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Home Equity Early Disclosure

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN (VARIABLE RATE)

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.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 5 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 be 15 years. You will be required to make monthly payments during both the draw and repayment periods. We will round your payment up to the next dollar. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. The payment will be disclosed to you on your monthly periodic statement.

During the draw period, your payment will be 1% of the outstanding balance each month or $100.00, whichever is greater. If the interest rate increases, you will be required to make more payments until the end of the draw period.

During the repayment period, we will calculate your payment to repay the balance at the current annual percentage rate by the end of the repayment period. Your payment may change if the annual percentage rate increases or decreases. Each time the annual percentage rate changes, we will adjust your payment to repay the balance by the end of the repayment period. Your payment will never be less than the smaller of $100.00, or the full amount you owe.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 13 years 6 months to pay off a credit advance of $10,000 at an **ANNUAL PERCENTAGE RATE** of 7.75%. During that period, you would make 60 payments of $100.00, followed by 101 payments of $100.00 and one (1) final payment of $25.77.

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

Application Fee: $200.00 (Due at application)

You must pay certain fees to third parties to open the plan. These fees generally total between $400.00 and $1,500.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

FEE REIMBURSEMENT: The credit union may pay some closing costs on your behalf. If we pay closing costs on your behalf and you close your home equity line of credit within 36 months of the opening date, you agree to reimburse the credit union for up to $750.00 of bona-fide fees paid on your behalf.

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: You must take a minimum initial advance of $5,000.00 when you open the plan. You must borrow at least $250.00 for each subsequent advance.

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.

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. If the annual percentage rate increases, you will have to make more payments during the draw period and higher payments during the repayment period. 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 monthly average of the Six Month Treasury Bill Rate (Auction High). Information about the index is published in the *Wall Street Journal* and is also available from the Treasury Dept. website: www.publicdebt.treas.gov. 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. The margin will be based on your credit score. If the rate is not already rounded we then round up to the next .25%.

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.

RATE CHANGES: The annual percentage rate can change on the last 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 11.75% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 4.25% at any time during the term of the plan. Your minimum APR may be different, based on your credit score.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of $10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 11.75% would be $100.00. This annual percentage rate could be reached at the time of the 1st payment during the draw period. If you had an outstanding balance of $10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 11.75% would be $119.00. This annual percentage rate could be reached at the time of the 1st payment during the repayment period.

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 month of July of each year.

While only one payment per year is shown, payments may have varied during each year. The table assumes 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.

6 MONTH TREASURY BILL RATE INDEX TABLE

Year (as of the month of July)	Index (Percent)	Margin[1] (Percent)	**ANNUAL PERCENTAGE RATE**	Monthly Payment (Dollars)
2011	0.080	3.500	4.250[2]	$100.00
2012	0.140	3.500	4.250[2]	$100.00[3]
2013	0.080	3.500	4.250[2]	$100.00[3]
2014	0.060	3.500	4.250[2]	$100.00[3]
2015	0.120	3.500	4.250[2]	$100.00[3]
2016	0.400	3.500	4.250[2]	$100.00[3]
2017	1.120	3.500	4.750	$100.00[3]
2018	2.120	3.500	5.750	$100.00[3]
2019	2.040	3.500	5.750	$100.00[3]
2020	0.150	3.500	4.250[2]	$100.00[3]
2021	0.050	3.500	4.250[2]	$100.00[3]
2022	2.750	3.500	6.250	
2023	5.260	3.500	9.000	
2024	5.040	3.500	8.750	
2025	4.120	3.500	7.750	

(1) This is a margin we have used recently; your margin may be different.
(2) This **ANNUAL PERCENTAGE RATE** reflects a 4.250% floor. Your floor rate may be different, based on your credit score.
(3) This payment reflects the minimum payment of $100.00.