

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN

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 10 years. This period is called the "draw period." At our option, we may renew or extend the draw period. The length of the repayment period will depend on the outstanding balance at the end of the draw period and changes in the interest rate, if applicable, but will never be greater than 20 years. During the draw period your monthly payment will equal the finance charges (interest) that accrued on the outstanding balance during the preceding month, plus any minimum payment(s) from any Fixed Rate Loan Portion(s). 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 20 years. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the original 20 years. Your payment will never be less than the smaller of \$100.00, or the full amount that you owe.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 24 years 7 months to pay off a credit advance of \$10,000 at an **ANNUAL**

PERCENTAGE RATE of 8.5%. During that period, you would make 120 payments of \$65.21 to \$72.19, followed by 174 payments of \$100.00 and one (1) final payment of \$61.38.

FEES AND CHARGES: You must pay certain fees to third parties to open the plan. These fees generally total between \$500.00 and \$4,000.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

FEE REIMBURSEMENT: The member pays for the appraisal. The Credit Union will pay the bona-fide third party fees to your corresponding credit limit up to and including \$500,000, provided the credit line is not closed during the initial 3 year period. If you fail to meet this requirement, you will have to reimburse the Credit Union for all bona-fide third party fees paid on your behalf. This also applies to mortgage property that is sold within the initial 3 year period. Any closing fees associated with Credit lines exceeding \$500,000.00 including the mortgage tax and title insurance premium will be the responsibility of the member.

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. The following notice is required by New York law. You are required to obtain property insurance on the property that is security for your mortgage loan. We cannot require you to obtain an insurance policy in excess of the replacement cost of the improvements on the property securing the loan.

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.

TRANSACTION REQUIREMENTS: To receive the initial discounted rate the following conditions will apply:

- Lines up to \$100,000 require a minimum \$15,000 initial advance and maintain a balance of \$10,000 during the initial fifteen (15) months.
- Lines between \$100,000.01 and \$250,000 require a minimum \$35,000 initial advance and maintain a balance of \$25,000 during the initial fifteen (15) months.
- Lines \$250,000.01 and greater require a minimum \$65,000 initial advance and maintain a balance of \$50,000 during the initial fifteen (15) months.

If you fail to meet these requirements, the initial discounted rate will no longer be in effect.

VARIABLE RATE FEATURE: This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum payment may change as a result. 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 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 value available to us as of the 25th of the month previous to 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. If the rate is not already rounded we then round up to the next 0.25%.

The initial annual percentage rate may be "discounted" - if it's discounted it is not based on the index and margin used for later rate adjustments. If the initial rate is discounted, it will be in effect for 15 months.

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

MARGIN: The margin that will apply to your plan is based on the loan to value of your property and your credit score. Please ask a loan officer for your particular margin.

RATE CHANGES: The annual percentage rate can change on the first 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 18.0% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 3.0% at any time during the term of the plan.

MAXIMUM RATE AND PAYMENT EXAMPLES:

Draw Period - 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. If the annual percentage rate is discounted, this annual percentage rate could be reached at the time of the 16th payment. If the annual percentage rate is not discounted, this annual percentage rate could be reached at the time of the 1st payment.

Repayment Period - If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of

18.0% would be \$154.41. If the annual percentage rate is discounted, this annual percentage rate could be reached at the time of the 1st payment. If the annual percentage rate is not discounted, this annual percentage rate could be reached at the time of the 1st payment.

FIXED RATE OPTION: During the draw period, this plan has a fixed rate option (the "option") which you may exercise for up to three (3) advances any one time. The option must be exercised for an advance of a least \$10,000.00.

At the time that you exercise the option, that portion of your balance will have a fixed rate. You may exercise the option at different times and therefore have different "Fixed Rate Loan Portions." You may not exercise the option if your credit limit will be exceeded. Your credit limit will apply to the combined total of all amounts owing under the variable rate and fixed rate features. All future advances will be at the current variable rate according to the terms disclosed above, unless another option is exercised.

When you exercise the option, the interest rate will be fixed on the balance you select until the balance is repaid. Your fixed interest rate will be equal to the value of the Prime Rate published in *The Wall Street Journal* at the time you exercise the option plus a margin. You can call us to find out the then current prime rate and margin. If you elect the option, your minimum payment will be calculated separately for the minimum payment on your variable rate and other Fixed Rate Loan Portions. Your minimum payment will be set to repay the balance, at the applicable fixed rate within a payoff period of up to 240 months. Your payment will include all amounts past due and all other charges.

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 as of 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 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.

WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of July)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
			Non-Discount	Non-Discount	Discount	Discount
2010.....	3.250	0.00	3.250	27.60	1.990 ⁽³⁾	16.90
2011.....	3.250	0.00	3.250	27.60	1.990 ⁽³⁾	16.90
2012.....	3.250	0.00	3.250	27.60	3.250	27.60
2013.....	3.250	0.00	3.250	27.60	3.250	27.60
2014.....	3.250	0.00	3.250	27.60	3.250	27.60
2015.....	3.250	0.00	3.250	27.60	3.250	27.60
2016.....	3.500	0.00	3.500	29.73	3.500	29.73
2017.....	4.250	0.00	4.250	36.10	4.250	36.10
2018.....	5.000	0.00	5.000	42.47	5.000	42.47
2019.....	5.500	0.00	5.500	46.71	5.500	46.71
2020.....	3.250	0.00	3.250	100.00 ⁽²⁾	3.250	100.00 ⁽²⁾
2021.....	3.250	0.00	3.250	100.00 ⁽²⁾	3.250	100.00 ⁽²⁾
2022.....	5.500	0.00	5.500	100.00 ⁽²⁾	5.500	100.00 ⁽²⁾
2023.....	8.500	0.00	8.500	100.00 ⁽²⁾	8.500	100.00 ⁽²⁾
2024.....	8.500	0.00	8.500	100.00 ⁽²⁾	8.500	100.00 ⁽²⁾

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

⁽²⁾ This payment reflects the minimum payment of \$100.00.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.