



# Credit Union Home Equity Line of Credit Disclosure Important Terms

**Loan Number:**

**1. Retention of Information:** This disclosure contains important information about our Home Equity Line of Credit Plan (the "Plan"). You should read it carefully and keep a copy for your records.

**2. Availability of Terms:** To obtain the terms described below, you must submit your application before Feb. 1, 2027.

If any of these terms change (other than the annual percentage rate ("APR")) and you decide, as a result, not to enter into a Home Equity Line Truth-in-Lending Disclosure and Agreement (the "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.

**3. Security Interest:** We will take a security interest/mortgage on your home. You could lose your home if you do not meet the obligations in your Agreement with us.

**4. Possible Actions:** Under certain conditions as discussed below, we may terminate your Plan, require you to pay the entire outstanding balance, or suspend your credit privileges.

(a) We can terminate your Plan and require you to pay us the entire outstanding balance in one payment if:

(i) You commit fraud or make a material misrepresentation at any time in connection with the Plan. This can include, for example, a false statement or omission about your income, assets, liabilities, or any other aspect of your financial condition, or the use of funds for prohibited purposes.

(ii) You do not meet the repayment terms of the Plan.

(iii) Your action or inaction adversely affects the collateral for the Plan or our rights in the collateral. This can include, but is not limited to, failure to maintain required insurance, waste or destructive use of the dwelling, failure to pay taxes, transfer of title or sale of the dwelling, creation of a lien on the dwelling without our permission, and foreclosure by the holder of a prior lien.

(b) We can refuse to make additional extensions of credit or reduce your credit limit during any period in which the following are in effect:

(i) The value of the dwelling securing the Plan declines significantly below its appraised value for purposes of the Plan.

(ii) We reasonably believe you will not be able to meet the repayment requirements under the Plan, due to a material change in your financial circumstances.

(iii) You are in default of a material obligation in the Agreement. All of your obligations in the Agreement and the Deed of Trust/Mortgage are deemed to be material. Specifically, your material obligations under the Plan and Agreement include, but are not limited to, your obligation to: (1) make your monthly payments as scheduled and to pay all fees and charges due; (2) avoid all events that will trigger termination and acceleration as described above; (3) obtain advances in accordance with the Agreement, including not exceeding your Maximum Credit Limit; (4) maintain and insure your dwelling; (5) make payments and perform all obligations with regard to any other lien on your dwelling; (6) notify us and provide documents or other information as required by the Agreement; and (7) comply with any applicable laws.

(iv) Government action prevents us from imposing the APR provided for under the Plan or impairs the priority of our security interest such that the value of that security interest is less than 120 percent of the credit line.

(v) A regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice.

(vi) The maximum APR under this Plan is reached.

(c) The Agreement permits us to make certain changes to the terms of the Plan at specified times or upon the occurrence of specified events. We may make changes to the Plan if you agree to the change in writing at the time, if the change will unequivocally benefit you throughout the remainder of the Plan, if the change is insignificant (such as changes relating to our data processing system), or if the change involves the substitution of the index and margin if the current index becomes unavailable (as described in this disclosure).

**5. Minimum Payment Requirements:** You can obtain advances of credit for 20 years from the date of the Agreement (the "Draw Period"). During the Draw Period, payments will be due monthly. Your minimum monthly payment will equal the greatest of: (1) one percent (1 percent) of the New Balance shown on your monthly statement, (2) the amount of accrued finance charges, or (3) one hundred dollars (\$100.00) or the remaining balance if less than \$100.00.

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 depend upon the balance outstanding at the beginning of this period. The Repayment Period cannot exceed 20 years. If there is a remaining balance at the end of this period, this entire amount will need to be repaid in full. During the Repayment Period, your minimum payment will be due monthly and will equal the greatest of: (1) one and one-half percent (1.50 percent) of the New Balance shown on your monthly statement at the time the Draw Period terminates, (2) the amount of accrued finance charges, or (3) one hundred dollars (\$100.00), or the remaining balance, if less than \$100.00.

