

REAL ESTATE EQUITY & HOME EQUITY LINE OF CREDIT LOAN INFORMATION

1. MAXIMUM AMOUNT

REAL ESTATE EQUITY

Up to 90% (80% if rental property) of the appraised value, less any liens on the property being mortgaged. There is no maximum dollar amount. For information on loans for unimproved real estate, refer to #14, Land Loans.

HOME EQUITY LINE OF CREDIT

Up to 90% (80% if rental property) of the appraised value, less any liens on the property being mortgaged. There is no maximum dollar amount.

2. MINIMUM AMOUNT

REAL ESTATE EQUITY

\$5,000

HOME EQUITY LINE OF CREDIT

\$5,000

>> No *minimum advance*

3. COLLATERAL/PROPERTY TYPES

ACCEPTABLE (Property must be in marketable condition)

- Owner occupied 1, 2, 3, or 4-unit properties located in Pennsylvania
- Condominiums or townhouses
- Vacation homes
- Doublewide mobile homes built after June 1976, on a permanent foundation, title retired
- Residential rental properties
- Purchase transactions are limited to unimproved land. Real Estate Equity only. See #15 for more information.

UNACCEPTABLE

- Commercial properties
- Properties listed for sale within the last 6 months (unless recently purchased by borrower)
- Properties with cesspools, cisterns, spring water
- Properties with gravity heat
- Properties located in an industrial-zoned area
- Time-share properties
- Singlewide mobile homes
- Properties owned by a trust (as identified on the deed)
- Properties with gas/oil well or coal mining
- Properties with certain business operations

4. MAXIMUM TERM

REAL ESTATE EQUITY

Five- and ten-year loans are available.

HOME EQUITY LINE OF CREDIT

Ten-year advance period with a twenty-year repayment term (five-year advance period and ten-year repayment on rental properties) from the date of the last advance.

5. INTEREST RATE

Call our **Member Service Line** for current interest rates. The interest rate will be determined by the combined loan-to-value percentage.

800.237.7328

REAL ESTATE EQUITY

Fixed rate for the life of the loan.

HOME EQUITY LINE OF CREDIT

Interest rate may vary monthly and will be equal to Prime Rate or Prime Rate plus ½% as published in the last issue of the Wall Street Journal on the last day before the current calendar month. For example, November's rate will be determined on the last business day of October. The maximum rate is 18% Annual Percentage Rate. The minimum rate is 3% Annual Percentage Rate.

6. LIEN INFORMATION

PSECU must be no less than second lienholder on the property being mortgaged. All persons listed on the Deed must be listed on the mortgage. Only persons executing the Note are financially responsible for the repayment of the loan.

7. PAYMENT FREQUENCY

REAL ESTATE EQUITY

Monthly payments will be made and can be in amounts greater than scheduled. Doing this will result in lower total interest charges over the life of the loan. **There is no penalty for early repayment.** Payments can be made by automatic transfer or coupon on the first of each month.

HOME EQUITY LINE OF CREDIT

Payment is made through automatic transfer on the 16th of each month. There is no penalty for early repayment. Payment amount and due date are provided on your monthly share statement.



8. LATE PAYMENT PENALTIES

A late payment penalty will be charged 15 days after your Real Estate Equity loan payment due date. This penalty will be equal to five percent of the loan payment.

9. APPROVAL

A letter of commitment will be issued to you along with the legal documents promptly following the loan approval. You will have 30 days to execute and return these documents. If they are not returned within this time period, the commitment may be canceled.

10. REFINANCING

REAL ESTATE EQUITY

Existing Real Estate Equity Loans and Home Equity Lines of Credit may be refinanced or extended for additional funds of \$5000 or more, provided all other policy requirements are met.

HOME EQUITY LINE OF CREDIT

You may raise or extend your line of credit by completing a new application.

LIEN PAY-OFFS:

Funds needed to pay off a lien are normally more than the lien's current balance. Adding a "cushion" to your loan amount may ensure adequate funds are available to pay off your current lien when your loan is ready to be issued. If your loan proceeds are insufficient to pay off the lien you are refinancing, PSECU must receive authorization from you to debit your PSECU account for the difference before your loan can be issued.

11. HAZARD INSURANCE

Minimum dwelling coverage acceptable is the amount of our mortgage plus any other outstanding liens. The coverage must be maintained as long as you have the loan. PSECU must be named loss payee on the insurance policy.

12. FLOOD INSURANCE

If your property is improved by a dwelling and is located in a designated flood area, you are required to furnish flood hazard insurance coverage on the property for the entire term of the loan. Proof of coverage must be furnished prior to settlement. The minimum amount is the total outstanding principal balances of all loans secured by the collateral property.

13. ESCROW

An escrow account for property tax and insurance may be required for Real Estate Equity loans.

