

Line-of-Credit Pre-Disclosure

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 in 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;
- (c) the value of your dwelling declines significantly below its appraised value for purposes of this Plan;
- (d) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances;
- (e) you are in default of a material obligation of this Plan;
- (f) 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;
- (g) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice;
- (h) 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.

Suspension and Reduction of Credit for Late Payments: If you are more than 5 days past due on your payments, your ability to access the line of credit will be temporarily suspended. If your payment is 90 days or more past due, your credit limit will be reduced to \$0.

Minimum Payment Requirements: You can obtain advances of credit for 10 year(s) (the "draw period"). During the draw period, payments will be due monthly. Your minimum monthly payment will equal the amount of accrued finance charges on the last day of the billing cycle and then rounded up to the nearest \$0.125 and may change if the **ANNUAL PERCENTAGE RATE** changes.

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 the repayment period, payments will be due monthly. The **ANNUAL PERCENTAGE RATE** will be a fixed rate and will be based on the Prime Rate (plus a margin) at the time the draw period ends and the repayment period begins. Your minimum monthly payment will be in an amortized payment of the loan account balance on the last day of the draw period. This balance will be amortized over 15 years and your minimum monthly payment will not change.

Minimum Payment Example: If you made only the minimum monthly payment and took no other credit advances, it would take 25 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.50%. During that period, you would make 120 payments of \$54.17 followed by 179 payments of \$87.11, with a final payment of \$87.36.

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

Late Charges: We may charge 10% of the payment due if your payment is late 10 days or more with a minimum of \$10.00 and a maximum of \$25.00.

Returned Payment Fee: \$27.00 if your payment is returned for any reason.

Convenience Fee (Telephone Payment by Check): \$10.00

To open your account, you must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These fees generally total between \$340.00 - \$1,250.00. 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.

Access to the Plan: You may obtain advances under your plan in person, by mail, by telephone, by check, online, or by Visa credit card.

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

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: During the draw period, this Plan has a variable rate 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 based on your creditworthiness, Loan-to-Value (LTV) Ratio, and lien position 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:

Draw Period - Variable Rate: The annual percentage rate can change quarterly on the first of January, April, July, or October. 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 %, which is based on the NCUA Federal Credit Union rate caps. The **ANNUAL PERCENTAGE RATE** will not fall below 4% during the Plan.

Repayment Period - Fixed Rate: During the repayment period, the **ANNUAL PERCENTAGE RATE** will be a fixed rate and will be based on the Prime Rate at the time the draw period ends and the repayment period begins. We will use the most recent index value available to us as of 10 days prior to quarter end and before the repayment period begins. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account during the repayment period, we will add a margin to the value of the index. This margin will be based on your creditworthiness, Loan-to-Value (LTV) Ratio, and lien position at the time that the repayment period begins, and may be higher than the margin you receive during the draw period.

Maximum Rate and Payment Example: 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% would be \$150.00. The maximum **ANNUAL PERCENTAGE RATE** could be reached in the 1st month (1 month) following an initial hold of 1 day.

Prepayment: You may prepay all or any amount owing under this Plan without penalty unless you close your Plan within 24 months of opening the Plan and we have paid your third party fees. If we have paid your third party fees and you close your Plan within 24 months of opening the Plan, 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 24 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 March. 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	MONTHLY PAYMENT (Dollars)
2011	3.25	-1.00	4.00 (2)	\$33.33
2012	3.25	-1.00	4.00 (2)	\$33.33
2013	3.25	-1.00	4.00 (2)	\$33.33
2014	3.25	-1.00	4.00 (2)	\$33.33
2015	3.25	-1.00	4.00 (2)	\$33.33
2016	3.50	-1.00	4.00 (2)	\$33.33
2017	3.75	-1.00	4.00 (2)	\$33.33
2018	4.50	-1.00	4.00 (2)	\$33.33
2019	5.50	-1.00	4.50	\$37.50
2020	4.75	-1.00	4.00 (2)	\$33.33
2021 (3)	N/A	N/A	4.00 (4)	\$73.97
2022	N/A	N/A	4.00 (4)	\$73.97
2023	N/A	N/A	4.00 (4)	\$73.97
2024	N/A	N/A	4.00 (4)	\$73.97
2025	N/A	N/A	4.00 (4)	\$73.97

1. This is a margin we have used recently; your margin may be different and will be based on creditworthiness, LTV Ratio, and lien position.
2. This rate reflects a lifetime floor of 4.00%.
3. The repayment period begins this year.
4. The rate will be fixed throughout the repayment period and will be based on your creditworthiness, LTV Ratio, and lien position at the time the repayment period begins. This historical table example is based on a program being opened in 2011 with a repayment period beginning in 2021 and a fixed rate of 4.00%. If you were to open a program today, the fixed rate you receive will be different and will be based on index and margin values as outlined in the "Rate Changes" paragraph on page 2.