



**HOME EQUITY INITIAL DISCLOSURE – VARIABLE RATE  
TRUTH-IN-LENDING DISCLOSURE NOTICE**

Borrower(s)	Credit Limit	Account Number	Date
Address	Property Address		

**THIS DISCLOSURE NOTICE CONTAINS IMPORTANT INFORMATION ABOUT THE WIDGET FEDERAL CREDIT UNION, D/B/A WIDGET FINANCIAL, HOME EQUITY REVOLVING CREDIT LOAN. YOU SHOULD READ IT CAREFULLY AND KEEP A COPY FOR YOUR RECORDS.**

**TERMS SUBJECT TO CHANGE.** The terms described below are effective February 2, 2016 but are subject to change at any time. If, prior to your signing the loan documents, any of these terms have changed (other than the **Annual Percentage Rate**) and you decided, as a result, not to obtain a home equity loan from us, you would be entitled to a refund of any fees that you paid in connection with your application.

**SECURITY INTEREST.** Your obligation to repay your home equity loan and your other obligations under your home equity loan agreement would be secured by the property described in a Mortgage or Deed of Trust signed by you in connection with the establishment of your loan. By signing the Mortgage or Deed of Trust, you would grant Widget Federal Credit Union, d/b/a Widget Financial, a security interest in that property. You could lose that property if you did not meet your obligations to Widget Federal Credit Union, d/b/a Widget Financial.

**POSSIBLE ACTIONS.** Under the circumstances specified in your home equity loan agreement, Widget Federal Credit Union, d/b/a Widget Financial, would be permitted (i) to terminate your account and require you to pay us the entire outstanding balance in one payment and also charge you certain fees, (ii) to refuse to make further extensions of credit, (iii) to reduce your credit limit, and (iv) to make specific changes to the terms of your home equity loan agreement. The Credit Union may also make any of the following changes to your Plan: (a) prohibit additional extensions of credit or reduce the credit limit applicable to an account under the plan during any period in which the value of the borrower(s) principal dwelling which secures any outstanding balance is significantly less than the original appraisal value of the dwelling; (b) prohibit additional extensions of credit or reduce the credit limit applicable to the account during any period in which the creditor has reason to believe that the consumer will be unable to comply with the repayment requirements of the account due to a material change in the consumer's financial circumstances; (c) prohibit additional extensions of credit or reduce the credit limit applicable to the account during any period in which the consumer is in default with respect to any material obligation of the consumer under the agreement. Upon your request, Widget Federal Credit Union, d/b/a Widget Financial, will provide you with more specific information about when Widget Federal Credit Union, d/b/a Widget Financial, could take these actions.

This disclosure notice is not a replacement for or a part of any loan commitment, loan agreement, Mortgage, Deed of Trust or other document you may sign if Widget Federal Credit Union, d/b/a Widget Financial, agrees to make a home equity loan to you. You should become familiar with and understand the provisions of all such documents before signing them.

Since Widget Federal Credit Union, d/b/a Widget Financial, may sell any loan it makes, a purchaser of the loan may enforce the terms of any loan you may obtain from Widget Federal Credit Union, d/b/a Widget Financial. As used below, the words "we", "us" and "our" mean Widget Federal Credit Union, d/b/a Widget Financial, or any person that would have the right to enforce the loan terms.

**How the Home Equity Loan Works**

1. **General.** The home equity loan is a revolving credit loan secured by a borrower's principal residence that permits the borrower to obtain credit advances up to a specified credit limit. Because the loan is an open-end revolving credit, it can be used again and again to obtain credit advances as long as the credit limit is not exceeded. Advances may be obtained at the Credit Union, by online transfer, telephone teller withdrawal, or coming in to a branch and requesting an advance in person. If authorized by the Credit Union, you may be authorized to access the loan by other means. As used below the words "we", "us" and "our" mean Widget Federal Credit Union, d/b/a Widget Financial.

2. **Loan Term.** The term of your loan would not exceed 22 years. You could obtain advances under your revolving credit during the first eighty-four months of the loan term (called the "draw period"). After that, your loan would convert into the repayment period during which you would no longer be permitted to obtain advances and would be required to repay the outstanding balance plus interest and all other amounts due within the remaining payoff period not exceeding 180 months.

