

## Home Equity Early Disclosure

### IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN (SC)

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.

**PROPERTY INSURANCE:** You must carry insurance on the property that secures this plan.

**REFUNDABILITY OF FEES:** If you decide not to enter into this plan within three 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.

**MINIMUM PAYMENT REQUIREMENTS:** You can obtain credit advances for 15 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 and changes in the annual percentage rate with corresponding payment changes as disclosed in the following table.

Your minimum monthly payment amount will be determined each time you obtain an advance and when the annual percentage rate changes.

Payments will be due monthly and will be calculated in the following manner:

IF THE LIFETIME HIGHEST INTEREST RATE IS:	MINIMUM MONTHLY PAYMENT WITH OR WITHOUT CREDIT LIFE COVERAGE IS:	MINIMUM MONTHLY PAYMENT WITH CREDIT DISABILITY COVERAGE IS:
Below 5.25%	\$8.00 per thousand	\$10.00 per thousand
5.25% - 8.50%	\$10.00 per thousand	\$12.00 per thousand
8.75% - 11.75%	\$12.00 per thousand	\$14.00 per thousand
12.00% - 15.25%	\$14.50 per thousand	\$16.50 per thousand
Above 15.25%	\$16.50 per thousand	\$18.50 per thousand

The minimum monthly payment is determined by taking the lifetime highest outstanding principal balance and dividing it by \$1,000, then rounding up to the next whole number, and then multiplying that whole number by the corresponding lifetime highest interest rate's minimum monthly payment per thousand. Your minimum monthly 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 13 years 2 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.5%. During that period, you would make 157 payments of \$100.00 and one (1) final payment of \$44.04.

**FEES AND CHARGES:** You may have to pay certain fees to third parties to open the plan. These fees will generally total between \$723.00 and \$1,875.00. If you ask, we will provide you with an itemization of the fees.

**VARIABLE RATE FEATURE:** This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the length of the plan may change as a result. The annual percentage rate includes only interest and no other costs.

We will determine the daily periodic rate and the corresponding annual percentage rate as follows. We start with an independent Index (the "Index"), which is the *Wall Street Journal* Prime Rate. 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 15<sup>th</sup> day of the month preceding 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 that applies to your plan will be based on your creditworthiness and will be disclosed on the Addendum at closing. 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% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below the following floor rate at any time during the term of the Plan: 3.00% if your margin is -1.00% or less, 4.00% if your margin is 0.00%, 5.00% if your margin is 1.00%, 6.00% if your margin is 2.00%, 7.00% if your margin is 3.00%, 8.00% if your margin is 4.00%, 9.00% if your margin is 5.00%, 10% if your margin is 6.00%, 11.00% if your margin is 7.00%, 12.00% if your margin is 8.00%, and 13.00% if your margin is 9.00% or greater. The floor rate that applies to your plan will be based on your creditworthiness. Please ask the credit union for the floor rate that will apply to your plan. A representative floor rate of 4% has been used throughout the payment examples used in this disclosure.

**MAXIMUM RATE AND PAYMENT EXAMPLES:** If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL**

**PERCENTAGE RATE** of 18% would be \$165.00. This annual percentage rate could be reached at the time of the 1st payment.

**MARGIN:** The margin used with your plan will be determined at closing by the amount of equity in the property used to secure the plan. Please ask the credit union what your particular margin will be.

**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 <sup>(1)</sup> (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2011.....	3.250	0.000	4.000 <sup>(2)</sup>	\$80.00
2012.....	3.250	0.000	4.000 <sup>(2)</sup>	\$80.00
2013.....	3.250	0.000	4.000 <sup>(2)</sup>	\$80.00
2014.....	3.250	0.000	4.000 <sup>(2)</sup>	\$80.00
2015.....	3.250	0.000	4.000 <sup>(2)</sup>	\$80.00
2016.....	3.500	0.000	4.000 <sup>(2)</sup>	\$80.00
2017.....	3.750	0.000	4.000 <sup>(2)</sup>	\$80.00
2018.....	4.500	0.000	4.500	\$80.00
2019.....	5.500	0.000	5.500	\$100.00
2020.....	4.750	0.000	4.750	\$100.00
2021.....	3.250	0.000	4.000 <sup>(2)</sup>	\$100.00
2022.....	3.250	0.000	4.000 <sup>(2)</sup>	\$100.00
2023.....	7.500	0.000	7.500	\$100.00
2024.....	8.500	0.000	8.500	
2025.....	7.500	0.000	7.500	

<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 4.000% floor. This is a floor rate we have used recently; your floor rate may be different.

**RIGHT TO RECEIVE COPY OF APPRAISAL:** You have the right to a copy of the appraisal report used in connection with this application for credit. To obtain a copy, you must send us your written request at the mailing address we have provided. We must hear from you no later than 90 days after we have notified you about the action we have taken on this application, or you withdraw this application. The ECOA requires that we mail or deliver a copy of the appraisal report promptly (generally within 30 days) after receiving your request, receiving the appraisal report, or receiving reimbursement from you for the report, whichever occurs last.

I/we acknowledge receipt of the "Home Equity Early Disclosure Important Terms of Our Home Equity Line of Credit Plan" and the federal brochure "What you should know about home equity lines of credit."

Borrower 1 Signature

Date

Borrower 2 Signature

Date