



650 Science Park Road
State College, PA 16803
Telephone: (814) 237-5458

2601-A East College Avenue
State College, PA 16801
Telephone: (814) 238-9619

9902 Shaner Blvd
Huntingdon, PA 16652
Telephone: (814) 643-7910

LOANLINER

REAL ESTATE LENDING



POWERED BY
CUNA MUTUAL
GROUP

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 depend on the balance at the time of the last advance you obtain before the draw period ends. You will be required to make monthly payments during both the draw and repayment periods. At the time you obtain a credit advance a payoff period of 120 monthly payments will be used to calculate your payment.

The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. Your payment will be set to repay the balance after the advance, at the current annual percentage rate, within the payoff period. Your payment will be rounded up to the nearest dollar. Your payment will remain the same

unless you obtain another credit advance. Your payment may also 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 within the original payoff period. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than the smaller of \$100.00, or the full amount that you owe.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 9 years 11 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.0%. During that period, you would make 118 payments of \$102.00 and one (1) final payment of \$93.36.

FEES AND CHARGES:

You must pay certain fees to third parties to open the plan. These fees generally total between \$200.00 and \$500.00. 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.

TRANSACTION REQUIREMENTS: After you obtain the first advance, the minimum amount of each subsequent advance is \$300.00.

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 10 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. 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 on the first day of each month. 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 18.0% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 3.0% at any time during the term of the plan.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$181.00. 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

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2008.....	6.000	0.75	6.750	115.00
2009.....	3.250	0.75	4.000	103.00
2010.....	3.250	0.75	4.000	103.00
2011.....	3.250	0.75	4.000	103.00
2012.....	3.250	0.75	4.000	103.00
2013.....	3.250	0.75	4.000	103.00
2014.....	3.250	0.75	4.000	103.00
2015.....	3.250	0.75	4.000	103.00
2016.....	3.500	0.75	4.250	101.00
2017.....	3.750	0.75	4.500	100.00 ⁽²⁾
2018.....	4.500	0.75	5.250	
2019.....	5.500	0.75	6.250	
2020.....	4.750	0.75	5.500	
2021.....	3.250	0.75	4.000	
2022.....	3.250	0.75	4.000	

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

⁽²⁾ This payment reflects the minimum payment of \$100.00.



Federal Credit Union

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Open-End Home Equity Credit Agreement and Truth in Lending Disclosure

BORROWER 1 NAME BORROWER 1 ADDRESS ACCOUNT NUMBER
BORROWER 2 NAME BORROWER 2 ADDRESS ACCOUNT NUMBER

CREDIT AGREEMENT AND TRUTH IN LENDING DISCLOSURE

INTRODUCTION. This LOANLINER® Home Equity Plan Credit Agreement and Truth in Lending Disclosure will be referred to as this "Plan". This Plan consists of this Agreement and the accompanying Addendum which is incorporated into and becomes a part of this Credit Agreement and Truth in Lending Disclosure.

to repay all advances plus applicable finance charges, other applicable charges, and voluntary payment protection costs. Unless the Credit Union's written policy requires all of you to sign for an advance, each of you authorizes the other(s) to obtain advances individually and agrees to repay advances made to the other(s).

- 1. HOW THIS PLAN WORKS. This Plan establishes a revolving line of credit account ("account"). You and the Credit Union anticipate that you will obtain a series of advances under this Plan from time to time.
2. PROMISE TO PAY. You promise to repay to the Credit Union, or order, all advances made to you under this Plan, plus finance charges, other applicable charges, and costs of voluntary payment protection for which you are responsible under this Plan.
3. JOINT ACCOUNTS. If this is a joint account, each of you must sign this Plan and you will be individually and jointly responsible for the promises you make in this Agreement, including paying all amounts owed.

