COMMONWEALTH
central 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 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.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 10 years. This 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 depends on the outstanding balance at the end of the draw period and changes in the interest rate, if applicable, but will never be greater than 20 years. You will be required to make monthly 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. Your payments will include any amounts past due and any amount by which you have exceeded your credit limit and all other charges.

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 20 years. Each time the annual percentage changes, we will adjust your payment to repay the balance within the original 20 years. 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 30 years to pay off a credit advance of $10,000 at an **ANNUAL PERCENTAGE RATE** of 6.75%. During that period, you would make 120 payments of $51.78 to $57.33, followed by 239 payments of $76.06 and one (1) final payment of $75.64.

FEES AND CHARGES: You must pay certain fees to third parties to open the plan. These bona-fide third party fees generally total between $400.00 and $3,000.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

The Credit Union may pay all or some of the bona-fide third-party fees on your behalf; however, if you payoff and close the plan within 24 months from its opening date, you agree to reimburse the credit union for all of the bona-fide third party fees, as permitted by applicable law. If you ask, the credit union will provide you with an itemization of the bona-fide third-party fees.

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: These plans have a variable rate feature and the annual percentage rate (corresponding to the periodic rate) may change as a result. If the annual percentage rate increases you will have to make higher payments. 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 available to us as of the last day of the month 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 margin you receive is based on certain creditworthiness factors and the amount of equity in your property. The margin for which you qualify may be higher or lower than the one shown in the historical

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table. Please ask us about the margin for which you may 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 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 4.0% at any time during the term of the plan.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of $10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be $152.88. This annual percentage rate could be reached at the time of the 1st payment. If you had an outstanding balance of $10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be $154.37. This annual percentage rate could be reached at the time of the 1st payment.

FIXED RATE OPTION (not available on all Plans): During the draw period, this plan has a fixed rate option (the "option") which you may exercise for up to three (3) advances at any one time. The option must be exercised for an advance of at least $10,000.00. There is no cost to exercise an option but if you elect to unlock a balance previously at a fixed rate the cost is $150.00. **This fee is considered a finance charge.** You may unlock one fixed rate segment once per 12 month period. 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 have different "Fixed Rate Loan Portions." You may not exercise the option if your credit limit will be exceeded. Your credit limit will apply to the combined total of all amounts owing under the variable and fixed rate features. All future advances will be at the current variable rate according to the terms disclosed above, unless another option is exercised.

When you exercise the option, the interest rate will be fixed on the balance you elect until the balance is repaid. Your fixed interest rate will be equal to the value of the weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year at the time you exercise the option plus a margin. You can call us to find out the then current weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year and margin. If you elect the option, your minimum payment will be calculated separately from the minimum payment on your variable rate and other Fixed Rate Loan Portions. Your minimum payment will be set to repay the balance, at the applicable fixed rate within a payoff period of 84, 120, 180 or 240 months. Your payment will include all amounts past due and all other charges.

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 as of 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)
2012	3.250	0.000	4.000[2]	$33.97
2013	3.250	0.000	4.000[2]	$33.97
2014	3.250	0.000	4.000[2]	$33.97
2015	3.250	0.000	4.000[2]	$33.97
2016	3.500	0.000	4.000[2]	$33.97
2017	3.750	0.000	4.000[2]	$33.97
2018	4.500	0.000	4.500	$38.22
2019	5.500	0.000	5.500	$46.71
2020	4.750	0.000	4.750	$40.34
2021	3.250	0.000	4.000[2]	$33.97
2022 Repayment Period	3.250	0.000	4.000[2]	$60.61
2023	7.500	0.000	7.500	$79.68
2024	8.500	0.000	8.500	$85.39
2025	7.500	0.000	7.500	$79.91
2026	6.750	0.000	6.750	$76.10

[1] This is a margin we have used recently; your margin may be different.
[2] This **ANNUAL PERCENTAGE RATE** reflects a 4.000% floor.

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