

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 Plans. 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:** We offer two payment options. Terms apply to both options unless otherwise designated.

**MINIMUM PAYMENT REQUIREMENTS:** You can obtain credit advances for 7 years. This period is called the "draw period." At our option, we may renew or extend the draw period. After the draw period ends the repayment period will begin. The length of the repayment period will never exceed 15 years. You will be required to make monthly payments during both the draw and repayment periods. The payment you make during the draw and repayment periods depends on the payment plan you have.

**Regular Payment:** In the "Regular Payment" plan, you will be required to make monthly payments during the draw and repayment periods. Your payment will be 1.5% of the outstanding balance each month or \$50.00, whichever is greater. 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, you will be required to make more payments until the end of the repayment period. The minimum payment may not repay the outstanding balance by the end of the repayment period. You will then be required to make a single balloon payment at the

maturity date. 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.

Under some circumstances including increases in the annual percentage rate the minimum payment would not cover the finance charges (interest) that is owed and "negative amortization" would be possible. To prevent negative amortization, the minimum payment will be increased to the greater of 1.7% of the outstanding balance or \$50.00. The monthly payment will return to be 1.5% of the monthly balance once negative amortization ceases to be possible.

You can obtain credit advances for 7 years. This period is called the "draw period." At our option, we may renew or extend the draw period. After the draw period ends the repayment period will begin. The length of the repayment period will never exceed 15 years. You will be required to make monthly payments during both the draw and repayment periods. The payment you make during the draw and repayment periods depends on the payment plan you have.

**Interest Only:** In the "Interest Only" payment plan, during the draw period your monthly payment will equal the finance charges (interest) that accrued on the outstanding balance during the preceding month. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. At the beginning of the repayment period we will recalculate your payment. Your payment will be set to repay the balance at the current annual percentage rate over 15 years. Each time the annual percentage rate changes, we will adjust your payment to repay the balance with the original 15 years. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit and all other charges. During the repayment period, your payment will never be less than the smaller of \$50.00 or the full amount that you owe.

Under some circumstances during the draw period, the minimum payment will not cover the finance charges (interest) that is owed and "negative amortization" will occur. For instance, if you elected an optional payment protection product or owed a late fee. You may prevent negative amortization by paying more than the minimum payment. Additionally, the minimum payment will be recalculated at the start of the repayment period to repay all principal owed by the end of the repayment period.

**MINIMUM PAYMENT EXAMPLE – Regular Payment Plan:** If you made only the minimum monthly payment and took no other credit advances it would take 17 years 4 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.25%. During that period, you would make 207 payments ranging from \$50.00 to \$150.00, and one (1) final payment of \$35.60.

**MINIMUM PAYMENT EXAMPLE – Interest Only Plan:** If you made only the minimum monthly payment and took no other credit advances it would

take 22 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.5%. During that period, you would make 84 payments ranging from \$57.53 to \$63.70 followed by 179 payments of \$92.73, and one (1) final payment of \$91.04.

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

Annual Fee: \$50.00 (Due on each anniversary date) (May be waived if average monthly balance over prior 12 months is \$5,000.00 or more, which makes it a finance charge.)

You may have to pay certain fees to third parties to open the plan. These fees generally total between \$0.00 and \$350.00 for plans with credit limits less than \$100,000.00. If your credit limit is \$100,000.00 or more, you will pay third party fees which can reach \$1,000.00 or more. We may pay third party fees on your behalf if your credit limit is less than \$100,000.00 and if you take an initial advance of \$1,500.00. If we pay third party fees on your behalf, you will be liable to pay us \$350.00 if you close the plan within the first three years. 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.

**TAX DEDUCTIBILITY:** You should consult a tax advisor regarding the deductibility of interest and charges for the plan.

**VISA® DEBIT CARD ACCESS:** Upon your request and our approval you may use your VISA Debit Card to access the LOANLINER® Home Equity Plan. If we allow you to use your VISA Debit card to access the Plan, you may be liable for the unauthorized use of your VISA Debit card. You will not be liable for unauthorized use that occurs after you notify us, orally or in writing, of the loss, theft, or possible unauthorized use. If you believe your VISA Debit card has been lost or stolen, immediately inform the Credit Union by calling or writing us at the telephone number of address that appears elsewhere in the Plan. If the card is used to obtain advances directly from the Plan, your liability will not exceed \$50. If the unauthorized withdrawal is from a share draft account, your liability is governed by the Regulation E disclosures you received at the time you received your VISA Debit card.

