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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.

PLAN OPTIONS: The credit union offers 3 home equity line of credit plans. Each begins with a fixed rate period for all or a portion of the draw period (Plan A = 5 years, Plan B = 7 years or Plan C = 10 years), followed by the repayment period. The terms of each plan are described below.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 10 years. This period is called the "draw period." The length of the repayment period will depend on the outstanding balance at the end of the draw period and changes in the interest rate but will never be greater than 5 years. Your payment will be 1.0% of the outstanding balance each month or $50.00, whichever is greater. We will round the payment to the nearest dollar. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. If the interest rate increases so much that the minimum payment is not adequate to pay the accrued finance charges (interest), we will increase your payment to the amount necessary to cover the interest that is due. The minimum payment may not repay the outstanding balance by the end of the plan. You will then be required to make a single balloon payment. 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 the money. If you refinance the balloon with us, you may have to pay some or all of the closing costs.

MINIMUM PAYMENT EXAMPLE – PLAN A: If you made only the minimum monthly payment and took no other credit advances it would take 15 years to pay off a credit advance of $10,000 at an **ANNUAL PERCENTAGE RATE** of 6.75%. During that period, you would make 179 payments of $50.00 to $100.00 and a final balloon payment of $4,483.94.

MINIMUM PAYMENT EXAMPLE – PLAN B: If you made only the minimum monthly payment and took no other credit advances it would take 15 years to pay off a credit advance of $10,000 at an **ANNUAL PERCENTAGE RATE** of 6.75%. During that period, you would make 179 payments of $50.00 to $100.00 and a final balloon payment of $4,483.94.

MINIMUM PAYMENT EXAMPLE – PLAN C: If you made only the minimum monthly payment and took no other credit advances it would take 15 years to pay off a credit advance of $10,000 at an **ANNUAL PERCENTAGE RATE** of 6.75%. During that period, you would make 179 payments of $50.00 to $100.00 and a final balloon payment of $4,483.94.

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

Loan Processing Fee: $250.00 (Due at closing)

You must pay certain fees to third parties to open the plan. These fees generally total between $0.00 and $950.00. If you ask, we will provide you with an itemization of the fees you will have to pay 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.

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.

TRANSACTION REQUIREMENTS: After you obtain the first advance, the minimum amount of each subsequent advance is $100.00.

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.

PREFERRED RATE: Your disclosed **ANNUAL PERCENTAGE RATE** may include a .50% reduction because you agreed to pre-authorized transfers from a Savings or Checking account for your loan payments. If you fail to maintain preferred rate status, we may increase your **ANNUAL PERCENTAGE RATE** .50% above the preferred rate. You may permanently lose preferred rate status if you are past due 30 or more days, change your payment method, or your automatic payment fails.

ANNUAL PERCENTAGE RATE AND VARIABLE RATE FEATURE:

PLAN A: A fixed annual percentage rate will be used for the first 5 years of the plan. An **ANNUAL PERCENTAGE RATE** of 4.79% is representative of a fixed rate we have offered with this plan.

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PLAN B: A fixed annual percentage rate will be used for the first 7 years of the plan. An **ANNUAL PERCENTAGE RATE** of 5.64% is representative of a fixed rate we have offered with this plan.

PLAN C: A fixed annual percentage rate will be used for the first 10 years of the plan. An **ANNUAL PERCENTAGE RATE** of 6.64% is representative of a fixed rate we have offered with this plan.

Please ask us for the current fixed rates available under each of these plans.

After the conclusion of the fixed rate period you elect, the annual percentage rate on your plan will convert to a variable rate. All 3 plans have a variable rate feature and the annual percentage rate (corresponding to the periodic rate) may change and you may be required to make more payments and the amount of a balloon payment, if any, may increase. The annual percentage rate includes only interest and no other costs.

The annual percentage rate is based on the value of an index. The index is the Prime Rate published in the Money Rates column of *The Wall Street Journal*. 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 1 day before 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. 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.

VARIABLE RATE CHANGES: After the conclusion of the fixed rate period corresponding to the Plan you elect the annual percentage rate can change on the first day of each month. 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 18.0% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 5.0% at any time during the term of the plan for owner occupied properties or 6.0% for non-owner occupied properties. A representative floor rate of 5.0% has been used throughout the examples in this disclosure.

MAXIMUM RATE AND PAYMENT EXAMPLES – PLAN A: If you had an outstanding balance of $10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be $152.88. This annual percentage rate could be reached at the time of the 61st payment.

MAXIMUM RATE AND PAYMENT EXAMPLES – PLAN B: If you had an outstanding balance of $10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be $152.88. This annual percentage rate could be reached at the time of the 85th payment.

MAXIMUM RATE AND PAYMENT EXAMPLES – PLAN C: If you had an outstanding balance of $10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be $152.88. This annual percentage rate could be reached at the time of the 121st payment.

