

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

This disclosure contains important information about our Variable Rate Home Equity Line of Credit. 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 you paid to us or anyone else in connection with your application.

SECURITY INTEREST: We will take a security interest on 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:

- You engage in fraud or material misrepresentation in connection with the line.
- 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:

- The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- 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 interest is less than 120 percent of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum annual percentage rate is reached.

Minimum Payment Requirements: You can obtain credit advances for 60 months (the draw period). At our option we can extend the draw period. During the draw period, payments will be due on a monthly basis. Your minimum monthly payment will be established and at the time of each advance or change in interest rate at an amount necessary to fully amortize your outstanding account balance according to the following table, rounded up to the nearest dollar and subject to a minimum of \$50.00.

<u>Outstanding Account Balance</u>	<u>Repayment Period</u>
up to \$100,000.00	120 months

After the draw period ends, you will no longer be able to obtain credit advances and you must repay the outstanding account balance (the repayment period). The length of the repayment period will depend on your outstanding account balance at the beginning of the repayment period but in no event exceed _____ months. During the repayment period, minimum payments will be due on a monthly basis and will be established on the first day of the repayment period or change in interest rate at an amount necessary to fully amortize your outstanding account balance according to the table above, rounded up to the nearest dollar and subject to a minimum of \$50.00. The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. Periodically we will review the effect the interest rate increases have had on your account. If the Annual Percentage Rate has increased so much that your payment is no longer sufficient to repay the balance within the payoff period, your payment will be increased by the amount necessary to repay the balance within the original payoff period. Your minimum payment will include any amounts past due, any amounts 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 15 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 0.480%. You would make 60 monthly payments of \$85.37 during the draw period. You would make 117 payments of \$50.00 during the repayment period.

Late Charge: If your payment is more than 10 days late, you will be charged \$30.00.

Transaction Limitations: The minimum initial advance is \$_____. Second and subsequent advances are subject to a minimum of \$_____.

Third Party Fees: You may have to pay certain fees to third parties. These fees generally total between \$0 and \$1,000. If you ask, we will give you 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 with the Credit Union listed as loss payee.

Tax Deductibility: You should consult a tax advisor regarding the deductibility of interest and charges for the line.

Variable Rate: Your Plan is subject to a Variable Rate and the Annual Percentage Rate (corresponding to the periodic rate) can change as a result. The Annual Percentage Rate is based on the 26 week Treasury Bill Rate 10 days prior to the first day of January and July of each year as published in the Federal Reserve H-15 statistical publication on the Federal Reserve web site and will be the rate in effect 10 days prior to the first day of each January and July ("Index"). If the index becomes unavailable, we will choose another Index with a similar Interest Rate. To determine the Annual Percentage Rate that will apply to your line of credit, we add our margin to the value of the index. The Index plus the margin equals the Interest Rate. Increases in the Interest Rate will result in like increases in the Finance Charge on the first business day of January and July and may affect the amount of your scheduled payments during the draw and repayment periods. The Annual Percentage Rate includes only interest and no other costs.

Rate Changes: Your Annual Percentage Rate can change on the 1st day of January and July. Your interest rate cannot increase or decrease more than 2 percentage points each year. The maximum Annual Percentage Rate at any time will be the lesser of 5 percentage points above your initial interest rate or 18.00%. If your initial Annual Percentage Rate is a discounted or introductory rate, that rate will remain in effect until the date indicated in the loan agreement. Thereafter, the rate will be the indexed rate in accordance with the variable interest rate provision of the agreement. Your **Annual Percentage Rate** will never be greater than _____% or the maximum allowed by law. Your **Annual Percentage Rate** will never be less than _____%.

Maximum Rate and Payment Examples: If you had an outstanding balance of \$10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 5.480% would be \$108.43. This Annual Percentage Rate could be reached after 2 years and 6 months of the draw period.

Historical Examples: 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 last 15 years. The index values are from the first business day in January of each year. While only one payment amount per year is shown, payments would have varied slightly during the year.

The table assumes that no additional credit advances were taken, that only the minimum payment was made, and that the rate remained constant during each year. It **does not** necessarily indicate how your index, margin, APR or monthly payment would change in the future.

Year	Index (Percent)	Margin (1) (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2002	1.770	0.00	1.770	90.99
2003	1.220	0.00	1.220	88.79
2004	0.990	0.00	0.990	87.99
2005	2.680	0.00	2.680	93.29
DRAW 2006	4.250	0.00	4.250	97.68
2007	4.890	0.00	4.890	55.63
2008	3.410	0.00	3.410	52.24
2009	0.300	0.00	1.410 (2)	50.00
2010	0.080	0.00	0.080	50.00
2011	0.180	0.00	0.180	50.00
2012	0.140	0.00	0.140	50.00
2013	0.130	0.00	0.130	50.00
2014	0.070	0.00	0.070	50.00
2015	0.080	0.00	0.080	50.00
2016	0.480	0.00	0.480	50.00

- (1) This is a margin we have used recently. Your margin may be different.
- (2) This rate represents the 2 percentage point annual change maximum.