

**IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN**

This disclosure contains important information about our 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:

- Any reason mentioned above exists.
- 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 or any other obligation with us.
- 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.
- The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.

**Minimum Payment Requirements:** You can obtain credit advances for 180 months. This period is called the "draw period." At our option, we may renew or extend the draw period. During the draw period, payments will be due on a monthly basis. Your minimum monthly payment will be calculated at an amount equal to 1.00% of your outstanding account balance, subject to a minimum of \$100 or your account balance.

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 not exceed 180 months. During the repayment period, your minimum monthly payment will be calculated at an amount equal to 1.00% of your outstanding account balance, subject to a minimum of \$100 or your account balance.

Paying only the minimum payment may not be sufficient to repay your outstanding account balance by the maturity date. If a balance remains owing at maturity, you must repay those amounts in full in a single balloon payment at maturity. The lender is under no obligation to refinance the loan at that time.

**Negative Amortization:** Under some circumstances, your payment may not cover the finance charges (interest) that accrue and negative amortization will occur. Negative amortization will increase the amount that you owe us and reduce your equity in your home. In the event negative amortization should occur, we will increase the amount of your monthly payment accordingly to avoid negative amortization.

**Minimum Payment Example:** If you made only the minimum monthly payment and took no other credit advances, it would take 174 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.50%. You would make 174 monthly payments of \$100.00 during the draw period with a final payment of \$56.66.

**Transaction Limitation:** The minimum initial advance is \$500.00. Second and subsequent advances \$500.00.

**Fees and Charges.** There may be other fees and charges associated with this account in order to open, use and maintain a line of credit plan. Please refer to the credit union's fee schedule for more information.

**Third Party Fees:** You may have to pay certain fees to third parties. These fees generally total between \$0.00 and \$3,000.00. If you ask, we will give you an itemization of the fees you will have to pay to third parties. **If any closing fees are paid by the Credit Union on your behalf and your account is paid in full and closed within 36 months, you will be required to reimburse the credit union for all fees paid on your behalf upon closing your account.**

**Late Payment Fee:** If your payment is 15 days or more following the payment due date, you will pay 5.00% of the payment in default, with a minimum of \$18.00 and a maximum of \$100.00.

**Property Insurance:** You are required to carry insurance on the property that secures this Plan with the Credit Union listed as loss payee. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available.

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

**Variable Rate:** Following the expiration of any Introductory Rate, your Plan will be 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 Prime Rate as published in the Money Rates section of The Wall Street Journal ("Index") and will be the rate in effect on the first day of January and July of each year. 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 or decreases in the Interest Rate will result in like increases or decreases in the Finance Charge on the first day of January and July of each year and will affect the number of your scheduled payments during the draw and repayment period. The Annual Percentage Rate includes only interest and no other costs. Ask us for the current index value, margin, and Annual Percentage Rate. After you open a line of credit, rate information will be provided in periodic statements that we send you.

\*The margin you receive will be based on your creditworthiness at the time you open your account.

**Rate Changes:** If your account has an Introductory Rate there is no limit your rate can increase after the expiration of the Introductory Rate as disclosed in your Home Equity Line of Credit Agreement. Following the expiration of any Introductory Rate, your Annual Percentage Rate can change on the first day of January and July ("change date"). Your Annual Percentage Rate cannot increase or decrease more than 1.00% on any change date. Your **ANNUAL PERCENTAGE RATE** will never be greater than **18.00%** or the maximum allowed by law. The minimum **ANNUAL PERCENTAGE RATE** that will apply to your account will never be less than **3.50%** to **5.50%**. The minimum Annual Percentage Rate you receive will be based on your creditworthiness and will be disclosed to you at the time you open your account. *Ask us about current rate limitations that may apply to your account.*

**Introductory Rate** (if applicable)

The **ANNUAL PERCENTAGE RATE** that will apply to your account may be a discounted rate that will remain in effect until the date indicated in your Home Equity Line of Credit Agreement. It is not based on the index and margin used for later rate adjustments. Subsequently, the rate will be the Indexed rate in accordance with the provisions of your Agreement. *Ask us for any current offers.*

**Maximum Rate and Payment Example**

If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.00. This Annual Percentage Rate could be reached in the 85<sup>th</sup> month 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 <sup>(1)</sup> (Percent)	ANNUAL PERCENTAGE RATE		Monthly Payment	
			<sup>(2)</sup>	<sup>(3)</sup>	<sup>(2)</sup>	<sup>(3)</sup>
2011	3.25	0.00	3.50 <sup>(4)</sup>	3.50 <sup>(4)</sup>	\$100.00 <sup>(8)</sup>	\$100.00 <sup>(8)</sup>
2012	3.25	0.00	3.50 <sup>(4)</sup>	3.50 <sup>(4)</sup>	\$100.00 <sup>(8)</sup>	\$100.00 <sup>(8)</sup>
2013	3.25	0.00	3.50 <sup>(4)</sup>	3.50 <sup>(4)</sup>	\$100.00 <sup>(8)</sup>	\$100.00 <sup>(8)</sup>
2014	3.25	0.00	3.50 <sup>(4)</sup>	3.50 <sup>(4)</sup>	\$100.00 <sup>(8)</sup>	\$100.00 <sup>(8)</sup>
2015	3.25	0.00	3.50 <sup>(4)</sup>	3.50 <sup>(4)</sup>	\$100.00 <sup>(8)</sup>	\$100.00 <sup>(8)</sup>
2016	3.50	0.00	3.50 <sup>(4)</sup>	3.50 <sup>(4)</sup>	\$100.00 <sup>(8)</sup>	\$100.00 <sup>(8)</sup>
2017	3.75	0.00	3.75	3.75	\$100.00 <sup>(8)</sup>	\$100.00 <sup>(8)</sup>
2018	4.50	0.00	4.50	4.50	\$100.00 <sup>(8)</sup>	\$100.00 <sup>(8)</sup>
2019	5.50	0.00	5.50	5.50	\$100.00 <sup>(8)</sup>	\$100.00 <sup>(8)</sup>
2020	4.75	0.00	4.75	4.75	\$100.00 <sup>(8)</sup>	\$0.00
2021	3.25	0.00	3.50 <sup>(4)</sup>	5.50 <sup>(5)</sup>	\$0.00	\$0.00
2022	3.25	0.00	3.75	3.75	\$0.00	\$0.00
2023	7.50	0.00	4.50	5.50 <sup>(5)</sup>	\$0.00	\$0.00
2024	8.50	0.00	5.50	5.50	\$0.00	\$0.00
2025	7.50	0.00	7.50	7.50	\$0.00	\$0.00

- (1) This is a margin we have used recently. Your margin may be different.
- (2) This represents the Annual Percentage Rate and Minimum Monthly Payment for accounts without an Introductory Rate offer.
- (3) This represents the Annual Percentage Rate and Minimum Monthly Payment for accounts if an Introductory Rate was offered.
- (4) This represents the 3.50% minimum Annual Percentage Rate. Your minimum rate may be different.
- (5) This represents the 2.00% per year rate change limitation.
- (6) This represents a 4.99% Introductory Rate for the first 12 months after the account is opened. Your rate and term may be different.
- (7) This represents the Annual Percentage Rate after the expiration of the Introductory Rate period.
- (8) This represents the \$100.00 minimum monthly payment.