

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about your Home Equity Open-End 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 any of 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 paid to us or anyone else in connection with your application.

Security Interest: We will take a Deed of Trust on your home. You could lose your home if you do not meet the obligations in your agreement with us.

Possible Actions:**Termination and Acceleration**

We can terminate the Home Equity Open-End Credit Plan and require you to pay us the entire outstanding balance in one payment and charge you certain fees if:

- (a) you commit fraud or material misrepresentation at any time in connection with this Plan;
- (b) you do not meet the repayment terms of this Plan;
- (c) your action or inaction adversely affects the collateral for the Plan or our rights in the collateral.

Suspension or Reduction

We can refuse to make additional extensions of credit or reduce your credit line if:

- (a) the circumstances in (a) - (c) above exist;
- (b) the value of your dwelling declines significantly below its appraised value for purposes of this Plan;
- (c) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances;
- (d) you are in default of a material obligation of this Plan;

All of your obligations under the Plan (Home Equity Line of Credit Agreement and Deed of Trust) are material to maintaining this Plan. The categories of your obligations are set forth in the following paragraphs of these Agreements:

Home Equity Line of Credit Account Agreement. Promise to Pay; Method of Payment; Credit Advances; Incorporation of Security Instrument; Charges to My Credit Line; Termination and Acceleration; Suspension or Reduction of Future Advances; and Credit Information.

Deed of Trust. Payment of Indebtedness; Payment of Taxes and Assessments; Hazard Insurance; Expenses; Condemnation; Security Agreement; Enforcement of Deed of Trust; Hold Harmless; Multiple Parties; Waiver of Homestead Exemption; and Modification.

- (e) government action prevents us from imposing the **ANNUAL PERCENTAGE RATE** provided for under this Plan or impairs our security interest such that the value of the interest is less than 120 percent of the credit line;
- (f) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice;
- (g) the maximum **ANNUAL PERCENTAGE RATE** under this Plan is reached.

Change in Terms

Your home equity credit agreement permits us to make certain changes to the terms of this Plan at specified times or upon the occurrence of specified events.

Minimum Payment Requirements:

Fixed Rate: If you choose a fixed rate home equity line of credit, you may obtain advances for 5 years (the "draw period"). At our option, we may allow you to renew or extend the draw period. After the draw period ends, you will no longer be able to obtain advances and must repay the outstanding balance ("repayment period"). The length of the repayment period is 10 years. During the draw and repayment period, your payments will be due monthly. Your minimum monthly payment will be equal to an amount necessary to amortize the balance at the beginning of the repayment period over 10 years. Balances of less than \$35.00 must be paid in full. Minimum payments include interest, all amounts past due, late charges, any amount by which you have exceeded your credit limit, and any amount due for all other charges (including debt protection fees, if applicable), and the minimum monthly payment.

Variable Rate: If you choose a variable rate home equity line of credit, you may obtain advances for 10 years (the "draw period"). During the draw period, payments will be due monthly, and your minimum monthly payment will be equal to the amount of interest accrued during that billing cycle. Balances of less than \$35.00 must be paid in full. The amount of monthly payments may change if the variable rate changes. At our option, we may allow you to renew or extend the draw period. After the draw period ends, you will no longer be able to obtain advances and must repay the outstanding balance ("repayment period"). The length of the repayment period is 15 years. During the repayment period, your payments will be due monthly. Your minimum monthly payment will be equal to an amount necessary to amortize the balance at the beginning of the repayment period over 15 years. The amount of monthly payments may change if the variable rate changes. Balances of less than \$35.00 must be paid in full. Minimum payments include interest, all amounts past due, late charges, any amount by which you have exceeded your credit limit, and any amount due for all other charges (including debt protection fees, if applicable), and the minimum monthly payment.

