



## HOME EQUITY LINE OF CREDIT PROGRAMS: IMPORTANT TERMS DISCLOSURE

This disclosure contains important information about our home equity line of credit. You should read this carefully and keep a copy for your records. The terms “borrower,” “you,” and “your” refer to the recipient of this disclosure. The terms “lender,” “we,” “us,” and “our” refer to Worcester Credit Union. The terms “HELOC,” “Line,” and “line of credit” refer to our Home Equity Line of Credit product.

**AVAILABILITY OF TERMS.** All of the terms of the programs described below are subject to their respective transaction requirements and 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. Disclosed terms are further subject to membership eligibility, credit approval, loan-to-value ratio, and other requirements.

**SECURITY INTEREST.** We will take a security interest in your home by recording a mortgage. You could lose your home if you default under your mortgage obligations.

**POSSIBLE ACTIONS.** We can terminate your Line and require you to pay us the entire outstanding balance in a single payment and impose fees upon termination if:

- You engage in fraud or material misrepresentation in connection with your 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 any additional extensions of credit and/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 requirement due to a material change in your financial circumstances.
- You are in default of a material obligation under 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 Line.
- The maximum ANNUAL PERCENTAGE RATE is reached, if applicable.
- The lender is notified by one of its regulatory agencies 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.



**PAYMENT TERMS.** The total term for the Line is **20 years**. You can obtain advances of credit for the first **10 years** (the “Draw Period”). During the Draw Period, payments will be due monthly. Your minimum monthly payment is the amount, if any, by which your outstanding principal loan balance exceeds your credit limit, plus the amount of accrued but unpaid finance charges, late charges, and any other charges authorized by the Agreement, including without limitation, any expenses or advances incurred by us. During the Draw Period, the minimum payment may not fully repay the principal that is outstanding on your Line.

After the Draw Period ends, you will no longer be able to obtain credit advances, and you must pay the outstanding balance over the remaining **10 years** of the term (the “Repayment Period”).

During the Repayment Period, payments will continue to be due monthly. Your minimum monthly payment will be the amount by which your outstanding principal loan balance exceeds your credit limit plus: (a) the amount of accrued but unpaid finance charges, late charges, and any other charges authorized by the Agreement, including without limitation, any expenses or advances incurred by us under the Security Instrument; and (b) 1/120<sup>th</sup> of the principal balance that was outstanding at the end of the Draw Period.

**TAX IMPLICATIONS.** You should consult a tax advisor regarding the deductibility of interest and charges under this line of credit.

**If you decide not to enter into this line of credit within three (3) days of receiving this disclosure, and the HELOC Brochure, you are entitled to a refund of any fee you may have already paid.**

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#### **OPTION 1: VARIABLE RATE HOME EQUITY LINE OF CREDIT PROGRAM**

**VARIABLE RATE INFORMATION.** This line of credit has a variable-rate feature, and the ANNUAL PERCENTAGE RATE (corresponding to the periodic rate) and minimum payment may 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 the Prime Rate published in the Wall Street Journal as most recently published on the 15<sup>th</sup> day of the month prior to each monthly billing cycle (the “Index”). To determine the ANNUAL PERCENTAGE RATE that will apply to your line, we subtract One (1.00%) Percent (the “Margin”) from the value of the Index.

The initial ANNUAL PERCENTAGE RATE is “discounted” and is not based on the Index and Margin used for later rate adjustments. The initial discounted rate will be in effect during the **first 12 months** after your line of credit is open.

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



**RATE CHANGES.** After the initial **12-month** discounted ANNUAL PERCENTAGE RATE period, the ANNUAL PERCENTAGE RATE may change monthly based on the Index rate effective on the fifteenth (15<sup>th</sup>) day of the preceding month. The maximum ANNUAL PERCENTAGE RATE that can apply is **18.00%**. The ANNUAL PERCENTAGE RATE will never be lower than **4.50%**. Other than as disclosed in this section, there are no annual or more frequent periodic limitations on changes to the ANNUAL PERCENTAGE RATE.

**MAXIMUM-RATE AND PAYMENT EXAMPLES.** If you made only the minimum monthly payments and took no other credit advances, it would take **20 years** to pay off a credit advance of **\$10,000.00**. During that Term, you would make 12 monthly payments of **\$41.25** at the initial **4.95%** ANNUAL PERCENTAGE RATE followed by 108 monthly payments during the Draw Period varying between **\$37.50** and **\$150.00** (at **6.50%** ANNUAL PERCENTAGE RATE, the estimated interest payment would be **\$54.17**) followed by 120 principal and interest payments during the Repayment Period varying between **\$103.64** and **\$180.19**. At **6.50%** ANNUAL PERCENTAGE RATE, the estimated principal & interest payment during the Repayment Period would be **\$113.55**. If you had an outstanding balance of **\$10,000.00** during the Draw Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of **18.00%** would be **\$150.00**. This maximum ANNUAL PERCENTAGE RATE could be reached during the thirteenth (13<sup>th</sup>) 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 **\$180.19**. This ANNUAL PERCENTAGE RATE could be reached during the first month of the Repayment Period.

