Equity Entrée™

Advance Truth-in-Lending Disclosure

Important Terms of the Valley Oak Credit Union

HOME EQUITY LINE OF CREDIT

This disclosure contains important information about the Valley Oak Credit Union Home Equity Line of Credit. Please read it carefully and keep it for your records. As used in this disclosure, the words YOU and YOUR mean each and all of the persons who sign an agreement with the Lender, that is, the borrowers. The words WE and US mean the Credit Union, that is, the Lender.

1. Availability of Terms

All of the terms described below are subject to change. If these terms change (other than the **ANNUAL PERCENTAGE RATE** (**APR**)) 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.

2. 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.

3. Possible Actions

We can terminate your credit line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- You engage in fraud or material misrepresentation in connection with the line of credit.
- 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 your dwelling securing the line of credit declines significantly below its appraised value for purposes of the credit 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 or unsound practice.
- The maximum **ANNUAL PERCENTAGE RATE** is reached.

The initial agreement permits us to make certain changes to the terms of the agreement at specified times or upon the occurrence of specified events.

4. Minimum Draw Requirements

The minimum initial credit advance that you can receive is $5,000. The minimum subsequent credit advance that you can receive is $250.

5. Draw Period

You can obtain advances of credit for 5 years (the "draw period"). During the draw period, payments will be due monthly. The amount of your minimum monthly payment will be adjusted after each advance. The payment will equal the amount necessary to amortize the outstanding balance at the maximum interest rate allowed under this plan over 15 years, or by the end of the repayment period, whichever is less.

6. Repayment Period

After the draw period ends, you will no longer be able to obtain credit advances and you must pay the outstanding balance over 10 years (the "repayment period"). During the repayment period, the payment will be calculated in the same manner as during the draw period.

7. Other Payment Information

In no event will your minimum payment be less than $100 unless the outstanding balance on your line of credit is less than that amount, in which case your minimum payment will be the amount of your outstanding balance. You may make larger payments on your account at any time and you may repay all or any portion of the amounts that you may owe to us at any time without penalty. All payments will be applied first to interest, then to the outstanding balance of the Account.

8. Minimum Payment Example

If you made only the minimum payments and took no other credit advances, it would take 8 years and 11 months to pay off a credit advance of $10,000 at an **ANNUAL PERCENTAGE RATE** of 5.75%. During that period, you would make 106 monthly payments of $120.02 and one final payment of $71.74.

9. Fees* & Charges

To open and maintain a line of credit, you must pay us the following fees:

• Application Fee[1] (Finance Charge)	$50.00	• County Recording Fee[5]	$20-$40
• Processing Fee[2]	$100.00	• Title Search/Policy Fee[6]	$150-$800 (range) (due at time of funding)
• Flood Certification[3]	$18	• Appraisal Fee[7]	$350-$450 (range) (due at time of funding)
• Tax Service[4]	$62-$100	• Documentation Fee[8]	$ 300.00 (due at time of funding)

1,2, 3, 4, 5 These fees are due at time of funding - these fees will be waived provided the line of credit loan remains open for three years from the date of the loan. Should the loan be closed within the first three years, you will be required to pay the waived fees in addition to any fees required to reconvey the security on this loan.

6 This fee will be waived provided that the loan is in second lien position and the line of credit loan remains open for three years from the date of the loan. Should the loan be closed within the first three years, you will be required to pay the waived fees in addition to any fees required to reconvey the security on this loan. This fee is due at time of funding. This fee will not be waived if the loan will be in first lien position.

7, 8 These fees are not included in the fees considered to be waived.

** All fees paid in connection with the application will be refunded if, within 3 days of receiving this disclosure and the home equity brochure (or if the disclosure and brochure have been mailed to you, then within 6 business days after the mailing), you decide not to enter into an agreement with us.*

10. Hazard Insurance

You must maintain hazard insurance coverage on your home naming us as the loss payee and insuring the property against loss or damage from fire and other perils. You must also maintain flood insurance if your property is located in an area designated as an area having special flood hazards. The proceeds of any insurance policy on the property, whether or not required by us, shall be applied solely to repairs of the property or repayment of the loan.

No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

11. Tax Deductibility

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

12. Variable-Rate Feature

The line of credit has a variable-rate feature, and the **ANNUAL PERCENTAGE RATE** (corresponding to the periodic rate) and the minimum monthly payment (or number of payments) 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. The index is defined as the Prime Rate as regularly published in the Money Rates table of the *Wall Street Journal*. When a range of rates is published, the highest rate will be selected. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your line of credit, we add a margin to the value of the index. The result of the addition of the margin to the index will then be rounded up to the nearest one quarter of one percentage point (0.25%). Ask us for the current index value, margin, rate limitations and **ANNUAL PERCENTAGE RATE**. After you open a line of credit, rate information will be provided on periodic statements that we send you.

13. Rate Changes

The **ANNUAL PERCENTAGE RATE** can change quarterly on the 1st day of January, April, July and October. There is no limit on the amount by which the rate can change in any one (1) year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 12%. In no event will the **ANNUAL PERCENTAGE RATE** be less than 5.75%.

14. Maximum Rate and Payment Example

If you had an outstanding balance of $10,000 the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 12% would be $120.02. This **ANNUAL PERCENTAGE RATE** could be reached in the first year.

15. 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 July of each year. While only one payment option per year is shown, payments could 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. The margin disclosed is one used recently.

HISTORICAL TABLE

YEAR	INDEX	MARGIN	APR	MIN. MO. PMT.
2000	9.50%	0.00%	9.50%	120.02
2001	6.75%	0.00%	6.75%	120.02
2002	4.75%	0.00%	5.75% *	120.02
2003	4.00%	0.00%	5.75% *	120.02
2004	4.25%	0.00%	5.75% *	120.02
2005	6.25%	0.00%	6.25%	120.02
2006	8.25%	0.00%	8.25%	120.02
2007	8.25%	0.00%	8.25%	120.02
2008	5.00%	0.00%	5.75% *	120.02
2009	3.25%	0.00%	5.75% *	120.02
2010	3.25%	0.00%	5.75% *	0.00
2011	3.25%	0.00%	5.75% *	0.00
2012	3.25%	0.00%	5.75% *	0.00
2013	3.25%	0.00%	5.75% *	0.00
2014	3.25%	0.00%	5.75% *	0.00

** This rate reflects the minimum* **ANNUAL PERCENTAGE RATE** *of 5.75%*

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