



HOME EQUITY CREDIT ACCOUNT DISCLOSURES

This disclosure contains important information about your Home Equity Credit Account. 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 any of these terms change (other than the ANNUAL PERCENTAGE RATE) and you decide, as a result, to not enter into an agreement with us, you are entitled to a refund of any fees that you paid in connection with your application.
2. **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.
3. **Possible Actions.** We may take the following actions with respect to your Account under the circumstances listed below:
 - a. **Termination and Acceleration.** We may terminate your Account and require you to pay us the entire outstanding balance immediately, and charge you certain fees if any of the following happen:
 - i. You engage in any fraud or material misrepresentation in connection with your Account. For example, if there are false statements or omissions on your application or financial statements.
 - ii. You do not meet the repayment terms of the Account.
 - iii. Your action or inaction adversely affects the collateral or our rights in the collateral. For example, if you fail to maintain insurance, pay taxes, or if you prevent the foreclosure of any items, or prevent waste of the collateral, or if you transfer title to or sell the collateral.
 - b. **Suspension of Credit/Reduction of Credit Limit.** We may refuse to make additional advances on your line or we may reduce your credit limit during any period in which the following exist or occur:
 - i. Any of the circumstances listed in a., above.
 - ii. The value of your dwelling securing the Account declines significantly below its appraised value for purposes of the Account.
 - iii. We reasonably believe that you will not be able to meet the repayment requirements of the Account due to a material change in your financial circumstances.
 - iv. You are in default under any material obligation of your Account.

All of your obligations under the Account (Agreement and Deed of Trust) are material to maintaining this Account. The categories of your obligations are set forth in the following paragraphs of these Agreements.

Home Equity Credit Agreement. 1. You Promise to Pay; 2. Account; 3. Loan Payments; 5. Security Requirements; 9. Other Charges and Closing Costs; 10. Joint Liability; 11. Possible Credit Union Actions; and 14. Credit Information/Financial Statements.

Deed of Trust. 3. Payment and Performance; 4. Possession and Maintenance of the Property; 5. Indemnity; 6. Due on Sale; 7. Leases; 8. Taxes and Liens; 9. Property Damage Insurance; 11. Warranty/Defense of Title; 12. Condemnation; 13. Imposition of Taxes; 14. Security Agreement; 15. Further Assurances/Attorney in Fact; 17. Possible Action of Lender; 21. Attorney Fees; and 25. Miscellaneous Provisions.

- v. The maximum **ANNUAL PERCENTAGE RATE** under your Account is reached.
 - vi. Any 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% of the credit line.
 - vii. We have been notified by government agency that continued advances would constitute an unsafe and unsound practice.
- c. **Change in Terms.** The Agreement permits us to make certain changes to the terms of the Account at specified times or upon the occurrence of specified events.

4. **Minimum Payment Requirements.**

- a. **Standard Payments.** You can obtain advances for five (5) years (the “draw period”). At the Credit Union’s option, the draw period may be renewed for one additional five (5) year period. During the draw period, payments will be due monthly. Your minimum monthly payment will be equal the accrued interest as of the end of your billing cycle. After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (the “repayment period”). The length of the repayment period will be a maximum of ten (10) years. During the repayment period, payments will be due monthly. Your minimum monthly payment will be the amount necessary to amortize the balance at the beginning of the repayment period over ten (10) years or \$125.00, whichever is greater.

Any increase or decrease in the **ANNUAL PERCENTAGE RATE** will affect the number of payments you will make under the Agreement. However, if at any time during the life of the loan the amount of the monthly payment is not enough to pay at least the **FINANCE CHARGES** accruing and advance for insurance premiums (if applicable), we may increase your monthly payment to an amount necessary to amortize the loan balance over the remainder of the original repayment period.