14. LAND LOANS

PSECU offers home equity loans (fixed-rate, closed-end) for members who want to use unimproved land as the collateral for the loan.

MAXIMUM AMOUNT: Up to 60% of the appraised value or selling price of the property, whichever is less, not to exceed \$50,000.

MINIMUM DOLLAR AMOUNT: \$5,000

TERMS AND INTEREST RATES: Same as the Real Estate Equity (fixed-rate, closed-end).

MAXIMUM ACREAGE: 10 acres.

ACCEPTABLE COLLATERAL: Real property located in Pennsylvania. Property that is located in an area zoned for commercial use or property that is intended for commercial purpose in whole or in part is not acceptable.

PURPOSE OF LAND LOAN: Land must be used to construct borrowing member's primary residence. It is not to be used to acquire additional land adjacent to member's current residence.

LAND PURCHASE ONLY

COSTS: You are responsible for title insurance, state transfer tax, and any other costs normally associated with the purchase of land. You will receive an estimate of your closing costs upon our receipt of your application.

SETTLEMENT: A formal settlement will be required.

APPROVAL: A letter of commitment will be issued to you promptly following the loan approval.

DOCUMENTATION REQUIRED WITH APPLICATION:

1. Fully executed Sales Agreement for subject property
2. Verification of Income
3. Verification of Assets
4. Most current year Real Estate Tax receipts for subject property
(*county, township, school*).

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

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, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees you paid 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. Any extension of credit under this plan is secured by your home.

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

- You engage in fraud or material misrepresentation in connection with the line of credit.
- 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 of credit declines significantly below its appraised value for purposes of the line of credit.
- 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 our security interest such that the value of the interest is less than 120% of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum Annual Percentage Rate is reached.

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

PROPERTY INSURANCE: During the term of the loan you must maintain insurance protection for fire and other hazards.

MINIMUM DRAW REQUIREMENT: The minimum credit advance you can receive is \$0.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the line of credit.

VARIABLE-RATE FEATURE: The line of credit has a variable-rate feature, and the Annual Percentage Rate (corresponding to the periodic rate) and the minimum monthly payment can change as well.

- The Annual Percentage Rate includes only interest and no other costs.
- The Annual Percentage Rate is based on the value of an index.
- The index is the Prime Rate published in the Wall Street Journal on the last day before the current calendar month. The rate may be adjusted monthly. To determine the Annual Percentage Rate that we will apply to your line of credit, we use the value of the index or we add a margin to the value of the index.
- Ask us for the current index values, margin and Annual Percentage Rate.
- After you open a credit line, rate information will be provided on periodic statements that we send to you.

RATE CHANGES: The Annual Percentage Rate can change monthly. The maximum Annual Percentage Rate that can apply is 18% or the maximum APR allowed by applicable law, whichever is less. The minimum Annual Percentage Rate that can apply is 3%. There is no limit in the amount by which the Annual Percentage Rate can change in any one-year period.

NOTARY FEES: The loan note must be executed in front of a Notary Public. There may be a fee charged by the selected notary that you will be responsible to pay.

MINIMUM PAYMENT: On the scheduled Due Date, you agree to make a payment of at least the Minimum Payment amount. The minimum payment is calculated based upon the principal balance, rate, and term.

DRAW PERIOD: During the Draw Period, the Minimum Payment will equal the following:

An amortized payment of the principal balance outstanding on the last day of the billing cycle, for the last billing cycle in which an advance was made or \$50.00, whichever is greater. The balance will be amortized over the remaining term.

When a rate change occurs the payment is calculated based on the month end balance, prior to the rate change.

When there is a rate decrease and an advance, the new payment is calculated on the 1st of the month at the lower rate, payment is due on the 16th.

When there is a rate increase and an advance, the payment is calculated based on advance at lower rate, due on the 16th of the month. The following month's payment is calculated based on the increased rate, using the anticipated balance on the 16th of the month, due on the 16th of the month following the rate change.

When there is a rate change and no advance, the payment is calculated based on the anticipated balance on the 16th of the month in which a rate change occurs. The payment is due on the 16th of the month following the rate change.

REPAYMENT PERIOD: During the Repayment Period, the Minimum Payment will equal the following:

An amortized payment of the principal balance outstanding on the last day of the billing cycle, for the last billing cycle in which an advance was made or \$50.00, whichever is greater. The balance will be amortized over the remaining term.

After the draw period ends, the payment is not recalculated unless an advance is obtained the month before the draw period ends or a rate change occurs. When there is a rate change, during the repayment period, the payment is calculated based on the anticipated balance on the 16th of the month in which a rate change occurs. The payment is due on the 16th of the month following the rate change.

ROUNDING: The Minimum Payment will be rounded to the nearest \$.01.

