

**IMPORTANT TERMS OF OUR EASY 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 Mortgage on 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;
- (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.

**Minimum Payment Requirements:**

**Option 1:** You can obtain credit advances for ten (10) years (the "draw period"). During the draw period, payments will be due monthly. Your minimum monthly payment will be equal to 1.0% of the outstanding balance rounded to the nearest one dollar or \$50.00, whichever is greater. After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding principal balance (the "repayment period") unless at our option, we agree to extend or renew the draw period. The length of the repayment period will depend on the balance outstanding. During the repayment period, payments will be due monthly. Your minimum monthly payment will equal 1.0% of the outstanding principal balance rounded to the nearest one dollar, or \$50.00, 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.

**Option 2:** You can obtain credit advances for ten (10) years (the "draw period"). During the draw period, payments will be due monthly. Your minimum monthly payment will be equal to the amount of accrued interest rounded to the nearest one dollar or \$50.00, whichever is greater. After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding principal balance (the "repayment period") unless at our option, we agree to extend or renew the draw period. The length of the repayment period will depend on the balance outstanding. During the repayment period, payments will be due monthly. Your minimum monthly payment will equal 1.0% of the outstanding balance rounded to the nearest one dollar, or \$50.00, 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.

**Negative Amortization:** Under some circumstances, your payments will not cover the finance charges that accrue and "negative amortization" will occur. Negative amortization will increase the amount that you owe us and reduce your equity in your home.

**Minimum Payment Example:**

**Option 1:** If you took a single \$10,000 advance at an **ANNUAL PERCENTAGE RATE** of 7.50% and made only the minimum monthly payments, it would take 28 years and 5 months to pay off your Account. During that period you would make 120 monthly payments varying between \$101.00 and \$64.00 followed by 220 monthly payments varying between \$63.00 and \$50.00, with a final payment of \$2.64.

**Option 2:** If you took a single \$10,000 advance at an **ANNUAL PERCENTAGE RATE** of 7.50% and made only the minimum monthly payments, it would take 38 years and 5 months to pay off your Account. During that period you would make 120 monthly payments varying between \$63.00 and \$62.00 followed by 340 monthly payments varying between \$101.00 and \$50.00, with a final payment of \$16.64.

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

**Late Charges:** If your payment is more than 21 days past due, you will be charged 20% of the interest due or \$5.00, whichever is greater.

**Prepayment Penalty:** A prepayment fee of \$350.00 will be charged if the Line of Credit is paid-off and closed in the first 24 months.

**Third Party Fees:** You may be required to pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These fees generally total between \$701.50-\$711.50. You may also be required to maintain escrow for taxes, insurance or other amounts.

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 initial credit advance required. There is a minimum of \$250.00 for advances. You may obtain advances under this Plan by check, CU Online, telephone, or in person.

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

**Variable Rate Feature:** This Plan has a variable rate feature, and the ANNUAL PERCENTAGE 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. To determine the ANNUAL PERCENTAGE RATE that will apply to your account, we add a margin 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 monthly. The maximum ANNUAL PERCENTAGE RATE that can apply during the Plan is 18.00%. Any increase or decrease in the ANNUAL PERCENTAGE RATE will affect the number of payments you will make. The maximum rate may be reached immediately. Except for the maximum ANNUAL PERCENTAGE RATE, there is no limit on the amount by which the rate can change during any one year period. The minimum ANNUAL PERCENTAGE RATE will never fall below 3.75%.

**Maximum Rate and Payment Example:**

**Option 1:** 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 18.00% would be \$102.00. This 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 18.00% would be \$100.00. This ANNUAL PERCENTAGE RATE could be reached in the first month.

**Option 2:** 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 18.00% would be \$150.00. This 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 18.00% would be \$102.00. This ANNUAL PERCENTAGE RATE could be reached in the first month.

**Prepayment:** Prepayment fees apply. See the Fees and Charges section on page 1 for details.

**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 February. 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)<br>(Percent) | ANNUAL PERCENTAGE<br>RATE | MONTHLY PAYMENT<br>(Dollars) |
|----------|-----------|-------------------------|---------------------------|------------------------------|
| 1991     | 6.50      | 0.00                    | 6.50                      | \$101.00                     |
| 1993     | 6.00      | 0.00                    | 6.00                      | \$95.00                      |
| 1994     | 6.00      | 0.00                    | 6.00                      | \$89.00                      |
| 1995     | 9.00      | 0.00                    | 9.00                      | \$84.00                      |
| 1996     | 8.25      | 0.00                    | 8.25                      | \$82.00                      |
| 1997     | 8.25      | 0.00                    | 8.25                      | \$79.00                      |
| 1998     | 8.50      | 0.00                    | 8.50                      | \$76.00                      |
| 1999     | 7.75      | 0.00                    | 7.75                      | \$73.00                      |
| 2000     | 8.50      | 0.00                    | 8.50                      | \$70.00                      |
| 2001     | 8.50      | 0.00                    | 8.50                      | \$68.00                      |
| 2002 (2) | 4.75      | 0.00                    | 4.75                      | \$65.00                      |
| 2003     | 4.25      | 0.00                    | 4.25                      | \$60.00                      |
| 2004     | 4.00      | 0.00                    | 4.00                      | \$56.00                      |
| 2005     | 5.50      | 0.00                    | 5.50                      | \$51.00                      |
| 2006     | 7.50      | 0.00                    | 7.50                      | \$50.00                      |

1. This is a margin we have used recently; your margin may be different. 2. The repayment period begins in this year.

**Option 2:**

| YEAR     | INDEX (%) | MARGIN (1)<br>(Percent) | ANNUAL PERCENTAGE<br>RATE | MONTHLY PAYMENT<br>(Dollars) |
|----------|-----------|-------------------------|---------------------------|------------------------------|
| 1991     | 6.50      | 0.00                    | 6.50                      | \$54.00 (2)                  |
| 1993     | 6.00      | 0.00                    | 6.00                      | \$50.00                      |
| 1994     | 6.00      | 0.00                    | 6.00                      | \$50.00                      |
| 1995     | 9.00      | 0.00                    | 9.00                      | \$75.00                      |
| 1996     | 8.25      | 0.00                    | 8.25                      | \$69.00                      |
| 1997     | 8.25      | 0.00                    | 8.25                      | \$69.00                      |
| 1998     | 8.50      | 0.00                    | 8.50                      | \$71.00                      |
| 1999     | 7.75      | 0.00                    | 7.75                      | \$65.00                      |
| 2000     | 8.50      | 0.00                    | 8.50                      | \$71.00                      |
| 2001     | 8.50      | 0.00                    | 8.50                      | \$71.00                      |
| 2002 (3) | 4.75      | 0.00                    | 4.75                      | \$100.00                     |
| 2003     | 4.25      | 0.00                    | 4.25                      | \$93.00                      |
| 2004     | 4.00      | 0.00                    | 4.00                      | \$86.00                      |
| 2005     | 5.50      | 0.00                    | 5.50                      | \$80.00                      |
| 2006     | 7.50      | 0.00                    | 7.50                      | \$75.00                      |

1. This is a margin we have used recently; your margin may be different. 2. This minimum monthly payment is insufficient to pay the accrued interest on the balance, causing negative amortization to occur. 3. The repayment period begins in this year.