- b. **Fixed Rate Option Payments.** During the draw period, you may elect to convert all or any portion of the balance to a Fixed Rate Option Loan (“Fixed Rate Option”). Your minimum payment for each Fixed Rate Option will be an amount sufficient to amortize the Fixed Rate Option balance over a period of up to fifteen (15) years. As your payments reduce the principal balance of a Fixed Rate Option, we will increase the available balance on your line of credit by the corresponding amount. You may elect additional Fixed Rate Equity Conversion Loans during the draw period. You may only have three (3) Fixed Rate Options in effect at one time.

5. Minimum Payment Examples.

- a. **Plus Line.** If you took a single \$10,000.00 advance at an **ANNUAL PERCENTAGE RATE** of 8.50% and made only the minimum monthly payments, it would take 179 months to pay off your account. During that period you would make 60 payments of \$70.83, 118 payments of \$125.00 and one final payment of \$59.63.
- b. **Five Year Fixed.** If you took a single \$10,000.00 advance at an **ANNUAL PERCENTAGE RATE** of 7.00% and made only the minimum monthly payments, it would take 240 months to pay off your account. During that period you would make 60 payments of \$70.83, 60 payments of \$125, and 120 payments of \$73.99.

6. Fees and Charges. In order to open and maintain the account, you must pay certain fees and charges.

- a. **Line of Credit Annual Fee.** \$50.00 due on the first business day of January of each year.
- b. **Third Party Fees.** You must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. You must carry insurance on the property that secures this Account. These fees generally total between \$1825.50 and \$5436.50 depending on the amount of the loan or line of credit. For example, on a \$10,000.00 loan or line of credit the following estimated fees must be paid to third parties:

Appraisal (if required)	:	\$850.00 - \$1,500.00
Title Insurance	:	\$ 85.00 - \$2,500.00
Recording Fee	:	\$135.00 - \$ 250.00
Flood Certification	:	\$ 14.50 - \$ 30.50
Escrow	:	\$325.00 - \$ 525.00
Tax Service	:	\$ 81.00
Reconveyance	:	\$200.00 - \$ 250.00
Property Valuation	:	\$90.00 - \$ 200.00
Wire Transfer	:	\$ 25.00
Shipping/Postage	:	\$ 20.00 - \$ 75.00

These fees may not apply to all loans, or may be less than the above example. Ask us for the exact fees applicable to your loan. You will be responsible for any fees we pay to third parties even if your loan is not approved.

- 7. **Appraisal Report.** You have the right to a copy of any real estate appraisal we use in connection with your credit application. To receive a copy, your request must be in writing to: Central Willamette Community Credit Union, P.O. Box D, Albany, OR 97321. We must hear from you no later than 90 days after we notify you about any action taken on your credit application, or after you withdraw your application.
- 8. **Tax Deductibility.** You should consult a tax advisor regarding the deductibility of interest and charges under the plan.
- 9. **Annual Percentage Rate.** Your account has a variable rate feature and the **ANNUAL PERCENTAGE RATE** (corresponding to the periodic rate) may change as result. The **ANNUAL PERCENTAGE RATE** includes only interest and not other costs.

For Home Equity Fixed for Five Year accounts, the initial **ANNUAL PERCENTAGE RATE** is fixed for the first five years of the account. After that, the **ANNUAL PERCENTAGE RATE** is variable as set forth below.