MARGIN: The margin you receive is based on certain creditworthiness criteria as well as the amount of equity in your property. You may not qualify for the margin shown in the Historical Table. Please ask us for information about the margin for which you qualify.

HISTORICAL EXAMPLE: The following tables show 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 as of 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 tables assume 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 – PLAN A - RATE FIXED FOR FIRST 5 YEARS

Year (as of the last business day of January)	Index (Percent)	Margin[1] (Percent)	**ANNUAL PERCENTAGE RATE**	Monthly Payment (Dollars)
2012	3.250	0.00	4.790[2]	$100.00
2013	3.250	0.00	4.790[2]	$93.00
2014	3.250	0.00	4.790[2]	$87.00
2015	3.250	0.00	4.790[2]	$81.00
2016	3.500	0.00	4.790[2]	$75.00
2017	3.750	0.00	5.000[3]	$70.00
2018	4.500	0.00	5.000[3]	$65.00
2019	5.500	0.00	5.500	$61.00
2020	4.750	0.00	5.000[3]	$57.00
2021	3.250	0.00	5.000[3]	$53.00
2022	3.250	0.00	5.000[3]	$50.00[4]
2023	7.500	0.00	7.500	$50.00[4]
2024	8.500	0.00	8.500	$50.00[4]
2025	7.500	0.00	7.500	$50.00[4]
2026	6.750	0.00	6.750	$50.00[4] [5]

[1] This is a margin we have used recently; your margin may be different.
[2] This **ANNUAL PERCENTAGE RATE** reflects a fixed rate that we have provided recently, your plan may reflect a different amount.
[3] This **ANNUAL PERCENTAGE RATE** reflects a representative floor rate of 5.000%.
[4] This payment reflects the minimum payment of $50.00.
[5] The last payment for this year would be a final balloon payment of $3,385.45.

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WALL STREET JOURNAL PRIME RATE INDEX TABLE – PLAN B – RATE FIXED FOR FIRST 7 YEARS

Year (as of the last business day of January)	Index (Percent)	Margin[1] (Percent)	**ANNUAL PERCENTAGE RATE**	Monthly Payment (Dollars)
2012	3.250	0.00	5.640[2]	$100.00
2013	3.250	0.00	5.640[2]	$94.00
2014	3.250	0.00	5.640[2]	$88.00
2015	3.250	0.00	5.640[2]	$83.00
2016	3.500	0.00	5.640[2]	$78.00
2017	3.750	0.00	5.640[2]	$73.00
2018	4.500	0.00	5.640[2]	$68.00
2019	5.500	0.00	5.500	$64.00
2020	4.750	0.00	5.000[3]	$60.00
2021	3.250	0.00	5.000[3]	$56.00
2022	3.250	0.00	5.000[3]	$52.00
2023	7.500	0.00	7.500	$50.00[4]
2024	8.500	0.00	8.500	$50.00[4]
2025	7.500	0.00	7.500	$50.00[4]
2026	6.750	0.00	6.750	$50.00[4] [5]

[1] This is a margin we have used recently; your margin may be different.
[2] This **ANNUAL PERCENTAGE RATE** reflects a fixed rate that we have provided recently, your plan may reflect a different amount.
[3] This **ANNUAL PERCENTAGE RATE** reflects a representative floor rate of 5.000%.
[4] This payment reflects the minimum payment of $50.00.
[5] The last payment for this year would be a final balloon payment of $3,775.13.

WALL STREET JOURNAL PRIME RATE INDEX TABLE – PLAN C – RATE FIXED FOR FIRST 10 YEARS

Year (as of the last business day of January)	Index (Percent)	Margin[1] (Percent)	**ANNUAL PERCENTAGE RATE**	Monthly Payment (Dollars)
2012	3.250	0.00	6.640[2]	$100.00
2013	3.250	0.00	6.640[2]	$95.00
2014	3.250	0.00	6.640[2]	$90.00
2015	3.250	0.00	6.640[2]	$85.00
2016	3.500	0.00	6.640[2]	$81.00
2017	3.750	0.00	6.640[2]	$77.00
2018	4.500	0.00	6.640[2]	$73.00
2019	5.500	0.00	6.640[2]	$69.00
2020	4.750	0.00	6.640[2]	$65.00
2021	3.250	0.00	6.640[2]	$62.00
2022	3.250	0.00	5.000[3]	$59.00
2023	7.500	0.00	7.500	$55.00
2024	8.500	0.00	8.500	$52.00
2025	7.500	0.00	7.500	$50.00[4]
2026	6.750	0.00	6.750	$50.00[4] [5]

[1] This is a margin we have used recently; your margin may be different.
[2] This **ANNUAL PERCENTAGE RATE** reflects a fixed rate that we have provided recently, your plan may reflect a different amount.
[3] This **ANNUAL PERCENTAGE RATE** reflects a representative floor rate of 5.000%.
[4] This payment reflects the minimum payment of $50.00.
[5] The last payment for this year would be a final balloon payment of $4,503.45.

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