## 6. Minimum Payment Example:

**Standard Loan Program:** If you made only the minimum monthly payments and took no other credit advances, it would take 13 years and 9 months to pay off a credit advance of \$10,000.00 at the APR of 8.00 percent. During that period, you would make 164 minimum monthly payments of \$100.00 and one payment of \$33.90.

**Second Home Loan Program:** If you made only the minimum monthly payments and took no other credit advances, it would take 15 years and 5 months to pay off a credit advance of \$10,000.00 at the APR of 9.00 percent. During that period, you would make 184 minimum monthly payments of \$100.00 and one payment of \$51.67

**Investment Loan Program:** If you made only the minimum monthly payments and took no other credit advances, it would take 17 years and 11 months to pay off a credit advance of \$10,000.00 at the APR of 10.00 percent. During that period, you would make 214 minimum monthly payments of \$100.00 and one payment of \$89.86.

**7. Minimum Payment Requirements for Interest Only Loan Programs:** You can obtain advances of credit for 20 years from the date of the Agreement (the "Draw Period"). During the Draw Period, minimum of interest only payments will be due monthly. Your minimum monthly payment will equal the amount of accrued finance charges (interest charged during the billing period). Under this repayment option, the minimum payment during the Draw Period **WILL NOT** reduce the principal balance that is outstanding on your Plan.

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 depend upon the balance outstanding at the beginning of this period. The Repayment Period cannot exceed 20 years. Your 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. During the Repayment Period, your minimum payment will be due monthly and will equal one and one half percent (1.50 percent) of the New Balance shown on your monthly statement at the time the Draw Period terminates.

## 8. Minimum Payment Example for Interest Only Loan Programs:

**Interest Only Loan Program:** If you made only the minimum monthly interest-only payment and took no other credit advances, it would take 27 years and 5 months to pay off a credit advance of \$10,000.00 at the APR of 8.25 percent. During that period, you would make 240 minimum monthly payments of \$ 68.75 followed by 89 minimum monthly payments varying between \$150.00 and \$72.39.

**Interest Only Loan Program Second Home:** If you made only the minimum monthly interest-only payment and took no other credit advances, it would take 27 years and 9 months to pay off a credit advance of \$10,000.00 at the APR of 9.25 percent. During that period, you would make 240 minimum monthly payments of \$77.08 followed by 93 minimum monthly payments varying between \$150.00 and \$139.45.

**9. Fees and Charges:** We do not impose any charges to open and maintain a line of credit account. However, you may be required to pay certain fees to third parties including, but not limited to, credit reporting agencies, government agencies, and when required, appraisers and condominium associations. For Home Equity Lines of Credit amounts up to \$250,000, third-party fees typically range between \$300 and \$2,000 (Home Equity Lines of Credit are not available in TX). Fees depend on the location of the property, property type and the amount of the Plan. If you ask, we will give you the itemization of the fees you will have to pay to third parties. You must maintain property insurance on the residence that secures this Plan.

If you wish to cancel this application, you may ask for a refund of the credit report fee. Your request for a refund must be made within three days from the date you receive this disclosure.

**10. Minimum Draw and Balance Requirements:** The minimum credit advance that you can receive is \$1.00. There is no minimum outstanding balance requirement.

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

**12. Variable-Rate Feature:** The Plan has a variable-rate feature and the APR (corresponding to the periodic rate), the minimum payment and the term of the Plan can change as a result.

**13. Index:** The APR is based on the value of an index. The index is the lowest prime rate as published in the WALL STREET JOURNAL and is published in the WALL STREET JOURNAL on at least a weekly basis. If this index is no longer available, we will choose a new index and margin. The new index will have a historical movement substantially similar to the original index, and the new index and margin will result in an APR that is substantially similar to the rate in effect at the time the original index becomes unavailable.

**14. Annual Percentage Rate:** To determine the APR that will apply to your Plan, we may add a margin to the value of the index. The margin is determined based on an evaluation of credit history, loan terms, loan amount, loan- to-value ratio, occupancy, and/ or property location. The APR does not include costs other than interest.