- 4. SECURITY INTEREST. This Plan is secured by a mortgage, deed of trust, security deed, or security agreement (the "security instrument") in your dwelling which is described in the Addendum.
5. PROMISES IN SECURITY INSTRUMENT. The security instrument you sign the same day you sign this Plan is incorporated by reference into this Plan. You must keep all the promises you made in the security instrument.
6. APPLICATION OF PAYMENTS. Payments will be applied in the order the Credit Union chooses to any finance charges, voluntary payment protection costs, and other applicable charges due before being applied to your unpaid balance.
7. CREDIT LIMIT. You promise not to request or obtain an advance that will make your balance exceed your credit limit. Your credit limit will not be increased if you exceed your credit limit. If you exceed your credit limit, you agree to repay the excess immediately.
8. ACCESS DEVICES. You can obtain credit advances in any manner authorized by the Credit Union from time to time. Your application for this account also serves as a

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SIGNATURES

By signing or otherwise authenticating below, you agree that you have read the LOANLINER Home Equity Plan Credit Agreement and Truth in Lending Disclosure and Addendum and agree to be bound by the terms of the Agreement. You also acknowledge receipt of a copy of this Agreement, and the Home Equity Early Disclosure and handbook entitled "What You Should Know About Home Equity Lines of Credit" given to you at the time of application.

Notice to Vermont Borrowers: NOTICE TO COSIGNER: YOUR SIGNATURE ON THIS NOTE MEANS THAT YOU ARE EQUALLY LIABLE FOR REPAYMENT OF THIS LOAN. IF THE BORROWER DOES NOT PAY, THE LENDER HAS A LEGAL RIGHT TO COLLECT FROM YOU.

Borrower 1 Signature Date
X (Seal)
Witness Signature Date
X (Seal)

Borrower 2 Signature Date
X (Seal)
Witness Signature Date
X (Seal)



CREDIT AGREEMENT AND TRUTH IN LENDING DISCLOSURE (Continued)

request to receive any additional access devices which may be available in the future in connection with this Plan. The terms of this Plan will also apply to any future access devices we issue to you for accessing this Plan.

9. COST OF CREDIT. The finance charge is the cost you pay for credit. Unless described otherwise on the Addendum, the finance charge on each new advance begins on the date of the advance and continues until the advance has been paid in full. There is no "free ride period" which would allow you to avoid a finance charge. To compute the finance charge, the unpaid balance for each day since your last payment (or since an advance if you have not yet made a payment) is multiplied by the applicable periodic rate. The sum of those amounts is the finance charge owed. The periodic rate and corresponding annual percentage rate are disclosed in the Addendum. The balance used to compute the finance charge is the unpaid balance each day after payments and credits to that balance have been subtracted and any new advances have been added.

10. ANNUAL PERCENTAGE RATE. The annual percentage rate under this Plan includes only interest and no other costs. The Addendum shows the current interest rate as a periodic rate and a corresponding annual percentage rate. If the interest rate for this Plan is a variable interest rate, the Addendum explains how the variable interest rate works. If we forego an annual percentage rate increase, we may return to the full index and margin at a later adjustment subject to any rate limitations.

11. OTHER CHARGES. In addition to finance charges, your account is subject to certain other charges as described in this Plan and the Addendum. The Credit Union can add any of these other charges to your balance or you can pay them in cash.

12. CHARGES TO YOUR ACCOUNT. We may charge your account to pay other fees and costs that you are obligated to pay under this Plan or under the security instrument. In addition, we may charge your account for funds required for continuing property insurance coverage or costs to protect or perfect our security interest in your dwelling. These costs or expenses include, without limitation, payments to cure defaults under any existing liens on your dwelling. If you do not pay your property taxes, we may charge your account and pay the delinquent taxes. Any amount so charged to your account will be a credit advance. However, we have no obligation to provide any of the credit advances referred to in this paragraph.

13. LENDER'S RIGHTS:

(a) Termination and Acceleration. In accordance with applicable law, we can terminate your credit line and require you to pay us the entire outstanding balance in one payment, charge you certain fees, suspend additional extensions of credit, or reduce your credit limit, if any of the following happen:

For Wisconsin Borrowers Only:

- (1) You fail to make a required payment when due two (2) times within a 12 month period, or
- (2) Your failure to observe the terms of this Plan materially impairs the condition, value or protection of, or our rights in, the property securing this Plan.

