

**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. Unless otherwise noted, the terms and conditions set forth below apply to both HELOC Option 1 and Option 2.

**Security Interest:** We will take a security interest in your home through a Deed of Trust. 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) any reasons mentioned above exists;
- (b) the value of your dwelling declines significantly below its appraised value for purposes of this Plan;
- (c) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances;
- (d) you are in default of a material obligation of this Plan;
- (e) 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;
- (f) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice;
- (g) 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.

**Minimum Payment Requirements:**

There are two available repayment options set forth below. Eligibility for these options will be based on creditworthiness.

**Option 1:** You can obtain advances of credit for a term of 5 years (the "draw period"). At our option, we may renew or extend the draw period. During the draw period, payments will be due monthly. Your minimum monthly payment during the draw period will equal the amount of accrued interest. The payment will be rounded up to the nearest dollar. Your payment will increase to include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. If you have elected Debt Protection, your payment will increase to include the Debt Protection Program fee.

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 15 years. During the repayment period, payments will be due monthly. Your minimum monthly payment will equal an amortized payment of the loan account balance at the then current **ANNUAL PERCENTAGE RATE** or \$100.00, whichever is greater. A change in the **ANNUAL PERCENTAGE RATE** will not change your minimum monthly payments but may result in a balloon payment when your final payment is due. Your payment will increase to include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. If you have elected Debt Protection, your payment will increase to include the Debt Protection Program fee. Balances of less than \$100.00 must be paid in full.

**Option 2:** You can obtain advances of credit for a term of 10 years (the "draw period"). During this draw period, payments will be due monthly. 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 but will in no case exceed 15 years. You will be required to make monthly payments during both the draw and repayment periods. During the draw period, your minimum monthly payment is based on the monthly outstanding balance as of the last day of the preceding month as shown in the Payment Schedule table below. The payment will never be less than \$100.00 or the full amount owed and will be rounded up to the nearest dollar. Your payment will change when you obtain another advance during the draw period. During the repayment period, your minimum monthly payment will equal an amortized payment of the loan account balance or \$100.00 whichever is greater. This balance will be amortized over a period up to 180 months at the then current **ANNUAL PERCENTAGE RATE**. A change in the **ANNUAL PERCENTAGE RATE** will result in more or fewer payments being made. Your payment will increase to include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges.

<b>Payment Schedule (Applies to Option 2 Only)</b>			
Balance	Minimum Payment	Balance	Minimum Payment
\$0 - 10,000.00	\$100.00	\$225,000.01 - 250,000.00	Balance x 0.0087
\$10,000.01 - 150,000.00	Balance x 0.01	\$250,000.01 - 300,000.00	Balance x 0.0085
\$150,000.01 - 175,000.00	Balance x 0.0095	\$300,000.01 - 400,000.00	Balance x 0.0080
\$175,000.01 - 200,000.00	Balance x 0.0093	\$400,000.01 - 500,000.00	Balance x 0.0075
\$200,000.01 - 225,000.00	Balance x 0.0091	\$500,000.01 and Above	Balance x 0.0075

**Negative Amortization (applies to Option 1 and Option 2):** Under some circumstances, your payments will not cover the **FINANCE CHARGES** that accrue and "negative amortization" will occur. If this occurs, your payment will be increased in an amount sufficient to cover the interest due.

**Balloon Payment (applies to Option 1 and Option 2):** Under some circumstances, the minimum payment may not reduce the principal that is outstanding on your line by the final payment 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.

**Lock Feature (applies to Option 2 only):** During the Draw Period, you may elect to "lock in" or convert a portion of your variable-rate outstanding balance to a stepped-rate **ANNUAL PERCENTAGE RATE** over a set term. You may select either a 5, 10, 15, or 20 year term at the time you exercise this option. The **ANNUAL PERCENTAGE RATE** that applies to the locked-in balance shall be either (1) our currently offered 5 year variable rate and margin based on your credit qualification; thereafter the rate shall change every 5 years to the then-current 'Prime Rate' in the 'Money Rates' section of the Wall Street Journal (Index) plus your margin, rounded up to the nearest 1/8th%; or (2) our currently offered fixed rates based on your credit qualification and term. The minimum amount that may be locked is \$5,000.00. A lock fee of \$25 will apply, which may be added to your loan balance. However, we will not change your payment amount if the rate increases, which may result in a balloon payment at the end of the lock term. You may avoid the balloon payment by paying more than the minimum required monthly or semi-monthly payment during the lock term. If a balloon remains at the end of the lock term, you may either pay it off in a lump sum or it will be added to the non-locked portion of the Plan's outstanding balance at the then-current rates of the non-locked portion of the Plan and will be paid in accordance with the Repayment Period's Payment Schedule disclosed to you at the time you opened your Plan. Locking in will only set the rate and term that applies to that portion of the existing balance selected; future advances will be subject to the variable rate feature according to the terms of the Plan. As the Locked balance is paid down, additional credit will become available, up to the applicable credit limit. There is no limit to the number of times that the lock feature may be exercised, but you may only have 3 locked-in balances at one time. We reserve the right to discontinue this feature at any time without notice. If this feature is discontinued, the balances that have already been locked will continue to be locked at the applicable rates and terms. If you have elected Debt Protection coverage and have exercised the lock feature with periodic payments due more frequently than monthly, the number of protected payments under each benefit is adjusted to a monthly equivalent.

**Minimum Payment Examples:**

**Option 1:** If you made only the minimum payment and took no other credit advances, it would take 16 years and 5 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.75%. During that period, you would make 60 monthly payments of \$48.00 followed by 136 payments of \$100.00, with a final payment of \$35.29.

