

COLUMBIA CREDIT UNION
HOME EQUITY CREDIT ACCOUNT DISCLOSURES

This disclosure contains important information about your Home Equity Credit Account ("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, in full in a single payment, 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; transfer title to or sell the collateral, prevent the foreclosure of any items, or waste of the collateral.
 - b. Suspension of Credit/Reduction of Credit Limit.** We may refuse to make additional advances on your line or 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. Payment; 2. Credit Line Access; 3. Security; 4. Property Maintenance/Insurance; 8. Other Costs and Charges; 11. Possible Actions; and 13. Credit Information/Financial Statements.

Deed of Trust. 1. Payments and Performance; 2. Possession and Maintenance of Property; 3. Taxes and Liens; 4. Property Damage Insurance; 5. Expenditures by Credit Union; 7. Condemnation; 10.1. Consent by Credit Union; 10.2. Effect of Consent; 11. Security Agreement; Financing Statements; 14. Actions Upon Termination; 14.5. Attorneys Fees and Expenses; 16.2 Unit Ownership Power of Attorney; 16.3.

Annual Reports; 16.5. Joint and Several Liability; 16.8 Waiver of Homestead Exemption; and 17.3. No Modifications.

- 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 120.0% 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. **Home Equity Line of Credit.** You can obtain credit advances for three years (the "draw period"). During the draw period, payments will be due monthly. You may choose one of the following payment options, if offered to you.
- i. **Regular Payments.** During the draw period, your minimum monthly payment will be the greater of 1.5% of the outstanding balance each month or \$75.00, whichever is greater. 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 vary depending on interest rate fluctuations. During the repayment period, payments will be due monthly. Your minimum monthly payment will be the greater of 1.5% of the outstanding balance each month or \$75.00, whichever is greater.
 - ii. **Interest Only Payments.** During the draw period, your minimum monthly payment will be equal to the accrued interest on your outstanding balance each month or \$75.00, whichever is greater. 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 vary depending on interest rate fluctuations. During the repayment period, payments will be due monthly. Your minimum monthly payment will be the greater of 1.5% of the outstanding balance each month or \$75.00, whichever is greater.
- b. **Equity Loans.** Equity Loans. For Equity Loans under your Account, after your initial loan advance, you must repay the outstanding balance (the "repayment period"). You may request further advances subject to our credit and security verification. Your payments will be due monthly. You may select a repayment period of up to fifteen (15) years, depending on the amount of your loan advance. Your minimum monthly payment will be the amount necessary to amortize the initial outstanding balance over the repayment period at the interest rate in effect at the beginning of the repayment period.

Any increase or decrease in the **ANNUAL PERCENTAGE RATE** will affect the number of payments you will make. 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.

5. **Minimum Payment Example.**

- a. **Home Equity Line of Credit.**
- i. **Regular Payments.** If you took a single \$10,000.00 advance at an **ANNUAL PERCENTAGE RATE** of 4.50% (the index plus margin for the most recent year from the historical table, below, subject to the lifetime minimum) and made only the minimum monthly payments, it would take 139 months to pay off

your account. During that period you would make 62 monthly payments ranging from \$150.00 to \$75.23, 76 monthly payments of \$75.00, and a final payment of \$9.27.

ii. **Interest Only Payments.** If you took a single \$10,000.00 advance at an **ANNUAL PERCENTAGE RATE** of 4.50% (the index plus margin for the most recent year from the historical table, below, subject to the lifetime minimum) and made only the minimum monthly payments, it would take 161 months to pay off your account. During that period you would make 36 monthly payments of \$75.00, 46 monthly payments ranging from \$128.36 to \$75.42, 78 monthly payments of \$75.00, and a final payment of \$26.61.

b. **Equity Loan.** If you took a single \$10,000.00 advance at an **ANNUAL PERCENTAGE RATE** of 4.50% and a fifteen (15) year repayment period and made only the minimum monthly payments, it would take 180 months to pay off your Account. During that period you would make 180 payments of \$76.49.

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

a. **Credit Union Fees.** The following fees must be paid to us:

Annual Fee \$25.00 (first year fee is waived)

b. **Third Party Fees.** You must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. In addition, you must carry insurance on the property that secures the account. The amount of these fees is generally between \$90.00 and \$1,050.00, depending on the amount of the loan advance. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

c. **Early Termination Fee.** If you close your Account for any reason within three years of opening, you agree to pay an early termination fee (**FINANCE CHARGE**) of \$300.00.

7. **Tax Deductibility.** You should consult a tax advisor regarding the deductibility of interest and charges under the account.