PAYMENT AT MATURITY: On the Maturity Date you must pay the entire outstanding Loan Account Balance.

MINIMUM PAYMENT EXAMPLES: If you made only the minimum payments and took no other credit advances, it would take you twenty years to pay off a credit advance of \$10,000 at an annual percentage rate of 3.25%. During that period, you would make 240 payments of \$60.39 each. If you made only the minimum payments and took no other credit advances, it would take you ten years to pay off a credit advance of \$10,000 at an annual percentage rate of 3.25%. During that period, you would make 120 payments of \$97.72 each. If you made only the minimum payments and took no other credit advances, it would take you twenty years to pay off a credit advance of \$10,000 at an annual percentage rate of 3.75%. During that period, you would make 240 payments of \$59.29 each. If you made only the minimum payments and took no other credit advances, it would take you ten years to pay off a credit advance of \$10,000 at an annual percentage rate of 3.75%. During that period, you would make 120 payments of \$100.06 each.

If you made only the minimum payments and took no other credit advances, it would take you twenty years to pay off a credit advance of \$10,000 at an annual percentage rate of 3.25%. During that period, you would make 240 payments of \$56.72 each. If you made only the minimum payments and took no other credit advances, it would take you ten years to pay off a credit advance of \$10,000 at an annual percentage rate of 3.25%. During that period, you would make 120 payments of \$97.72 each. If you made only the minimum payments and took no other credit advances, it would take you twenty years to pay off a credit advance of \$10,000 at an annual percentage rate of 3.75%. During that period, you would make 240 payments of \$63.00 each. If you made only the minimum payments and took no other credit advances, it would take you ten years to pay off a credit advance of \$10,000 at an annual percentage rate of 3.75%. During that period, you would make 120 payments of \$100.06 each.

MAXIMUM RATE AND PAYMENT EXAMPLE: If you have an outstanding balance of \$10,000, the maximum required payment at the maximum Annual Percentage Rate of 18% for a 240 month term would be \$154.33. This Annual Percentage Rate could be reached in one month. If you have an outstanding balance of \$10,000, the maximum required payment at the maximum Annual Percentage Rate of 18% for a 120 month term would be \$180.19. This Annual Percentage Rate could be reached in one month.

HOME EQUITY LINE OF CREDIT HISTORICAL EXAMPLES

The following tables show how the Annual Percentage Rate and monthly payments for a single \$10,000 credit allowance would have been changed based on changes in the indices over the past 15 years. The index value for the Wall Street Journal prime rate is from the first week of July of each year. While only one payment amount per year is shown, payments would have varied during each year.

The tables assume that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. They do not necessarily indicate how the indices of your payments will change in the future. The margins shown are ones used recently.

CREDIT LINES UP TO 80% LOAN-TO-VALUE	YEAR	INDEX (%)	MARGIN (%)	ANNUAL	PAYMENT
				PERCENTAGE RATE (%)	(\$)
DRAW PERIOD	2006	8.250	0	8.250	85.21
	2007	8.250	0	8.250	85.21
	2008	5.000	0	5.000	67.29
	2009	3.250	0	3.250	58.98
	2010	3.250	0	3.250	58.98
	2011	3.250	0	3.250	58.98
	2012	3.250	0	3.250	58.98
	2013	3.250	0	3.250	58.98
	2014	3.250	0	3.250	58.98
	2015	3.250	0	3.250	58.98
REPAYMENT PERIOD	2016	3.500	0	3.500	59.69
	2017	4.250	0	4.250	61.63
	2018	5.000	0	5.000	63.40
	2019	5.500	0	5.500	64.46
	2020	3.250	0	3.250	60.39

CREDIT LINES GREATER THAN 80% UP TO 90% LOAN-TO-VALUE	YEAR	INDEX (%)	MARGIN (%)	ANNUAL	PAYMENT
				PERCENTAGE RATE (%)	(\$)
DRAW PERIOD	2006	8.250	+ .5	8.750	88.37
	2007	8.250	+ .5	8.750	88.37
	2008	5.000	+ .5	5.500	70.08
	2009	3.250	+ .5	3.750	61.56
	2010	3.250	+ .5	3.750	61.56
	2011	3.250	+ .5	3.750	61.56
	2012	3.250	+ .5	3.750	61.56
	2013	3.250	+ .5	3.750	61.56
	2014	3.250	+ .5	3.750	61.56
	2015	3.250	+ .5	3.750	61.56
REPAYMENT PERIOD	2016	3.500	+ .5	4.000	62.28
	2017	4.250	+ .5	4.750	64.29
	2018	5.000	+ .5	5.500	66.13
	2019	5.500	+ .5	6.000	67.23
	2020	3.250	+ .5	3.750	63.00