



**HOME EQUITY LINE OF CREDIT
Truth-in-Lending Disclosure
(Variable Rate/ Draw & Repayment Period)**

This disclosure contains important information about our Home Equity Line of Credit (Equity Line). Please review carefully and keep a copy for your records.

Availability of Terms. All of the terms described below are subject to change. If any of these terms change (other than a change due to fluctuations in the index) and you decide, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees you paid to us or anyone else in connection with your application.

Security Interest. We will take a mortgage on your home. You could lose your home if you do not meet the obligations in your agreement with us.

Minimum-payment requirements. You can obtain Loan Advances for 10 years (the "draw period"). During the draw period, payments will be due monthly. Your minimum payment will equal the finance charges that accrued on the outstanding balance during the preceding billing period. If the payment due is less than \$10.00, you will not be required to make a payment for that month, however, interest will continue to accrue. After the draw period ends, you will no longer be able to obtain Loan Advances and must pay the outstanding balance over 15 years (the "repayment period"). During the repayment period, payments will be due monthly. Your minimum monthly payment will be recalculated each month, and will be based upon your current balance, your current annual percentage rate, and a 15-year amortization schedule.

Minimum Payment Amount Example. If you made only the minimum payment and took no other credit advances, it would take 25 years to pay off a Loan Advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 7.00% APR. Initially, you would make 120 monthly interest-only payments ranging between \$53.70 and \$59.45. Then you would make 180 monthly principal and interest payments of \$89.93.

Fees and Charges. To open and maintain an Equity Line you must pay us the following fees:

- Annual Fee: \$50.00. Charged annually during the Draw Period, on the anniversary date of the loan. Waived if the monthly payments are made by automatic transfer from your SchoolsFirst Federal Credit Union account.
- Early Closure Reimbursement Fee. For Equity Lines up to and including \$250,000, a \$400 fee will be assessed if your Equity Line is closed within the first 36 months of the agreement. For Equity Lines exceeding \$250,000, an \$800 fee will be assessed if your Equity Line is closed within the first 36 months of the agreement. This fee will also apply to limit increases on your existing Equity Line.
- Other Lender Fees. If certain activities occur on your account, we will impose certain fees that will be set forth in your Agreement.

You may be required to pay certain fees to third parties such as title companies. These third party fees generally total between \$100 and \$500. If you ask, we will provide you with a good faith itemization of the fees you will have to pay third parties.

Tax Deductibility. You should consult a tax advisor regarding the deductibility of interest and charges for the Equity Line.

Variable Rate Feature. The Equity Line has a variable rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum payment of the Equity Line can change as a result. The annual percentage rate includes only interest and not other costs. The annual percentage rate is based on the value of an index. The Index is the highest "Prime Rate" as reported in the "Money Rates" tables of the Wall Street Journal on the last business day of the month preceding the start date of each current billing cycle. To determine the ANNUAL PERCENTAGE RATE that will apply to your Equity Line, we add a margin to the current value of the index. Ask us for the current index value, margin and annual percentage rate. After you open an Equity Line, rate information will be provided on periodic statements that we will send you.

Rate changes. The annual percentage rate can change monthly. The minimum ANNUAL PERCENTAGE RATE that can apply is the prevailing margin plus 3%, excluding introductory or any other promotional rates as may be offered from time to time. The maximum ANNUAL PERCENTAGE RATE that can apply is 18% APR. Apart from the minimum and the maximum, there is no limit on the amount by which the rate can change during any one-year period.

Maximum Rate and Payment Examples. If the ANNUAL PERCENTAGE RATE during the draw period equaled the 18% APR maximum and you had an outstanding balance of \$10,000, the minimum monthly payment would range from \$138.08 to \$152.88. The annual percentage rate could be reached during the first month of the draw period. If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 18% APR would be \$161.23. This annual percentage rate could be reached during the first month of the repayment period.

Historical Example. The following table shows how the annual percentage rate and the monthly payments for a single \$10,000 Loan Advance would have changed based on changes in the index over the past 15 years. The index values are from August of each year. While only one payment amount per year is shown, payments would have varied during each year.

The table assumes that no additional Loan Advances were taken, that only the minimum payments were made each month, 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.

Year (First business day September of each year)	Index (Prime Rate)	Margin (1)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	
1994	7.75%	0.000%	7.75%	\$65.82	Draw Period
1995	8.75%	0.000%	8.75%	\$74.32	
1996	8.25%	0.000%	8.25%	\$70.07	
1997	8.50%	0.000%	8.50%	\$72.19	
1998	8.50%	0.000%	8.50%	\$72.19	
1999	8.25%	0.000%	8.25%	\$70.07	
2000	9.50%	0.000%	9.50%	\$80.69	
2001	6.50%	0.000%	6.50%	\$55.21	
2002	4.75%	0.000%	4.75%	\$40.34	
2003	4.00%	0.000%	4.00%	\$73.99	
2004	4.50%	0.000%	4.50%	\$76.52	Repayment Period
2005	6.50%	0.000%	6.50%	\$87.13	
2006	8.25%	-0.550%	7.70%	\$93.87	
2007	8.25%	-0.550%	7.70%	\$93.87	
2008	5.00%	-0.550%	4.45%	\$76.26	

(1) Your margin may vary depending on your combined loan-to-value.

Substitute index. If the index becomes no longer available, we will choose a new index and margin. The new index will have an historical movement substantially similar to the original Index, and the new index and margin will result in an ANNUAL PERCENTAGE RATE that is substantially similar to the rate in effect at time the original index becomes unavailable.

Possible actions. Under certain circumstances, we can (1) terminate your Equity Line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees; (2) refuse to make additional Loan Advances; and (3) reduce your Credit Limit. If you ask, we will give you more specific information concerning when we can take these actions.