



Black Hills

FEDERAL CREDIT UNION SM

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT (5-Year Draw)

This disclosure contains important information about our home equity line of credit. 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, solely as a result of such change, 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 mortgage on your home. You could lose your home if you do not meet the obligations in your agreement with us. **YOU SHOULD CHECK WITH YOUR LEGAL ADVISOR AND WITH OTHER MORTGAGE LIEN HOLDERS AS TO WHETHER ANY PRIOR LIENS CONTAIN ACCELERATION CLAUSES WHICH WOULD BE ACTIVATED BY A JUNIOR MORTGAGE.**

Possible Actions: We can terminate your line and require you to pay us the entire outstanding balance in one payment if, and charge you certain fees if:

- You engage in fraud or material misrepresentation in connection with the line.
- You do not meet the repayment terms.
- 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 line declines significantly below its appraised value for purposes of the line.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- 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 line.
- The maximum annual percentage rate is reached
- The creditor is notified by its regulatory agency that continued advances constitute an unsafe and unsound practice.

The initial Agreement permits us to make changes to the terms of the Agreement at specified times or upon the occurrence of specified events.

Draw Period and Repayment Period: You can obtain credit advances for 5 years. This period is called the “Draw Period”. At our option, we may renew or extend the Draw Period for up to two (2) additional 5 year periods; however, the total Draw Period (initial and any renewals or extensions, if allowed) shall not exceed 15 years. During the Draw Period, you will be required to make monthly payments.

After the Draw Period ends, the repayment period will begin. Therefore, after the Draw Period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (this is the "Repayment Period"). **The length of the Repayment Period will depend on the outstanding balance at the time of the last advance you obtain before the Draw Period ends. During the Repayment Period, you must make the Minimum Payment each month, as described below, until the entire balance is paid in full.**

Minimum-Payment Requirements: You will be required to make minimum monthly payments on your loan as soon as any advance has been made to you. Your minimum monthly payment amount will be determined at the payment cycle date on the last day of the month. Payments will be due monthly and will be calculated based on the payment schedule listed below. **If the interest rate increases, your payment may increase.** Payments will continue until what you owe has been repaid.

Annual Percentage Rate In Effect:	Payment Amount:
Less than 6.0%	\$0.80 per \$100 of outstanding balance
6.0% - less than 9.0%	\$1.00 per \$100 of outstanding balance
9.0% - less than 12.0%	\$1.20 per \$100 of outstanding balance
12.0% - less than 15.0%	\$1.40 per \$100 of outstanding balance
15.0% - 18.0%	\$1.60 per \$100 of outstanding balance

At all times, the minimum monthly payment you will be required to make is **\$100.00** or the amount calculated according the method described above, whichever is greater, or the total amount you owe if that amount is less than \$100.00. In addition to your minimum monthly payment, you will be required to pay all amounts past due and any amount by which you exceeded your credit limit and all other charges.

Minimum Payment Example: If you made only the minimum monthly payment and took no other credit advances it would take 10 years, 2 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.0%. During that period, you would make 121 payments of \$100.00 and one (1) final payment of \$83.17.

Fees and Charges: To open and maintain an account, you must pay the following fees:

Loan processing fee of \$150.00 due at loan closing.

You may be charged a recording fee if we extend your draw period and need to record the South Dakota Mortgage Addendum.

Third Party Fees: You may also be required to pay certain fees to third parties (such as appraisers, credit reporting firms, and government agencies) to open a line. In South Dakota, these fees generally total between **\$ 275.00 and \$ 1,000.00** . If you ask, we will give you an itemization of the fees you will have to pay to third parties. In New York, the title insurance premium (if applicable) and mortgage recording tax will be based on the maximum amount of the credit line available to you, regardless of how much is advanced to you at any time. If you engage a broker to arrange a line of credit for you, you may be charged fees by the broker for his/her services.

Prepayment/Termination Fees: N/A

Reimbursement Fees: N/A

Refundability of Fees: If you decide not to enter into this line of credit within three days of receiving this disclosure and the Home Equity brochure, you are entitled to a refund of any fee you may have already paid.