Please ask us for the current index value, margin, discount or premium and APR. After you open a credit line, rate information will be provided on periodic statements that we send you.

If your loan has an initial APR, the initial APR is not based on the index and margin used to make later adjustments.

**15. Rate Changes:** The APR can change monthly on the first day of the first billing cycle in each calendar month. However, because your first rate change may occur on the first day of the first billing cycle in the first calendar month following the opening of your Plan, your first rate change may occur in less than 1 month from the date you open your Plan. Subsequent rate changes will occur monthly. The minimum APR that can apply during the Plan is 3.990 percent (Lifetime Floor). The maximum APR that can apply during the Plan is 18 percent. Except for this 18 percent “cap”, there is no limit on the amount by which the rate can change at each adjustment or during any one-year period.

**16. Maximum Rate and Payment Examples:** If you had an outstanding balance of \$10,000.00 at the beginning of the Draw Period, the minimum monthly payment at the maximum APR of 18 percent would be \$150.00. If the APR at the beginning of the Draw Period was 12 percent, the 18 percent maximum APR could be reached on the first day of the first billing cycle of the first calendar month following the opening of your Plan (i.e., the first rate change).

If you had an outstanding balance of \$10,000.00 at the beginning of the Repayment Period, the minimum monthly payment at the maximum APR of 18 percent would be \$150.00. If the APR at the beginning of the Repayment Period was 14 percent, the 18 percent maximum APR could be reached on the first day of the first billing cycle of the first calendar month following the beginning of the Repayment Period.

**17. Historical Example:** The following table shows how the APR and the minimum monthly payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the past 15 years. The index values are from December 1st 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 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 will change in the future.

**Standard Loan Program****Draw Period**

<b>Year</b>	<b>Index</b>	<b>Margin*</b>	<b>Rate</b>	<b>Minimum Monthly Payment</b>
	(%)	(%)	(%)	
2011	3.25	1.0	4.25	\$100.00
2012	3.25	1.0	4.25	\$100.00
2013	3.25	1.0	4.25	\$100.00
2014	3.25	1.0	4.25	\$100.00
2015	3.25	1.0	4.25	\$100.00
2016	3.50	1.0	4.50	\$100.00
2017	4.25	1.0	5.25	\$100.00
2018	5.25	1.0	6.25	\$100.00
2019	4.75	1.0	5.75	\$100.00
2020	3.25	1.0	4.25	\$100.00
2021	3.25	1.0	4.25	\$39.54
2022	7.00	1.0	8.00	\$0.00
2023	8.50	1.0	9.50	\$0.00
2024	7.75	1.0	8.75	\$0.00
2025	7.00	1.0	8.00	\$0.00

**Second Home Loan Program****Draw Period**

<b>Year</b>	<b>Index</b>	<b>Margin*</b>	<b>Rate</b>	<b>Minimum Monthly Payment</b>
	(%)	(%)	(%)	
2011	3.25	2.0	5.25	\$100.00
2012	3.25	2.0	5.25	\$100.00
2013	3.25	2.0	5.25	\$100.00
2014	3.25	2.0	5.25	\$100.00
2015	3.25	2.0	5.25	\$100.00
2016	3.50	2.0	5.50	\$100.00
2017	4.25	2.0	6.25	\$100.00
2018	5.25	2.0	7.25	\$100.00
2019	4.75	2.0	6.75	\$100.00
2020	3.25	2.0	5.25	\$100.00
2021	3.25	2.0	5.25	\$100.00
2022	7.00	2.0	9.00	\$2.71
2023	8.50	2.0	10.50	\$0.00
2024	7.75	2.0	9.75	\$0.00
2025	7.00	2.0	9.00	\$0.00