- 10. Variable Rate Features.** For Plus Line accounts, and for Home Equity Fixed for Five Year accounts after the initial fixed rate period expires, the **ANNUAL PERCENTAGE RATE** may vary as set forth below.
- a. Determination of Rate.** The **ANNUAL PERCENTAGE RATE** is based on the value of an index. The index is the Prime Rate as published in *The Wall Street Journal*. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account, 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 an account, rate information will be provided on periodic statements that we will send you.
- b. Rate Changes.** The **ANNUAL PERCENTAGE RATE** can change on the first day of each month. The minimum **ANNUAL PERCENTAGE RATE** is 3.0%. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 21.0%.
- 11. Fixed Rate Option Payments.** During the draw period, you may elect to convert all or any portion of the balance to a Fixed Rate Option Loan ("Fixed Rate Option"). Your minimum payment for each Fixed Rate Option will be an amount sufficient to amortize the Fixed Rate Option balance over a period of up to fifteen (15) years. As your payments reduce the principal balance of a Fixed Rate Option, we will increase the available balance on your line of credit by the corresponding amount. You may elect additional Fixed Rate Equity Conversion Loans during the draw period. You may only have three (3) Fixed Rate Options in effect at one time.
- 12. Default Rate.** If your Account becomes 60 days past due, the **ANNUAL PERCENTAGE RATE** will be increased to 21%. This rate will remain in effect until payments have been brought current and there have been no payments past due more than 10 days for a period of 180 days.
- 13. Maximum Rate and Payment Examples.** If you had an outstanding balance of \$10,000.00 at the beginning of your Account, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 21.0% would be \$175.00 (to avoid negative amortization). This **ANNUAL PERCENTAGE RATE** could be reached during the first quarter of the draw period for all accounts except Fixed for Five Year accounts, for which this **ANNUAL PERCENTAGE RATE** could be reached in the sixth year of the account. If you had an outstanding balance of \$10,000.00 at the beginning of the repayment period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$199.93. This **ANNUAL PERCENTAGE RATE** could be reached during the first quarter of the repayment period.
- 14. Historical Example.** The following table shows how the **ANNUAL PERCENTAGE RATE** and the minimum monthly payments for a single \$10,000.00 credit advance would have change based on changes in the index over the last 15 years. The index values are from January of each year. While only one payment amount per year is shown, payments would have varied slightly during each year. The table assumes that no additional credit advances were taken, that only the minimum payment was made each month, 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.

PLUS LINE

<u>Year</u>	<u>Index</u> (%)	<u>Margin</u> (%)*	<u>A.P.R.</u> (%)	<u>Minimum Monthly Payment</u> (\$)	
2010	3.25	0.00	3.25	27.08	
2011	3.25	0.00	3.25	27.08	
2012	3.25	0.00	3.25	27.08	
2013	3.25	0.00	3.25	27.08	
2014	3.25	0.00	3.25	27.08	DRAW PERIOD
2015	3.25	0.00	3.25	125.00	REPAYMENT PERIOD
2016	3.50	0.00	3.50	125.00	
2017	3.75	0.00	3.75	125.00	
2018	4.50	0.00	4.50	125.00	
2019	5.50	0.00	5.50	125.00	
2020	4.75	0.00	4.75	125.00	
2021	3.25	0.00	3.25	125.00	
2022	3.25	0.00	3.25	125.00	
2023	7.00	0.00	7.00	---	
2024	8.50	0.00	8.50	---	

FIVE YEAR FIXED

<u>Year</u>	<u>Index</u> (%)	<u>Margin</u> (%)*	<u>A.P.R.</u> (%)	<u>Minimum Monthly Payment</u> (\$)	
2010	3.25	0.00	6.00**	50.00	
2011	3.25	0.00	6.00**	50.00	
2012	3.25	0.00	6.00**	50.00	
2013	3.25	0.00	6.00**	50.00	
2014	3.25	0.00	6.00**	50.00	DRAW PERIOD
2015	3.25	0.00	3.25	125.00	REPAYMENT PERIOD
2016	3.50	0.00	3.50	125.00	
2017	3.75	0.00	3.75	125.00	
2018	4.50	0.00	4.50	125.00	
2019	5.50	0.00	5.50	125.00	
2020	4.75	0.00	4.75	125.00	
2021	3.25	0.00	3.25	125.00	
2022	3.25	0.00	3.25	125.00	
2023	7.00	0.00	7.00	---	
2024	8.50	0.00	8.50	---	

* This is a margin we have used recently for borrowers with excellent credit. Your margin may be different, depending on current market conditions, your employment and residential status, current debt ratio, credit history, and other factors.

** This rate is based on a recent initial 5 year fixed rate we have offered.