

HOME EQUITY EARLY DISCLOSURE  
NON CREDIT CARD  
IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN

This disclosure contains important information about our Home Equity Line of Credit Plans. 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:** There are two plan options described below.

- Plan A: The initial annual percentage rate is fixed for the first three (3) years of the Plan and can change quarterly thereafter.
- Plan B: The annual percentage rate can change quarterly throughout the Plan's life.

Terms apply to both Plan options unless specifically designated otherwise.

**MINIMUM PAYMENT REQUIREMENTS – AMORTIZED PLANS:** 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. 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 of each 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:

Range of Balances		Payoff Period
Up To	- \$10,000.00	144 Monthly Payments
\$10,000.01	- \$25,000.00	180 Monthly Payments
\$25,000.01	- And above	240 Monthly Payments

The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. 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 remain the same unless you obtain another credit advance. Your payment may also change if the annual percentage rate increases or decreases. A change in the annual percentage rate can cause the balance to be repaid more quickly or more slowly. We will check your plan every year to determine the effect any annual percentage rate change has had on your payment. If the annual percentage rate has changed, we will adjust your payment to repay the balance within the original payoff period. Each time the annual percentage rate increases, we will check to see if the payment is sufficient to pay the interest that is due. If not, we will increase your payment by the amount necessary to repay the balance at the new annual percentage rate within the original payoff period. If, after our last review of your plan prior to the maturity date, the annual percentage rate increases so much that your payment is not sufficient to repay the balance before the maturity date you will be required to make more payments of the same amount. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than the smaller of \$75.00, or the full amount that you owe.

**MINIMUM PAYMENT EXAMPLES:**

**Plan A:** If you made only the minimum monthly payment and took no other credit advances it would take 12 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.0%. During that period, you would make 143 payments of \$97.59 and one (1) final payment of \$98.28.

**Plan B:** If you made only the minimum monthly payment and took no other credit advances it would take 12 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.0%. During that period, you would make 143 payments of \$97.59 and one (1) final payment of \$98.28.

**MINIMUM PAYMENT REQUIREMENTS - INTEREST ONLY MINIMUM PAYMENT OPTION:** During the draw period, we offer the option for certain qualified borrowers to make "interest only" payments. During the draw period your monthly payment will equal the finance charges (interest) that accrued on the outstanding balance during the preceding month. 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 higher payment. After the draw

period ends, we will recalculate your payment based on its balance and applicable payoff period as shown in the following table:

Range of Balances		Payoff Period
Up To	- \$10,000.00	144 Monthly Payments
\$10,000.01	- \$25,000.00	180 Monthly Payments
\$25,000.01	- And above	240 Monthly Payments

The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. Your payment will be set to repay the balance after the advance, at the current annual percentage rate, within the payoff period. Your payment may change if the annual percentage rate increases or decreases. A change in the annual percentage rate can cause the balance to be repaid more quickly or more slowly. We will check your plan every year to determine the effect any annual percentage rate change has had on your payment. If the annual percentage rate has changed, we will adjust your payment to repay the balance within the original payoff period. Each time the annual percentage rate increases, we will check to see if the payment is sufficient to pay the interest that is due. If not, we will increase your payment by the amount necessary to repay the balance at the new annual percentage rate within the original payoff period. If, after our last review of your plan prior to the maturity date, the annual percentage rate increases so much that your payment is not sufficient to repay the balance before the maturity date you will be required to make more payments of the same amount. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than the smaller of \$75.00, or the full amount that you owe.

**NEGATIVE AMORTIZATION:** Under some circumstances during the draw period if your payment is only equal to the interest, the minimum payment will not cover the finance charges (interest) that is owed and "negative amortization" will occur. For instance, if you elected an optional payment protection product or owed a late fee, negative amortization would occur. You may prevent negative amortization by paying more than the minimum payment. Additionally, the minimum payment will be recalculated at the start of the repayment period to repay all principal owed by the end of the repayment period.

#### MINIMUM PAYMENT EXAMPLES FOR INTEREST ONLY OPTION:

Plan A: If you made only the minimum monthly payment and took no other credit advances it would take 22 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.0%. During that period, you would make 120 payments of \$46.03 to \$50.96, followed by 143 payments of \$97.59 and one (1) final payment of \$99.07.

Plan B: If you made only the minimum monthly payment and took no other credit advances it would take 22 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.0%. During that period, you would make 120 payments of \$46.03 to \$50.96, followed by 143 payments of \$97.59 and one (1) final payment of \$99.07.

**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.

**TRANSACTION REQUIREMENTS:** The minimum credit advance that you can receive is \$7,500.00 for the first advance and \$250.00 for each subsequent advance.

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

**ADDITIONAL HOME EQUITY PLANS:** Please ask us about our other available home equity line of credit plans.

**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 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 1 day 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%.

Plan A: The initial annual percentage rate is fixed for a period of 36 months starting from the plan's opening date.

Plans A & B: Ask us for the current index value, margin, initial annual percentage rate and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

#### RATE CHANGES:

Plan A: The annual percentage rate can change quarterly on the first day of January, April, July and October after the first 36 months of the Plan's opening.

Plan B: The annual percentage rate can change quarterly on the first day of January, April, July and October.

Both Plans: 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% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 6% at any time during the term of the plan.

