BELCO COMMUNITY CREDIT UNION
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Home Equity Early Disclosure

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 be 10 years. During the draw period your monthly payment will equal the finance charges (interest) that accrued on the outstanding balance during the preceding month. Your payment will include amounts past due and any amount by which you have exceeded your credit limit, and all other charges. If the interest rate increases, you will be required to make a higher payment. At the beginning of the repayment we will recalculate your payment. Your payment will be set to repay the balance at the current annual percentage rate over 10 years. Each time the annual percentage rate changes, we will adjust your payment to repay the balance with the original 10 years. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit and all other charges.

MINIMUM PAYMENT EXAMPLE: 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 6.75%. During that period, you would make 120 payments of $51.78 to $57.33, followed by 119 payments of $114.85 and one (1) final payment of $113.45.

FEES AND CHARGES: In order to open, use and maintain a line of credit plan, you must pay the following fees to us: You must pay certain fees to third parties to open the plan. These fees generally total between $0.00 and $650.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

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 30 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. If the rate is not already rounded we then round up to the next 0.125%.

From time to time we may offer an initial annual percentage rate that is “discounted” – if the initial rate is discounted it will not be based on the index and margin used for later rate adjustments. Recently offered initial discounted rates have been in effect for 6 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 quarterly on the first day of January, April, July and October. The rate cannot increase or decrease more than 2.0 percentage points in any one year period. The initial discount rate will not be taken into account in applying this periodic rate cap. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.0% or the maximum permitted by law, whichever is less.

FIXED RATE CONVERSION OPTION: This plan has a fixed rate option (the option) which you may exercise up to three locked/fixed portions at any one time. The locked/fixed portion amount must be exercised for a minimum of $500.00. We may charge you a Rate Lock Fee of $50.00

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each time you exercise the fixed rate option. This fee is a FINANCE CHARGE.

At the time that you exercise this option, that portion of your balance will have a fixed rate. You may exercise the option during the first 10 years of the plan inception and therefore have different "Fixed Rate Loan Portions." You may not exercise the option if your credit limit will be exceeded. Your credit limit will apply to the combined total of all amounts owing under the variable and fixed rate features. All future advances will be at the current variable rate according to the terms disclosed above, unless another option is exercised.

When you exercise the option, the interest rate will be fixed on the balance you elect until that balance is repaid. Your fixed interest rate will be equal to the value of the Prime Rate published in the *Wall Street Journal* at the time you exercise the option plus a margin.

At the time you exercise the option, a payoff period of 240 monthly payments will be used to calculate your payment. The payoff period will always be shorter of the payoff period or the time remaining to the maturity date. Your payment will be set to repay the fixed portion of your outstanding balance, at the current annual percentage rate, within the payoff period. Your payment will include all amounts past due and all other charges.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of $10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be $152.88. This annual percentage rate could be reached at the time of the 61st payment without a discounted rate, and 67th payment with a discounted rate.

If you had an outstanding balance of $10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be $180.19. This annual percentage rate could be reached at the time of the 61st payment.

MARGIN: The margin you receive is based on your creditworthiness and the loan-to-value ratio. Please ask the credit union the margin you qualify for.

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 as of 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

			With Discount		Without Discount	
Year (as of the last business day of January)	Index (Percent)	Margin[1] (Percent)	**ANNUAL PERCENTAGE RATE**	Monthly Payment (Dollars)	**ANNUAL PERCENTAGE RATE**	Monthly Payment (Dollars)
2012	3.250	0.00	2.490[2]	$21.15	3.250	$27.60
2013	3.250	0.00	3.250	$27.60	3.250	$27.60
2014	3.250	0.00	3.250	$27.60	3.250	$27.60
2015	3.250	0.00	3.250	$27.60	3.250	$27.60
2016	3.500	0.00	3.500	$29.73	3.500	$29.73
2017	3.750	0.00	3.750	$31.85	3.750	$31.85
2018	4.500	0.00	4.500	$38.22	4.500	$38.22
2019	5.500	0.00	5.500	$46.71	5.500	$46.71
2020	4.750	0.00	4.750	$40.34	4.750	$40.34
2021	3.250	0.00	3.250	$27.60	3.250	$27.60
2022	3.250	0.00	3.250	$97.73	3.250	$97.73
2023	7.500	0.00	5.250[3]	$106.38	5.250[3]	$106.38
2024	8.500	0.00	7.250[3]	$114.53	7.250[3]	$114.53
2025	7.500	0.00	7.500	$115.46	7.500	$115.46
2026	6.750	0.00	6.750	$113.05	6.750	$113.05

[1] This is a margin we have used recently; your margin may be different.
[2] This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.
[3] This **ANNUAL PERCENTAGE RATE** reflects an annual percentage rate periodic cap of 2.000% per year.

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