



IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN

This disclosure contains important information about our Home Equity Line of Credit Plan. 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 that you pay to us or anyone else in connection with your application.

SECURITY INTEREST: We will take a security interest in your home. You could lose your home if you do not meet the obligations in your agreement with us.

POSSIBLE ACTIONS: We can terminate your line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if (1) you engage in fraud or material misrepresentation in connection with the plan; (2) you do not meet the repayment terms of this plan, or (3) 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 (1) any reasons mentioned above exist; (2) the value of the dwelling securing the line declines significantly below its appraised value for purposes of the line; (3) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (4) you are in default of a material obligation of the agreement; (5) government action prevents us from imposing the annual percentage rate provided for in the agreement; (6) 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; (7) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (8) the maximum annual percentage rate is reached.

VISA ACCESS: Upon your request and our approval, we will issue a VISA credit card to access this home equity 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.

At closing, you may choose one of the following payment options:

Option 1: During the first 3 years of the draw period your monthly payment will equal the finance charges (interest) that accrued on the outstanding balance during the statement cycle. If the interest rate increases, you will be required to make a higher payment.

At the end of this 3 year period, we will recalculate your payment. Your payment will then be 1.5% of the outstanding balance each month. Your payment will never be less than \$20.00 or the full amount that you owe. If

the interest rate increases, you will be required to make a higher payment and it will take longer to repay the outstanding balance.

Option 2: During the entire term of this plan your payment will be 1.5% of the outstanding balance each month. Your payment will never be less than \$20.00 or the full amount that you owe. If the interest rate increases, you will be required to make a higher payment and it will take longer to repay the outstanding balance.

Option 1 and Option 2: 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 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 never be longer than 15 years.

The minimum payment may not pay off the balance by the end of the repayment period and the outstanding balance will be owed as a single balloon payment. Unless otherwise required by applicable law, we are under no obligation to refinance the balloon payment at that time. You may be required to make payments out of other assets you own or find a lender, which may be us, willing to lend you the money. If you refinance the balloon with us, you may have to pay some or all of the closing costs.

MINIMUM PAYMENT EXAMPLE - Option 1: If you made only the minimum monthly payment and took no other credit advances it would take 25 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.5%. During that period, you would make 36 payments of \$49.86 to \$55.21, followed by 263 payments of \$20.00 to \$150.00 and a final balloon payment of \$542.69.

MINIMUM PAYMENT EXAMPLE - Option 2: If you made only the minimum monthly payment and took no other credit advances it would take 24 years 5 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.5%. During that period, you would make 292 payments of \$20.00 to \$150.00 and one (1) final payment of \$5.24.

FEES AND CHARGES: You must pay certain fees to third parties to open the plan. These fees generally total between \$125.00 and \$700.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

If you take an initial advance of \$10,000 when the home equity line of credit is established, the credit union will pay third party fees on your behalf. If we do, and you close your line of credit within 3 years, you will be required to reimburse the credit union for the bona fide third party fees paid on your behalf.

PROPERTY INSURANCE: You must carry insurance on the property that secures this plan. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance.

REFUNDABILITY OF FEES: If you decide not to enter into this plan within three business days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

TRANSACTION REQUIREMENTS: In order for the credit union to pay third party fees on your behalf, a minimum initial advance of \$10,000 is required. If you will pay your own third party fees, the minimum initial advance is \$5,000.00.

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

VARIABLE RATE FEATURE: This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) may change as a result. If the annual percentage rate increases, you will be required to make more/higher payments during the plan and the amount of a balloon payment, if any, will increase. 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 Money Rates column of the *Wall Street Journal*. When a range of rates has been published the highest rate will be used. We will use the most recent index value available to us as of 60 days before the date of any annual percentage rate adjustment.

To determine the annual percentage rate that will apply to your account, we add or subtract a margin to the value of the Index. The margin you receive will depend on your loan-to-value ratio and other underwriting standards. The initial annual percentage rate may be "discounted" - it may not be based on the index and margin used for later rate adjustments. If we are currently offering an initial discounted rate, it will not be in effect for more than 12 months. Ask us for the current index value, margin, discount availability and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

RATE CHANGES: The annual percentage rate can change on the first day of the billing cycle each month. There is no limit on the amount by which the annual percentage rate can change during any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.0% or the maximum permitted by law, whichever is less.

A minimum annual percentage rate will apply to this Plan. Under no circumstances will your **ANNUAL PERCENTAGE RATE** go below the minimum rate at any time during the term of this Plan. This disclosure's loan examples assume a minimum **ANNUAL PERCENTAGE RATE** of 4.0%. The minimum rate that will apply to your Plan will be disclosed to you at the time you establish a Plan on the Home Equity Addendum. Ask us for the specific rate limitations that will apply to your credit line.