Property Insurance: In addition to these fees and charges, you must carry insurance (including, without limitation, flood insurance if required) on the property that secures the line. You may select the insurance company or agent of your choice, provided the insurance company and coverage meet our requirements.

Minimum Credit Line Requirement: The minimum credit line you can receive is generally **\$10,000.00**

Minimum Initial Draw Requirements: There is no initial draw requirement.

Minimum-Draw Requirement: There is no minimum draw requirement.

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

Variable-Rate Feature: The line has a variable-rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result.

APR: A recent Annual Percentage Rate imposed on similar lines of credit is 4.000%. The **Annual Percentage Rate includes only interest and not other costs.** The annual percentage rate is based on the value of an index. The index is the highest prime rate as published in the "Money Rates" table of *The Wall Street Journal*. When a range of rates has been published, the highest rate is used. We will use the most recent index value available to us as of 10 days before the date of any annual percentage rate adjustment. To determine the annual percentage rate that will apply to your account, we add a margin to the value of the index. If the rate is not already rounded we then round up to the next .25%.

The initial annual percentage rate is "discounted" - it is not based on the index and margin used for later rate adjustments. The initial, discounted rate will be in effect during the first _____ months (approximately _____ months) after your line is open.

The initial annual percentage rate is not discounted.

Ask us for the current index value, margins, discount and annual percentage rates. Margins vary depending on combined loan to value ratios, underwriting criteria and certain account features. After you open a credit line, rate information will be provided on periodic statements that we send you.

Rate Changes: The annual percentage rate can change monthly on the first day of the month. (If the initial rate is "discounted," the annual percentage rate can change monthly once the initial "discount" period expires.) The maximum **ANNUAL PERCENTAGE RATE** that can apply is **18.000%** or the maximum by law, whichever is less, and the Minimum rate is **4.000%**. Apart from this rate "cap," there is no limit on the amount by which the **ANNUAL PERCENTAGE RATE** can change during any one-year period.

Maximum-Rate and Payment Examples: If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of **18.000%** would be **\$160.00**. If the initial rate is "discounted," this maximum **ANNUAL PERCENTAGE RATE** could be reached during the **24th** billing cycle (approximately the **24th** month) of the draw period. If the initial rate is not "discounted," this maximum **ANNUAL PERCENTAGE RATE** could be reached during the first month of the draw period.

Historical Example: The following table shows how the **ANNUAL PERCENTAGE RATE** and the minimum monthly payments for a \$10,000.00 outstanding balance would have changed based on changes in the index over the past 15 years. The index values are from the first business day of January of each year. While only one payment amount per year is shown, payments during the repayment period would have varied during each year.

The table assumes an outstanding balance of \$10,000, 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 (%) ¹	Margin (%) ²	ANNUAL PERCENTAGE RATE (%)	Monthly Minimum Payment (\$) ⁴
2009	3.250	0.000	4.000 ³	100.00
2010	3.250	0.000	4.000 ³	100.00
2011	3.250	0.000	4.000 ³	100.00
2012	3.250	0.000	4.000 ³	100.00
2013	3.250	0.000	4.000 ³	100.00
2014	3.250	0.000	4.000 ³	100.00
2015	3.250	0.000	4.000 ³	100.00
2016	3.500	0.000	4.000 ³	100.00
2017	3.750	0.000	4.000 ³	100.00
2018	4.500	0.000	4.000 ³	100.00
2019	5.500	0.000	4.000 ³	100.00
2020	3.250	0.000	4.000 ³	100.00
2021	3.250	0.000	4.000 ³	100.00
2022	7.500	0.000	7.500 ³	100.00
2023	8.500	0.000	8.500 ³	100.00

1 This is the Wall Street Prime Rate.

2 This is a margin we have used or made available recently. The margin you receive is based on certain credit factors. Please ask us the margin you qualify for.

3 This represents the minimum interest rate.

4 This represents the minimum payment.