3. **Transaction Requirements.** The minimum credit advance that you can receive is \$2,500 for the first advance and \$100.00 for each subsequent advance. Advances cannot exceed your credit limit. You do not need to maintain an outstanding balance.

4. **Minimum Payment Requirements.** You can obtain credit advances for 7 years. This period is called the "draw period." At our option, we may renew or extend the draw period. After the draw period ends the repayment period will begin. The length of the repayment period will depend on the balance at the time of the last advance you obtain before the draw period ends. You will be required to make monthly payments during both the draw and repayment periods. At the time of each credit advance, the regular monthly payment established will be **1.50%** of the new Outstanding Balance after each additional Advance. The minimum monthly payment established by the Credit Union is **\$150.00**. The monthly payment during the repayment period is determined in the same

manner as in the draw period.

The payoff period will be the lesser of either the payoff period for your outstanding balance, with regular monthly payments, or the remaining term to maturity, with regular monthly payments. Monthly payments are rounded up to the nearest \$1.00. The monthly payments will remain the same unless you obtain another credit advance. If the **Annual Percentage Rate** increases so that your loan balance would not be paid off within the remaining term of the Plan, you would owe one **Balloon Payment** due at the maturity date not exceeding a total term of 22 years. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than \$150.00 or, if the balance owing is less than \$150.00, the remaining balance owing.

5. **Minimum Payment and Maximum Rate Examples.** If you made only the minimum monthly payment and took no other credit advances, it would take 79 monthly payments to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.000%. During that period, you would make 78 monthly payments of \$150.00 and one final payment of \$40.74. If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 17.00% would be \$150.00 however, if the monthly payments do not pay off the outstanding balance within the payoff period, then you would then be required to make a single **Balloon Payment** at the maturity date. This Annual Percentage Rate could be reached in the first payment month of the Plan.

6. **Fees and Charges.** In order to open, use and maintain a revolving credit plan, you must pay certain fees to third parties to open the plan; these fees generally total between \$116.50 and \$600.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties. If you decide not to enter into this plan within three business days of receiving this disclosure and the home equity brochure, you may be entitled to a refund of certain fees you may have already paid to us. You may also be obligated to pay other fees or costs that you may incur to clear title to your property or record non-Mortgage or Deed of Trust related documents.

7. **Property Insurance is required.** You must carry insurance on the property that secures this revolving credit plan. If the property is located in a special Flood Hazard Area, we will require you to obtain flood insurance if it is available.

8. **Other Charges and Costs.** ~

- **Late Charges:** If your payment is received by the Credit Union more than 15 calendar days after your due date, your account will be assessed a late fee of \$20.00 for each late payment to compensate the Credit Union for the additional time required to monitor your account.
- **Collection Costs:** If your Home Equity Plan is placed in the hands of an attorney for collection, or if it is collected through any legal proceedings at law or in equity or in bankruptcy, receivership or other court proceedings, borrower(s) and/or cosigners promise to pay, subject to any limits under applicable law, all costs and expenses of collection including, but not limited to, court costs and the reasonable attorney's fees of the holder hereof.
- **Other Fees:** Your account may also be assessed other fees according to the Credit Union's fee schedule, as adjusted from time to time. ~

9. **Variable Interest Rate.** Your loan would have a variable interest rate, and the **Annual Percentage Rate** could change as a result. The **Annual Percentage Rate** would not include costs other than interest. Your interest rate will be determined on the last business day of each month before any rate change and will become effective monthly, on the first day of each calendar month after your Mortgage or Deed of Trust closing and continuing throughout your Plan. The rate cannot increase or decrease more than 1.0 percentage point at each Change Date from the rate of interest I have been paying since the last Change Date. For example, a \$10,000.00 loan with an initial interest rate of 3.50% (the rate shown in the interest rate column for the year 2016), the maximum amount that the interest rate can raise under this program is up to 17 percentage points, or the maximum permitted by law, whichever is less. The maximum interest rate of 17 percent, for this example only, could be reached in the 13th month following the closing of your loan. You will be notified in writing within 25 days when your interest rate is changed. This notice will contain information about your interest rate, payment and loan balance.

