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 BAYLANDS FAMILY CREDIT UNION'S 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 6, 2023 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 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 loan and your other obligations under your loan agreement would be secured by the property described in a Mortgage signed by you in connection with the establishment of your loan. By signing the Mortgage, you would grant Baylands Family Credit Union a security interest in that property. You could lose that property if you did not meet your obligations to Baylands Family Credit Union.

POSSIBLE ACTIONS. Under the circumstances specified in your loan agreement, Baylands Family Credit Union 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 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; (d) you violate any of the terms of this agreement; (e) we reasonably believe that you will not be able to meet the required repayment terms of this, agreement due to a material change in your financial circumstances; (f) government action prevents us from imposing the **Annual Percentage Rate** provided for in this agreement; (g) the priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit line; (h) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (i) the maximum **Annual Percentage Rate** is reached; (j) upon your request, Baylands Family Credit Union will provide you with more specific information about when Baylands Family Credit Union could take these actions.

This disclosure notice is not a replacement for or a part of any loan commitment, loan agreement, Mortgage or other document you may sign if Baylands Family Credit Union agrees to make a loan to you. You should become familiar with and understand the provisions of all such documents before signing them.

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

How The Loan Works

1. **General.** The 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 sharedraft checks if authorized by the Credit Union or you may be authorized by the Credit Union to access the loan by other means. As used below the words "we", "us" and "our" mean Baylands Family Credit Union.

2. **Loan Term.** You could obtain advances under your revolving credit during the first ten (10) years 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. 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. The payoff period may vary depending on the amount of your outstanding credit balance after you obtain an advance. The payoff period is shown in the following table.

Range of Balances	Payoff Period
Up to $30,000.00	120 Monthly Payments
$30,000.01 and above	180 Monthly Payments

The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date.

3. **Transaction Requirements.** The minimum credit advance amount is $500.00. You do not need to maintain an outstanding balance.

4. **Minimum Payment Requirements.** You can obtain credit advances for 10 years. This period is called the "draw period." At our option, we may renew or extend the draw period. 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 a payoff period will be established.

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. Your initial monthly payment during the draw period will be calculated to amortize your payments required to payoff your loan balance according to the chart above. When you obtain subsequent advances, your monthly payments will be calculated at the then applicable interest rate to amortize your loan balance over the remaining period.

Your payment will be set to repay the balance after the advance, at the current annual percentage rate, within the payoff period. Your payments may also change if the annual percentage rate increases. Each time the annual percentage rate increases, we will review the effect the increase has had on your plan. If the annual percentage rate has increased so much that your payment is not sufficient to repay the balance within the payoff period, we will adjust your payment to repay the balance within the payoff period. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. You will be required to make monthly payments during both the draw and repayment periods. At the time of each credit advance, a payoff period will be established.

The monthly payments will remain the same unless you obtain another credit advance or if the **Annual Percentage Rate** increases. If the **Annual Percentage Rate** increases so that your loan balance would not be paid off within the remaining term of the Plan, your monthly payments will be adjusted so that you will not have a balloon payment at the end of the Plan term. 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 $50.00 or, if the balance owing is less than $50.00, 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 10 years to pay off a credit advance of $10,000 at an **ANNUAL PERCENTAGE RATE** of 7.50%. During that period, you would make 120 monthly payments of $118.70. If you had an outstanding balance of $10,000.00, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be

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$181.00. This Annual Percentage Rate could be reached at the time of the first payment.

6. **Fees and Charges.** In order to open, use and maintain a revolving credit plan, you may pay certain fees to third parties to open the plan, including a $100.00 Application fee to us due at the time of application. These fees generally total between $200.00 and $812.50. 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 brochure, you are entitled to a refund of any fee 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 related documents.

7. **Property Insurance is required.** You must carry insurance on the property that secures this revolving of 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 we have not received your payment within 15 calendar days from the due date, you will be charged a late fee of 10% of the repayment amount or $100.00, whichever is less, to compensate us for the additional time and expense involved in processing late payments. **Collection Costs:** If this Contract 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 will 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 first day of January, April, July and October after your Mortgage closing and continuing throughout your Plan. There is no limit on the amount by which the **Annual Percentage Rate** can change during any monthly period. For example, a $10,000.00, 10 year loan with an initial interest rate of 7.50% (the rate shown in the interest rate column for the year 2023), the maximum amount that the interest rate can increase under this program is up to 18.00%, or the maximum permitted by law, whichever is less. The maximum interest rate of 18.00%, for this example only, could be reached in the first 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 ten days 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. The margin added to the Index is **1.00%**. That rate is then divided by the number of days in a year (365) to determine the 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**. 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 18.00%, or the maximum allowed by law, whichever is less.

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 last business day of January 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.

Amount: $10,000.00 Caps: 18.00% Percentage Points
Term: 10 years
Interest Adjustment: January, April, July & October Index: The highest Prime Rate of Interest reported in the *Wall Street Journal* "Money Rates Section"
Margin: 1.00% Percentage Point*

Year	Index (%)	Margin*	**Annual Percentage Rate (%)**	Minimum Monthly Payment
2009	3.250	1.000	4.250%	$102.44
2010	3.250	1.000	4.250%	$102.44
2011	3.250	1.000	4.250%	$102.44
2012	3.250	1.000	4.250%	$102.44
2013	3.250	1.000	4.250%	$102.44
2014	3.250	1.000	4.250%	$102.44
2015	3.250	1.000	4.250%	$102.44
2016	3.500	1.000	4.500%	$102.82
2017	3.750	1.000	4.750%	$103.09
2018	4.500	1.000	5.500%	$103.50
2019	5.500	1.000	6.500%	-
2020	4.750	1.000	5.750%	-
2021	3.250	1.000	4.250%	-
2022	3.250	1.000	4.250%	-
2023	7.500	1.000	8.500%	-

You should ask us for the Index and Margin that would apply to your loan.
The Index is as of the last business day of January of each year. * This is a margin we have used recently.

IMPORTANT ~ Please sign one copy of this disclosure and return it to Baylands Family Credit Union

I/We acknowledge receiving and reading the above Disclosure Notice. You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.

Applicant's Signature Date Applicant's Signature Date

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Loan Originator Organization and NMLS #: Baylands Family Credit Union – NMLS# 565419
Loan Originator Name and NMLS #:_____

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