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REAL ESTATE LENDING



POWERED BY
CUNA MUTUAL
GROUP

**HOME EQUITY
ADDENDUM**

This Addendum is incorporated into and becomes a part of your LOANLINER® Credit Agreement and Truth in Lending Disclosure.

OPENING DATE MATURITY DATE CREDIT LIMIT ACCOUNT NUMBER PROGRAM NAME

BORROWER NAME AND ADDRESS ADDRESS OF PROPERTY SECURING ACCOUNT

INITIAL DISCOUNTED RATE:

The initial discounted rate will be in effect for 12 months.

ANNUAL PERCENTAGE RATE

%

DAILY PERIODIC RATE

%

The current rate that would have applied without the discount is:

INDEX RATE

%

MARGIN ADDED TO INDEX

%

ANNUAL PERCENTAGE RATE

%

DAILY PERIODIC RATE

%

SCHEDULE OF CLOSING COSTS:

DESCRIPTION	AMOUNT	DESCRIPTION	AMOUNT
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____

PLAN INFORMATION: We offer two home equity plans, one for owner-occupied property ("HELOC") and one for investment property ("RELOC"). Terms apply to both plans unless specifically designated as applying to only one of them. Your plan is indicated in the top section of this Home Equity Addendum.

7.01% to 9.00%	0.80%
9.01% to 12.00%	1.05%
12.01% to 14.00%	1.25%
14.01% to 18.00%	1.55%

Your payment will change at the time of an advance and may change if the annual percentage rate changes to a different tier.

HELOC PLAN:

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. 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 but will not exceed 10 years. You will be required to make monthly payments during both the draw and repayment periods. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit and all other charges.

After the draw period ends and the repayment period begins, we will recalculate the minimum payment to repay the outstanding balance by the end of the repayment period at the current annual percentage rate. Each time the annual percentage rate changes, we will adjust your payment to repay the balance by the end of the repayment period. Your payment will never be less than the smaller of \$100.00, or the full amount that you owe.

During the draw period the minimum monthly payment will be calculated at the time of each advance and each time the annual percentage rate changes. The minimum payment will be based on the percentage of the outstanding balance after the most recent advance or annual percentage rate change according to the applicable annual percentage rate shown in the table below, but not less than \$100.00.

Negative Amortization: Under some circumstances during the draw period, the minimum payment will not cover the finance charges (interest) that is owed and "negative amortization" will occur. For instance, it would occur if you had additional fees such as a late fee. You may prevent negative amortization by paying more than the minimum payment. Additionally, the minimum payment will be recalculated at the start of the repayment period to repay all principal owed by the end of the repayment period.

Annual Percentage Rate in Effect	Percent of Outstanding Balance
6.00% or Less	0.55%
6.01% to 6.50%	0.60%
6.51% to 7.00%	0.65%

Rate Changes: After expiration of the 12 month initial discount rate period the annual percentage rate can change semi-annually on the first day of April and October. There is no limit on the amount by which the annual percentage rate can change during any one year period. The **ANNUAL PERCENTAGE RATE** cannot increase more than 6.0% above

the initial rate that would have been in effect without the discount or 18.0% whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 4.0% at any time during the term of the plan.

RELOC PLAN:

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 but will not exceed 12 years. You will be required to make monthly payments during both the draw and repayment periods. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit and all other charges.

During the draw period the minimum monthly payment will be calculated at the time of each advance and each time the annual percentage rate changes. The minimum payment will be based on the percentage of the outstanding balance after the most recent advance or annual percentage rate change according to the applicable annual percentage rate shown in the table below, but not less than \$100.00

<i>Annual Percentage Rate in Effect</i>		<i>Percent of Outstanding Balance</i>
9.00%	or Less	0.80%
9.01%	to 12.00%	1.05%
12.01%	to 15.00%	1.30%
15.01%	to 18.00%	1.55%

Your payment will change at the time of an advance and may change if the annual percentage rate changes to a different tier.

