

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about your Home Equity Open-End 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 any of 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 paid to us or anyone else in connection with your application.

Security Interest: We will take a 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:

Termination and Acceleration

We can terminate the Home Equity Open-End Credit Plan and require you to pay us the entire outstanding balance in one payment and charge you certain fees if:

- (a) you commit fraud or material misrepresentation at any time in connection with this Plan;
- (b) you do not meet the repayment terms of this Plan;
- (c) your action or inaction adversely affects the collateral for the Plan or our rights in the collateral.

Suspension or Reduction

We can refuse to make additional extensions of credit or reduce your Credit Line if:

- (a) the value of your dwelling declines significantly below its appraised value for purposes of this Plan;
- (b) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances;
- (c) you are in default of a material obligation of this Plan;
- (d) government action prevents us from imposing the **ANNUAL PERCENTAGE RATE** provided for under this Plan or impairs our security interest such that the value of the interest is less than 120 percent of the credit line;
- (e) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice;
- (f) the maximum **ANNUAL PERCENTAGE RATE** under this Plan is reached.

Change in Terms

Our home equity credit agreement permits us to make certain changes to the terms of this Plan at specified times or upon the occurrence of specified events.

Accessing your Plan - Variable Rate and Fixed Rate Options. Under your Bellco Home Equity ChoiceLine, You may obtain credit advances for 10 years. This period is called the "draw period". During the Draw Period, you may obtain advances under the Variable Rate Subaccount or the Fixed Rate Subaccount. You may not have more than 3 Fixed Rate sub-loans outstanding at any given time. The total amount of advances under both the Variable Rate Subaccount and the Fixed Rate Subaccount may not exceed your credit limit. For example, if you have a credit limit of \$50,000, you may have 1 Variable Rate Subaccount and up to 3 Fixed Rate subaccounts with any combination of amounts outstanding, up to \$50,000. For your convenience, each minimum monthly payment for each subaccount will be combined into one monthly payment. Your payments, unless otherwise specified, will be applied based on advance date as follows: *Fixed-Rate Advance (if taken):* Late fee (if applicable), Interest due, Principal; *Variable-Rate Advances (when taken):* Payment applied as disclosed below under the "Variable Rate Subaccount Disclosures" section.

FIXED RATE SUBACCOUNT DISCLOSURES: *The following disclosures apply if you take a Fixed-Rate Advance:*

Minimum Payment Requirements: After your initial advance you must begin repaying the outstanding balance. You may choose a repayment period of up to 20 years (but the repayment period shall not exceed the Maturity Date). Your minimum monthly payment shall be an amount sufficient to repay the fixed rate account balance in substantially equal payments over the repayment period that you choose. Your minimum monthly payment will include any amount past due, any amounts by which you have exceeded your Credit Limit, and all other charges. When you request a fixed-rate advance, we will provide you with a Fixed Rate Advance Receipt that sets forth your minimum monthly payment.

Annual Percentage Rate: Under the fixed-rate subaccount(s), the **Annual Percentage Rate** is the index plus or minus any premium or discount determined by the Credit Union for your specific credit risk at the time you are first approved for your Home Equity Line of Credit plus a margin of up to 4.00% at the time you take a fixed rate advance. The actual Annual Percentage Rate that you receive will be disclosed to you at the time of your advance. The range of fixed **ANNUAL PERCENTAGE RATES** that we have recently offered are 5.00% to 13.00%. The actual Annual Percentage Rate that you receive will be based on your credit history. The Annual Percentage Rate does not include costs other than interest.

Minimum Payment Example:

10-Year Repayment: If you took a fixed rate advance of \$10,000 at 6.50%, it would take you 10 years to pay off the balance. During that time, you would make 120 payments of \$113.55.

20-Year Repayment: If you took a fixed rate advance of \$10,000 at 6.50%, it would take you 20 years to pay off the balance. During that time, you would make 240 payments of \$74.56.

Transaction Requirements: The minimum advance amount for fixed-rate advances is \$5,000. You may not have more than 3 fixed-rate subaccounts outstanding at any given time.

VARIABLE RATE SUBACCOUNT DISCLOSURES: *The following disclosures apply if you take a Variable Rate Advance:*

Minimum Payment Requirements: You can obtain credit advances for 10 years. This period is called the "draw period". After the draw period ends you will no longer be able to obtain credit advances and the repayment period will begin.

During the draw period, you may choose 1 of 2 payment options: (1) you may pay the accrued interest each month, or (2) you may pay 1% of the principal balance, \$50.00, or the accrued interest, whichever is greater. Both payment options will also include any amounts past due, any amounts by which you have exceeded your Credit Limit, and all other amounts due.

During the repayment period you will make payments in an amount sufficient to repay the balance outstanding at the end of the draw period in equal monthly installments over a payoff period of 120 months.

Balances of less than \$50.00 must be paid in full.

Minimum Payment Example:

Interest Only Draw Option: If you made only the minimum monthly payment and took no other credit advances, it would take 20 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.50%. During the draw period, you would make 120 monthly payments of \$50.00 followed, during the repayment period, by 120 monthly payments of \$84.57.

1% Draw Option: If you made only the minimum monthly payment and took no other credit advances, it would take 19 years and 10 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.50%. During the draw period, you would make 120 monthly payments varying between \$100.00 and \$50.00 followed, during the repayment period, by 117 monthly payments of \$50.00, with a final payment of \$33.77.

Transaction Requirements: There is no minimum credit advance amount for the first advance or for subsequent advance. There is no limit to the number of advances that you may obtain. There is no minimum account balance requirement. You may obtain credit advances in any manner authorized by the Credit Union from time to time.

