

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.

Security Interest: We will take a Security Interest 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) any reasons listed above exist;
- (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: You can obtain advances of credit for 15 years (the "draw period"). 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 year(s). During both the draw and repayment periods, payments will be due monthly. Your minimum monthly payment will equal the greater of \$100.00 or 1% of the loan account balance outstanding on the last day of the billing cycle, for the last billing cycle in which an advance was made. The minimum monthly payments may not be sufficient to fully repay the principal on your line by the end of the repayment period. If they are not, you will then be required to pay the entire balance in a single balloon payment. Balances of less than \$100.00 must be paid in full.

Balloon Payment: 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.

Minimum Payment Example: If you made only the minimum monthly payment and took no other credit advances, it would take 12 years and 10 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.25%. During that period, you would make 153 monthly payments of \$100.00 with a final payment of \$85.92.

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

Late Charges: If your payment is received 7 days after the due date, you will be charged 10% of the payment due or \$20.00, whichever is greater.

Modification Fee: \$200

You must also pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These fees generally total \$ 125.00 - \$ 1,500.00 . If you ask, 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.

Access to the Plan: You may obtain advances under this Plan by mail, by telephone, in person, or by Home Banking.

Transaction Requirements: The minimum credit advance that you can receive is \$500.00. The minimum initial credit advance must be at least \$2,500.00.

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

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. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account, we add a margin to the value of the index. Your margin will be based on your creditworthiness.

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 cannot increase or decrease by more than 1.00 percentage point per adjustment. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the plan is 18%. The minimum **ANNUAL PERCENTAGE RATE** that can apply during the Plan is 3.75%.

Maximum Rate and Payment Example: If you had an outstanding balance of \$10,000, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$100.00. The maximum annual percentage rate could be reached in the first month following an initial hold of one 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 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 November. 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.

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MINIMUM MONTHLY PAYMENT (Dollars)
2008	4.00	0.25	4.25	\$100.00
2009	3.25	0.25	3.75 (2)	\$100.00
2010	3.25	0.25	3.75 (2)	\$100.00
2011	3.25	0.25	3.75 (2)	\$100.00
2012	3.25	0.25	3.75 (2)	\$100.00
2013	3.25	0.25	3.75 (2)	\$100.00
2014	3.25	0.25	3.75 (2)	\$100.00
2015	3.25	0.25	3.75 (2)	\$100.00
2016	3.50	0.25	3.75 (2)	\$100.00
2017	4.25	0.25	4.50	\$100.00
2018	5.25	0.25	5.50	\$83.47
2019	4.75	0.25	5.00	N/A
2020	3.25	0.25	3.75 (2)	N/A
2021	3.25	0.25	3.75 (2)	N/A
2022	7.00	0.25	7.25	N/A

1. This is a margin we have used recently; your margin may be different and will be based on creditworthiness.
2. This rate reflects a lifetime floor of 3.75%.