8. **Annual Percentage Rate.** The **ANNUAL PERCENTAGE RATE** includes only interest and not other costs.

a. **Home Equity Lines of Credit.** For a Home Equity Line of Credit Account, your Account has a variable rate feature and the **ANNUAL PERCENTAGE RATE** (corresponding to the periodic rate) and the number of monthly payments you will make may change as a result.

b. **Equity Loans.** For an Equity Loan Account, your Account has a fixed **ANNUAL PERCENTAGE RATE** (corresponding to the periodic rate) and the number of monthly payments will not change.

c. **Equity Loans – Five Year Fixed Rate.** For five year fixed rate Equity Loans, your periodic rate and **ANNUAL PERCENTAGE RATE** are fixed for the first five years of the Account. After that, the **ANNUAL PERCENTAGE RATE** (and corresponding periodic rate) will be variable and the number of monthly payments you will make may change as a result. The variable rate feature is further described in Section 9 below.

9. **Variable Rate Features.**

a. **Variable Rate Index.** The **ANNUAL PERCENTAGE RATE** is based on the value of an index. The index is the Wall Street Prime Rate as quoted on the tenth day before the end of the preceding quarter rounded up to the nearest 1/4% and published in The Wall Street Journal. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your line, we add a margin to the value of the index. The margin we add will depend on the loan to value (LTV) percentage for your line of credit. Your initial rate may be “discounted” and not based on the index and margin used for future rate adjustments. Ask us for the current index value, margin,

discount, and **ANNUAL PERCENTAGE RATE**. After you open a line, rate information will be provided on periodic statements that we will send you.

- b. Rate Changes.** The **ANNUAL PERCENTAGE RATE** can change quarterly. The maximum **ANNUAL PERCENTAGE RATE** over the life of the loan is 15.0%, and the minimum **ANNUAL PERCENTAGE RATE** over the life of the loan is 4.0%
- c. Maximum Rate and Payment Example.**
 - i. Equity Line of Credit - Regular Payments. 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 15.0% would be \$150.00. This **ANNUAL PERCENTAGE RATE** could be reached during the first year of the draw period. 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 15.0% would be \$150.00. This **ANNUAL PERCENTAGE RATE** could be reached during the first year of the repayment period.
 - ii. Equity Line of Credit - Interest Only Payments. 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 15.0% would be \$125.00. This **ANNUAL PERCENTAGE RATE** could be reached during the first year of the draw period. 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 15.0% would be \$150.00. This **ANNUAL PERCENTAGE RATE** could be reached during the first year of the repayment period.
 - iii. Equity Loan – Five Year Fixed Rate. 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 15.0% would be \$139.96. This rate could be reached during the fifth year of the Account.
- d. Historical Example.** The following tables show how the **ANNUAL PERCENTAGE RATE** and the minimum monthly payments for a single \$10,000.00 credit advance on an equity line of credit under this Account would have changed based on changes in the index over the last 15 years. The index values are from the beginning of January 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.

Five Year Fixed Equity Loan

	<u>Year</u>	<u>Index (%)</u> *	<u>Margin (%)</u> **	<u>ANNUAL PERCENTAGE RATE</u>	<u>Line of Credit Minimum Monthly Payment (Regular)</u>	<u>Line of Credit Minimum Monthly Payment (Interest-Only)</u>	<u>ANNUAL PERCENTAGE RATE</u>	<u>Minimum Monthly Payment</u>
DRAW PERIOD	1995	8.50	1.00	9.50	150.00	79.17	9.50	104.42
	1996	8.50	1.00	9.50	137.74	79.17	9.50	104.42
	1997	8.25	1.00	9.25	126.47	77.08	9.50	104.42
REPAYMENT PERIOD	1998	8.50	1.00	9.50	115.84	150.00	9.50	104.42
	1999	7.75	1.00	8.75	106.37	137.74	9.50	104.42
	2000	8.50	1.00	9.50	96.94	115.26	9.50	104.42
	2001	9.50	1.00	10.50	89.01	106.90	10.50	104.42
	2002	4.75	1.00	5.75	82.56	94.52	5.75	104.42
	2003	4.25	1.00	5.25	75.00	83.15	5.25	104.42
	2004	4.00	1.00	5.00	75.00	75.00	5.00	104.42
	2005	5.25	1.00	6.25	75.00	75.00	6.25	104.42
	2006	7.25	1.00	8.25	75.00	75.00	8.25	104.42
	2007	8.25	1.00	9.25	75.00	75.00	9.25	104.42
	2008	7.25	1.00	8.25	75.00	75.00	8.25	104.42
	2009	3.50	1.00	4.50	75.00	75.00	4.50	104.42

* Rounded up to nearest 1/4 %.

** This is a margin we have used recently. Your margin will depend on your credit profile, LTV, and any other factors we deem appropriate.