ANNUAL PERCENTAGE RATE:

Variable Rate Feature (Draw Period): During the Draw Period, this plan has a variable rate feature and the **ANNUAL PERCENTAGE RATE** and minimum payment can change if the Index changes. The **ANNUAL PERCENTAGE RATE** does not include costs other than interest.

The **ANNUAL PERCENTAGE RATE** is based on the value of an Index. The Index is the highest rate of interest identified as the 'Prime Rate' in the 'Money Rates' column of the *Wall Street Journal*. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account, we add a margin based on your creditworthiness to the value of the Index. Ask us for the current Index value, margins and **ANNUAL PERCENTAGE RATES**. After you open an account, rate information will be provided on periodic statements that we send you.

Rate Changes: During the draw period, the **ANNUAL PERCENTAGE RATE** can change monthly on the first day of the month and will be based on the rate as of the last business day of the preceding month. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the plan is 21%. The minimum **ANNUAL PERCENTAGE RATE** that can apply during the plan is 3.75%.

Fixed Rate (Repayment Period): During the repayment period, your **ANNUAL PERCENTAGE RATE** shall be fixed at the rate in effect at the time the repayment period begins.

Maximum Rate and Payment Example:

Interest Only Draw Option: 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 21% would be \$175.00. This **ANNUAL PERCENTAGE RATE** could be reached in the first month following an initial hold of 1 month.

If you had an outstanding balance of \$10,000 at the beginning of the repayment period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 21% would be \$199.93. This **ANNUAL PERCENTAGE RATE** could be reached in the first month following an initial hold of 1 month.

1% Draw Option: 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 21% would be \$175.00. This **ANNUAL PERCENTAGE RATE** could be reached in the first month following an initial hold of 1 month.

If you had an outstanding balance of \$10,000 at the beginning of the repayment period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 21% would be \$199.93. This **ANNUAL PERCENTAGE RATE** could be reached in the first month following an initial hold of 1 month.

DISCLOSURES APPLYING TO ALL SUBACCOUNTS:

Fees and Charges: In order to open and maintain an account, you must pay certain fees and charges. The following fees must be paid to us:

Late Charge: If your payment is more than 10 days past due, you will be charged \$15.00 per each past-due subaccount.

Check Fee: If you access your Plan via check, the first 25 checks are free of charge. Thereafter, each check order may incur a processing fee up to \$12.00.

Non-Sufficient Funds: Up to \$31.00

Return Check Fee: Up to \$10.00

Stop Payment Fee: Up to \$36.00

Check Copies: Up to \$2.00 each

You must also pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These fees generally total approximately \$105.00 to \$1,538.00. Upon request, we will provide you with an itemization of the fees you will have to pay to third parties.

You must carry insurance (including mandatory flood insurance if required) on the property that secures this Plan.

Prepayment: You may prepay all or any amounts owing under this Plan without penalty.

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

Refundability of Fees: If you decide not to enter into this Plan within three business days of receiving this disclosure and the handbook entitled "What You Should Know About Home Equity Lines of Credit," you are entitled to a refund of any fees you may have already paid.

Historical Examples for the Variable Rate Subaccount: The following tables show how the 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 Monday in December. If the first Monday is a holiday then the index values are from the first business day following that Monday.

The tables assume that no additional credit advances were taken and that only the minimum payment was made. It does not necessarily indicate how the index or your payments would change in the future.

INTEREST ONLY DRAW OPTION:

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
2002	4.25	1.00	5.25	\$50.00
2003	4.00	1.00	5.00	\$50.00
2004	5.00	1.00	6.00	\$50.00
2005	7.00	1.00	8.00	\$65.37
2006	8.25	1.00	9.25	\$75.58
2007	7.50	1.00	8.50	\$69.46
2008	4.00	1.00	5.00	\$50.00
2009	3.25	1.00	4.25	\$50.00
2010	3.25	1.00	4.25	\$50.00
2011	3.25	1.00	4.25	\$50.00
2012 (2)	N/A	N/A	4.25 (3)	\$93.66
2013	N/A	N/A	4.25 (3)	\$93.66
2014	N/A	N/A	4.25 (3)	\$93.66
2015	N/A	N/A	4.25 (3)	\$93.66
2016	N/A	N/A	4.25 (3)	\$93.66

1. This is a margin we have used recently; your margin may be different, and based on your creditworthiness.

2. The repayment period begins in this year.

3. The Annual Percentage Rate during the repayment period is fixed at the rate in effect at the time the repayment period begins, which in this example, was 2012. If your repayment period began in December, 2016, the **ANNUAL PERCENTAGE RATE** would be fixed at 4.50%.

1% DRAW OPTION:

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
2002	4.25	1.00	5.25	\$100.00
2003	4.00	1.00	5.00	\$93.45
2004	5.00	1.00	6.00	\$87.12
2005	7.00	1.00	8.00	\$82.03
2006	8.25	1.00	9.25	\$78.81
2007	7.50	1.00	8.50	\$76.67
2008	4.00	1.00	5.00	\$74.03
2009	3.25	1.00	4.25	\$69.01
2010	3.25	1.00	4.25	\$63.85
2011	3.25	1.00	4.25	\$59.07
2012 (2)	N/A	N/A	4.25 (3)	\$56.55
2013	N/A	N/A	4.25 (3)	\$56.55
2014	N/A	N/A	4.25 (3)	\$56.55
2015	N/A	N/A	4.25 (3)	\$56.55
2016	N/A	N/A	4.25 (3)	\$56.55

1. This is a margin we have used recently; your margin may be different, and based on your creditworthiness.

2. The repayment period begins in this year.

3. The Annual Percentage Rate during the repayment period is fixed at the rate in effect at the time the repayment period begins, which in this example, was 2012. If your repayment period began in December, 2016, the **ANNUAL PERCENTAGE RATE** would be fixed at 4.50%.