10. **Periodic Rate And Corresponding Annual Percentage Rate.** The **Annual Percentage Rate** is based on the value of an index. The index is the highest Prime Rate of Interest published daily in the Wall Street Journal's listing of "Money Rates" (the "Index"). We will use the most recent index value available to us as of the last business day of the month before the date of any percentage rate adjustment. If the rate is not already rounded, we will then round up to the nearest 0.25%. If the Wall Street Journal ceases to publish the Index, we will choose a substitute index that is based upon comparable information and, if necessary, a substitute margin, so that the change in the index results in substantially the same rate as required under the previous index.

To determine the **Annual Percentage Rate** that will apply to your account, we add a margin to the value of the Index. That rate is then divided by the number of days in the billing cycle to determine the daily periodic rate. The **Annual Percentage Rate** is the periodic rate multiplied by the number of days in a year (365). Finance charges include interest only and do not include any other charges.

You should ask us for the current index value, margin and **Annual Percentage Rate**. The Margin for your account will be based on creditworthiness and equity in your home. After you opened an account, rate information would be provided on periodic statements that we send you.

Your interest rate will never be greater than **17.00%**, or the maximum allowed by law, whichever is less, nor less than a floor interest rate established by the Credit Union of **2.00%**.

11. **Tax Deductibility.** You should consult a tax advisor regarding the deductibility of interest and charges under your loan.

12. **Variable-Rate Example.** The following table shows how the annual percentage rate and the minimum monthly payments for a single \$10,000 credit advance would have changed based on changes in the index over the last 15 years. The index values are from the first business day of February of 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.

**Historical Table**

Amount: \$10,000.00

Maximum Term: 22 years

Interest Adjustment: Calendar Month on the first day

Margin: 0% to 2.5%\*

Interest Rate Ceiling: Seventeen (17%) Percent

Interest Rate Floor: Two (2.00%) Percent

Index: The highest Prime Rate of Interest

reported in the *Wall Street Journal* "Money Rates Section"

Year	Index (%)	Margin (MM)*	Annual Percentage Rate (%)	Minimum Monthly Payment
2002	4.750	0.00	4.750	\$150.00^
2003	4.250	0.00	4.250	\$150.00^
2004	4.000	0.00	4.000	\$150.00^
2005	5.250	0.00	5.250	\$150.00^
2006	7.500	0.00	7.500	\$150.00^
2007	8.250	0.00	8.250	\$150.00^
2008	6.000	0.00	6.000	\$150.00^
2009	3.250	0.00	3.250	\$150.00^
2010	3.250	0.00	3.250	\$150.00^
2011	3.250	0.00	3.250	-
2012	3.250	0.00	3.250	-
2013	3.250	0.00	3.250	-
2014	3.250	0.00	3.250	-
2015	3.250	0.00	3.250	-
2016	3.500	0.00	3.500	-

Index values are as of the last business day of January of each year.

\* This is a Margin we have used recently. Your Margin may be different. The Margin for your loan will be based on creditworthiness and equity in your home.

\*\* This is a Floor Interest Rate established by the Credit Union and the interest rate will never be less than 2%.

^ This is the minimum monthly payment established by the Credit Union in the Plan.

**\*IMPORTANT\***

**PLEASE SIGN ONE COPY OF THIS DISCLOSURE AND RETURN IT TO:**

**WIDGET FEDERAL CREDIT UNION, 2154 EAST LAKE ROAD, ERIE PA 16511**

You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.

**I/We acknowledge receiving and reading the above disclosure notice.**

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

Loan Originator Organization and NMLS #: Widget Federal Credit Union, d/b/a Widget Financial # 447022

Loan Originator Name and NMLS # \_\_\_\_\_

**USA PATRIOT ACT**

In accordance with the USA PATRIOT ACT, Federal law requires all financial institutions to obtain, verify, and record information that identifies each individual or entity opening an account. This includes all personal and commercial accounts including loan and deposit accounts, as well as trust, brokerage, insurance, and investment management accounts.

**What This Means To Our Members**

When you open an account, you will be asked for your name, address, social security or tax identification number, date of birth (if applicable) and other information that will allow Widget Federal Credit Union, d/b/a Widget Financial, to identify you. You will also be asked to furnish your drivers license or other identifying documents. We are required to follow this procedure each time an account is opened, even if you are a current member of Widget Federal Credit Union, d/b/a Widget Financial.