**ADDITIONAL HOME EQUITY PLANS:** Please ask us about our other available home equity line of credit plans.

**VARIABLE RATE FEATURE:** This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) may change as a result. The annual percentage rate includes only interest and no other costs. If the annual percentage rate increases and you have the Regular Payment plan, you will make more payments and the amount of a balloon payment, if any, could increase. If the annual percentage rate increases and you have the Interest Only plan, your payment will increase.

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 in effect as of one business day prior to 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. The margin you receive is based on the amount of equity in your property and your creditworthiness. Your margin may be lower or higher than the one shown in the Historical Table. 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.

**PREFERRED RATE:** The Annual Percentage Rate will be reduced by .25% if you make loan payments using automatic transfer from a credit union checking or savings account. The annual percentage rate will increase to the non-preferred rate if you discontinue the qualifying service.

**FIXED ANNUAL PERCENTAGE FEATURE:** From time to time you may be able to fix the annual percentage rate for a certain period of time by paying a higher margin. Please contact us to get more information about this offering.

**RATE CHANGES:** The annual percentage rate can change on the first day of each month. 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 4.0% at any time during the term of the plan.

**MAXIMUM RATE AND PAYMENT EXAMPLE – Regular Payment Plan:** If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$170.00. This annual percentage rate could be reached at the time of the 1st payment.

**MAXIMUM RATE AND PAYMENT EXAMPLE – Interest Only Plan:** 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 during the draw period and \$161.04 during the repayment period. This annual percentage rate could be reached at the time of the 1st payment during draw period and the 1st payment during the repayment period.

**HISTORICAL EXAMPLES:** 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 from the last business day of July 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. They do not necessarily indicate how the index or your payments will change in the future.

Historical Tables are on the Following Page

**WALL STREET JOURNAL PRIME RATE INDEX TABLE – Regular Payment Plan**

Year (as of the last business day of July)	Index (Percent)	Margin <sup>(1)</sup> (Percent)	<b>ANNUAL PERCENTAGE RATE</b>	Monthly Payment (Dollars)
1991 .....	8.500	1.00	9.500	150.00
1992 .....	6.000	1.00	7.000	137.73
1993 .....	6.000	1.00	7.000	123.35
1994 .....	7.250	1.00	8.250	110.44
1995 .....	8.750	1.00	9.750	100.14
1996 .....	8.250	1.00	9.250	92.19
1997 .....	8.500	1.00	9.500	84.46
END OF DRAW PERIOD – START OF REPAYMENT PERIOD				
1998 .....	8.500	1.00	9.500	77.55
1999 .....	8.000	1.00	9.000	71.21
2000 .....	9.500	1.00	10.500	65.06
2001 .....	6.750	1.00	7.750	60.36
2002 .....	4.750	1.00	5.750	54.46
2003 .....	4.000	1.00	5.000	50.00 <sup>(2)</sup>
2004 .....	4.250	1.00	5.250	50.00 <sup>(2)</sup>
2005 .....	6.250	1.00	7.250	50.00 <sup>(2)</sup>

<sup>(1)</sup> This is a margin we have used recently; your margin may be different.

<sup>(2)</sup> This payment reflects the minimum payment of \$50.00.

**WALL STREET JOURNAL PRIME RATE INDEX TABLE – Interest Only Plan**

Year (as of the last business day of July)	Index (Percent)	Margin <sup>(1)</sup> (Percent)	<b>ANNUAL PERCENTAGE RATE</b>	Monthly Payment (Dollars)
1991 .....	8.500	1.25	9.750	82.81
1992 .....	6.000	1.25	7.250	61.58
1993 .....	6.000	1.25	7.250	61.58
1994 .....	7.250	1.25	8.500	72.19
1995 .....	8.750	1.25	10.000	84.93
1996 .....	8.250	1.25	9.500	80.68
1997 .....	8.500	1.25	9.750	82.81
END OF DRAW PERIOD – START OF REPAYMENT PERIOD				
1998 .....	8.500	1.25	9.750	105.95
1999 .....	8.000	1.25	9.250	103.08
2000 .....	9.500	1.25	10.750	111.34
2001 .....	6.750	1.25	8.000	97.28
2002 .....	4.750	1.25	6.000	91.64
2003 .....	4.000	1.25	5.250	85.63
2004 .....	4.250	1.25	5.500	86.52
2005 .....	6.250	1.25	7.500	93.13

<sup>(1)</sup> This is a margin we have used recently; your margin may be different.