



Northwest[®]

COMMUNITY CREDIT UNION

A division of TwinStar Credit Union[®]

(800) 452-9515 • www.NWCU.com

Home Equity Early Disclosure

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLANS

This disclosure contains important information about our Home Equity Line of Credit Plans. 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.

HOME EQUITY PLANS: We offer three home equity plans, all of which are described in this Disclosure. Terms apply to all plans unless designated to apply to a specific plan. The plans are called the "Fixed Rate Equity Loan", "Rewards", and "Flex" plans.

FEES AND CHARGES: In order to open, use and maintain a line of credit plan, you must pay the following fees to us:

Loan Processing Fee – Fixed Rate Equity Loan: \$125.00 (Due at closing if Borrower is purchasing the property.)

Loan Fee – Fixed Rate Equity Loan: 2% of the amount advanced charged for each advance if we are in the junior lien position.

FEE REIMBURSEMENT: The Lender may pay certain third party fees to open the plan. These third party fees generally range between \$325 and \$650. If you payoff and close the plan within 12 months from its opening date Borrower agrees to reimburse the Lender for those bona-fide third party fees, as permitted by applicable law. A list of these third party fees will be found in the "Schedule of Closing Costs" located on the members Home Equity Addendum provided at closing.

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. If you fail to maintain satisfactory

property insurance we will charge a fee of \$50.00 in addition to the cost of the insurance.

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.

TRANSACTION REQUIREMENTS:

Fixed Rate Equity Loan: The minimum credit advance that you can receive is \$5,000.00 for the first advance.

Rewards and Flex Loan: Must set-up a minimum \$5,000.00 line of credit with this product; no minimum advance requirements.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the plan.

MINIMUM PAYMENT REQUIREMENTS – FIXED RATE EQUITY LOAN: You can obtain credit advances for 10 years subject to our credit and security verification. 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 depend on the balance at the time of the last advance you obtain before the draw period ends and it may exceed 20 years. You will be required to make monthly payments during both the draw and repayment periods.

The minimum payment may not repay the outstanding balance by the end of the repayment period. You will then be required to make a single balloon payment at the maturity date. Unless otherwise required by applicable law, we are under no obligation to refinance the balloon payment at that time. You may be required to make payments out of other assets you own or find a lender, which may be us, willing to lend you the money. If you refinance the balloon with us, you may have to pay some or all of the closing costs

ANNUAL PERCENTAGE RATE INFORMATION – FIXED RATE EQUITY LOAN: The ANNUAL PERCENTAGE RATE under this plan is not based on an Index. It is based upon a fixed rate, which will be specified either at the time you make a commitment or at closing, and will be based on market conditions at that time. The rate you receive is based on your creditworthiness, lien position, property type and your loan to value. The rate will be specified either at the time you receive a commitment letter or at closing, and will be based on market conditions at that time. An **ANNUAL PERCENTAGE RATE** of 6.99% is representative of a fixed rate recently offered by us. The annual percentage rate does not include costs other than interest. Please ask us about the annual percentage rate for which you qualify.

MINIMUM PAYMENT EXAMPLE – FIXED RATE EQUITY LOAN: If you made only the minimum monthly payment and took no other credit advances it would take 10 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.99%. During that period, you would make 119 payments of \$116.07, and one (1) final payment of \$116.94.

CREDIT CARD ACCESS: Upon your request and our approval, you may access the Rewards and Flex plans by using a VISA[®] credit card.

APPLICABILITY OF TERMS: The rest of this disclosure discusses terms applicable to the Rewards and Flex plans.

MINIMUM PAYMENT REQUIREMENTS – REWARDS AND FLEX: 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 depend on the balance at the time of the last advance you obtain before the draw period ends and it may exceed 20 years. You will be required to make monthly payments 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. If the interest rate increases, you will be required to make more payments until the end of the repayment period. The minimum payment may not repay the outstanding balance by the end of the repayment period. You will then be required to make a single balloon payment at the maturity date. Unless otherwise required by applicable law, we are under no obligation to refinance the balloon payment at that time. You may be required to make payments out of other assets you own or find a lender, which may be us, willing to lend you the money. If you refinance the balloon with us, you may have to pay some or all of the closing costs

Rewards: During both the draw period and repayment period your payment will be 1% of the outstanding balance each month as of the statement date or \$125.00, whichever is greater.

Flex: During both the draw period and your repayment period your payment will be 1.5% of the outstanding balance each month as of the statement date or \$125.00, whichever is greater.

NEGATIVE AMORTIZATION – REWARDS AND FLEX: Under some circumstances during the draw period, the minimum payment will not cover the finance charges (interest) that is owed and "negative amortization" will occur. You may prevent negative amortization from occurring by voluntarily increasing your payment to cover the interest that is owed.

MINIMUM PAYMENT EXAMPLE: **Rewards:** If you made only the minimum monthly payment and took no other credit advances it would take 10 years 8 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 9.5%. During that period, you would make 120 payments of \$125.00, followed by 7 payments of \$125.00 and one (1) final payment of \$35.17.

Flex: If you made only the minimum monthly payment and took no other credit advances it would take 10 years 10 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 10.5%. During that period, you would make 120 payments of \$125.00 to \$150.00, followed by 9 payments of \$125.00 and one (1) final payment of \$78.12.

Flex Junior Lien: If you made only the minimum monthly payment and took no other credit advances it would take 18 years 2 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 15.0%. During that period, you would make 120 payments of \$125.00 to \$150.00, followed by 97 payments of \$125.00 and one (1) final payment of \$54.91.