Lock Feature (excludes Fixed Rate and Non-Owner Occupied 91% - 100% Loan-to-Value Ratio Programs): During the Draw Period, you may elect to "lock in" or convert a portion of your variable-rate outstanding balance to a fixed Annual Percentage Rate over a set term. You may select the fixed rate and term of your lock feature from a list of rates and terms provided to you at the time you exercise this option. The minimum amount that may be locked is \$5,000.00 and the maximum term of the lock feature is 15 years. Depending on the rate and term chosen, an origination fee may apply to the balance of the locked portion and if so this fee will be disclosed at the time that the lock feature is exercised. The minimum payment requirement for the locked-in balance is equal to that amount required to repay the balance in equal periodic installments during the term selected. We will provide you with the new payment terms of the locked-in balance at the time you lock-in. Locking in will only fix the rate and term that applies to that portion of the existing balance selected; future advances will be subject to the variable rate feature according to the terms of the Plan. As the Locked balance is paid down, additional credit will become available, up to the applicable credit limit. There is no limit to the number of times that the lock feature may be exercised. We reserve the right to discontinue this feature at any time without notice. If this feature is discontinued, the balances that have already been locked will continue to be locked at the rates and terms selected.

Minimum Payment Example:

Fixed Rate: On a fixed rate line of credit, if you made only the minimum 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 8.00%. During that period, you would make 60 monthly payments of \$121.33, followed by 120 monthly payments of \$72.60.

Variable Rate Owner-Occupied: On a variable rate line of credit, if you made only the minimum payment and took no other credit advances, it would take 25 years to payoff a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.50%. During that period, you would make 120 monthly payments of \$54.17 followed by 179 monthly payments of \$87.11, with a final payment of \$87.36.

Variable Rate Non-Owner Occupied: If your loan is secured by non-owner occupied property, on a variable rate line of credit, if you made only the minimum payment and took no other credit advances, it would take 25 years to payoff a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.50%. During that period, you would make 120 monthly payments of \$62.50 followed by 179 monthly payments of \$92.70, with a final payment of \$93.19.

Lock Feature: If you exercised the optional Lock Feature and converted \$10,000 to a fixed rate of 6.00% and a term of 15 years, it would take you 15 years to pay off the balance. During that period, you would make 180 monthly payments of \$84.39.

Fees and Charges: You must pay the following fees to open or maintain the Plan:

Late Charges: If your payment is 14 days or more late and we do not receive at least your minimum payment, we may charge you an amount equal to 5% of the monthly payment due.

Origination Fee/Discount Points: If the property securing this loan is non-owner occupied, we will charge 1% of the loan amount. This amount may be added to the loan amount or you may pay this fee in cash.

You also must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These fees generally total between \$130.00 to \$1,000.00. Upon request, we will provide you with 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. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available.

Transaction Requirements: There are no minimum advance requirements. You may obtain advances under this Plan by telephone, sharedraft, debit card, or in person.

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

Refundability of Fees: If you decide not to enter into this Plan within three business days of receiving this disclosure and the handbook entitled "What You Should Know About Home Equity Lines of Credit," you are entitled to a refund of any fees you may have already paid.

Periodic Rate and Corresponding ANNUAL PERCENTAGE RATE. The Credit Union offers both fixed rate and variable rate line of credit accounts. The **ANNUAL PERCENTAGE RATE** includes only interest and no other costs.

Fixed Rate. For fixed rate line of credit, the Periodic Rate and **ANNUAL PERCENTAGE RATE** that will apply to your line of credit account may be based on your employment and residential status, current debt ratio and your past credit experience, and other factors we deem appropriate. Ask us about our current range of fixed Periodic Rates and **ANNUAL PERCENTAGE RATES**. The Periodic Rate and corresponding **ANNUAL PERCENTAGE RATE** for your line of credit account will be shown on the loan documents provided to you before or at the time of your account opening.

Variable Rate. For a variable rate line of credit, the Periodic Rate and the corresponding **ANNUAL PERCENTAGE RATE** are subject to change on the following basis. An increase or decrease in the **ANNUAL PERCENTAGE RATE** will affect the amount of monthly payments.

