

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.

PLAN OPTIONS: We occasionally offer more than one plan: a plan with an Initial Fixed Rate followed by a Variable Rate; or a plan with a Variable Rate from the time the plan is established. Unless otherwise stated, the language in this disclosure applies to both Plans.

MINIMUM PAYMENT REQUIREMENTS: If you made only the minimum monthly payment and took no other credit advances it would take 21 years 8 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.24%. During that period, you would make 180 payments of \$75.00 to \$100.00, followed by 79 payments of \$75.00 and one (1) final payment of \$62.27.

During the draw period, your payment will be 1.00% of the outstanding balance each month or \$75.00, whichever is higher. 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, increases in the interest rate will result in additional payments until the end of the draw period. During the repayment period, the minimum payment will be calculated to repay the then outstanding balance at the then-current

interest rate by the end of the repayment period. During the repayment period, increases in the interest rate may increase the minimum periodic payment. During the draw and repayment periods, your payments will not be less than \$75.00 or the full amount of what you owe if less than \$75.00. During both the draw and repayment periods, your payments will be rounded up to the nearest whole dollar.

NEGATIVE AMORTIZATION: Under some circumstances during the draw period, your payment will not cover the finance charges (interest) that accrue and "negative amortization" will occur. Negative amortization will increase the amount that you owe us and reduce the equity in your home. If the interest rate increases so much that the minimum payment is not adequate to pay the accrued finance charges (interest), we may increase your payment to the amount necessary to repay the interest that is due. If the interest rate decreases after we have made an adjustment to prevent negative amortization and negative amortization ceases to be possible at the regular required minimum payment of 1% of the monthly balance, the payment will return to the regular required minimum payment calculation.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 26 years 2 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 9.24%. During that period, you would make 180 payments of \$75.00 to \$100.00, followed by 133 payments of \$75.00 and one (1) final payment of \$64.42.

FEES AND CHARGES: You may have to pay certain fees to third parties to open the plan. These fees generally total between \$125.00 and \$1200.00. In some circumstances you may also be required to pay for a full appraisal, ranging from \$425.00 - \$1,000.00. If you ask, we will provide you with an itemization of these fees. The credit union may pay the third party fees on your behalf (excluding full appraisal).

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 if it is available.

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.

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

FIXED ANNUAL PERCENTAGE RATE FOLLOWED BY VARIABLE RATE PLAN: We occasionally offer a plan with an initial fixed annual percentage rate which changes to a variable rate. When offered, a fixed annual percentage rate may apply for the first twelve (12) months of the plan. An **ANNUAL PERCENTAGE RATE** of 5.99% is representative of a fixed rate we have recently offered. The fixed annual percentage rate includes only interest and no other costs. Ask us if an initial fixed rate is currently being

offered, and for the associated current fixed annual percentage rate. Once the initial fixed rate period ends, a variable rate would apply and the annual percentage rate (corresponding to the periodic rate) and the minimum payment may change as a result. The annual percentage rate includes only interest and no other costs.

The ANNUAL PERCENTAGE RATE for the variable rate portion of your plan may adjust monthly on the last business day of the billing cycle. We will determine the rate that will apply to your account by adding a margin (if any) to the index, which is the highest Prime Rate published in the Wall Street Journal, Western Edition, on the 1st business day of the month in which the change occurs. The margin you receive will be based on your creditworthiness. Ask us for the current index value, margin and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

VARIABLE RATE ONLY PLAN: When we are not offering an initial fixed rate plan, we will be offering a variable rate plan and the annual percentage rate (corresponding to the periodic rate) may increase. The annual percentage rate includes only interest and no other costs.

