



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. After the draw period ends the repayment period will begin. The length of the repayment period will depend on the plan's credit limit and the maximum length will be 180 months, as shown in the following Repayment Period Table:

Credit Limit		Repayment Period
Up To	- \$40,000.00	84 Monthly Payments
\$40,000.01	- \$75,000.00	120 Monthly Payments
\$75,000.01	- And above	180 Monthly Payments

You will be required to make monthly payments during both the draw and repayment periods. During the draw period, your payment will be 1.25% of the outstanding balance each month. If the interest rate increases, you will be required to make more payments until the end of the draw period. If the interest rate increases so much that the minimum payment is not adequate to pay the accrued finance charges (interest), we will increase your payment to 1.50% of the outstanding balance each month to prevent negative amortization from occurring. If the interest rate decreases after we made the adjustment for negative amortization, your payment will revert back to 1.25% of the outstanding balance each month.

At the beginning of the repayment period, your payment will be amortized to repay the outstanding balance at the current annual percentage rate, within the repayment period disclosed in the Repayment Period Table. During the repayment

period, your payment may change if the annual percentage rate increases or decreases. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the time remaining to maturity.

During both the draw and repayment periods: your payment will include any amounts past due and any amount by which you have exceeded your credit limit and all other charges; we will round the payment up to the next highest dollar; your payment will never be less than the smaller of \$25.00, 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 16 years 11 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.7%. During that period, you would make 120 payments of \$45.00 to \$125.00, followed by 82 payments of \$50.00 and one (1) final payment of \$27.00.

**OVERDRAFT PROTECTION:** Upon your request and our approval, we may allow you to advance funds under the plan to pay for overdrafts.

**FEES AND CHARGES:** Certain fees are paid to third parties such as appraisers, credit reporting firms, and government agencies. These fees vary according to property location but typically range between \$386 and \$566. If you ask, we will provide you with an itemization of the fees you may have to pay to third parties.

TFCU requires title insurance for loan requests of \$100,000 or more. The cost of the title insurance policy is based on your loan amount; the typical range is \$480 to \$800. In addition, you will be required to pay the fees for abstracting and other related title work whether or not TFCU funds this loan. These fees normally range from \$750 to \$950.

**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.

**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.

**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 10 days before the date of 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. The initial annual percentage rate may be "discounted" - not based on the index and margin used for later rate adjustments. When an initial "discounted" rate is offered it will be in effect through the time frame

disclosed on the Heloc Addendum provided to you at closing. We have recently offered an initial "discounted" rate in effect for up to 12 months from the opening date of the plan. This disclosure's loan examples will assume a discount time frame for 12 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.

**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 14.00% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 3.00% at any time during the term of the plan.

**MARGIN:** The margin you receive will be based on your credit score, and the amount of your equity in the property offered as collateral commonly referred to as Loan to Value (LTV). Please ask us for the margin that you qualify for. You may receive a different margin than what appears in the Historical Example.

**MAXIMUM RATE AND PAYMENT EXAMPLES:** During the draw period, if you had an outstanding balance of \$10,000, the minimum payment at the maximum

**ANNUAL PERCENTAGE RATE** of 14.00% would be \$125.00. If the annual percentage rate is discounted, this annual percentage rate could be reached at the time of the 13th payment. If the annual percentage rate is not discounted, this annual percentage rate could be reached at the time of the 1st payment.

During the repayment period, if you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 14.00% would be \$188.00. This annual percentage rate could be reached at the time of the 1st payment.

**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 last 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.

WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of January)	Index (Percent)	Margin <sup>(1)</sup> (Percent)	WITHOUT DISCOUNT		WITH DISCOUNT	
			<b>ANNUAL PERCENTAGE RATE</b>	Monthly Payment (Dollars)	<b>ANNUAL PERCENTAGE RATE</b>	Monthly Payment (Dollars)
2003.....	4.250	0.95	5.200	125.00	1.990 <sup>(2)</sup>	125.00
2004.....	4.000	0.95	4.950	114.00	4.950	110.00
2005.....	5.250	0.95	6.200	103.00	6.200	100.00
2006.....	7.500	0.95	8.450	94.00	8.450	91.00
2007.....	8.250	0.95	9.200	88.00	9.200	85.00
2008.....	6.000	0.95	6.950	83.00	6.950	80.00
2009.....	3.250	0.95	4.200	77.00	4.200	74.00
2010.....	3.250	0.95	4.200	69.00	4.200	66.00
2011.....	3.250	0.95	4.200	62.00	4.200	60.00
2012.....	3.250	0.95	4.200	55.00	4.200	53.00
2013.....	3.250	0.95	4.200	55.00	4.200	53.00
2014.....	3.250	0.95	4.200	55.00	4.200	53.00
2015.....	3.250	0.95	4.200	55.00	4.200	53.00
2016.....	3.500	0.95	4.450	54.00	4.450	52.00
2017.....	3.750	0.95	4.700	54.00	4.700	53.00

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

<sup>(2)</sup> This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.