



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.

**TAX DEDUCTIBILITY:** You should consult a tax advisor regarding the deductibility of interest and charges for the 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. You will be required to make monthly payments during the draw period. Your payment will be 1.5% of the outstanding balance each month or \$100.00 whichever is greater. Your payment will be rounded up to the nearest dollar. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. If the interest rate increases, you will be required to make a larger payment at the end of the draw period.

The minimum payment may not reduce the principal that is outstanding on your plan. At the end of the draw period you will be required to make 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:** If you made only the minimum monthly payment and took no other credit advances it would take 8 years 11 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 3.25%. During that period, you would make 106 payments of \$100.00 to \$150.00 and one (1) final payment of \$25.18.

**FEES AND CHARGES:** In order to open, use and maintain a line of credit plan, you must pay the following fees to us:

**Annual Fee:** \$50.00 (Due on each anniversary date if charged; it is subject to waiver)

You may also be required to pay certain fees to third parties to open the plan. These fees generally total between \$0.00 and \$500.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

The credit union may pay these third party fees on your behalf. If we do, you agree to reimburse us for the bona-fide fees paid on your behalf if, (1) you are approved and fail to open the Plan (other than during the 3 day right of rescission period), or (2) you terminate this Plan within two years from the date it is opened.

**PROPERTY INSURANCE:** You must carry insurance on the property that secures this plan.

**REFUNDABILITY OF FEES:** If you decide not to enter into this plan within three 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:** The minimum credit advance that you can receive is \$500.00 for the first advance and \$500.00 for each subsequent advance.

**VARIABLE RATE FEATURE:** This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the amount of the final balloon payment may change as a result. 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*. When a range of rates has been published, the highest rate is used. We will use the most recent index value available to us as of the last business day of the month preceding any annual percentage rate adjustment.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the index. The margin used with this plan is determined by the amount of equity in the property used to secure this plan. If the rate is not already rounded we then round up to the next .25%. From time to time the initial annual percentage rate offered may be "discounted", it is not based on the index and margin used for later rate adjustments. This initial "discounted" rate may be in effect for 3 months. Ask us for the current index value, margin, discount 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 business day of 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%. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 3.0% at any time during the term of the plan.

**MAXIMUM RATE AND PAYMENT EXAMPLES:** If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$150.00. If the initial rate is discounted, this annual percentage rate could be reached at the time of the

4th payment. If the initial rate is not discounted, 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.

WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of July)	Index (Percent)	Margin <sup>(1)</sup> (Percent)	Discount		Non-Discount	
			ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2001.....	6.750	0.00	1.990 <sup>(2)</sup>	150.00	6.750	150.00
2002.....	4.750	0.00	4.750	128.00	4.750	134.00
2003.....	4.000	0.00	4.000	112.00	4.000	118.00
2004.....	4.250	0.00	4.250	100.00 <sup>(3)</sup>	4.250	102.00
2005.....	6.250	0.00	6.250	100.00 <sup>(3)</sup>	6.250	100.00 <sup>(3)</sup>
2006.....	8.250	0.00	8.250	100.00 <sup>(3)</sup>	8.250	100.00 <sup>(3)</sup>
2007.....	8.250	0.00	8.250	100.00 <sup>(3)</sup>	8.250	100.00 <sup>(3)</sup>
2008.....	5.000	0.00	5.000	100.00 <sup>(3)</sup>	5.000	100.00 <sup>(3)</sup>
2009.....	3.250	0.00	3.250	100.00 <sup>(3)</sup>	3.250	100.00 <sup>(3)</sup>
2010.....	3.250	0.00	3.250	100.00 <sup>(3)</sup>	3.250	100.00 <sup>(3)</sup>
2011.....	3.250	0.00	3.250		3.250	
2012.....	3.250	0.00	3.250		3.250	
2013.....	3.250	0.00	3.250		3.250	
2014.....	3.250	0.00	3.250		3.250	
2015.....	3.250	0.00	3.250		3.250	

(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 payment reflects the minimum payment of \$100.00.

(4) The last payment for this year would be a final balloon payment of \$364.65.