**Option 2:** If you made only the minimum payment and took no other credit advances, it would take 11 years and 5 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.75%. During that period, you would make 120 monthly payments of \$100.00 followed by 16 payments of \$100.00, with a final payment of \$46.45. **Lock Feature:** If you exercised the optional Lock Feature and converted \$10,000 to a fixed rate of 5.00% and a term of 15 years, it would take you 15 years to pay off the balance. During that period, you would make 179 monthly payments of \$79.08 with a final payment of \$78.96.

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

**Late Charge:** If your payment is more than 15 days late, you will be charged 5% of the payment due.

**Annual Fee:** \$25.00 assessed on the last working day in January of each year.

You must also pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These fees generally total between \$200.00 to \$1,800.00. Upon request, 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.

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

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

**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 feature, 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 of the Wall Street Journal. We will use the most recent index value available to us as of February 28th, May 31st, August 31st, and November 30th. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account, we add a margin to the value of the index and round up to the nearest 1/8th percent. Your margin will be based on your creditworthiness, Loan-to-Value (LTV) Ratio, and term of loan.

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 quarterly on the first of January, April, July, and October. The rate can not increase or decrease by more than 3.00 percentage points in any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the Plan is 18%. The **ANNUAL PERCENTAGE RATE** will not fall below 4.00% for Option 1 or 3.49% for Option 2 during the Plan.

**Maximum Rate and Payment Examples:**

**Option 1:** If you had an outstanding balance of \$10,000.00 at the beginning of the draw period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$150.00. The maximum **ANNUAL PERCENTAGE RATE** during the draw period could be reached in the 49th month (4 years, 1 month). If you had an outstanding balance of \$10,000.00 at the beginning of the repayment period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$161.04. The maximum **ANNUAL PERCENTAGE RATE** during the repayment period could be reached in the 61st month (5 years, 1 month).

**Option 2:** If you had an outstanding balance of \$10,000.00 at the beginning of the draw period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$100.00. The maximum **ANNUAL PERCENTAGE RATE** during the draw period could be reached in the 49th month (4 years, 1 month). If you had an outstanding balance of \$10,000.00 at the beginning of the repayment period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$161.04. The maximum **ANNUAL PERCENTAGE RATE** during the repayment period could be reached in the 61st month (5 years, 1 month).

**Prepayment:** You may prepay all or any amount owing under this Plan without penalty unless we have paid your third party fees. If we have paid your third party fees, then the "Waiver of Third Party Fees; Reimbursement" provision applies. Payment in full shall not terminate this agreement or cancel the security instrument securing this Plan unless you specifically request that we do so.

**Waiver of Third Party Fees; Reimbursement:** If made available to you, we may pay your closing costs. However, if you payoff your line and close your Plan within 36 months of opening the Plan, you must reimburse us in the amount of the fees paid by us. We may take this amount from your shares and deposits with the credit union, or add it to your outstanding balance, unless other payment arrangements are made. If added to your balance, this amount becomes secured by your Mortgage or Deed of Trust, and our lien will not be extinguished or the Mortgage or Deed of Trust released until all amounts are paid in full.

**Historical Examples:** 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 April. 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.

**Option 1:**

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
2005	5.75	0.25	6.00 (2)	\$50.00
2006	7.75	0.25	8.00	\$67.00
2007	8.25	0.25	8.50	\$71.00
2008	5.25	0.25	5.50	\$46.00
2009	3.25	0.25	4.00 (3)	\$34.00
2010 (4)	3.25	0.25	4.00 (3)	\$100.00
2011	3.25	0.25	4.00 (3)	\$100.00
2012	3.25	0.25	4.00 (3)	\$100.00
2013	3.25	0.25	4.00 (3)	\$100.00
2014	3.25	0.25	4.00 (3)	\$100.00
2015	3.25	0.25	4.00 (3)	\$100.00
2016	3.50	0.25	4.00 (3)	\$100.00
2017	4.00	0.25	4.25	\$100.00
2018	4.75	0.25	5.00	\$100.00
2019	5.50	0.25	5.75	\$100.00

1. This is a margin we have used recently; your margin may be different based on your creditworthiness, LTV Ratio, and term of loan.
2. There may be a discounted rate for a period of time within the first year.
3. This reflects a lifetime floor of 4.00%.
4. The repayment period begins in this year.
5. At the end, a possible balloon payment may occur. You would be required to pay the entire balance in one payment.

**Option 2:**

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
2005	5.75	0.25	6.00 (2)	\$100.00
2006	7.75	0.25	8.00	\$100.00
2007	8.25	0.25	8.50	\$100.00
2008	5.25	0.25	5.50	\$100.00
2009	3.25	0.25	3.50	\$100.00
2010	3.25	0.25	3.50	\$100.00
2011	3.25	0.25	3.50	\$100.00
2012	3.25	0.25	3.50	\$100.00
2013	3.25	0.25	3.50	\$100.00
2014	3.25	0.25	3.50	\$100.00
2015 (3)	3.25	0.25	3.50	\$100.00
2016	3.50	0.25	3.75	\$100.00
2017	4.00	0.25	4.25	\$100.00
2018	4.75	0.25	5.00	\$100.00
2019	5.50	0.25	5.75	\$100.00

1. This is a margin we have used recently; your margin may be different based on your creditworthiness, LTV Ratio, and term of loan.
2. There may be a discounted rate for a period of time within the first year.
3. The repayment period begins in this year.
4. At the end, a possible balloon payment may occur. You would be required to pay the entire balance in one payment.