

NORTH GEORGIA CREDIT UNION

1067 MIZE ROAD
P.O. BOX 280
TOCCOA, GA 30577
Tel: (706) 886-1441

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about our Home Equity Line of Credit. 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 prior to the opening of your Home Equity account. 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 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.

Possible Actions: We can terminate your line, require you to pay us the entire outstanding balance in one payment if:

- You engage in fraud or material misrepresentation in connection with the line.
- You do not meet the repayment terms.
- 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:

- The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum annual percentage rate is reached.

Minimum Payment Requirement: The length of the draw period (the time between the effective date and the date of the last advance) is five (5) years during which time you will be able to obtain credit advances. The Credit Union at its option may extend the draw period. You must make monthly payments during both the draw and repayment periods, after the draw period ends. You will no longer be able to obtain advances and you will continue making monthly payments until what you owe is paid in full. The length of the repayment period will be determined by the outstanding balance when you obtained your last advance. At the time of each credit advance, a payoff period will be established. The payoff period will be 180 monthly payments or the shorter of the time remaining to payoff your outstanding balance by the maturity date. Your payment will never be less than \$100.00 of the full amount you owe.

Minimum Payment Example: If you made only the minimum payment and took no other credit advances, it would take nine (9) years and 9 months to payoff a credit advance of \$10,000.00, at an ANNUAL PERCENTAGE RATE of 3.25%. You would make 60 monthly payments of \$100.00 during the draw period. You would make 56 monthly payments of \$100.00 during the repayment period. You would then make a final payment of \$78.07.

Third Party Fees: You may have to pay certain fees to third parties to open the Plan. These fees generally total between \$200.00 and \$800.00. If you ask, we will give you an itemization of the fees you will have to pay to third parties. The Credit Union will pay these fees for you.

Property Insurance: You must carry insurance on the property that secures this Plan. If the property is located in a Special Flood Hazard Area, you will be required to obtain flood insurance if it is available.

Transaction Requirements: The minimum amount of the first credit advance is \$1,000.00. The minimum credit advance you can receive after the first advance is \$1000.00.

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

Variable-Rate Feature: This plan has a variable-rate feature, and the ANNUAL PERCENTAGE RATE (corresponding to the periodic rate) and minimum payment can 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.

Description of Index: The index is the highest Prime Rate as published in the Money Rates section of the *Wall Street Journal*. When a range of rates has been published, the highest rate is used.

Source of Index: The index is published in the *Wall Street Journal*. If the index is no longer available, we will choose a new index which is based on comparable information. To determine the ANNUAL PERCENTAGE RATE that will apply to your line, 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 credit line, rate information will be provided on periodic statements that we send you.

Rate Changes: The annual percentage rate can change semi-annually on the first day of January and July. The maximum ANNUAL PERCENTAGE RATE that can apply is 18.000% or the maximum allowed by law, whichever is less. However, under no circumstances will your ANNUAL PERCENTAGE RATE go below 4.250% during the term of the Plan.

Maximum Rate and Payment Examples: If you had an outstanding balance of \$10,000 at the beginning of the draw period, the maximum ANNUAL PERCENTAGE RATE of 18.000% would be \$161.04. This ANNUAL PERCENTAGE RATE could be reached after the first six months of the draw period.

Historical Examples: 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 last 15 years. Period or date each year from which index values were taken: the last business day of January. While only one payment amount per year is shown, payments would have varied slightly during each year. The table assumes that no additional credit advances were taken, that only the minimum payment was made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

<u>YEAR</u>	<u>INDEX (%)</u>	<u>MARGIN (%) *</u>	ANNUAL PERCENTAGE RATE	<u>MINIMUM PAYMENT (\$)</u>
2007	8.250	0.000	8.250	100.00
2008	7.250	0.000	7.250	100.00
2009	3.250	0.000	4.250**	100.00
2010	3.250	0.000	4.250**	100.00
2011	3.250	0.000	4.250**	100.00
2012	3.250	0.000	4.250**	100.00
2013	3.250	0.000	4.250**	100.00
2014	3.250	0.000	4.250**	100.00
2015	3.250	0.000	4.250**	100.00
2016	3.500	0.000	4.250**	100.00
2017	3.750	0.000	4.250**	100.00
2018	4.500	0.000	4.500	100.00
2019	5.500	0.000	5.500	-0-
2020	4.750	0.000	4.750	-0-
2021	3.250	0.000	4.250**	-0-

* This is a margin we have used recently, yours may be different.

** This rate reflects the 4.250% minimum rate limitation.