

# Home Equity Credit Account Disclosures



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This disclosure contains important information about your Home Equity Line of Credit Account ("Account"). You should read it carefully and keep a copy for your records.

- 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**) 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 paid in connection with your application.
- 2. 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.
- 3. Possible Actions.** We may take the following actions with respect to your Account under the circumstances listed below:
  - a. Termination and Acceleration.** We may terminate your Account and require you to pay us the entire outstanding balance immediately, and charge you certain fees if any of the following happen:
    - i. You engage in any fraud or material misrepresentation in connection with your Account. For example, if there are false statements or omissions on your application or financial statements.
    - ii. You do not meet the repayment terms of the Account.
    - iii. Your action or inaction adversely affects the collateral or our rights in the collateral. For example, if you fail to: maintain insurance, pay taxes, transfer title to or sell the collateral, prevent the foreclosure of any items, or waste of the collateral.
  - b. Suspension of Credit/Reduction of Credit Limit.** We may refuse to make additional advances on your line or reduce your credit limit during any period in which the following exist or occur:
    - i. Any of the circumstances listed in a. above.
    - ii. The value of your dwelling securing the Account declines significantly below its appraised value for purposes of the Account.
    - iii. We reasonably believe that you will not be able to meet the repayment requirements of the Account due to a material change in your financial circumstances.
    - iv. You are in default under any material obligation of your Account.

All of your obligations under the Account (Agreement and Mortgage) are material to maintaining this Account. The categories of your obligations are set forth in the following paragraphs of these Agreements:

Home Equity Line of Credit Account Agreement. 1. Promise to Pay; 2. Account Access; 3. Loan Payments; 4. Security Requirements; 8. Other Charges and Closing Costs; and 10. Possible Credit Union Actions.

Line of Credit Mortgage. 3. Payment and Performance; 4. Possession and Maintenance of the Property; 5. Indemnity; 6. Due on Sale; 7. Taxes and Liens; 8. Property Damage Insurance; 10. Warranty/Defense of Title; 11. Condemnation; 12. Imposition of Taxes; 13. Security Agreement; 14. Further Assurances/Attorney in Fact; 16. Possible Actions of Lender; 20. Attorney Fees; and 25. Miscellaneous Provisions.

  - v. The maximum **ANNUAL PERCENTAGE RATE** under your Account is reached.**
  - vi. Any 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% of the credit line.**

**vii.** We have been notified by government agency that continued advances would constitute an unsafe and unsound practice.

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

**4. Minimum Draw Requirements.** The minimum advance amount is \$100.

**5. Minimum Payment Requirements.** You will make payments at least monthly to meet the Minimum Payment requirements. You agree that you will pay the Minimum Payment on or before the due date indicated on your statement. Minimum Payments will include all amounts past due, late fees, applicable insurance premiums, and the minimum monthly payment. The amount of your minimum monthly payment will depend on the option you select (as indicated on the Account Opening Advice/Advance Voucher when you open your account):

**a. 10 Year Repayment:**

**i. Draw Period.** You can obtain credit advances for ten (10) years (the "draw period"). During the draw period, payments will be due monthly. The amount of your minimum monthly payment will equal the amount of accrued interest at the end of the billing cycle.

**ii. Repayment Period.** After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (the "repayment period"). The length of the repayment period will be ten (10) years. During the repayment period, payments will be due monthly. The amount of your minimum monthly payment will equal the amount necessary to amortize the balance over a period of ten (10) years (the "amortization period"). The amount of your minimum monthly payment will increase with each increase in the **ANNUAL PERCENTAGE RATE** to pay off the balance within the amortization period specified above.

**b. 15 Year Repayment:**

**i. Draw Period.** You can obtain credit advances for ten (10) years (the "draw period"). During the draw period, payments will be due monthly. The amount of your minimum monthly payment will equal the amount of accrued interest at the end of the billing cycle.

**ii. Repayment Period.** After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (the "repayment period"). The length of the repayment period will be fifteen (15) years. During the repayment period, payments will be due monthly. The amount of your minimum monthly payment will equal the amount necessary to amortize the balance over a period of fifteen (15) years (the "amortization period"). The amount of your minimum monthly payment will increase with each increase in the **ANNUAL PERCENTAGE RATE** to pay off the balance within the amortization period specified above.

**6. Minimum Payment Example.**

**a. 10 Year Repayment.** If you took a single \$10,000.00 advance at an **ANNUAL PERCENTAGE RATE** of 7.50% (the most recent index plus margin shown in the historical table) and made only the minimum monthly payments, it would take 240 months to pay off your Account. During that period you would make 120 monthly payments of \$62.50 and 120 monthly payments of \$118.70.

**b. 15 Year Repayment.** If you took a single \$10,000 advance at an **ANNUAL PERCENTAGE RATE** of 7.50% (the most recent index plus margin shown in the historical table) and made only the minimum monthly payments, it would take 300 months to pay off your Account. During that period you would make 120 monthly payments of \$62.50 and 180 monthly payments of 92.70.