**FEES AND CHARGES.** You may be required to pay certain fees to third parties to open a line of credit. These fees are generally incurred if a full appraisal is required (required for line amounts over **\$250,000**) with a range between **\$0** and **\$1,000.00**. If you ask, we will give you a good faith itemization of the fees that you will have to pay to third parties. If you engage a broker to arrange a line of credit for you, you may be charged fees by the broker for their services. You may also be required to pay any legal or other expenses that are required to correct title defects on your property or if the property is held in a trust. If you terminate the line of credit and request a discharge of the mortgage within **36 months** from the date of the Agreement, you will be obligated to pay us an **Early Termination Fee** of **\$1,000**.

**TRANSACTION REQUIREMENTS.** You must carry adequate insurance coverage (including property insurance and flood insurance if required) for the property that secures this line of credit. You may select the insurance company or agent of your choice provided the insurance company and coverage meet our requirements. The secured property must be owner-occupied as a primary residence, and the loan-to-value ratio must not exceed **80%**.

Minimum loan amount is \$10,000. The **minimum initial credit advance** is **\$10,000**. There is no minimum for subsequent draws.



**HISTORICAL EXAMPLE.** The following table shows how the ANNUAL PERCENTAGE RATE and minimum monthly payments for a single **\$10,000.00** credit advance would have changed based on changes to the Index over the past 15 years. The Index values shown are as of the last business day of January each year. While only one payment amount per year is shown, payments could have varied during each year. The table assumes that no additional credit advances were taken, that only minimum payments were 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.

HISTORICAL TABLE					
YEAR	REPAYMENT / DRAW PERIOD	JANUARY INDEX RATE	MARGIN	ANNUAL PERCENTAGE RATE (Rounded, if applicable)	MINIMUM MONTHLY PAYMENT
2011	INTRODUCTORY PERIOD	3.25%	N/A	4.95%	\$41.25
2012	DRAW PERIOD	3.25%	(1.00%)	4.50%	\$37.50
2013		3.25%	(1.00%)	4.50%	\$37.50
2014		3.25%	(1.00%)	4.50%	\$37.50
2015		3.25%	(1.00%)	4.50%	\$37.50
2016		3.50%	(1.00%)	4.50%	\$37.50
2017		3.75%	(1.00%)	4.50%	\$37.50
2018		4.50%	(1.00%)	4.50%	\$37.50
2019		5.50%	(1.00%)	4.50%	\$37.50
2020		4.75%	(1.00%)	4.50%	\$37.50
2021	REPAYMENT PERIOD	3.25%	(1.00%)	4.50%	\$103.64
2022		3.25%	(1.00%)	4.50%	\$103.64
2023		7.50%	(1.00%)	6.50%	\$113.55
2024		8.50%	(1.00%)	7.50%	\$118.70
2025		7.50%	(1.00%)	6.50%	\$113.55
The Annual Percentage Rate is equal to the prime rate as described in the Wall Street Journal (Index) in effect on the change date available on the last business day in January of each year <b>minus</b> the Margin. The Introductory Period is based on our current Introductory Rate of 4.95%. This table presumes a minimum floor rate of 4.50%.					



## **OPTION 2: FIXED RATE HOME EQUITY LINE OF CREDIT PROGRAM**

**FIXED RATE INFORMATION.** This line of credit has a fixed ANNUAL PERCENTAGE RATE. As of May 28, 2025, the ANNUAL PERCENTAGE RATE is 7.99% but is subject to change. The ANNUAL PERCENTAGE RATE does not include costs other than interest. Please ask us for more information about our current fixed ANNUAL PERCENTAGE RATE.

**PAYMENT EXAMPLES.** If you made only the minimum monthly payments and took no other credit advances, it would take **20 years** to pay off a credit advance of **\$10,000.00** at a fixed ANNUAL PERCENTAGE RATE of 7.99%. During that Term, you would make 120 monthly interest only payments of **\$66.58** during the Draw Period followed by 120 monthly principal and interest payments during the Repayment Period. If you had an outstanding balance of **\$10,000.00** at the beginning of the Repayment Period, the minimum monthly payment at the ANNUAL PERCENTAGE RATE of 7.99% would be **\$121.27**.

**FEES AND CHARGES.** You may be required to pay certain fees to third parties to open a line of credit. These fees are generally incurred if a full appraisal is required (required for line amounts over **\$250,000**) with a range between **\$0** and **\$1,000.00**. If you ask, we will give you a good faith itemization of the fees that you will have to pay to third parties. If you engage a broker to arrange a line of credit for you, you may be charged fees by the broker for their services. You may also be required to pay any legal or other expenses that are required to correct title defects on your property or if the property is held in a trust. If you terminate the line of credit and request a discharge of the mortgage within **36 months** from the date of the Agreement, you will be obligated to pay us an **Early Termination Fee** of **\$1,000**.

**TRANSACTION REQUIREMENTS.** You must carry adequate insurance coverage (including property insurance and flood insurance if required) for the property that secures this line of credit. You may select the insurance company or agent of your choice provided the insurance company and coverage meet our requirements. The secured property must be owner-occupied as a primary residence, and the loan-to-value ratio must not exceed **80%**.

Minimum loan amount is \$10,000. The **minimum initial credit advance** is **\$10,000**. There is no minimum for subsequent draws.