

# 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.

**1. 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 have paid to us or anyone else in connection with your application.

**2. 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.

**3. POSSIBLE ACTIONS.** Under certain circumstances, we can:  
 A. Terminate your line of credit and require you to pay us the entire outstanding balance in one payment;  
 B. Refuse to make additional extensions of credit; and  
 C. Reduce your credit limit.

We can terminate your line of credit and require you to pay us the entire outstanding balance in one payment if:

- A. You engage in fraud or material misrepresentation in connection with the line of credit;
- B. You fail to make a payment as required by the agreement; or
- C. 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:

- A. The value of the dwelling securing the line of credit declines significantly below its appraised value for purposes of the line of credit;
- B. We reasonably believe you will not be able to meet the repayment requirements under the line of credit due to a material change in your financial circumstances;
- C. You are in default of a material obligation of the agreement;
- D. Government action prevents us from imposing the annual percentage rate provided for in the agreement, or impairs our security interest such that the value of the interest is less than 120 percent of the credit limit on the line of credit;
- E. A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; or
- F. The maximum annual percentage rate is reached.

**4. MINIMUM PAYMENT REQUIREMENTS.** You can obtain credit advances for 5 years (the "draw period"). At the credit unions option, we may renew or extend the draw period. During this period, payments will be due monthly. The length of the repayment period will depend on the balance at the time of the last advance you obtain before the draw period ends. You will be required to make a monthly payment during both the draw period and the repayment period. At the time of each advance a payoff period will be established. The payoff period will vary depending on the amount of your outstanding balance after you obtain an advance. The payoff period is listed below:

Range of Balance	Payoff Period
\$0.00 - \$5,000.00	60 monthly payments
\$5,000.01 - \$10,000.00	84 monthly payments
\$10,000.01 - \$20,000.00	120 monthly payments
\$20,000.01 and above	240 monthly payments

The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. The payment will be set to repay the balance after each advance, at the current annual percentage rate, within the payoff period. Your payment will remain the same unless you obtain an advance. Your payment may change if the annual percentage rate increases or decreases. A change in the annual percentage rate can cause the balance to be repaid more quickly or more slowly. If the annual percentage rate has changed, we will adjust your payment to repay the balance within the payoff period. Each time the annual percentage rate changes, we will check to see if the payment is sufficient to pay the interest that is due. If not we will increase your monthly payment to repay the balance at the new annual percentage rate within the payoff period. Your payment will include any amounts past due, and all other charges. Your payment will never be less than \$60.00 or the full amount that you owe.

**5. MINIMUM PAYMENT EXAMPLE.** If you made only the minimum monthly payment and took no other credit advances, it would take 7 years to pay off an advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 3.25%. During that period, you would make 83 monthly payments of \$133.28 and one (1) final payment of \$133.18.

**6. FEES AND CHARGES.** You must pay certain fees to third parties, such as appraisers, credit reporting firms, and government agencies. These fees generally total \$35.00 to \$900.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

You must carry insurance on the property that secures the line of credit.

**7. REFUNDABILITY OF FEES.** If you decide not to enter into this plan within three days of receiving this disclosure and the Home Equity Booklet, you are entitled to a refund of any fee you may have already paid.

**8. MINIMUM DRAW REQUIREMENTS.** The minimum credit advance that you can receive is \$300.00. The minimum initial credit advance must be at least \$3,000.00.

**9. TAX DEDUCTIBILITY.** You should consult a tax advisor regarding the deductibility of interest and charges for the line of credit.

**10. VARIABLE RATE FEATURES.** This line of credit has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result. The annual percentage rate includes only interest and not other costs. The annual percentage rate is based on the value of an index. The index is the Prime Rate published in the Money Rate column of the Wall Street Journal. 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 be applied to your line of credit, we add a margin to the value of the index and then round up to the nearest .25%. Ask us for the current index value, margin, and annual percentage rate. After you open a line of credit, rate information will be provided on periodic statements that we send you.

**11. RATE CHANGES.** The annual percentage rate can change quarterly. There is no limit on the amount by which the rate can change in any one year period. The maximum ANNUAL PERCENTAGE RATE that can apply during the line of credit is 18.000 percent. The minimum ANNUAL PERCENTAGE RATE that can apply during the line of credit is 3.000 percent.

**12. MAXIMUM RATE AND PAYMENT EXAMPLES.** If you had an outstanding balance of \$10,000.00 at the beginning of the draw period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18.000 percent would be \$210.18. The maximum annual percentage rate during the draw period, could be reached in the 1st month (1 month) following an initial hold of 3 months.

**13. HISTORICAL EXAMPLES.** The following table shows how the annual percentage rate and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the last 15 years. The index values are from the last business day of January. The table assumes that no additional credit advances were taken, that only the minimum payment was made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

Year	Index (%)	Margin (%)	APR (%)	Minimum Monthly Payment (\$)
1997	8.250	0.000	8.250	157.10
1998	8.500	0.000	8.500	155.38
1999	7.750	0.000	7.750	154.61
2000	8.500	0.000	8.500	155.38
2001	9.000	0.000	9.000	160.88
2002 (O)	4.750	0.000	4.750	140.17
2003	4.250	0.000	4.250	137.84
2004	4.000	0.000	4.000	136.69
2005	5.250	0.000	5.250	142.51
2006	7.500	0.000	7.500	153.38
2007	8.250	0.000	8.250	157.10
2008	7.250	0.000	7.250	152.15
2009	3.250	0.000	3.250	133.26
2010	3.250	0.000	3.250	133.26
2011	3.250	0.000	3.250	133.26

(O) The repayment period begins in this year.

This statement is not an offer to enter into an interest rate or discount point agreement. Such an offer may only be made pursuant to Minnesota Statutes 47.206, subd. 3 and 4.

This is not a commitment to make a loan. You hereby acknowledge receipt of this Home Equity Program Disclosure and a copy of the Home Equity Brochure on today's date.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_