# 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." After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance. The length of the repayment period will depend on the outstanding balance at the end of the draw period and changes in the interest rate, if applicable, but will never be greater than 20 years. During the draw period your monthly payment will equal the finance charges (interest) that accrued on the outstanding balance during the preceding month. Your minimum monthly payment during the draw period will not reduce the amount of principal outstanding on your line of credit. 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 over 20 years. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the original 20 years. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit and all other charges. Your payment during the repayment period 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 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.

FEES AND CHARGES / FEE REIMBURSEMENT: You may have to pay certain bona fide third party fees to open the plan. These bona fide third party fees generally total between $0.00 and $750.00. We may pay some or all of the bona fide third party fees on your behalf; however, if you pay off and close the plan within three (3) years from its opening date, you agree to reimburse the credit union for up to $600.00 of those bona fide third party fees, as permitted by applicable law. If you ask, we will provide you with an itemization of the fees you will have to pay 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.

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.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the plan.

ADDITIONAL HOME EQUITY PLANS: Please ask us about our other available home equity line of credit plans.

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 10 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. If the rate is not already rounded we then round up to the next .25%. The margin you receive is based on certain creditworthiness factors. You may not qualify for the margin shown in the historical table. The initial annual percentage rate is "discounted" - it is not based on the index and margin used for later rate adjustments. The initial rate will be in effect for 6 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 quarterly on the first day of January, April, July and October. 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. A representative **MINIMUM ANNUAL PERCENTAGE RATE** of 3.0% has been used in the payment examples throughout this disclosure. Please ask your member service representative about your qualifying MINIMUM ANNUAL PERCENTAGE RATE.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of $10,000 during the draw period, 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 7th payment.

If you had an outstanding balance of $10,000 during the repayment period, 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 of the repayment period.

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 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) |
|---|---|---|---|---|
| 2011 | 3.250 | 0.00 | 1.990[2] | 16.90 |
| 2012 | 3.250 | 0.00 | 3.250 | 27.60 |
| 2013 | 3.250 | 0.00 | 3.250 | 27.60 |
| 2014 | 3.250 | 0.00 | 3.250 | 27.60 |
| 2015 | 3.250 | 0.00 | 3.250 | 27.60 |
| 2016 | 3.500 | 0.00 | 3.500 | 29.73 |
| 2017 | 3.750 | 0.00 | 3.750 | 31.85 |
| 2018 | 4.500 | 0.00 | 4.500 | 38.22 |
| 2019 | 5.500 | 0.00 | 5.500 | 46.71 |
| 2020 | 4.750 | 0.00 | 4.750 | 40.34 |
| 2021 | 3.250 | 0.00 | 3.250 | 56.73 |
| 2022 | 3.250 | 0.00 | 3.250 | 56.73 |
| 2023 | 7.500 | 0.00 | 7.500 | 78.32 |
| 2024 | 8.500 | 0.00 | 8.500 | 83.69 |
| 2025 | 7.500 | 0.00 | 7.500 | 78.55 |

[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.

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# Home Equity Early Disclosure

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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." After the draw period ends the repayment period will begin. The length of the repayment period will be 10 years. 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 we will recalculate your payment. Your payment will be set to repay the balance at the current annual percentage rate over 10 years, or $25.00, whichever is higher. Each time the annual percentage rate changes, we will adjust your payment to repay the balance with the original 10 years. 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: 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 8.5%. During that period, you would make 120 payments of $65.21 to $72.19, followed by 119 payments of $124.00 and one (1) final payment of $122.48.

FEES REIMBURSEMENT: Borrower may have to pay certain bona-fide third party fees to open the plan. These bona-fide third party fees generally total between $0.00 and $750.00.The Lender may pay some or all of the bona-fide third party fees on your behalf; however, if you payoff and close the plan within three (3) years from its opening date Borrower agrees to reimburse the Lender for up to $600.00 of those bona-fide third party fees, as permitted by applicable law. If Borrower asks, Lender will provide Borrower with an itemization of the fees Borrower will have to pay 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.

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.

ADDITIONAL HOME EQUITY PLANS: Please ask us about our other available home equity line of credit plans.

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 10 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 factors. You may not qualify for the margin shown in the historical table. Please ask us about the margin for which you may qualify. If the rate is not already rounded we then round up to the next .25%.

Ask us for the current index value, margin 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 quarterly on the first day of January, April, July, and October. 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. A representative floor rate of 3.0% has been used in the payment examples throughout this disclosure. Please ask your member service representative about your qualifying floor rate.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of $10,000 during the draw period, 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 1st payment of the draw period.

If you had an outstanding balance of $10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be $180.25. This annual percentage rate could be reached at the time of the 1st payment of the repayment period.

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) |
|---|---|---|---|---|
| 2010 | 3.250 | 0.00 | 3.250 | 27.60 |
| 2011 | 3.250 | 0.00 | 3.250 | 27.60 |
| 2012 | 3.250 | 0.00 | 3.250 | 27.60 |
| 2013 | 3.250 | 0.00 | 3.250 | 27.60 |
| 2014 | 3.250 | 0.00 | 3.250 | 27.60 |
| 2015 | 3.250 | 0.00 | 3.250 | 27.60 |
| 2016 | 3.500 | 0.00 | 3.500 | 29.73 |
| 2017 | 3.750 | 0.00 | 3.750 | 31.85 |
| 2018 | 4.500 | 0.00 | 4.500 | 38.22 |
| 2019 | 5.500 | 0.00 | 5.500 | 46.71 |
| 2020 | 4.750 | 0.00 | 4.750 | 104.86 |
| 2021 | 3.250 | 0.00 | 3.250 | 98.38 |
| 2022 | 3.250 | 0.00 | 3.250 | 98.38 |
| 2023 | 7.500 | 0.00 | 7.500 | 113.23 |
| 2024 | 8.500 | 0.00 | 8.500 | 116.42 |

[1] This is a margin we have used recently; your margin may be different.