



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 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 be based on the balance and shall not exceed 180 months.

DRAW PERIOD - You will be required to make monthly payments during the draw period. There are two payment options available during the draw period herein referred to as Option "A" and Option "B". At the time you establish a plan, you will be required to select one of these options.

Option A: During the draw period, your payment will be 1.5% of the outstanding balance each month or \$75.00, whichever is greater. If the interest rate increases, you will be required to make more payments until the end of the draw period. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges.

Option B: During the draw period your monthly payment will equal the finance charges (interest) that accrued on the outstanding balance during the preceding month or \$75.00, whichever is greater. If the interest rate increases, you will be required to make a higher payment. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. This option is available if the combined loan-to-value does not exceed 75.00%.

REPAYMENT PERIOD - You will be required to make monthly payments during the repayment period. At the beginning of the repayment period, your payment

will be amortized to repay the outstanding balance at the current annual percentage rate within the payoff period as stated in the table below. Your payment will be rounded up to the nearest ten dollars.

Range of Balances		Payoff Period
Up to	- \$24,999.99	84 Monthly Payments
\$25,000.00	- \$34,999.99	120 Monthly Payments
\$35,000.00	- and above	180 Monthly Payments

During the repayment 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 time remaining to maturity. 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 time remaining to maturity. 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 never be less than the smaller of \$75.00, or the full amount that you owe. 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 – Option A: If you made only the minimum monthly payment and took no other credit advances it would take 12 years 2 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.5%. During that period, you would make 120 payments of \$75.00 to \$150.00, followed by 25 payments of \$75.00 and one (1) final payment of \$71.93.

MINIMUM PAYMENT EXAMPLE – Option B: If you made only the minimum monthly payment and took no other credit advances it would take 17 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.5%. During that period, you would make 120 payments of \$75.00, followed by 83 payments of \$76.90 and one (1) final payment of \$76.07.

FEES AND CHARGES: You may have to pay certain fees to third parties to open the plan. These fees generally total between \$240.00 and \$741.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties. The credit union may pay these third party fees on your behalf. If we do, and you close your line of credit within 36 months of the opening date, you agree to reimburse the credit union for \$240.00 of the bona fide third party fees paid on your behalf.

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 required minimum credit advance that you will receive is \$5,000.00 for the first advance. The minimum subsequent

advance you can receive is \$100.00 for advances by check access, and \$200.00 for advances by other access methods.

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) may change requiring you to make a higher payment or more payments until the balance is repaid. The actual effect on the payment depends on the payment option you select. 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 5 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. 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 18.0% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 4.0% at any time during the term of the plan.

MAXIMUM RATE AND PAYMENT EXAMPLES – Option A: During the draw period, if you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$150.00. This annual percentage rate could be reached at the time of the 1st payment. During the repayment period, if you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$210.19. This annual percentage rate could be reached at the time of the 1st payment.

MAXIMUM RATE AND PAYMENT EXAMPLES – Option B: During the draw period, if you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$152.88. This annual percentage rate could be reached at the time of the 1st payment. During the repayment period, if you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$210.19. This annual percentage rate could be reached at the time of the 1st payment.

MARGIN: The margin you receive will be based on your credit history and Loan to Value (LTV). Please ask us for the margin that you qualify for. You may receive a different margin than what appears in the Historical Example.

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) Option A	Monthly Payment (Dollars) Option B
2005.....	5.250	0.00	5.250	150.00	75.00 ⁽³⁾
2006.....	7.500	0.00	7.500	131.95	75.00 ⁽³⁾
2007.....	8.250	0.00	8.250	118.75	75.00 ⁽³⁾
2008.....	6.000	0.00	6.000	107.67	75.00 ⁽³⁾
2009.....	3.250	0.00	4.000 ⁽²⁾	95.45	75.00 ⁽³⁾
2010.....	3.250	0.00	4.000 ⁽²⁾	82.92	75.00 ⁽³⁾
2011.....	3.250	0.00	4.000 ⁽²⁾	75.00 ⁽³⁾	75.00 ⁽³⁾
2012.....	3.250	0.00	4.000 ⁽²⁾	75.00 ⁽³⁾	75.00 ⁽³⁾
2013.....	3.250	0.00	4.000 ⁽²⁾	75.00 ⁽³⁾	75.00 ⁽³⁾
2014.....	3.250	0.00	4.000 ⁽²⁾	75.00 ⁽³⁾	75.00 ⁽³⁾
2015.....	3.250	0.00	4.000 ⁽²⁾	75.00 ⁽³⁾	75.00 ⁽³⁾
2016.....	3.500	0.00	4.000 ⁽²⁾	75.00 ⁽³⁾	75.00 ⁽³⁾
2017.....	3.750	0.00	4.000 ⁽²⁾	5.25 ⁽⁴⁾	75.00 ⁽³⁾
2018.....	4.500	0.00	4.500		75.00 ⁽³⁾
2019.....	5.500	0.00	5.500		75.00 ⁽³⁾

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

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a 4.000% floor.

⁽³⁾ This payment reflects the minimum payment of \$75.00.

⁽⁴⁾ This payment is lower than previous payments due to a January final payment.

SIGNATURES:

Borrower 1: _____

Borrower 2: _____