

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 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 120 months. You will be required to make monthly payments during both the draw and repayment periods.

During the draw period your minimum payment will be equal to the accrued interest on your outstanding balance each month. If the interest rate increases, your payment will increase.

At the beginning of the repayment period we will recalculate your payment. Your minimum monthly payment will be 1/120th of your outstanding principal balance at the beginning of the repayment period plus the accrued finance charges, or \$100.00, whichever is greater. If the interest rate increases, your payment will increase. Your payment will include any amounts past due and all other charges. The minimum payment may not repay the outstanding balance by the end of the repayment period. In this case, you will continue to make payments until the balance is paid in full.

NEGATIVE AMORTIZATION: If you elect credit insurance coverage and your payments are not increased to cover the cost of the monthly premiums, your payments will not cover the finance charges and insurance costs that accrue and "negative amortization" will occur. Negative amortization will increase the amount that you owe us and reduce the equity in your home. You may prevent negative amortization by paying more than the minimum payment.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 19 years 7 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 3.0%. During that period, you would make 120 payments of \$23.01 to \$25.48, followed by 114 payments of \$100.00 to \$108.81 and one (1) final payment of \$64.18.

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.

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 the last business day of the month prior to 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%.

From time to time we may offer an initial annual percentage rate that is discounted - it is not based on the index and margin used for later rate adjustments. If the initial rate is discounted, the initial rate may be in effect for between 3-12 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. 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.

MAXIMUM RATE AND PAYMENT EXAMPLES - 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. If the annual percentage rate is discounted, this annual percentage rate could be reached at the time of the 4th payment. If the annual percentage rate is not discounted, this annual percentage rate could be reached at the time of the 1st payment.

MAXIMUM RATE AND PAYMENT EXAMPLES - 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 \$236.21. This annual percentage rate could be reached at the time of the 1st payment.

MARGIN ADDED TO INDEX: The margin that applies to your plan will be based on your Loan-To-Value Ratio. Please ask the credit union what your particular margin will be.

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) | ANNUAL PERCENTAGE RATE | Monthly Payment (Dollars) |
|---|-----------------|---------------------------------|------------------------|---------------------------|------------------------|---------------------------|
| | | | With Discount | With Discount | Without Discount | Without Discount |
| 2000 | 8.500 | --0.25 | 1.990 ⁽²⁾ | 16.90 | 8.250 | 70.07 |
| 2001 | 9.000 | --0.25 | 8.750 | 74.32 | 8.750 | 74.32 |
| 2002 | 4.750 | --0.25 | 4.500 | 38.22 | 4.500 | 38.22 |
| 2003 | 4.250 | --0.25 | 4.000 | 33.97 | 4.000 | 33.97 |
| 2004 | 4.000 | --0.25 | 3.750 | 31.85 | 3.750 | 31.85 |
| 2005 | 5.250 | --0.25 | 5.000 | 42.47 | 5.000 | 42.47 |
| 2006 | 7.500 | --0.25 | 7.250 | 61.58 | 7.250 | 61.58 |
| 2007 | 8.250 | --0.25 | 8.000 | 67.95 | 8.000 | 67.95 |
| 2008 | 6.000 | --0.25 | 5.750 | 48.84 | 5.750 | 48.84 |
| 2009 | 3.250 | --0.25 | 3.000 | 25.48 | 3.000 | 25.48 |
| 2010 | 3.250 | --0.25 | 3.000 | 108.81 | 3.000 | 108.81 |
| 2011 | 3.250 | --0.25 | 3.000 | 100.00 ⁽³⁾ | 3.000 | 100.00 ⁽³⁾ |
| 2012 | 3.250 | --0.25 | 3.000 | 100.00 ⁽³⁾ | 3.000 | 100.00 ⁽³⁾ |
| 2013 | 3.250 | --0.25 | 3.000 | 100.00 ⁽³⁾ | 3.000 | 100.00 ⁽³⁾ |
| 2014 | 3.250 | --0.25 | 3.000 | 100.00 ⁽³⁾ | 3.000 | 100.00 ⁽³⁾ |

(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 payment reflects the minimum payment of \$100.00.