



P.O. Box 20525
Phoenix, AZ 85036

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about our Home Equity Line of Credit. 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 prior to the opening of your Home Equity account. 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 you paid to us or anyone else in connection with your application.

Security Interest: We will take a mortgage 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 if:

- You engage in fraud or material misrepresentation in connection with the line.
- You do not meet the repayment terms.
- 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:

- The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- We reasonably believe 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 in the agreement.

- Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.

- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.

- The maximum annual percentage rate is reached.

Minimum Payment Requirement: The length of the draw period is five (5) years. The Credit Union at its option may extend the draw period. After the Draw Period ends the repayment period will begin and you will no longer be able to obtain credit advances. The length of the repayment period is 10 years (120 months). Your minimum monthly payment will equal the greater of 1.50% of your outstanding loan balance or \$150.00 plus any past due amount, plus any amount in excess of your credit limit and all other charges. You agree to always pay the minimum amount due on or before the due date.

Credit Union reserves the right to recalculate the payment if necessary upon an annual review of accounts on January 1 of each year (or the first working day after that date) to avoid negative amortization and to ensure the balance is paid within the repayment period.

Minimum Payment Example: If you made only the minimum payment and took no other credit advances, it would take 6 years and 8 months to pay off a credit advance of 10,000 at an ANNUAL PERCENTAGE RATE of 6.250%. You would make 60 monthly payments of \$150.00 during the draw period. You would make 22 monthly payments of \$150.00 during the repayment period. You would then make a final payment of \$15.73.

Third Party Fees: For any loan paid off for any reason within the first two years of the loan; you will reimburse us \$350.00 for administrative charges incurred. You must carry insurance on the property that secures this loan.

Transaction Requirements: The minimum amount of the first draw is \$5,000.00. The minimum draw you can receive after the first draw is \$500.00.

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

Variable-Rate Feature: This plan has a variable-rate feature and the annual percentage rate may change (corresponding to the periodic rate), and the minimum payment can 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.

Description of Index: The index is the highest Prime Rate as published in the *Wall Street Journal*.

Source of Index: The index is published in the *Wall Street Journal* on the last business day of November and May. If the index is no longer available, we will choose a new index which is based on comparable information. To determine the annual percentage rate that will apply to your line, we add a margin to the value of the index.

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

Rate Changes: The Annual Percentage Rate can change semi-annually on the first day of January and July. The maximum ANNUAL PERCENTAGE RATE that can apply during the Plan is 16.000%. The minimum ANNUAL PERCENTAGE RATE that can apply during the Plan is 5.000%.

Maximum Rate and Payment Examples: 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 16.000% would be \$150.00. This Annual Percentage Rate could be reached after the first six months of the draw 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 first business day of January 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.

YEAR	INDEX (%)	MARGIN* (%)	ANNUAL PERCENTAGE RATE	MINIMUM PAYMENT (\$)
2002	4.750	3.000	7.750	150.00
2003	4.250	3.000	7.250	150.00
2004	4.000	3.000	7.000	150.00
2005	5.250	3.000	8.250	150.00
2006	7.250	3.000	10.250	150.00
2007	8.250	3.000	11.250	150.00
2008	7.250	3.000	10.250	150.00
2009	3.250	3.000	6.250	150.00
2010	3.250	3.000	6.250	150.00
2011	3.250	3.000	6.250	150.00
2012	3.250	3.000	6.250	150.00
2013	3.250	3.000	5.00**	150.00
2014	3.250	3.000	5.00**	
2015	3.250	3.000	5.00**	
2016	3.500	3.000	5.00**	

* This is a margin we have used recently.

** This rate represents the minimum 5% rate.

I/We hereby acknowledge receipt of this disclosure and a copy of the home equity brochure or comparable publication provided by the lender.

(Recipient) Date (Recipient) Date