

Home Equity Line of Credit Program



IMPORTANT TERMS CONCERNING YOUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about our home equity line of credit. You should read it carefully and keep it 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, to not enter into an agreement with us, you are entitled to a refund of any fees that you paid in connection with your application.

SECURITY INTEREST: We will take a mortgage or deed of trust on 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:

- You engage in fraud or material misrepresentation in connection with the plan.
- You do not meet the repayment terms of the plan.
- Your action or inaction adversely affects the collateral for the plan 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 plan declines significantly below its appraised value for purposes of the plan.
- We reasonably believe that 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 of the plan.
- Government action prevents us from imposing the annual percentage rate provided for under the plan or impairs our security interest such that the value of the interest is less than 120% of the credit line.
- A government authority has notified us that continued advances would constitute an unsafe business practice.
- The maximum annual percentage rate is reached.

The initial agreement permits us to make changes to the terms of the plan as permitted by law and specifically permits us to temporarily reduce the annual percentage rate during the plan.

MONTHLY PAYMENTS

Minimum Payment Requirements: You can obtain advances of credit for up to 120 months (the "draw period"). Your payments will be due monthly.

Interest-Only Payments: Your monthly payments will equal the finance charges that accrued on the outstanding balance during the preceding month.

The minimum payment will not reduce the principal that is outstanding on your loan.

After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance within the next 180 months (the "repayment period"). Your payments will be due monthly.

Minimum Payment EXAMPLE:

Interest-Only Payments: If you made only the minimum monthly payments 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 4.00%. During that period, you would make 120 monthly payments varying

between \$30.68 and \$33.97 followed by 179 monthly payments of \$73.97 with 1 final payment of \$83.14.

Fees and Charges: You must pay any taxes or fees, such as documentary fees and transfer fees, imposed by government agencies. We will give you an itemization of the taxes and fees you may have to pay to government agencies.

Transaction Requirements: Elements Equity Access Card purchases are limited to \$10,000 per day and cash advances of \$515 per day. No minimum or maximum limitations for other types of credit extensions.

Tax Deductibility: You should consult a tax advisor regarding the deductibility of interest and charges under the plan.

Variable-Rate Feature: The line has a variable-rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result. The annual percentage rate includes only interest and not other costs.

The annual percentage rate may change each month and will be equal to the sum of the Prime Rate as published in *The Wall Street Journal* on the last day of the previous month on which *The Wall Street Journal* publishes a Prime Rate ("The Index") plus a margin.

Ask us for the current index value, margin and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we send you.

Discounted Introductory Rates: If you receive a discounted introductory rate, your initial APR will not be based on the index and margin used to make later adjustments. The initial rate will be in effect for the time frame described in the introductory offer.

Rate Changes: The annual percentage rate can change monthly. The maximum ANNUAL PERCENTAGE RATE that can apply during the plan is set by the NCUA Board. The current maximum rate is 18%. Apart from this rate "cap," there is no limit on the amount by which the rate can change at any time. This maximum ANNUAL PERCENTAGE RATE could be reached during the first month of the plan.

Maximum Rate and Payment Examples: If at the beginning of the draw period the ANNUAL PERCENTAGE RATE equaled the 18% maximum and you had an outstanding balance of \$10,000:

Under the Interest-Only payment method the minimum monthly payment would be \$152.88.

If in the beginning of the repayment period the ANNUAL PERCENTAGE RATE equaled the 18% maximum and you had an outstanding balance of \$10,000:

Your minimum monthly payment would be \$161.04.

Historical Example: The following table shows how the ANNUAL PERCENTAGE RATE and the minimum monthly 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 January of each year. While only one payment per year is shown, payments would have varied during each year during the draw period.

The tables assume that no additional credit advances were taken and that only the minimum payment was made each month, 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

Table 1 – Mortgage Loan Example

Interest only during Draw Period. Principal and Interest during repayment period. / Initial Loan Balance: \$10,000. / Maximum Rate: 18.00%

	Year	January 1 Index	Contract Margin*	Annual Percentage Rate	Monthly Payment	Remaining Balance as of 12/31
Draw Period 10 Years	2005	4.00%	0.50%	4.50%	\$38	\$10,000
	2006	5.25%	0.50%	5.75%	\$49	\$10,000
	2007	7.25%	0.50%	7.75%	\$66	\$10,000
	2008	8.25%	0.50%	8.75%	\$74	\$10,000
	2009	7.25%	0.50%	7.75%	\$66	\$10,000
	2010	3.25%	0.50%	3.75%	\$32	\$10,000
	2011	3.25%	0.50%	3.75%	\$32	\$10,000
	2012	3.25%	0.50%	3.75%	\$32	\$10,000
	2013	3.25%	0.50%	3.75%	\$32	\$10,000
	2014	3.25%	0.50%	3.75%	\$32	\$10,000
Repayment Period 15 Years Principal & Interest	2015	3.25%	0.50%	3.75%	\$73	\$9,538
	2016	3.25%	0.50%	3.75%	\$73	\$9,017
	2017	3.75%	0.50%	4.25%	\$75	\$8,490
	2018	4.50%	0.50%	5.00%	\$79	\$7,988
	2019	5.50%	0.50%	6.00%	\$83	\$7,522

*This is a margin we have used recently; your margin may be different. Your margin will be based on credit history and other factors.