

**TULARE COUNTY  
FEDERAL CREDIT UNION  
300 N. K STREET  
TULARE, CA 93274**

**IMPORTANT TERMS  
of our  
HOME EQUITY LINE OF CREDIT**

**Effective January 1, 2005**

**This disclosure contains important information about the Credit Union's Home Equity Line of Credit (HELOC). Please read this disclosure carefully, and retain this copy for your records.**

**CANCELLATION:** All of the terms disclosed below are subject to change. If any of the terms disclosed change and you decide against entering into an agreement with us, you are entitled to a refund of all fees and charges that you have paid to us or to any third party in connection with your application. This provision does not apply to a change in the Annual Percentage Rate caused by a change in the Index Rate.

**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.

**POSSIBLE ACTIONS - TERMINATION:** We may terminate your line of credit and require you to pay us the entire outstanding balance in one payment and charge certain fees if:

- You engage in fraud or material misrepresentation in connection with the line.
- You have failed to meet the repayment terms.
- Your action or inaction has adversely affected the collateral or our rights in the collateral.
- Any condition occurs which is described as a condition of termination in the Loan Agreement or Deed of Trust applicable to the loan.

**POSSIBLE ACTIONS - SUSPENSION:** The Credit Union may also temporarily suspend all advances or reduce your credit line upon the occurrence of any of the following:

- The value of the dwelling securing this plan sufficiently declines below the appraised value.
- The Credit Union reasonably believes that you will be unable to fulfill the repayment obligations under the plan due to a material change in your financial condition.
- You are in default under any of the material obligations of this Agreement.
- A government agency prohibits the Credit Union from imposing an interest rate it would otherwise be able to impose contractually.
- A government body (such as the IRS) adversely affects the priority of the Credit Union's interest through the imposition of a tax lien or other action to the extent that the value of the security interest is less than 120% of the amount of the credit line.
- When the ANNUAL PERCENTAGE RATE which may be imposed on this account reaches its maximum due to an increase in the Index Rate.
- A government agency notifies the Credit Union that continuing to make advances under this plan may constitute an unsafe and unsound practice.
- Any condition occurs which is described in the Loan Agreement or Deed of Trust applicable to the loan as a condition of suspension of advances on reduction in credit line.

**POSSIBLE ACTIONS - CHANGES:** The initial Agreement permits the Credit Union to make certain changes to the terms of the Agreement at specified times or upon the occurrence of specified events.

**MINIMUM PAYMENT REQUIREMENTS:** You may make advances for a draw period of ten (10) years. Payments will be required monthly computed on a factor of 1.50% of your unpaid balance as of the date of your most recent advance. This payment will never be less than \$35.00, unless total balance owing is less than that amount, in which case the entire balance is due. After the draw period ends you will no longer be able to obtain credit advances and must repay the outstanding balance not to exceed a fifteen (15) year "Repayment Period." The minimum payment required remains unchanged during the repayment period. This may result in a balloon payment.

**PAYMENT EXAMPLE:** If you make only the minimum monthly payment and took no other credit advances, it would take 95 months to pay off an advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 9.50%. During that period, you would make 95 payments of \$150.00.

**CREDIT UNION FEES AND CHARGES:** To open and maintain a line of credit, you must pay the Credit Union the following non-refundable fees as shown in the THIRD PARTY FEES AND CHARGES section.

**THIRD PARTY FEES AND CHARGES:** You may also pay certain fees to third parties to open this account, as estimated below:

- Appraisal Fee \$350.00
- Title Fees \$100.00
- Recording Fee \$36.00
- Reconveyance Fee \$45.00
- Flood Certification \$25.00
- Property insurance must be maintained for the full term of the loan.

**MINIMUM DRAW REQUIREMENTS:** The minimum initial advance is \$500; the minimum subsequent advance is also \$500.

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

**VARIABLE RATE FEATURE:** This plan has a variable rate feature, and the ANNUAL PERCENTAGE RATE (corresponding to the periodic rate) may change as a result. The payment amount will NOT change as a result of a change in the Index, although more payments may be required.