**Investment Loan Program****Draw Period**

<b>Year</b>	<b>Index</b>	<b>Margin*</b>	<b>Rate</b>	<b>Minimum Monthly Payment</b>
	(%)	(%)	(%)	
2011	3.25	3.0	6.25	\$100.00
2012	3.25	3.0	6.25	\$100.00
2013	3.25	3.0	6.25	\$100.00
2014	3.25	3.0	6.25	\$100.00
2015	3.25	3.0	6.25	\$100.00
2016	3.50	3.0	6.50	\$100.00
2017	4.25	3.0	7.25	\$100.00
2018	5.25	3.0	8.25	\$100.00
2019	4.75	3.0	7.75	\$100.00
2020	3.25	3.0	6.25	\$100.00
2021	3.25	3.0	6.25	\$100.00
2022	7.00	3.0	10.00	\$73.37
2023	8.50	3.0	11.50	\$0.00
2024	7.75	3.0	10.75	\$0.00
2025	7.00	3.0	10.00	\$0.00

**Interest Only Payment Feature****Draw Period**

<b>Year</b>	<b>Index</b>	<b>Margin*</b>	<b>Rate</b>	<b>Minimum Monthly Payment</b>
	(%)	(%)	(%)	
2011	3.25	1.75	5.00	\$41.67
2012	3.25	1.75	5.00	\$41.67
2013	3.25	1.75	5.00	\$41.67
2014	3.25	1.75	5.00	\$41.67
2015	3.25	1.75	5.00	\$41.67
2016	3.50	1.75	5.25	\$43.75
2017	4.25	1.75	6.00	\$50.00
2018	5.25	1.75	7.00	\$58.33
2019	4.75	1.75	6.50	\$54.17
2020	3.25	1.75	5.00	\$41.67
2021	3.25	1.75	5.00	\$41.67
2022	7.00	1.75	8.75	\$72.92
2023	8.50	1.75	10.25	\$85.42
2024	7.75	1.75	9.50	\$79.17
2025	7.00	1.25	8.25	\$68.75

## Interest Only Payment Feature Second Home

### Draw Period

Year	Index	Margin*	Rate	Minimum Monthly Payment
	(%)	(%)	(%)	
2010	3.25	2.25	5.50	\$45.83
2011	3.25	2.25	5.50	\$45.83
2012	3.25	2.25	5.50	\$45.83
2013	3.25	2.25	5.50	\$45.83
2014	3.25	2.25	5.50	\$45.83
2015	3.25	2.25	5.50	\$45.83
2016	3.50	2.25	5.75	\$47.92
2017	4.25	2.25	6.50	\$54.17
2018	5.25	2.25	7.50	\$62.50
2019	4.75	2.25	7.00	\$58.33
2020	3.25	2.25	5.50	\$45.83
2021	3.25	2.25	5.50	\$45.83
2022	7.00	2.25	9.25	\$77.08
2023	8.50	2.25	10.75	\$89.58
2024	7.75	2.25	10.00	\$83.33
2025	7.00	2.25	9.25	\$77.08

\*This is a margin we have used recently.

**18. Alternative Plans:** Navy Federal has alternative plans for equity loans including a Fixed Equity Loan where the APR and monthly payment remain the same throughout the life of the loan. Please contact us for information regarding these alternate equity loan plans.

The applicant(s) acknowledge that they have received a copy of Navy Federal's Home Equity Line of Credit Disclosure and the brochure entitled "*What You Should Know About Home Equity Lines of Credit*" prior to submitting a Home Equity Line of Credit application or paying any non-refundable fee.

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Borrower Name

Date

## **YOUR BILLING RIGHTS**

### **KEEP THIS NOTICE 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 (on a separate sheet) at the address listed on your bill:

Navy Federal Credit Union  
PO Box 3302  
Merrifield, VA 22119-3302

Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You may also contact us on the web: [navyfederal.org](http://navyfederal.org). You can call us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.
- 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 home equity loan bill automatically from your share savings or checking account, you can stop the payment on any amount that you think is wrong. To stop the payment, your letter must reach us 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 days, unless we have corrected the error by then. Within 90 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 did not 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 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 ten (10) 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 do not follow these rules, we cannot collect the first \$50.00 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:

- 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
- The purchase price must have been more than \$50.00.

These limitations do not apply if we own or operate the merchant or if we mailed you the advertisement for the property or services.