The **ANNUAL PERCENTAGE RATE** is based on the value of an index. The index is the highest rate of interest identified as the 'Prime Rate' in the 'Money Rates' column of the Wall Street Journal. We will use the most recent index value available to us as of 10 days before the date of any adjustment to the **ANNUAL PERCENTAGE RATE**. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account, we add a margin to the value of the index. The amount of the margin varies based on your employment and residential status, current debt and your past credit experience, loan-to-value ratio, and other factors we can deem appropriate. Ask us for the current index, range of margins and **ANNUAL PERCENTAGE RATES**. The margin added to the Periodic Rate and corresponding **ANNUAL PERCENTAGE RATE** for your line of credit account will be shown on the loan documents provided to you before or at the time of your account opening. After you open an account, rate information will be provided on periodic statements we send to you.

Rate Changes: After your first draw, the **ANNUAL PERCENTAGE RATE** will remain fixed for 1 year. Thereafter, the **ANNUAL PERCENTAGE RATE** can change quarterly on the first of January, April, July, and October. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the Plan is the lesser of 18.00% or the maximum rate allowed by applicable law. The **ANNUAL PERCENTAGE RATE** can not increase by more than 2 percentage points during any one year period. The **ANNUAL PERCENTAGE RATE** will never be less than 3.49% if your loan is Owner-Occupied or 5.49% if your loan is Non-Owner-Occupied.

Maximum Rate and Payment Example: If you had an outstanding balance of \$10,000 at the beginning of the draw period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.00. This **ANNUAL PERCENTAGE RATE** could be reached in the first month.

If you had an outstanding balance of \$10,000 at the beginning of the repayment period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$161.04. This **ANNUAL PERCENTAGE RATE** could be reached in the first month.

Prepayment: You may prepay all or any amounts owing under this Plan without penalty.

Discounted Rate: From time to time, we may offer a discounted rate if you make your monthly payment automatically from your credit union account. Please ask us if such a program is available at the time you apply for your Plan.

Historical Example: The following table shows how the 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 first Monday in September. If the first Monday is a holiday then the index values are from the first business day following that Monday.

The table assumes that no additional credit advances were taken and that only the minimum payment was made. It does not necessarily indicate how the index or your payments would change in the future.

Owner-Occupied:

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
2005	6.50	1.25	7.75	\$64.58
2006	8.25	1.25	9.50	\$79.17
2007	8.25	1.25	9.50	\$79.17
2008	5.00	1.25	6.25	\$52.08
2009	3.25	1.25	4.50	\$37.50
2010	3.25	1.25	4.50	\$37.50
2011	3.25	1.25	4.50	\$37.50
2012	3.25	1.25	4.50	\$37.50
2013	3.25	1.25	4.50	\$37.50
2014	3.25	1.25	4.50	\$37.50
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2015 (2)	3.25	1.25	4.50	\$76.50
2016	3.50	1.25	4.75	\$77.71
2017	4.25	1.25	5.50	\$81.16
2018	5.00	1.25	6.25	\$84.47
2019	5.25	1.25	6.50	\$85.50

1. This is a margin we have used recently; your margin may be different and will be based on your creditworthiness and loan-to-value ratio.
2. The repayment period begins in this year.

Non-Owner-Occupied:

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
2005	6.50	2.25	8.75	\$72.92
2006	8.25	2.25	10.50	\$87.50
2007	8.25	2.25	10.50	\$87.50
2008	5.00	2.25	7.25	\$60.42
2009	3.25	2.25	5.50	\$45.83
2010	3.25	2.25	5.50	\$45.83
2011	3.25	2.25	5.50	\$45.83
2012	3.25	2.25	5.50	\$45.83
2013	3.25	2.25	5.50	\$45.83
2014	3.25	2.25	5.50	\$45.83
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2015 (2)	3.25	2.25	5.50	\$81.71
2016	3.50	2.25	5.75	\$82.96
2017	4.25	2.25	6.50	\$86.56
2018	5.00	2.25	7.25	\$90.01
2019	5.25	2.25	7.50	\$91.09

1. This is a margin we have used recently; your margin may be different and will be based on your creditworthiness and loan-to-value ratio.
2. The repayment period begins in this year.

Borrower's Signature	Date
X	

Co-Borrower's Signature (Where Applicable)	Date
X	