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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.

MINIMUM PAYMENT REQUIREMENTS: At closing, you may choose one of the following options. Unless otherwise noted, all terms apply to both options:

Option 1: You can obtain credit advances for 2 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 ten (10) years.

Option 2: You can obtain credit advances for 2 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 fifteen (15) years.

The following applies to both options: At our option, we may renew or extend the draw period. 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 period we will recalculate your payment. Your payment will be set to repay the outstanding balance over 10 or 15 years depending upon the option you choose. 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 \$60.00 or the full amount that you owe.

MINIMUM PAYMENT EXAMPLE – OPTION 1: If you made only the minimum monthly payment and took no other credit advances it would take 12 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.00%. During that period, you would make 24 payments of \$38.36 to \$42.47, followed by 119 payments of \$106.07 and one (1) final payment of \$106.06.

MINIMUM PAYMENT EXAMPLE – OPTION 2: If you made only the minimum monthly payment and took no other credit advances it would take 17 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.50%. During that period, you would make 24 payments of \$42.19 to \$46.71, followed by 179 payments of \$81.73 and one (1) final payment of \$80.21.

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

Application Fee: \$75.00 (Due at application)

You must pay certain fees to third parties to open the plan. These fees generally total between \$100.00 and \$600.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

FEE REIMBURSEMENT: The credit union may pay bona fide third-party fees on your behalf. However, if you close your line of credit plan within 24 months of the date of this Home Equity Credit Agreement, you will be required to reimburse the credit union for the bona fide third-party fees paid on your behalf.

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.

ANNUAL PERCENTAGE RATE INFORMATION: The **ANNUAL PERCENTAGE RATE** under this Plan is not based on an Index. It is based upon a fixed rate, which will be specified either at the time you receive a commitment or at closing, and will be based upon the market conditions at that time. An **ANNUAL PERCENTAGE RATE** of 5.00% is representative of a fixed rate recently offered by us under Option 1. An **ANNUAL PERCENTAGE RATE** of 5.50% is representative of a fixed rate recently offered by us under Option 2. The annual percentage rate does not include costs other than interest. Please ask us for the current annual percentage rates under this Plan.