**7. Fees and Charges.** In order to open and maintain the line, you must pay certain fees and charges

**a. Third Party Fees.** You must pay certain fees to third parties. These fees generally total between \$0 and \$850. If you ask us, we will provide you with an itemization of these fees.

**b. Early Termination Fee.** If you terminate your line of credit and close your account within 24 months from the opening date, you will pay a closure fee of \$550.

- 8. Tax Deductibility.** You should consult a tax advisor regarding the deductibility of interest and charges under the plan.
- 9. Annual Percentage Rate and Periodic Rate.** The **ANNUAL PERCENTAGE RATE** is divided by 365 to obtain the Periodic Rate. The **ANNUAL PERCENTAGE RATE** includes only interest and not other costs.
- a. Variable Rate Features.** The index is the highest Prime Rate published in the *Wall Street Journal* on the fifteenth (15th) calendar date in the month before any rate adjustment. To obtain the **ANNUAL PERCENTAGE RATE**, we add a margin to the index. Your initial rate may be discounted and not based on the index and margin used for later rate adjustments. The margin and the initial **ANNUAL PERCENTAGE RATE** for your account will be disclosed on the Account Opening Advice/Advance Voucher when your account is opened. After you open an Account, rate information will be provided on periodic statements that we will send you.
- b. Rate Adjustments.** The **ANNUAL PERCENTAGE RATE** may change quarterly on the first day of January, April, July and October. The **ANNUAL PERCENTAGE RATE** may not increase or decrease by more than 0.50 percentage points in any quarterly period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.00%. The minimum **ANNUAL PERCENTAGE RATE** that can apply for an account with a 10-Year Repayment Period is 5.50%. The minimum **ANNUAL PERCENTAGE RATE** that can apply for an account with a 15-Year Repayment Period is 3.50% or 4.50%, depending on LTV at time of account opening. An increase in the **ANNUAL PERCENTAGE RATE** may affect the amount of your monthly payments.
- 10. Maximum Rate and Payment Examples.** if you had an outstanding balance of \$10,000.00 at the beginning of your Account, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.00. This **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 18.00% would be \$161.04. This **ANNUAL PERCENTAGE RATE** could be reached during the first month of the repayment period.
- 11. Historical Example.** The following table shows how the **ANNUAL PERCENTAGE RATE** and the minimum monthly payments for a single \$10,000 credit advance on a home equity line of credit would have changed based on changes in the index over the last 15 years. The index values are from January 1 of each year. While only one payment amount per year is shown, payments may have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payment was made each month, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

**10 Year Repayment Period:**

<u>Year</u>	<u>Index</u>	<u>Margin*</u>	<b>ANNUAL PERCENTAGE</b>		Minimum Monthly
			<u>RATE</u>	<u>(%)</u>	<u>Payment</u>
	<u>(%)</u>	<u>(%)</u>			<u>(\$)</u>
2011	3.25	0.00	5.50***		45.83
2012	3.25	0.00	5.50***		45.83
2013	3.25	0.00	5.50***		45.83
2014	3.25	0.00	5.50***		45.83
2015	3.25	0.00	5.50***		45.83
2016	3.50	0.00	5.50***		45.83
2017	3.75	0.00	5.50***		45.83
2018	4.50	0.00	5.50***		45.83
2019	5.50	0.00	5.50		45.83
2020	4.75	0.00	5.50***	DRAW PERIOD	45.83
2021	3.25	0.00	5.50***	REPAYMENT PERIOD	108.53
2022	3.25	0.00	5.50***		108.53
2023	7.50	0.00	7.50		108.53
2024	8.50	0.00	8.50		108.53
2025	7.50	0.00	7.50		108.53

\* This is a margin we have used recently for borrowers with excellent credit and less than 80% LTV; your margin may be different.

\*\* This rate reflects the annual adjustment cap.

\*\*\* This rate reflects the lifetime minimum rate.

**15 Year Repayment Period:**

<u>Year</u>	<u>Index</u>	<u>Margin*</u>	<b>ANNUAL PERCENTAGE</b>		Minimum Monthly
			<u>RATE</u>	<u>(%)</u>	<u>Payment</u>
	<u>(%)</u>	<u>(%)</u>			<u>(\$)</u>
2011	3.25	0.00	3.50***		29.17
2012	3.25	0.00	3.50***		29.17
2013	3.25	0.00	3.50***		29.17
2014	3.25	0.00	3.50***		29.17
2015	3.25	0.00	3.50***		29.17
2016	3.50	0.00	3.50		29.17
2017	3.75	0.00	3.75		31.25
2018	4.50	0.00	4.50		37.50
2019	5.50	0.00	5.50		45.83
2020	4.75	0.00	4.75	DRAW PERIOD	39.58
2021	3.25	0.00	3.50***	REPAYMENT PERIOD	71.49
2022	3.25	0.00	3.50***		71.49
2023	7.50	0.00	5.50**		71.49
2024	8.50	0.00	7.50**		71.49
2025	7.50	0.00	7.50		71.49

\* This is a margin we have used recently for borrowers with excellent credit and less than 80% LTV; your margin may be different.

\*\* This rate reflects the annual adjustment cap.

\*\*\* This rate reflects the lifetime minimum rate.