

## IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

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 that you pay to us or anyone else in connection with your application.

**SECURITY INTEREST:** We will take a mortgage 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 (1) You engage in fraud or material misrepresentation in connection with the line; (2) You do not meet the repayment terms; (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) The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line; (2) We reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (3) You are in default of a material obligation of the agreement; (4) 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; (5) A regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (6) The maximum annual percentage rate is reached.

The initial agreement permits us to make certain changes to the terms of the agreement at specified times or upon the occurrence of specified events.

**MINIMUM PAYMENT REQUIREMENTS:** You can obtain advances of credit for 5 years (the "draw period"). At our option, we may renew or extend the draw period. The length of the repayment period will be 15 years. During the draw period, your monthly payment will equal the finance charges 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. If the interest rate increases, you will have to make a higher payment. After the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance (the repayment period) over fifteen (15) years. At the beginning of the Repayment Period, we will recalculate your payments. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the payoff period. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other changes.

**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 \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 5.00%. During that period, you would make 120 payments of \$38.36 to \$42.47, followed by 179 payments of \$79.11 and one (1) final payment of \$77.42.

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

- Origination Fee - 0.50% of the Limit (due at closing)
- Check Printing Charge: (Due when checks are ordered.) The fee for these checks will be the fee that the credit union is charged by the check vendor.

You must also pay certain fees to third parties to open a line. These fees generally total between \$450.00 and \$1,500.00. If you ask, we will give you an itemization of the fees you will have to pay to third parties.

**MINIMUM DRAW REQUIREMENTS:** The minimum credit advance that you can receive is \$5,000.00 for the first advance and \$200.00 for each subsequent advance, if accessed by the checks issued to you for this purpose.

**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.

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

**VARIABLE RATE INFORMATION:** This line of credit has a variable rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum payment can change as a result. The annual percentage rate includes only interest and not 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 25<sup>th</sup> day of the month preceding the date of any annual percentage rate change. To determine the annual percentage rate that will apply to your line, we add a margin to the value of the index. This margin is determined by certain credit-worthiness criteria and the loan to value of the property offered as security. If the rate is not already rounded we then round up to the next .25%.

The initial annual percentage rate may be '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 and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we will send you.

**RATE CHANGES:** The annual percentage rate can change the first day of each month. The rate cannot increase or decrease more than 0.5 percentage points for each adjustment. 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 18% or the maximum permitted by law, whichever is less. Under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 5.00% at any time during the term of the plan.

**MAXIMUM RATE AND PAYMENT EXAMPLES:** If the Annual Percentage Rate during the draw period equaled the 18% maximum and you had an outstanding balance of \$10,000.00, the minimum monthly payment would be \$152.88. This annual percentage rate could be reached at the time of the 26<sup>th</sup> payment of the draw period. If you had an outstanding balance of \$10,000.00 during the repayment period, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$161.04. This annual percentage rate could be reached at the time of the 26<sup>th</sup> payment of the repayment period.

**HISTORICAL EXAMPLE:** The following table shows how the annual percentage rate and the monthly 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 July)	Index (Percent)	Margin <sup>(1)</sup> (Percent)	ANNUAL PERCENTAGE RATE Without Discount	Monthly Payment (Dollars) Without Discount	ANNUAL PERCENTAGE RATE With Discount	Monthly Payment (Dollars) With Discount
2007	8.250	0.00	8.250	70.07	8.250	70.07
2008	5.000	0.00	5.000 <sup>(2)</sup>	42.47	5.000 <sup>(2)</sup>	42.47
2009	3.250	0.00	5.000 <sup>(2)</sup>	42.47	5.000 <sup>(2)</sup>	42.47
2010	3.250	0.00	5.000 <sup>(2)</sup>	42.47	5.000 <sup>(2)</sup>	42.47
2011	3.250	0.00	5.000 <sup>(2)</sup>	42.47	5.000 <sup>(2)</sup>	42.47
2012	3.250	0.00	5.000 <sup>(2)</sup>	42.47	5.000 <sup>(2)</sup>	42.47
2013	3.250	0.00	5.000 <sup>(2)</sup>	42.47	5.000 <sup>(2)</sup>	42.47
2014	3.250	0.00	5.000 <sup>(2)</sup>	42.47	5.000 <sup>(2)</sup>	42.47
2015	3.250	0.00	5.000 <sup>(2)</sup>	42.47	5.000 <sup>(2)</sup>	42.47
2016	3.500	0.00	5.000 <sup>(2)</sup>	42.47	5.000 <sup>(2)</sup>	42.47
2017	4.250	0.00	5.000 <sup>(2)</sup>	42.47	5.000 <sup>(2)</sup>	42.47
2018	5.000	0.00	5.000 <sup>(2)</sup>	42.47	5.000 <sup>(2)</sup>	42.47
2019	5.500	0.00	5.000 <sup>(2)</sup>	42.47	5.000 <sup>(2)</sup>	42.47

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

(2) This ANNUAL PERCENTAGE RATE reflects a 5.000% floor.

(3) 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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