#### MAXIMUM RATE AND PAYMENT EXAMPLES:

Plan A: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15% would be \$150.10 if making amortized payments. This annual percentage rate could be reached at the time of the 37<sup>th</sup> payment. If you are making interest only payments during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15% would be \$127.40 during the draw period and \$150.10 during the repayment period. This annual percentage rate could be reached at the 37<sup>th</sup> payment during the draw period and the 1<sup>st</sup> payment during the repayment period.

Plan B: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15% would be \$150.10 if making amortized payments. This annual percentage rate

could be reached at the time of the 1<sup>st</sup> payment. If you are making interest only payments during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15% would be \$127.40 during the draw period and \$150.10 during the repayment period. This annual percentage rate could be reached at the 1<sup>st</sup> payment during the draw period and the 1<sup>st</sup> payment during the repayment period.

**Limited Exception to Minimum Rate.** Regardless of any statement to the contrary herein, the Credit Union, in its sole discretion, may waive the minimum **ANNUAL PERCENTAGE RATE** for creditworthy members from time to time during the term of your plan. Our waiver of the minimum **ANNUAL PERCENTAGE RATE** shall in no way impair our right to impose the minimum rate on any quarterly rate adjustment date as provided herein.

**Fees and Charges:** You must pay certain fees to third parties to open the Plan. These fees generally total between \$300.00 and \$800.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

**Fee Waiver:** We will pay all fees and charges up to \$500.00 for you to open the Plan provided (1) you receive an initial credit advance of \$7,500.00 and maintain a minimum loan balance of \$5,000.00 or more during the first twelve (12) months from the date of the initial credit advance and (2) you consent to the use of the third parties selected by us to provide any services regarding the approval and opening of the Plan. If you do not maintain the minimum loan balance you will be required to pay the fees and charges to open the Plan upon demand.

**Margin added to index.** The margin used with your Plan will be based upon the credit limit we grant you and will be determined by the following schedule:

<u>CREDIT LIMIT</u>	<u>MARGIN</u>
\$35,000 or more	.25%
\$34,999 or less	.75%

Plan A: The margin added during first 36 months will be zero.

**HISTORICAL EXAMPLE:** The following tables show 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 tables assume that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. They do not necessarily indicate how the index or your payments will change in the future.

HISTORICAL TABLES ARE FOUND ON NEXT PAGE

WALL STREET JOURNAL PRIME RATE INDEX TABLE – PLAN A

Year (as of the last business day of July)	Index (Percent)	Margin <sup>(1)</sup> (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars) Amortized Payment	Monthly Payment (Dollars) Interest Only Payment
1996	8.250	0.00	8.250 <sup>(2)</sup>	109.64	70.07
1997	8.500	0.25	8.250 <sup>(2)</sup>	109.64	70.07
1998	8.500	0.25	8.250 <sup>(2)</sup>	109.64	70.07
1999	8.000	0.25	8.250	109.64	70.07
2000	9.500	0.25	9.750	115.64	82.81
2001	6.750	0.25	7.000	105.95	59.45
2002	4.750	0.25	6.000 <sup>(3)</sup>	102.99	50.96
2003	4.000	0.25	6.000 <sup>(3)</sup>	102.99	50.96
2004	4.250	0.25	6.000 <sup>(3)</sup>	102.99	50.96
2005	6.250	0.25	6.500	103.76	55.21
2006	8.250	0.25	8.500	105.87	111.01
2007	8.250	0.25	8.500	105.87	111.01
2008	5.000	0.25	6.000 <sup>(3)</sup>		99.40
2009	3.250	0.25	6.000 <sup>(3)</sup>		99.40
2010	3.250	0.25	6.000 <sup>(3)</sup>		99.40

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

<sup>(2)</sup> This ANNUAL PERCENTAGE RATE is the same as the initial ANNUAL PERCENTAGE RATE.

<sup>(3)</sup> This ANNUAL PERCENTAGE RATE reflects a 6.000% floor.

WALL STREET JOURNAL PRIME RATE INDEX TABLE – PLAN B

Year (as of the last business day of July)	Index (Percent)	Margin <sup>(1)</sup> (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars) Amortized Payment	Monthly Payment (Dollars) Interest Only Payment
1996	8.250	0.25	8.500	111.03	72.19
1997	8.500	0.25	8.750	112.33	74.32
1998	8.500	0.25	8.750	112.33	74.32
1999	8.000	0.25	8.250	110.14	70.07
2000	9.500	0.25	9.750	116.15	82.81
2001	6.750	0.25	7.000	106.42	59.45
2002	4.750	0.25	6.000 <sup>(2)</sup>	103.45	50.96
2003	4.000	0.25	6.000 <sup>(2)</sup>	103.45	50.96
2004	4.250	0.25	6.000 <sup>(2)</sup>	103.45	50.96
2005	6.250	0.25	6.500	104.21	55.21
2006	8.250	0.25	8.500	106.33	111.01
2007	8.250	0.25	8.500	106.33	111.01
2008	5.000	0.25	6.000 <sup>(2)</sup>		99.40
2009	3.250	0.25	6.000 <sup>(2)</sup>		99.40
2010	3.250	0.25	6.000 <sup>(2)</sup>		99.40

<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.