



HOME EQUITY EARLY DISCLOSURE 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 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. You will be required to make monthly payments during both the draw and repayment periods.

At the time you obtain a credit advance a payoff period will be established. The payoff period may vary depending on the amount of your outstanding credit balance after you obtain an advance. The payoff period is shown in the following table:

| <i>Range of Balances</i> | <i>Payoff Period</i> |
|---------------------------|----------------------|
| Up to \$5,000.00 | 60 Monthly Payments |
| \$ 5,000.01 - \$10,000.00 | 96 Monthly Payments |
| \$10,000.01 - \$15,000.00 | 120 Monthly Payments |

| | |
|---------------------------|----------------------|
| \$15,000.01 - \$30,000.00 | 180 Monthly Payments |
| \$30,000.01 and above | 240 Monthly Payments |

Your payment will be set to repay the balance after the advance, at the current annual percentage rate, within the payoff period. Your payment will be rounded up to the nearest dollar. Your payment will change if you obtain another credit advance or the annual percentage rate changes. Each time you obtain an advance or the annual percentage rate changes, we will adjust your payment to repay the balance within the original payoff period. 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 begins. During the repayment period, your minimum payment will be set to repay the outstanding balance at the end of the draw period at the current annual percentage rate within the repayment periods shown below. The length of the repayment period will depend on the amount of your outstanding balance at the end of the draw period. The repayment period is shown in the following table:

| <i>Range of Balances</i> | <i>Repayment Period</i> |
|---------------------------|-------------------------|
| Up to \$5,000.00 | 60 Monthly Payments |
| \$ 5,000.01 - \$10,000.00 | 96 Monthly Payments |
| \$10,000.01 - \$15,000.00 | 120 Monthly Payments |
| \$15,000.01 - \$30,000.00 | 180 Monthly Payments |
| \$30,000.01 and above | 240 Monthly Payments |

During the repayment period, your payment may change if the annual percentage rate changes. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the repayment period. 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.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 8 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.0%. During that period, you would make 95 payments of \$122.00 and one (1) final payment of \$109.71.

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

Application Fee: \$200.00

You may also need to pay certain fees to third parties to open the plan. These fees generally total between \$190.00 and \$1,000.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

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 minimum 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 15 days before 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. If the rate is not already rounded we then round up to the next .25%. 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 on the first day of each month. The rate cannot increase or decrease more than 2 percentage points in any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18%. The minimum **ANNUAL PERCENTAGE** that can apply is 4%.

MAXIMUM RATE AND PAYMENT EXAMPLE: If you had an outstanding balance of \$10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$198.00. This annual percentage rate could be reached at the time of the 73rd payment during the draw period. If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$198.00. This annual percentage rate could be reached at the time of the 73rd payment during the repayment period.

MARGIN ADDED TO INDEX: The margin that will apply to your plan will be based on your credit worthiness. Please ask a loan officer for details regarding how your margin is determined.

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

| Year (as of the last business day of January) | Index (Percent) | Margin ⁽¹⁾ (Percent) | ANNUAL PERCENTAGE RATE | Monthly Payment (Dollars) |
|---|-----------------|---------------------------------|------------------------|---------------------------|
| 1999 | 7.750 | 0.45 | 8.200 | 143.00 |
| 2000 | 8.500 | 0.45 | 8.950 | 146.00 |
| 2001 | 9.000 | 0.45 | 9.450 | 148.00 |
| 2002 | 4.750 | 0.45 | 7.450 ⁽²⁾ | 141.00 |
| 2003 | 4.250 | 0.45 | 5.450 ⁽²⁾ | 136.00 |
| 2004 | 4.000 | 0.45 | 4.450 | 134.00 |
| 2005 | 5.250 | 0.45 | 5.700 | 135.00 |
| 2006 | 7.500 | 0.45 | 7.700 ⁽²⁾ | 136.00 |
| 2007 | 8.250 | 0.45 | 8.700 | |
| 2008 | 6.000 | 0.45 | 6.700 ⁽²⁾ | |
| 2009 | 3.250 | 0.45 | 4.700 ⁽²⁾ | |
| 2010 | 3.250 | 0.45 | 4.000 ⁽³⁾ | |
| 2011 | 3.250 | 0.45 | 4.000 ⁽³⁾ | |
| 2012 | 3.250 | 0.45 | 4.000 ⁽³⁾ | |
| 2013 | 3.250 | 0.45 | 4.000 ⁽³⁾ | |

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

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects an annual percentage rate periodic cap of 2.000% per year.

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

FIXED RATE OPTION: This plan has a fixed rate option (the "option") which you may exercise at any time during the draw period. If you use this option, your payment amount(s) will be in addition to the minimum monthly payment for your variable rate feature. You may exercise the option only three (3) times within any 365 day period and the option must be exercised for a loan advance of at least \$5,000.

At the time you exercise the option that portion of your balance will accrue an interest charge at a fixed rate. You may exercise the options at different times and therefore have different "Fixed Rate Loan Portions." You may have no more than three (3) Fixed Rate Loan Portions outstanding at any 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 variable rate and fixed rate features.

When you exercise the option the interest rate will be fixed on the balance amount you elect until that balance is repaid. Your fixed interest rate will be determined by adding a margin to the Prime Rate index value. We will use the value published in the Wall Street Journal on the first credit union business day of the month in which the loan is posted. When a range of rates for the index value has been published, the highest rate is used. If the rate is not already rounded, we then round up to the next .25%. To

determine the annual percentage rate that will apply to your advance, we add a margin to the value of the index. The value of the margin is set at the time you open your Home Equity Line of Credit. The margin will be .25% above the variable rate margin. The Annual Percentage Rate will not be lower than 7.00%.

If you elect the option, your payment amount will be an amount of principal and interest sufficient to amortize the principal and interest over the term. You may select the term at the time you exercise the option in accordance with the following schedule:

| <i>Amount of Fixed Rate Portions</i> | <i>Payoff Period</i> |
|--------------------------------------|----------------------|
| \$ 5,000.00 | 60 Monthly Payments |
| \$ 5,000.01 - \$10,000.00 | 96 Monthly Payments |
| \$10,000.01 - \$15,000.00 | 120 Monthly Payments |
| \$15,000.01 - \$30,000.00 | 180 Monthly Payments |
| \$30,000.01 and Above | 240 Monthly Payments |

The term you select may not extend payment beyond the final payment date on your plan.