The NOMINAL INTEREST RATE is based on the value of an Index. **You can choose from one of three HELOC options:** **Option #1.** The index is the Prime Rate as published in the money rate section of the Wall Street Journal, from which we deduct a margin of 1.00% for those loans not exceeding 80% Loan to Value. **Option #2.** Add a margin of 0.00% for those loans greater than 80% Loan to Value. **Option #3.** Add a margin of 1.00% for loans up to 90% Loan to Value. If more than one rate is published in the Wall Street Journal, the Index Rate will be the highest rate shown.

Ask us for the current Index value, margin and ANNUAL PERCENTAGE RATE. After you open your credit line, rate information will be provided on periodic statements that we will send to you.

The ANNUAL PERCENTAGE RATE does not include any costs other than interest.

**RATE CHANGES:** The ANNUAL PERCENTAGE RATE may change on the 1st day of each calendar month. The maximum ANNUAL PERCENTAGE RATE that can apply is 18%. There is no annual limit on how fast the ANNUAL PERCENTAGE can jump to its maximum. **Options #1 and #2:** The minimum ANNUAL PERCENTAGE RATE that can apply will be 7.00%. **Option #3** has no minimum ANNUAL PERCENTAGE RATE.

**CREDIT LIMIT:** A credit limit will be stated in the Loan Agreement. You can borrow up to that Credit Limit in a single advance or in multiple, smaller advances during the draw period.

**MAXIMUM RATE AND PAYMENTS EXAMPLES:** If you had an outstanding balance on your credit line of \$10,000, and the ANNUAL PERCENTAGE RATE increased to the maximum rate of 18.0%, your payment would remain at \$150.00 per month. This could result in a balloon payment. This maximum rate could be reached after 1 month.

**HISTORICAL EXAMPLE:** The following table shows how the ANNUAL PERCENTAGE RATE and the minimum monthly 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 January 1 of each year.

The table assumes that no additional credit advances were taken, that only the minimum payments were made each month, and that the rate remained constant during the year. It does not necessarily indicate how the index or your payments will change in the future. The margin shown is one we have used recently.

Year	Index	Margin	ANNUAL PERCENTAGE RATE	Minimum Monthly Payment
1990	10.50%	0.00%	10.50%	\$150.00
1991	10.00%	0.00%	10.00%	\$150.00
1992	6.50%	0.00%	6.50%	\$150.00
1993	6.00%	0.00%	6.00%	\$150.00
1994	7.75%	0.00%	7.75%	\$150.00
1995	8.50%	0.00%	8.50%	\$150.00
1996	8.25%	0.00%	8.25%	\$150.00
1997	8.50%	0.00%	8.50%	\$150.00
1998	8.00%	0.00%	8.00%	\$150.00
1999	8.50%	0.00%	8.50%	\$150.00
2000	9.50%	0.00%	9.50%	\$150.00
2001	9.50%	0.00%	9.50%	\$150.00
2002	4.75%	0.00%	4.75%	\$150.00
2003	4.00%	1.00%	5.00%	\$150.00
2004	4.00%	1.00%	5.00%	\$150.00

**EQUAL CREDIT OPPORTUNITY  
NOTICE TO APPLICANTS**

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of sex or marital status. The federal agency that administers compliance with this law concerning this lender is:

**National Credit Union Administration  
1230 W. Washington Street, Suite 301  
Tempe, AZ 85281**

Tulare County Federal Credit Union will not refuse, by reason of sex or marital status, to make a separate mortgage loan to any applicant who is or will be sole and separate owner of the property. If more than one person, whether or not husband and wife, are or will be the owners, or if the property is or will be community property, then all must apply for and become liable for the loan.

Income from alimony, child support or maintenance payments need not be revealed if the applicant does not choose to disclose such income. (However, if an applicant is liable for payment of alimony, child support or maintenance, such information must be disclosed).

No information need be furnished with respect to a spouse or former spouse who is not an applicant unless the applicant is relying on community property or alimony, child support or maintenance payments from the spouse or former spouse as a basis for repayment of the loan. If the applicant is relying on such income, then all information relative to "spouse" in the application must be furnished and the spouse or former spouse must sign an authorization permitting Tulare County Federal Credit Union to order a credit report on the spouse or former spouse and to verify credit information.

If the information furnished in the application does not allow an adequate credit standing for the applicant, Tulare County Federal Credit Union will not be in a position to process the application. Therefore, it is in the interest of the applicant to furnish all pertinent credit information, even though not requested.