	3.50	Draw	29.73
2010	3.25	0.25	3.50	Period	29.73
2011	3.25	0.25	3.50		29.73
2012	3.25	0.25	3.50		29.73
2013	3.25	0.25	3.50		29.73
2014	3.25	0.25	3.50		29.73
2015	3.25	0.25	3.50		29.73
2016	3.50	0.25	3.75		31.85
2017	4.25	0.25	4.50		38.22
2018	5.00	0.25	5.25		44.59
2019	5.50	0.25	5.75	Repayment	83.04
2020	3.25	0.25	3.50	Period	71.49
2021	3.25	0.25	3.50		71.49
2022	5.50	0.25	5.75		83.04
2023	8.50	0.25	8.75		99.94

*This is a margin we have used recently.