

HOME EQUITY CREDIT PLAN AGREEMENT EARLY DISCLOSURE
Business and Industrial Federal Credit Union

This disclosure contains important terms about our Variable Interest Rate 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 within three business days of receiving this disclosure and the Home Equity Brochure, you decide not to enter into a home equity agreement with us; or if these terms change (other than the annual percentage rate) and you decide as a result, not to enter into this Plan with us, you are entitled to a refund of any fees you have paid to us or anyone else in connection with your application.

SECURITY INTEREST: We will take a mortgage, deed of trust, or other security interest in your home ("Collateral"). You could lose your home if you do not meet certain 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 certain fees if:

- You engage in fraud or material misrepresentation in connection with the Plan or application.
- You do not meet the repayment terms.
- 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:

- Any reasons mentioned above exist.
- The value of the dwelling securing the Plan declines significantly below its appraised value for purpose of the Plan.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the Collateral is less than 120 percent of the credit line under the Plan.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum annual percentage rate is reached.

The Credit Agreement and Addendum permit us to make certain changes to other terms of the Plan at specified times or upon the occurrence of specified events.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 5 years. This period is called the "draw period". During the draw period, payments will be due on a monthly basis. Your minimum monthly payment will be established at the time of each advance in an amount which is the greater of \$14 per \$1,000 (or fraction thereof) of your outstanding account balance or the amount necessary to fully amortize your unpaid account balance no later than the Agreement Maturity Date, subject to the lesser of \$50 or your account balance.

After the draw period ends, you will no longer be able to obtain credit advances and you must repay your outstanding account balance (the repayment period). The length of the Repayment Period will depend on the date and amount of Your last advance but in no event will exceed 120 months. During the repayment period, minimum payments will be due on a monthly basis and will be calculated in the same manner as the draw period.

Paying only the minimum payment may not be sufficient to fully amortize your unpaid account balance by the end of the repayment period in which case, you will be required to pay your entire remaining balance in a single balloon payment on the Agreement Maturity Date.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances, it would take 110 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 10.08%. During that period, you would make 109 payments of \$140.00 and one final payment of \$76.15.

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 fees you may have already paid.

TRANSACTIONS REQUIREMENTS: The minimum credit advance that you can receive is \$5,000 for the first advance and \$1,000 for each subsequent advance.

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. As a result, the annual percentage rate (corresponding to the periodic rate) and the length of the plan may change. The annual percentage rate includes only the interest and no other costs. We start with an

independent index (the "Index"), which is the 26 week U.S. Treasury Bill rate as published in the Money Rate Section of The Wall Street Journal on the last business day of December and June of each year. If more than one rate is shown, we will use the higher rate. To determine the periodic rate that will apply to your account, we add a margin, as disclosed, to the value of the Index. After you open a line of credit, rate information will be provided in periodic statements that we send you.

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

RATE CHANGES: The annual percentage rate can change twice each year on January 1 and July 1. Your interest rate cannot increase or decrease more than 2.0 percentage points each year. The maximum **ANNUAL PERCENTAGE RATE** at any time will be the lesser of 5.00 percentage points above your initial Interest Rate or 18.00%. Your minimum **ANNUAL PERCENTAGE RATE** at any time is 5.50%. Ask us for specific rate limitations that will apply to your line of credit.

MINIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$140.00. This **ANNUAL PERCENTAGE RATE** could be reached during the first 30 months of the draw period.

NEGATIVE AMORTIZATION: Under some circumstances, your payment will not cover the Finance Charges that accrue and Negative Amortization will occur. Negative Amortization will increase the amount that you owe us and reduce your equity in your home.

ADDITIONAL PROVISIONS:

Fees and Charges: You must pay certain fees and/or charges to third parties to open the Plan. These fees generally total between \$285.00 and \$400.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

Historical Example: The following table shows how the **ANNUAL PERCENTAGE RATE** and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the past 15 years. The index values are from the first 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.

26 Week U.S. Treasury Bill Index Table

Year (as of the first business day of July)	Index (Percent)	Margin (1) (Percent)	ANNUAL PERCENTAGE RATE	Payment Period	Monthly Payment (Dollars)
2001.....	3.50	4.00	7.96 (2)	Draw	\$140.00
2002.....	1.74	4.00	5.96 (2)	Repayment	\$140.00
2003.....	0.94	4.00	5.50 (3)	Repayment	\$140.00
2004.....	1.60	4.00	5.60	Repayment	\$140.00
2005.....	3.28	4.00	7.28	Repayment	\$140.00
2006.....	5.10	4.00	9.10	Repayment	\$140.00
2007.....	4.82	4.00	8.82	Repayment	\$140.00
2008.....	2.08	4.00	6.82 (2)	Repayment	\$140.00
2009.....	0.32	4.00	5.50 (3)	Repayment	
2010.....	0.22	4.00	5.50 (3)	Repayment	
2011.....	0.10	4.00	5.50 (3)	Repayment	
2012.....	0.15	4.00	5.50 (3)	Repayment	
2013.....	0.09	4.00	5.50 (3)	Repayment	
2014.....	0.06	4.00	5.50 (3)	Repayment	
2015.....	0.13	4.00	5.50 (3)	Repayment	

(1) This is a margin we have used recently. Your margin may be different
(2) This represents the 2% rate change limitation.
(3) This represents the 5.50% minimum interest rate.