For Iowa Borrowers Only:

If this transaction is subject to the Iowa Uniform Consumer Credit Code, you will be in default if:

- (1) You fail to make a payment within ten days of the time required by agreement; or
- (2) You fail to observe any other covenant of the transaction, breach of which materially impairs the condition, value or protection of or the Lender's right in any collateral securing the transaction, or materially impairs your prospect to pay amounts due under the transaction.

For All Other Borrowers:

- (1) You engage in fraud or make a material misrepresentation at any time in connection with this Plan. This can include, for example, a false statement about your income, assets, liabilities, or any other aspects of your financial condition, or
- (2) You do not meet the repayment terms of this Plan, or
- (3) Your action or inaction adversely affects the collateral for this Plan or our rights in the collateral. This can include, for example, failure to maintain required insurance, waste or destructive use of the property, failure to pay taxes, death of all persons liable on the account, transfer of title or sale of the property, creation of a senior lien on the property without our permission, foreclosure by a prior lienholder, use of the dwelling for prohibited purposes, or taking of the property through eminent domain.

(b) Suspension or Reduction. In addition to any other rights we may have, we can suspend additional extensions of credit or reduce your credit limit during any period in which any of the following are in effect:

- (1) The value of the property securing this Plan declines significantly below the property's appraised value for purposes of this Plan. This includes, for example, a decline such that the initial difference between the credit limit and the available equity is reduced by fifty percent and may include a smaller decline depending on the individual circumstances.
- (2) We reasonably believe that you will be unable to fulfill your payment obligations under this Plan due to a material change in your financial circumstances.
- (3) You are in default of a material obligation of this Plan. We consider all of your obligations to be material. Before exercising any of our rights under this Agreement, we will mail or deliver a notice of default to you.
- (4) We are precluded by government action from imposing the annual percentage rate provided for under this Plan.
- (5) 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 limit.
- (6) We have been notified by a regulatory authority that continued advances may constitute an unsafe and unsound business practice.

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CREDIT AGREEMENT AND TRUTH IN LENDING DISCLOSURE (Continued)

