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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.

**DRAW AND REPAYMENT PERIOD:** The total maturity period for this line of credit is 20 years. You can obtain credit advances for 8 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 depend on the balance at the time of the last advance you obtain before the draw period ends. You will be required to make monthly payments during both the draw and repayment periods. Any unpaid balance at the maturity date is due and payable.

**MINIMUM PAYMENT REQUIREMENTS:** A minimum initial advance is required at the time you establish the plan. The minimum monthly payment will be set to repay the advance, based on the current annual percentage rate, over 20 years (240 months). The minimum monthly payment will be adjusted in any month in which you make an additional credit advance or when there is a change in the annual percentage rate. The new monthly payment will be based on the outstanding balance, at

the current annual percentage rate, amortized over the number of months remaining to the maturity date on your line of credit.

Your payment will be due on the last day of each month and will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than the smaller of \$25.00, or the full amount that you owe.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 20 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.75%. During that period, you would make 239 payments of \$70.23 and one (1) final payment of \$66.44.

**FEES AND CHARGES:** In order to open, use and maintain a line of credit plan, you must pay the following fees to us:

Inactivity Fee: \$50.00 (Due in January when the finance charge/interest paid in the previous calendar year is less than \$100.00). **THIS FEE IS CONSIDERED A FINANCE CHARGE.**

You must pay certain fees to third parties to open the plan. These fees generally total between \$400.00 and \$3,000.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

For some loans the credit union will pay specific third party fees for you at closing as disclosed in the Home Equity Addendum. However, if you pay off or close your loan within twelve (12) months of the consummation of this loan, you agree to reimburse the Credit Union for all bona fide third party fees we paid on your behalf. If you pay off or close your loan between 12 and 24 months of consummation of this loan, you agree to reimburse the Credit Union for 50% of the bona fide third party fees we paid on your behalf. If you pay off or close your loan between 25 and 36 months of consummation of this loan, you agree to reimburse the Credit Union for 25% of the bona fide third party fees we paid on your behalf. You hereby agree that the Credit Union will add to the existing loan balance these bona fide third party fees at pay off or at the closing of the loan.

**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. This advance must be taken at the time the plan is established.



**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 Thursday in the month prior to any rate adjustment. To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. 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. Any initial rate will be in effect for 12 months. Ask us for the current index value, margin, discount (if any) 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 annually on the first of the month following the anniversary date of the plan. The rate cannot increase more than 3.0 percentage points in any one year period.

The initial discount rate will not be taken into account in applying this periodic rate cap. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 15.0% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 3.25% at any time during the term of the plan.

**MAXIMUM RATE AND PAYMENT EXAMPLES:** If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15.0% would be \$131.71. This annual percentage rate could be reached at the time of the 37<sup>th</sup> payment.

**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 as of the last business day of July 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 July)	Index (Percent)	Margin(1) (Percent)	Discounted Initial Rate		No Initial Discounted Rate	
			<b>ANNUAL PERCENTAGE RATE</b>	Monthly Payment (Dollars)	<b>ANNUAL PERCENTAGE RATE</b>	Monthly Payment (Dollars)
	5.000	0.250	1.990 <sup>(2)</sup>	\$50.55	5.250	\$67.41
2009.....	3.250	0.250	3.500	\$57.65	3.500	\$58.38
2010.....	3.250	0.250	3.500	\$57.65	3.500	\$58.38
2011.....	3.250	0.250	3.500	\$57.65	3.500	\$58.38
2012.....	3.250	0.250	3.500	\$57.65	3.500	\$58.38
2013.....	3.250	0.250	3.500	\$57.65	3.500	\$58.38
2014.....	3.250	0.250	3.500	\$57.65	3.500	\$58.38
2015.....	3.250	0.250	3.500	\$57.65	3.500	\$58.38
2016.....	3.500	0.250	3.750	\$58.46	3.750	\$59.20
2017.....	4.250	0.250	4.500	\$60.74	4.500	\$61.51
2018.....	5.000	0.250	5.250	\$62.88	5.250	\$63.68
2019.....	5.500	0.250	5.750	\$64.20	5.750	\$65.01
2020.....	3.250	0.250	3.500	\$58.96	3.500	\$59.71
2021.....	3.250	0.250	3.500	\$58.96	3.500	\$59.71
2022.....	5.500	0.250	5.750	\$62.93	5.750	\$63.72

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

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

