Advance Financial Federal 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.

VISA ACCESS: Upon your application and our approval, we will provide you a credit card to obtain advances under the plan.

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 15 years.

You will be required to make payments during both the draw and repayment periods. During the draw period your monthly payment will equal the finance charges (interest) that accrued on the outstanding balance during the preceding month. If the interest rate increases you will be required to make a higher payment. At the beginning of the repayment period we will recalculate your payment. Your payment will be set to repay the balance at the current annual percentage rate over 15 years. Your payment will be rounded up to the nearest one dollar. Your payment will 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 with the repayment period. During the repayment period, your payment will never be less than the smaller of $50.00 or the full amount that you owe. 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.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 24 years 11 months to pay off a credit advance of $10,000 at an **ANNUAL PERCENTAGE RATE** of 8.5%. During that period, you would make 120 payments of $65.21 to $72.19, followed by 178 payments of $99.00 and one (1) final payment of $15.69.

FEES AND CHARGES: You may pay certain fees to third parties to open the plan. These fees generally total between $250.00 and $1,000.00. 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 the 1st day of each quarter preceding 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" - it is not based on the index and margin used for later rate adjustments. If the initial rate is "discounted" it will be in effect for 12 months.

MARGIN: The margin you receive will be based on your creditworthiness. Please ask for the margin you qualify for.

RATE CHANGES: The annual percentage rate can change quarterly on the first day of your billing cycle each January, April, July and October. 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 18% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 3% at any time during the term of the plan.

PENALTY RATE: In the event that certain conditions occur that would allow the Credit Union to terminate the plan and accelerate the balance, the following may apply in lieu of taking these actions: if you are more than 30 days late in making your payment we will increase your **ANNUAL PERCENTAGE RATE** by 4% to 6% depending on your creditworthiness. If you are more than 30 days late in making your payment and we charge a penalty rate, the regular rate will be reinstated when your account is current for 1 billing cycle. If you are more than 60 days late in making your payment and we charge a penalty rate, the regular rate will be reinstated when your account is current for 6 consecutive billing cycles.

MAXIMUM RATE AND PAYMENT EXAMPLE: During the draw period, if you had an outstanding balance of $10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be $152.88. This annual percentage rate could be reached at the time of the 13th payment if the initial rate is discounted and by the 1st payment if the initial rate is not discounted.

During the repayment period, if you had an outstanding balance of $10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be $162.00. 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

			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)
2011	3.250	1.00	1.990[2]	16.90	4.250	36.10
2012	3.250	1.00	4.250	36.10	4.250	36.10
2013	3.250	1.00	4.250	36.10	4.250	36.10
2014	3.250	1.00	4.250	36.10	4.250	36.10
2015	3.250	1.00	4.250	36.10	4.250	36.10
2016	3.500	1.00	4.500	38.22	4.500	38.22
2017	3.750	1.00	4.750	40.34	4.750	40.34
2018	4.500	1.00	5.500	46.71	5.500	46.71
2019	5.500	1.00	6.500	55.21	6.500	55.21
2020	4.750	1.00	5.750	48.84	5.750	48.84
2021	3.250	1.00	4.250	76.00	4.250	76.00
2022	3.250	1.00	4.250	76.00	4.250	76.00
2023	7.500	1.00	8.500	96.00	8.500	96.00
2024	8.500	1.00	9.500	101.00	9.500	101.00
2025	7.500	1.00	8.500	96.00	8.500	96.00

(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.