

Initial Disclosure – Home Equity Line of Credit Account

- (a) **RETENTION OF INFORMATION:** This disclosure contains important information about our Home Equity Line of Credit. You should read it carefully and keep a copy for your records.
- (b) **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 you paid to us or anyone else in connection with your application.
- (c) **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.
- (d) **POSSIBLE ACTIONS:** We can terminate your Account, require you to pay us the entire outstanding balance in one payment and charge you certain fees, if:
 You engage in fraud or material misrepresentation in connection with the line
 You do not meet the repayment terms.
 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:

- The value of the dwelling securing the line declines significantly below its appraised value for the purposes of this line.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.

A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.

- (e) **MINIMUM PAYMENT REQUIREMENTS:** Payments will be due monthly. Minimum monthly payments are required in the following amounts: The greater of \$50.00 or \$15.00 per month for each \$1,000.00 (or fraction thereof) of outstanding principal balance calculated after each advance (monthly payments are not reduced when the principal balance declines). The length of the plan is indefinite. No specific draw/repayment period is set forth, as the draw/repayment period is determined by your compliance with our agreement and the amount you draw.
- (f) **MINIMUM PAYMENT EXAMPLE:** If you made only the minimum payments and took no other credit advances, it would take 82 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 6.00%. During that period, you would make 81 payments of \$150.00 and 1 payment of \$46.06.
- (g) **FEES AND CHARGES:** To open and maintain a line of credit, you must pay certain fees to third parties. These fees generally total between \$150.00 to \$400.00. If you ask, we will give you an itemization of fees that you have to pay to third parties.

IF, WITHIN THE FIRST THREE (3) BUSINESS DAYS AFTER YOU HAVE RECEIVED THE HOME EQUITY LINE OF CREDIT ACCOUNT DISCLOSURE AND BROCHURE, YOU CHOOSE TO CANCEL THE TRANSACTION, THESE FEES MAY BE REFUNDED TO YOU.

You must obtain insurance on the property securing this Home Equity Line of Credit Account that is reasonably satisfactory to us. You may purchase required property insurance from an insurer of your choice, acceptable to the Credit Union. Subject to applicable law, if you fail to obtain or maintain insurance as required in the Home Equity Agreement, we may purchase insurance to protect our own interest, add the premium to your balance, pursue any other remedies available to us, or do any one or more of these things.

- (h) **MINIMUM DRAW AND BALANCE REQUIREMENTS:** The minimum credit advance you can receive is \$300.00.
- (i) **TAX DEDUCTIBILITY:** You should consult a tax advisor regarding the deductibility of interest and charges for the line.
- (j) **VARIABLE RATE FEATURE:** The plan has a variable-rate feature and the ANNUAL PERCENTAGE RATE (corresponding to the periodic rate) and the term of the line can change as a result.

The ANNUAL PERCENTAGE RATE includes only interest and not other costs.

The ANNUAL PERCENTAGE RATE is equal to an index plus 1%. The index is the highest prime rate charged by banks as published in the Money Rates column in the Wall Street Journal, as of the last business day of each quarter.

Ask us for the current index value.

After you open a credit line, rate information will be provided on periodic statements that we send you.

- (k) **RATE CHANGES:** The ANNUAL PERCENTAGE RATE can change quarterly. There is no limit on the amount by which the rate can change in any one year period. The minimum Annual Percentage Rate has a floor of 5% with a cap of 18% as the highest annual percentage rate.
- (l) **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 in December of each year. This table does not necessarily indicate how the index or your payments will change in the future.

YEAR	INDEX	ANNUAL PERCENTAGE RATE	MINIMUM PAYMENT
	(%)	(%)	(\$)
1994	8.50	9.50	150.00
1995	8.50	9.50	150.00
1996	8.25	9.25	150.00
1997	8.50	9.50	150.00
1998	7.75	8.75	150.00
1999	8.50	9.50	150.00
2000	9.50	10.50	150.00
2001	4.75	5.75	150.00
2002	4.25	5.25	150.00
2003	4.00	5.00	150.00
2004	5.25	6.25	150.00
2005	7.25	8.25	150.00
2006	8.25	9.25	150.00
2007	7.25	8.25	150.00
2008	3.75	6.00	150.00
2009			150.00