



## 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.

**MINIMUM PAYMENT REQUIREMENTS:** You can obtain credit advances for 15 years. This period is called the "draw period." At our option, we may renew or extend the draw period. After the draw period ends you will no longer be able to obtain credit advances and you will then be required to repay any outstanding balance in a single balloon payment. You will be required to make monthly payments during the draw period. Your minimum payment will be equal to 1.5% of the outstanding balance each month, or \$20.00, whichever is greater. We will round your payment 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 more payments until the balance is repaid, and/or you will have a larger balloon payment.

The minimum payment may not fully repay the principal that is outstanding on your line by the final payment date. You will then be required to pay the entire balance in 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 money. If you refinance the balloon with us, you may have to pay some or all of the closing costs normally associated with a new loan.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 15 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.0%. During that period, you would make 179 payments of \$25.00 to \$150.00 and a final balloon payment of \$1,620.63.

**FEES AND CHARGES:** There are certain fees that must be paid to third parties to open the plan. These fees generally total \$300.00 and the credit union may pay these fees on your behalf. If an appraisal is required, you will be responsible for the cost of the appraisal. The appraisal cost ranges from \$325.00 - \$400.00.

**THIRD PARTY FEE REIMBURSEMENT:** If we pay third party fees on your behalf, you will be liable to reimburse us for bona-fide third party fees if you close or cancel your Home Equity Line of Credit within 12 months following the date on which you signed the Open End Home Equity Credit Agreement and Truth in Lending Disclosures. These fees will be disclosed on the Home Equity Addendum and will be added onto the principal balance.

**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.

**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) and the length of the plan and/or the amount of the 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 21st day of the month preceding the date of 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. 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:** The annual percentage rate can change quarterly on the first day of February, May, August and November. 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 15%. However, under no circumstances will your **ANNUAL**

**PERCENTAGE RATE** go below 6% at any time during the term of the Plan.

**MASTERCARD® ACCESS:** Upon your request and our approval, we will issue a MASTERCARD credit card to access this home equity 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 15% would be \$150.00. 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.

WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of (July)	Index (Percent)	Margin <sup>(1)</sup> (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2008.....	5.000	0.00	6.000 <sup>(2)</sup>	150.00
2009.....	3.250	0.00	6.000 <sup>(2)</sup>	133.00
2010.....	3.250	0.00	6.000 <sup>(2)</sup>	118.00
2011.....	3.250	0.00	6.000 <sup>(2)</sup>	105.00
2012.....	3.250	0.00	6.000 <sup>(2)</sup>	93.00
2013.....	3.250	0.00	6.000 <sup>(2)</sup>	82.00
2014.....	3.250	0.00	6.000 <sup>(2)</sup>	73.00
2015.....	3.250	0.00	6.000 <sup>(2)</sup>	65.00
2016.....	3.500	0.00	6.000 <sup>(2)</sup>	57.00
2017.....	4.250	0.00	6.000 <sup>(2)</sup>	51.00
2018.....	5.000	0.00	6.000 <sup>(2)</sup>	45.00
2019.....	5.500	0.00	6.000 <sup>(2)</sup>	40.00
2020.....	3.250	0.00	6.000 <sup>(2)</sup>	35.00
2021.....	3.250	0.00	6.000 <sup>(2)</sup>	31.00
2022.....	5.500	0.00	6.000 <sup>(2)</sup>	28.00 <sup>(3)</sup>

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

<sup>(2)</sup> This **ANNUAL PERCENTAGE RATE** reflects a 6.000% floor.

<sup>(3)</sup> The last payment for this year would be a final balloon payment of \$1,620.99.