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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 a specific period of time. 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. At closing you may choose from the following draw/repayment period options:

OPTION 1 – The length of the draw period will be 5 years and the length of the repayment period will be 10 years.

OPTION 2 – The length of the draw period will be 10 years and the length of the repayment period will be 20 years.

For both **OPTION 1** and **OPTION 2**, 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.

At the beginning of the repayment period we will recalculate your payment. Your payment will be set to repay the balance at the current annual percentage rate by the end of the repayment period. Each time the annual percentage rate changes during the repayment period, we will adjust your payment to repay the balance by the end of the repayment period. 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 1: 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 7.5%. During that period, you would make 60 payments of \$57.53 to \$63.70, followed by 119 payments of \$118.71 and one (1) final payment of \$118.27.

MINIMUM PAYMENT EXAMPLE - OPTION 2: If you made only the minimum monthly payment and took no other credit advances it would take 30 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.5%. During that period, you would make 120 payments of \$57.53 to \$63.70, followed by 239 payments of \$80.59 and one (1) final payment of \$75.54.

OPTION 3: 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 20 years.

You will be required to make monthly payments during both the draw and repayment periods. Your payment will be set by amortizing the balance after the advance, at the current annual percentage rate, within the time remaining to the maturity date. Your monthly payment may include interest, principal, and payment protection. 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. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the time remaining to the maturity date. 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 3: If you made only the minimum monthly payment and took no other credit advances it would take 30 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.5%. During that period, you would make 359 payments of \$69.95 and one (1) final payment of \$58.08.

FEES AND CHARGES: If your approved credit limit is over \$250,000, you must pay certain fees to third parties to open the plan. These fees generally total between \$800 - \$2,500.00. If you receive an initial discounted rate, you must pay certain fees to third parties to open the plan. These fees generally total between \$0 - \$1,000.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

If your approved credit limit is \$250,000 or below and you do not receive an initial discounted rate, the credit union may pay the third party fees on your behalf. These fees generally total \$0 - \$1,000.00. If we pay bona fide third party fees on your behalf as listed in the "Schedule of Closing costs" on the addendum at closing, and you pay off your line of credit within 3 years from the opening date, you agree to reimburse the credit union for the bona fide third party fees paid on your behalf, as permitted by applicable law.

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 \$5,000.00 for the first advance and \$300.00 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 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 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. The margin you receive is based on certain creditworthiness criteria and loan to value. Your margin may be higher than the one shown on the Historical Table.

From time to time we may offer an initial annual percentage rate that is "discounted" – if the initial rate is discounted it will not be based on the index and margin used for later rate adjustments. Recently offered initial discounted rates have been in effect for 12 months. Ask us for the current index value, margin, discount 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 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 4.5% at any time during the term of the plan.

MAXIMUM RATE AND PAYMENT EXAMPLES, OPTION 1, Draw Period: 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 13th payment if an

initial discount rate is applicable and the 1st payment if an initial discount rate is not applicable.

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 \$180.17. This annual percentage rate could be reached at the time of the 1st payment.

MAXIMUM RATE AND PAYMENT EXAMPLES, OPTION 2, 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 13th payment if an initial discount rate is applicable and the 1st payment if an initial discount rate is not applicable.

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 \$154.35. This annual percentage rate could be reached at the time of the 1st payment.

MAXIMUM RATE AND PAYMENT EXAMPLES, OPTION 3: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$150.73. This annual percentage rate could be reached at the time of the 13th payment if an initial discount rate is applicable and the 1st payment if an initial discount rate is not applicable.

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 – DISCOUNT

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars) OPTION 1	Monthly Payment (Dollars) OPTION 2	Monthly Payment (Dollars) OPTION 3
2011.....	3.250	0.00	5.240 ⁽²⁾	44.50	44.50	55.18
2012.....	3.250	0.00	4.500 ⁽³⁾	38.22	38.22	50.79
2013.....	3.250	0.00	4.500 ⁽³⁾	38.22	38.22	50.79
2014.....	3.250	0.00	4.500 ⁽³⁾	38.22	38.22	50.79
2015.....	3.250	0.00	4.500 ⁽³⁾	38.22	38.22	50.79
2016.....	3.500	0.00	4.500 ⁽³⁾	103.66	38.22	50.79
2017.....	3.750	0.00	4.500 ⁽³⁾	103.66	38.22	50.79
2018.....	4.500	0.00	4.500	103.66	38.22	50.79
2019.....	5.500	0.00	5.500	107.15	46.71	55.59
2020.....	4.750	0.00	4.750	104.87	40.34	52.09
2021.....	3.250	0.00	4.500 ⁽³⁾	104.23	63.28	51.00
2022.....	3.250	0.00	4.500 ⁽³⁾	104.23	63.28	51.00
2023.....	7.500	0.00	7.500	108.98	79.06	63.72
2024.....	8.500	0.00	8.500	110.09	84.48	68.09
2025.....	7.500	0.00	7.500	109.50	79.29	63.90

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

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** reflects a 4.500% floor.

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars) OPTION 1	Monthly Payment (Dollars) OPTION 2	Monthly Payment (Dollars) OPTION 3
2011.....	3.250	0.00	4.500 ⁽²⁾	38.22	38.22	50.69
2012.....	3.250	0.00	4.500 ⁽²⁾	38.22	38.22	50.69
2013.....	3.250	0.00	4.500 ⁽²⁾	38.22	38.22	50.69
2014.....	3.250	0.00	4.500 ⁽²⁾	38.22	38.22	50.69
2015.....	3.250	0.00	4.500 ⁽²⁾	38.22	38.22	50.69
2016.....	3.500	0.00	4.500 ⁽²⁾	103.66	38.22	50.69
2017.....	3.750	0.00	4.500 ⁽²⁾	103.66	38.22	50.69
2018.....	4.500	0.00	4.500	103.66	38.22	50.69
2019.....	5.500	0.00	5.500	107.15	46.71	55.48
2020.....	4.750	0.00	4.750	104.87	40.34	51.98
2021.....	3.250	0.00	4.500 ⁽²⁾	104.23	63.28	50.89
2022.....	3.250	0.00	4.500 ⁽²⁾	104.23	63.28	50.89
2023.....	7.500	0.00	7.500	108.98	79.06	63.59
2024.....	8.500	0.00	8.500	110.09	84.48	67.95
2025.....	7.500	0.00	7.500	109.50	79.29	63.77

(2) This **ANNUAL PERCENTAGE RATE** reflects a 4.500% floor.