MAXIMUM RATE AND PAYMENT EXAMPLE – Option 1: If you had an outstanding balance of \$10,000 at the beginning of the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$152.88. This annual percentage rate could be reached at the time of the 13th payment during the draw period. If you had an outstanding balance of \$10,000 after the first 3 years of the draw period, or at the beginning of the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$150.00. This annual percentage rate could be reached at the time of the 1st payment.

MAXIMUM RATE AND PAYMENT EXAMPLE – Option 2: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$150.00. This annual percentage rate could be reached at the time of the 13th payment.

FIXED RATE LOCK OPTION: This plan has a fixed lock option (the "option"). At any time during the draw period you may convert the interest rate on an advance/balance to a fixed rate. You may exercise the option for up to 3 advances/balances at any one time. You may not exercise the option if your credit limit will be exceeded. Your credit limit will apply to the combined total of all amounts owing under the plan. All future advances will be at the current variable rate according to the terms disclosed above, unless another option is exercised.

When you exercise the option, the interest rate will be fixed on the advance/balance until it is repaid. The fixed rate will be based on Prime Rate published in the Money Rates column of *The Wall Street Journal* in effect on the date you elect the fixed rate option, plus a margin. The margin will be disclosed at the time you elect the option. You may contact us for the current Prime Rate value, margin and fixed annual percentage rate. You will have your choice of a payoff period of 60 months, 72 months, 84 months, 96 months or 120 months, however your payoff period may not exceed the maturity date of the plan. A minimum advance/balance of \$10,000.00 is required for payoff periods of 84 months and greater. Your payment will be set to repay the advance/balance at the applicable fixed rate, within the payoff period. Your minimum payment will be calculated separately from the minimum payment on any variable rate balance, and the other fixed rate options you may have. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges.

HISTORICAL EXAMPLE: The following table shows how the annual percentage rate and the minimum payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 15 years. The index values are from the last business day of January of each year.

While only one payment per year is shown, payments may have varied during each year.

The table assumes that no additional credit advances were taken, that only the minimum payments were made, 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.

WALL STREET JOURNAL PRIME RATE INDEX TABLE – WITH DISCOUNTED RATE

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars) Option 1	Monthly Payment (Dollars) Option 2
2009.....	3.250	-1.00	2.990 ⁽²⁾	25.39	150.00
2010.....	3.250	-1.00	4.000 ⁽³⁾	33.97	128.97
2011.....	3.250	-1.00	4.000 ⁽³⁾	33.97	112.03
2012.....	3.250	-1.00	4.000 ⁽³⁾	150.00	97.31
2013.....	3.250	-1.00	4.000 ⁽³⁾	130.31	84.54
2014.....	3.250	-1.00	4.000 ⁽³⁾	113.19	73.44
2015.....	3.250	-1.00	4.000 ⁽³⁾	98.32	63.79
2016.....	3.500	-1.00	4.000 ⁽³⁾	85.41	55.41
2017.....	3.750	-1.00	4.000 ⁽³⁾	74.20	48.14
2018.....	4.500	-1.00	4.000 ⁽³⁾	64.45	41.81
2019.....	5.500	-1.00	4.500	55.99	36.32
2020.....	4.750	-1.00	4.000 ⁽³⁾	48.88	31.71
2021.....	3.250	-1.00	4.000 ⁽³⁾	42.46	27.55
2022.....	3.250	-1.00	4.000 ⁽³⁾	36.88	23.93
2023.....	7.500	-1.00	6.500	32.04	20.79

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently, your plan may be discounted by a different amount.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** reflects a 4.000% floor.

WALL STREET JOURNAL PRIME RATE INDEX TABLE – WITHOUT DISCOUNTED RATE

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars) Option 1	Monthly Payment (Dollars) Option 2
2009.....	3.250	-1.00	4.000 ⁽²⁾	33.97	150.00
2010.....	3.250	-1.00	4.000 ⁽²⁾	33.97	130.30
2011.....	3.250	-1.00	4.000 ⁽²⁾	33.97	113.18
2012.....	3.250	-1.00	4.000 ⁽²⁾	150.00	98.31
2013.....	3.250	-1.00	4.000 ⁽²⁾	130.31	85.41
2014.....	3.250	-1.00	4.000 ⁽²⁾	113.19	74.19
2015.....	3.250	-1.00	4.000 ⁽²⁾	98.32	64.45
2016.....	3.500	-1.00	4.000 ⁽²⁾	85.41	55.98
2017.....	3.750	-1.00	4.000 ⁽²⁾	74.20	48.63
2018.....	4.500	-1.00	4.000 ⁽²⁾	64.45	42.24
2019.....	5.500	-1.00	4.500	55.99	36.69
2020.....	4.750	-1.00	4.000 ⁽²⁾	48.88	32.04
2021.....	3.250	-1.00	4.000 ⁽²⁾	42.46	27.83
2022.....	3.250	-1.00	4.000 ⁽²⁾	36.88	24.17
2023.....	7.500	-1.00	6.500	32.04	21.00

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a 4.000% floor.