VARIABLE RATE FEATURE: These plans have a variable rate feature and the annual percentage rate (corresponding to the periodic rate) may change as a result. An increase in the annual percentage rate will cause you to make more payments and possibly result in a balloon payment or higher balloon payment. 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 which is the Western Edition Wall Street Journal Prime Rate. 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 15 days prior to the end of the quarter to any APR adjustment. To determine the annual percentage rate that will apply to your

account, we will round the current index rate up to the nearest .25% and then will add your margin to that rounded index value. To determine the periodic rate, we divide the annual percentage rate by the number of days in a year (365). Both the rewards and flex plan margins are based on creditworthiness, lien position, property type, and loan to value ratio. If we are in the first or second lien position, your margin will be lower than if we are in a more junior position. Please ask us about the margin for which you qualify.

Ask us for the current index value, margin 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 11th day of January, April, July and October. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18% or the maximum permitted by law, whichever is less. The minimum (floor) rate will be the **MARGIN ADDED TO THE INDEX**, which is disclosed on the first page of your Addendum. For purposes of this disclosure we are illustrating a plan with a floor of 1.00%.

FIXED RATE CONVERSION OPTION AVAILABLE ON THE REWARDS PROGRAM ONLY: This plan has a fixed rate option and that option can be exercised for a minimum amount of \$5000.00. You will be charged a rate lock fee of \$95.00 for each time you exercise the fixed rate option. This fee is a **FINANCE CHARGE**.

At the time that you exercise the option, that portion of your balance will have a fixed rate. You may exercise the option at different times and therefore you could have different balances at different fixed rates as well as having a balance under the regular variable rate terms. You may not exercise the option if the credit limit would be exceeded. Your credit limit applies to the combined total of all amounts owing under the variable rate and fixed rate features. All future advances will be at the current variable rate according to the terms previously disclosed unless another option is exercised.

When you exercise the option, you will need to sign a Fixed Rate Conversion Agreement. The Agreement will set forth the fixed rate and other relevant terms. The fixed rate will be based on your current variable rate, at the time of request, plus a margin determined by the Credit Union also at the time of your lock request. Details of that determined rate will be found in your Fixed Rate Conversion Agreement that will be signed at the time of your lock request. Any future subsequent locks will be recalculated at the time of your new request.

MAXIMUM RATE AND PAYMENT EXAMPLES: **Rewards:** If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$125.00. This annual percentage rate could be reached the first time your rate changes.

Flex: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.00. This annual percentage rate could be reached the first time your rate changes.

Flex Junior Lien: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.00. This annual percentage rate could be reached the first time your rate changes.

HISTORICAL EXAMPLE: The following tables show 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 tables assume that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. They do not necessarily indicate how the index or your payments will change in the future.

REWARDS PLAN
WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2010.....	3.250	1.00	4.250	125.00 ⁽²⁾
2011.....	3.250	1.00	4.250	125.00 ⁽²⁾
2012.....	3.250	1.00	4.250	125.00 ⁽²⁾
2013.....	3.250	1.00	4.250	125.00 ⁽²⁾
2014.....	3.250	1.00	4.250	125.00 ⁽²⁾
2015.....	3.250	1.00	4.250	125.00 ⁽²⁾
2016.....	3.500	1.00	4.500	125.00 ⁽²⁾
2017.....	3.750	1.00	4.750	125.00 ⁽²⁾
2018.....	4.500	1.00	5.500	
2019.....	5.500	1.00	6.500	
2020.....	4.750	1.00	5.750	
2021.....	3.250	1.00	4.250	
2022.....	3.250	1.00	4.250	
2023.....	7.500	1.00	8.500	
2024.....	8.500	1.00	9.500	

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This payment reflects the minimum payment of \$125.00.

FLEX PLAN
WALL STREET JOURNAL PRIME RATE INDEX TABLE

	- First or Second Lien -	- Junior Lien -
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Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2010.....	3.250	2.00	5.250	150.00	6.50	9.750	150.00
2011.....	3.250	2.00	5.250	131.95	6.50	9.750	138.08
2012.....	3.250	2.00	5.250	125.00 ⁽²⁾	6.50	9.750	127.11
2013.....	3.250	2.00	5.250	125.00 ⁽²⁾	6.50	9.750	125.00 ⁽²⁾
2014.....	3.250	2.00	5.250	125.00 ⁽²⁾	6.50	9.750	125.00 ⁽²⁾
2015.....	3.250	2.00	5.250	125.00 ⁽²⁾	6.50	9.750	125.00 ⁽²⁾
2016.....	3.500	2.00	5.500	125.00 ⁽²⁾	6.50	10.000	125.00 ⁽²⁾
2017.....	3.750	2.00	5.750	125.00 ⁽²⁾	6.50	10.250	125.00 ⁽²⁾
2018.....	4.500	2.00	6.500	18.50 ⁽³⁾	6.50	11.000	125.00 ⁽²⁾
2019.....	5.500	2.00	7.500		6.50	12.000	125.00 ⁽²⁾
2020.....	4.750	2.00	6.750		6.50	11.250	125.00 ⁽²⁾
2021.....	3.250	2.00	5.250		6.50	9.750	
2022.....	3.250	2.00	5.250		6.50	9.750	
2023.....	7.500	2.00	9.500		6.50	14.000	
2024.....	8.500	2.00	10.500		6.50	15.000	

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This payment reflects the minimum payment of \$125.00.

⁽³⁾ This payment is lower than previous payments due to a January final payment.