- (7) The maximum annual percentage rate under this Plan has been reached.
- (8) **For Wisconsin Borrowers Only:** You engage in fraud or material misrepresentation in connection with the Plan.
- (c) Change in Terms.**
- (1) **For Borrowers Outside of Texas:** We may make changes to the terms of this Plan if you agree to the change in writing at that time, if the change will unequivocally benefit you throughout the remainder of this Plan, or if the change is insignificant (such as changes relating to our data processing systems). We may also change the terms of this Plan in accordance with other reasons, if stated on the Addendum. If this Plan follows an index and the index is no longer available, we will choose a new index and margin. The new index will have a 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 the time the original index becomes unavailable.
- (2) **For Borrowers in Texas:** We may make changes to the terms of this Plan if you agree to the change in writing at that time. If this Plan follows an index and the index is no longer available, we will choose a new index and margin. The new index will have a 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 the time the original index becomes unavailable.
- 14. USE OF ACCOUNT.** You promise to use your account for consumer (personal, family or household) purposes, unless the Credit Union gives you written permission to use the account also for agricultural or commercial purposes, or to purchase real estate.
- 15. MEMBERSHIP IN CREDIT UNION.** You must be a member of the Credit Union to obtain credit advances.
- 16. CONFLICTING INSTRUCTIONS.** You agree not to provide conflicting instructions to us regarding your Plan (such as instructing us not to make credit advances to a joint borrower).
- 17. PREPAYMENT.** You may prepay all or part of what you owe at any time without any prepayment penalty.
- 18. CANCELLATION BY YOU.** You can cancel your right to future credit advances under this Plan, by notifying us in writing. If this is a joint account and one of you cancels future credit advances under this Plan, the cancellation will apply to both of you, unless the Credit Union gives written notice to one of you that you may continue to obtain advances. Despite cancellation, your obligations under this Plan will remain in full force and effect until you have paid us all amounts due.
- 19. TAX CONSEQUENCES.** You should consult a tax advisor regarding the deductibility of interest and charges under this Plan.
- 20. STATEMENT AND NOTICES.** On a regular basis the Credit Union will send a statement showing all transactions on your account during the period covered by the statement. Statements and notices will be mailed or delivered to you at the most recent address you have given the Credit Union in writing. Notice to any one of you will be notice to all.
- 21. TRANSFER OR ASSIGNMENT.** You cannot assign your rights and obligations under this Plan. In spite of any divorce or agreement between joint borrowers, each is responsible for the total amount owed under this Plan. Subject to applicable law, we reserve the right to sell or transfer this Plan to another lender, entity or person, and to assign our rights under the security instrument.
- 22. UPDATING INFORMATION.** You promise that you will give us updated financial information and information about matters affecting the title and value of the property securing this Plan. You agree that we may obtain credit reports and appraisals at our option and expense for any reason.
- 23. PROPERTY INSURANCE.** You promise to insure the property that secures this Plan, in the amount the Credit Union requires, against fire and other hazards (including flood insurance if the Credit Union requires it). You may obtain property insurance from anyone you want that is acceptable to the Credit Union and that is authorized to do business in the state or is an eligible surplus lines insurer. You must name us as the person to be paid under the policy in the event of a loss. If we request it, you must deliver to us a copy of the policy and proof that the premiums have been paid. We have the right not to accept the insurer for reasonable cause. Subject to applicable law, if you fail to obtain or maintain insurance as required, we may purchase insurance to protect our own interest, add the premium to your balance and/or pursue any other remedies available to us.
- 24. NO WAIVER.** The Credit Union can delay enforcing any of its rights under this Plan without losing any of its rights.
- 25. CONTINUED EFFECTIVENESS.** If the law makes any term(s) of this Plan unenforceable, the other terms will remain in effect.
- 26. DUE ON SALE.** You promise to notify the Credit Union immediately if you enter into an agreement to sell or transfer ownership of all or any part of the property securing this account. If you sell or transfer ownership without first obtaining the written consent of the Credit Union, the Credit Union may exercise its rights described in the security instrument, including the right to demand immediate payment in full of all sums secured by the security instrument.
- 27. THE FOLLOWING NOTICE IS REQUIRED BY CALIFORNIA LAW: TRANSFER OF THE PROPERTY.** Subject to applicable law, Lender shall have the right to accelerate, that is, to demand immediate payment in full of all sums secured by this Mortgage or Deed of Trust, if Borrower, without the written consent of Lender, sells or transfers all or part of the property or any rights in the property.
- 28. NOTICE TO GEORGIA BORROWERS.** This is an instrument under seal.
- 29. NOTICE TO UTAH BORROWERS.** This written agreement is a final expression of the agreement between you and the Credit Union. This written agreement may not be contradicted by evidence of any oral agreement.
- 30. THE FOLLOWING NOTICE IS REQUIRED BY NEW YORK LAW: Default in the payment of this loan agreement may result in the loss of the property securing the loan. Under federal law, you may have the right to cancel this agreement. If you have this right, the creditor is required to provide you with a separate written note specifying the circumstances and times under which you can exercise this right.**

BILLING RIGHTS -- KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

NOTIFY US IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR STATEMENT. If you think your statement is wrong, or if you need more information about a transaction on your statement, write us on a separate sheet at the address listed on your statement. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first statement on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

If you have authorized us to pay a credit card account automatically from your share account or share draft account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us three business days before the automatic payment is scheduled to occur.

YOUR RIGHTS AND OUR RESPONSIBILITIES AFTER WE RECEIVE YOUR WRITTEN NOTICE. We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the statement was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to send statements to you for the amount you

question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your statement that are not in question.

If we find that we made a mistake on your statement, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your statement. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your statement was correct.

SPECIAL RULE FOR CREDIT CARD PURCHASES. If you have a problem with the quality of property or services that you purchased with a credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the property or services. There are two limitations on this right: (a) You must have made the purchase in your home state or, if not within your home state, within 100 miles of your current mailing address; and (b) The purchase price must have been more than \$50.

These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services.