

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 security interest in 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 value of your dwelling declines significantly below its appraised value for purposes of this Plan;
- (b) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances;
- (c) you are in default of a material obligation of this Plan, which includes failure to keep the property owner-occupied;
- (d) 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;
- (e) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice;
- (f) the maximum **ANNUAL PERCENTAGE RATE** under this Plan is reached.

Change in Terms

Our 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.

Use of Account; Owner Occupied Status: The Property must remain owner occupied at all times, unless we give you express prior permission to lease the premises or otherwise cease an owner-occupied status. Breach of this provision shall be a material breach of the terms of this agreement and shall be deemed to adversely affect the secured property and your rights in the secured property.

Minimum Payment Requirements:

Draw Period:

Home Equity Line of Credit: You can obtain advances of credit for five (5) years (the "draw period"). At the Credit Union's option, this period can be renewed or extended. During the draw period, payments will be due monthly. Your minimum monthly payment will equal 1.0% of the outstanding principal balance at the time of your last draw, or \$100.00, whichever is greater.

Interest Only Home Equity Line of Credit: You can obtain advances of credit for five (5) years (the "draw period"). At the Credit Union's option, this period can be renewed or extended. During the draw period, payments will be due monthly. Your minimum monthly payment will equal the amount of accrued interest.

Repayment Period:

For both options, after the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance on your account (the "repayment period"). The length of the repayment period is twenty-five (25) years. If the draw period is renewed or extended, the repayment period will be reduced by an equal number of years. The sum of the draw period and repayment period will never exceed 30 years. During the repayment period, payments will be due monthly. Your minimum monthly payment will equal 1.0% of the outstanding principal balance at the time of your last draw, or \$100.00, whichever is greater. The minimum monthly payment will also include, as applicable, any amounts for which you have exceeded your credit limit and corresponding over-the-limit fees; any amounts past due and corresponding late fees; and any other amounts due for any other charges incurred. Account balances of less than \$100.00 must be paid in full.

The minimum monthly payments may not be sufficient to fully repay the principal on your line by the end of the draw and repayment periods. If they are not, you will then be required to pay the entire balance in a single payment.

Balloon Payment: The minimum payment may not fully reduce the principal that is outstanding on your line by the final payment date, which will never exceed 30 years from Home Equity Line-of-Credit Plan Date. You will then be required to pay the entire balance in a single "balloon" payment. You will also be required to immediately pay the entire balance in a balloon payment if you terminate your Plan. Unless otherwise required by applicable law, we are under no obligation to refinance the balloon payment at that time. You may be required to make payments out of other assets you own or find a lender, which may be us, willing to lend you money. If you refinance the balloon, you may have to pay some or all of the closing costs normally associated with a new loan.

Negative Amortization: The Plan does not provide for negative amortization. In the event an increase of the index would result in negative amortization, then the amounts of your periodic payments may be increased.

Minimum Payment Examples:

Home Equity Line of Credit: If you made only the minimum monthly payment and took no other credit advances, it would take 9 year(s) and 9 month(s) to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 3.25%. During that period, you would make 60 payments of \$100.00 followed by 56 payments of \$100.00 with a final payment of \$78.09.

Interest Only Home Equity Line of Credit: If you made only the minimum monthly payment and took no other credit advances, it would take 14 year(s) and 9 month(s) to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 3.25%. During that period, you would make 60 payments of \$27.08 followed by 116 payments of \$100.00 with a final payment of \$78.09.

Fees and Charges: To open and maintain an account, you must pay the following fees to us:

Late Charges: If a payment is made 16 or more days after the due date, you will be charged a late fee of \$ 25.00 , or the maximum amount permitted under applicable law, whichever is greater.

You must also pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These fees generally total between \$0 - \$2,000.00. If you ask, 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.

Access to the Plan: You may obtain advances under this Plan in person, by mail, by telephone, or by check.

Transaction Requirements: There is no minimum requirement for initial advances or subsequent advances.

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

Initial Discount Rate: An initial discounted rate may be available under this Plan. Ask us for more information regarding your initial discount.

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.

Variable Rate Feature: This Plan has a variable rate and the **ANNUAL PERCENTAGE RATE** and corresponding periodic rate and minimum payment can change as a result. The **ANNUAL PERCENTAGE RATE** does not include costs other than interest.

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' section as published in the *Wall Street Journal* on the last Tuesday at the end of the calendar month. We will use the most recent index value available to us on the last Tuesday of the month. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account, we add a margin based on your creditworthiness, Loan-to-Value (LTV) Ratio, and credit limit to the value of the index.

Ask us for the current index value, margins and **ANNUAL PERCENTAGE RATES**. After you open an account, 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 21% or the maximum permitted by applicable law. The **ANNUAL PERCENTAGE RATE** will never fall below the Prime Rate.

Maximum Rate and Payment Examples:

Home Equity Line of Credit: If you had an outstanding balance of \$10,000, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 21% would be \$176.00. This amount has been increased from \$100.00 to \$176.00 to avoid negative amortization. The maximum Annual Percentage Rate could be reached in the first month.

Interest Only Home Equity Line of Credit: 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 21% would be \$175.00. The maximum 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 21% would be \$176.00. This amount has been increased from \$100.00 to \$176.00 to avoid negative amortization. The maximum Annual Percentage Rate could be reached in the second month.

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

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 May. 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.

Home Equity Line of Credit:

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
2006	7.75	0.00	7.75 (2)	\$100.00
2007	8.25	0.00	8.25	\$100.00
2008	5.00	0.00	5.00	\$100.00
2009	3.25	0.00	3.25	\$100.00
2010	3.25	0.00	3.25	\$100.00
2011 (3)	3.25	0.00	3.25	\$100.00
2012	3.25	0.00	3.25	\$100.00
2013	3.25	0.00	3.25	\$100.00
2014	3.25	0.00	3.25	\$100.00
2015	3.25	0.00	3.25	\$100.00
2016	3.50	0.00	3.50	\$100.00
2017	4.00	0.00	4.00	\$100.00
2018	4.75	0.00	4.75	\$100.00
2019	5.50	0.00	5.50	\$100.00
2020	3.25	0.00	3.25	\$100.00

1. This is a margin we have used recently; your margin may be different and based on your creditworthiness, LTV Ratio, and credit limit.

2. There may be a discounted rate for a period of time within the first year.

3. The repayment period begins in this year.

Interest Only Home Equity Line of Credit:

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
2006	7.75	0.00	7.75 (2)	\$64.58
2007	8.25	0.00	8.25	\$68.75
2008	5.00	0.00	5.00	\$41.67
2009	3.25	0.00	3.25	\$27.08
2010	3.25	0.00	3.25	\$27.08
2011 (3)	3.25	0.00	3.25	\$100.00
2012	3.25	0.00	3.25	\$100.00
2013	3.25	0.00	3.25	\$100.00
2014	3.25	0.00	3.25	\$100.00
2015	3.25	0.00	3.25	\$100.00
2016	3.50	0.00	3.50	\$100.00
2017	4.00	0.00	4.00	\$100.00
2018	4.75	0.00	4.75	\$100.00
2019	5.50	0.00	5.50	\$100.00
2020	3.25	0.00	3.25	\$100.00

1. This is a margin we have used recently; your margin may be different and based on your creditworthiness, LTV Ratio, and credit limit.

2. There may be a discounted rate for a period of time within the first year.

3. The repayment period begins in this year.

By signing below, you acknowledge receipt of a copy of this Line-of-Credit Predisclosure.

Applicant's Signature	Date
X	

Applicant's Signature (Where Applicable)	Date
X	