

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.

In this disclosure, the words "You," "Your," and "Yours" mean each and every person who signs the Plan application or uses the Plan. The words "We," "Us," "Our," "Holder," and "Credit Union" mean Bellco Credit Union.

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, the loan term will be 20 years. You may obtain credit advances during the first 10 years. This period is called the "Draw Period". During the Draw Period, you may obtain credit advances under the Variable Rate Subaccount or any Fixed Rate Subaccount. You may only have one (1) Variable Rate Subaccount and no more than three (3) Fixed Rate Subaccounts outstanding at any given time. The total amount of credit advances under the Variable Rate Subaccount and all open Fixed Rate Subaccounts may not exceed your credit limit. For example, if you have a credit limit of \$50,000, the aggregate total of any outstanding Subaccount you have under this Plan cannot exceed \$50,000. For your convenience, each minimum monthly payment for each subaccount will be combined into one monthly payment.

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

Minimum Payment Requirements: Immediately after your initial advance, no later than your Due Date, you must begin repaying the account 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 amount shall be an amount sufficient to repay the fixed rate account balance, plus any Finance Charges, fees, expenses, and credit insurance premiums that continue to accrue during the repayment period, in substantially equal payments over the remaining term of the repayment period at the commencement of your repayment period. Upon commencement of any Fixed Rate Subaccount, we will provide you with a Fixed Rate Advance Receipt that sets forth your Fixed Rate Minimum Monthly Payment Amount with a new respective account number.

Annual Percentage Rate: Under any Fixed-Rate Subaccount, 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 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%. At the commencement of your Fixed-Rate Subaccount, the actual Annual Percentage Rate that you receive will be the rate in effect for the Holder's standard fixed rate subaccounts based on your creditworthiness, combined loan-to-value ratio, and lien position at the time you applied for the account. 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 any fixed rate advance is \$5,000. You may not have more than three (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 for the Variable Rate Subaccount, you must choose 1 of 2 payment options. The Minimum Monthly Draw Period Payment is the greater of (1) your payment under Payment Option 1 or Payment Option 2, whichever you chose; or (2) fifty dollars (\$50.00). Payment Option 1 is one percent (1.00%) of your Variable Rate Subaccount Account Balance on the last day of the Billing Cycle. Payment Option 2 is the amount of finance charges that accrued on your Variable Rate Subaccount during the preceding billing cycle. 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.

At the commencement of the repayment period, no later than your payment Due Date, you will begin repaying your account balance. The rate used during your repayment period will be fixed at the rate in effect at the time the repayment period begins for the Holder's standard fixed rate subaccounts based on your creditworthiness, combined loan-to-value, and lien position at the time you applied for your Account. Your Variable Rate Subaccount minimum monthly repayment period payment amount will be an amount sufficient to repay the account balance of your Variable Rate Subaccount, plus any finance charges, fees, expenses, and credit insurance premiums that continue to accrue during the repayment period, in substantially equal payments over the remaining term of the repayment period (i.e., 10 years).

Minimum Payment Example:

Interest Only Repayment 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 4.25%. During the draw period, you would make 120 monthly payments of \$50.00 followed, during the repayment period, by 120 monthly payments of \$80.66.

1% Repayment Option: If you made only the minimum monthly payment and took no other credit advances, it would take 19 years and 5 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.25%. During the draw period, you would make 120 monthly payments varying between \$100.00 and \$50.00 followed, during the repayment period, by 112 monthly payments of \$50.00, with a final payment of \$6.51.

Transaction Requirements: There is no minimum credit advance amount for the first advance or for any 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.

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, and combined loan-to-value ratio, at the time you applied for your account to the value of the Index. Ask us for the current Index value, margins and APR's. After you open an account, rate information will be provided on your periodic statement.

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** (Floor Rate) that can apply during the plan is 3.75%.

Fixed Rate (Repayment Period): At the commencement of your repayment period, your **ANNUAL PERCENTAGE RATE** shall be fixed at the rate in effect for the Holder's standard fixed rate subaccounts based on your creditworthiness, combined loan-to-value and lien position at the time you applied for the account.

Maximum Rate and Payment Example:

Interest Only Repayment 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% Repayment 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 book of 25 checks is free of charge. Thereafter, each check order may incur a processing fee of \$12.00.

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 REPAYMENT OPTION:

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
2005	7.00	1.00	8.00	\$66.67
2006	8.25	1.00	9.25	\$77.08
2007	7.50	1.00	8.50	\$70.83
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	3.25	1.00	4.25	\$50.00
2013	3.25	1.00	4.25	\$50.00
2014	3.25	1.00	4.25	\$50.00
2015 (2)	N/A	N/A	4.25 (3)	\$89.37
2016	N/A	N/A	4.25 (3)	\$89.37
2017	N/A	N/A	4.25 (3)	\$89.37
2018	N/A	N/A	4.25 (3)	\$89.37
2019	N/A	N/A	4.25 (3)	\$89.38

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 2015. If your repayment period began in December, 2019, the **ANNUAL PERCENTAGE RATE** would be fixed at 5.75%.

1% REPAYMENT OPTION:

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
2005	7.00	1.00	8.00	\$100.00
2006	8.25	1.00	9.25	\$96.07
2007	7.50	1.00	8.50	\$93.46
2008	4.00	1.00	5.00	\$90.24
2009	3.25	1.00	4.25	\$84.13
2010	3.25	1.00	4.25	\$77.83
2011	3.25	1.00	4.25	\$72.01
2012	3.25	1.00	4.25	\$66.62
2013	3.25	1.00	4.25	\$61.64
2014	3.25	1.00	4.25	\$57.03
2015 (2)	N/A	N/A	4.25 (3)	\$54.60
2016	N/A	N/A	4.25 (3)	\$54.60
2017	N/A	N/A	4.25 (3)	\$54.60
2018	N/A	N/A	4.25 (3)	\$54.60
2019	N/A	N/A	4.25 (3)	\$54.60

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 2015. If your repayment period began in December, 2019, the **ANNUAL PERCENTAGE RATE** would be fixed at 5.75%.