After the draw period ends and the repayment period begins, we will recalculate the minimum payment to repay the outstanding balance by the end of the repayment period at the current annual percentage rate. Each time the annual percentage rate changes, we will adjust your payment to repay the balance by the end of the repayment period. Your payment will never be less than the smaller of \$100.00, or the full amount that you owe.

Negative Amortization: Under some circumstances during the draw period, the minimum payment will not cover the finance charges (interest) that is owed and "negative amortization" will occur. For instance, it would occur if you had additional fees such as a late fee. You may prevent negative amortization by paying more than the minimum payment. Additionally, the minimum payment will be recalculated at the start of the repayment period to repay all principal owed by the end of the repayment period.

Rate Changes: After expiration of the 12 month initial discount rate period the annual percentage rate can change semi-annually on the first day of April and October. There is no limit on the amount by which the annual percentage rate can change during any one year period. The **ANNUAL PERCENTAGE RATE** cannot increase more than 6.0% above the initial rate that would have been in effect without the discount or 18.0% whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 4.0% at any time during the term of the plan.

TRANSACTION REQUIREMENTS: You must take an advance of \$10,000 or more at the time of funding in order to qualify for the

Introductory Rate. The minimum credit advance that you can receive is for each subsequent advance is \$500.00.

FEES AND CHARGES: If your Account is opened under the "No Closing Cost" loan program, there will be no lender fee and no charge for customary third party fees including: appraisal or property valuation, Lender's title insurance, courier, points, wire fees, notary, escrow fee, recording of Downey Federal documents, flood certification, credit report, loan origination, or tax service. Only these fees listed will be paid by Downey Federal Credit Union. The "No Cost" program does not include extraordinary items, including but not limited to the following: "complex" residential real estate appraisals as defined by the USPAP, additional credit reports for the same loan transaction, grant deeds and any associated notary or recording fees, missed appraisal appointments or 'trip charges' and any fees to close another account as the result of this Account. Please see the schedule of closing costs on page 1 for more details.

THIRD PARTY REIMBURSEMENT FEE: Your Account must remain open for a period of thirty-six (36) consecutive months following the origination date in order to have your bona-fide third party closing costs covered. Failure to keep the HELOC opened for thirty-six consecutive months following the origination date will result in a No-Cost Reimbursement Fee of \$550.

PERIODIC RATE AND CORRESPONDING ANNUAL PERCENTAGE RATE: We will determine the periodic rate and the corresponding annual percentage rate as follows. We start with an independent index, (the "Index"), which is the Wall Street Journal Prime Rate. When a range of rates has been published, the highest rate will be used. We will use the most recent index available to us as of the first day of the month preceding any annual percentage change. To determine the periodic rate that will apply to your account, we add a margin, as disclosed above, to the value of the Index. Then we divide this sum by the number of days in a year (365). To obtain the annual percentage rate we will multiply the periodic rate by the number of days in a year (365). This result is the annual percentage rate. After expiration of the 12 month initial discount rate period the annual percentage rate can change semi-annually on the first day of April and October. There is no limit on the amount by which the annual percentage rate can change during any one year period. The **ANNUAL PERCENTAGE RATE** cannot increase more than 6.0% above the initial rate that would have been in effect without the discount or 18.0% whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 4.0% at any time during the term of the plan.

OTHER CHARGES:

Late Charges: If your payment is more than 15 days late we may charge you 5.0% of the payment due.

Reconveyance Fee: At the time you close the plan, you will need to pay the fee to reconvey the Deed of Trust.

COLLECTION COSTS: You promise to pay, subject to any limits under applicable law, all costs of collecting the amount you owe under this agreement. This includes but is not limited to reasonable attorneys fees and court costs as well as legal expenses for any bankruptcy, appeals or postjudgment proceedings.

The following notice is required by California law: No Lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against

risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

JURISDICTION: This Plan is governed by the laws of the State of California to the extent California law is not inconsistent with controlling Federal law. California's choice of law shall not be applied if it would result in the application of non-California law.