The ANNUAL PERCENTAGE RATE may adjust monthly on the last business day of the billing cycle. We will determine the rate that will apply to your account by adding a margin (if any) to the index, which is the highest Prime Rate published in the Wall Street Journal, Western Edition, on the 1st business day of the month in which the change occurs. The margin you receive will be based on your creditworthiness. Ask us for the current index value, margin and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

RATE CHANGES: When an initial fixed rate plan is offered, the initial annual percentage rate would not change for the first twelve (12) months. When we are not offering an initial fixed rate OR after the initial fixed rate time frame has ended, the variable rate would apply and the annual percentage rate could change on the last day of the monthly billing cycle. There are no limits on the amount by which the ANNUAL PERCENTAGE RATE can change, except the following: (1) If an initial fixed rate applies to your Account, the rate that goes into effect at the end of the fixed rate period will not exceed the lifetime maximum ANNUAL PERCENTAGE RATE or fall below the floor **ANNUAL PERCENTAGE RATE** of 6.50%. (2) Any rate change that occurs other than at the end of an introductory period will never exceed 6.00 percentage points above the initial rate or the maximum permitted by law, whichever is less or fall below the minimum **ANNUAL PERCENTAGE RATE**. For purposes of this disclosure we are illustrating a minimum **ANNUAL PERCENTAGE RATE** of 6.50%. Your minimum **ANNUAL PERCENTAGE RATE** will be based on your creditworthiness and may be different. (3) There is no limit on the amount by which the annual percentage rate can change during any one year period. Changes in the ANNUAL PERCENTAGE RATE and in your minimum periodic payment will be shown on your periodic statements for the months that they are effective, along with other information required by law. Ask us for the specific rate limitations that will apply to your credit line.

MAXIMUM RATE AND PAYMENT EXAMPLES: During the draw period, if you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 14.24% would be \$120.94. When we offer the plan with an initial fixed rate, followed by a variable rate, this annual percentage rate could be reached at the time of the 13th

payment. When we offer a variable rate only plan, this annual percentage rate could be reached at the time of the 1st payment. During the repayment period, if you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 14.24% would be \$135.00. This annual percentage rate could be reached at the time of the 1st payment.

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 July 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.

***** SEE DISCLOSURE TABLE ON FOLLOWING PAGE *****

WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of July)	Index (Percent)	Margin ⁽¹⁾ (Percent)	INITIAL FIXED RATE THEN VARIABLE RATE PLAN		VARIABLE RATE PLAN	
			ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2011.....	3.250	0.740	5.990 ⁽²⁾	100.00	6.500 ⁽³⁾	100.00
2012.....	3.250	0.740	6.500 ⁽³⁾	95.00	6.500 ⁽³⁾	95.00
2013.....	3.250	0.740	6.500 ⁽³⁾	90.00	6.500 ⁽³⁾	90.00
2014.....	3.250	0.740	6.500 ⁽³⁾	85.00	6.500 ⁽³⁾	85.00
2015.....	3.250	0.740	6.500 ⁽³⁾	80.00	6.500 ⁽³⁾	81.00
2016.....	3.500	0.740	6.500 ⁽³⁾	76.00	6.500 ⁽³⁾	76.00
2017.....	4.250	0.740	6.500 ⁽³⁾	75.00 ⁽⁴⁾	6.500 ⁽³⁾	75.00 ⁽⁴⁾
2018.....	5.000	0.740	6.500 ⁽³⁾	75.00 ⁽⁴⁾	6.500 ⁽³⁾	75.00 ⁽⁴⁾
2019.....	5.500	0.740	6.500 ⁽³⁾	75.00 ⁽⁴⁾	6.500 ⁽³⁾	75.00 ⁽⁴⁾
2020.....	3.250	0.740	6.500 ⁽³⁾	75.00 ⁽⁴⁾	6.500 ⁽³⁾	75.00 ⁽⁴⁾
2021.....	3.250	0.740	6.500 ⁽³⁾	75.00 ⁽⁴⁾	6.500 ⁽³⁾	75.00 ⁽⁴⁾
2022.....	5.500	0.740	6.500 ⁽³⁾	75.00 ⁽⁴⁾	6.500 ⁽³⁾	75.00 ⁽⁴⁾
2023.....	8.500	0.740	9.240	75.00 ⁽⁴⁾	9.240	75.00 ⁽⁴⁾
2024.....	8.500	0.740	9.240	75.00 ⁽⁴⁾	9.240	75.00 ⁽⁴⁾
2025.....	7.500	0.740	8.240	75.00 ⁽⁴⁾	8.240	75.00 ⁽⁴⁾

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

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a fixed rate that we have provided recently, your plan may reflect a different amount.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** reflects a representative floor rate of 6.500%.

⁽⁴⁾ This payment reflects the minimum payment of \$75.00.