

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT (HELOC)

This disclosure contains important information about our HELOC plan. Please read it carefully and keep a copy for your records.

1. **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 you paid to us or anyone else in connection with your application.
2. **SECURITY INTEREST.** We will take a Mortgage or Deed of Trust on your home. You could lose your home if you do not meet the obligations in your agreement with us.
3. **POSSIBLE ACTIONS.**
 - Termination.** 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 the agreement for any outstanding balance; or 3) your action or inaction adversely affects the collateral or our rights in the collateral.
 - Suspension and Reduction of Credit Limit.** We can refuse to make additional extensions of credit, and/or reduce your credit limit, if:
 - a. The value of the dwelling securing the line declines significantly below its appraised value for purposes of the plan;
 - b. We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances;
 - c. You are in default of any material obligation under the agreement;
 - d. 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;
 - e. A regulatory agency has notified us that continued advances would constitute an unsafe practice;
 - f. The maximum ANNUAL PERCENTAGE RATE is reached; or
 - g. You fail to maintain membership at FourLeaf.

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

4. **MINIMUM PAYMENT REQUIREMENTS.** You may obtain credit advances at any time during the first ten (10) years of account opening (the "Draw Period"), subject to your maximum credit limit and the terms of your agreement with us. After the Draw Period ends, you will no longer be able to obtain credit advances and you must repay the outstanding balance over a term of not more than twenty (20) years (the "Repayment Period"). This plan is subject to a variable rate feature (refer to Paragraphs 10 and 11 below).

During the Draw Period, payments will be due monthly. The minimum payment during the Draw Period is interest only, which will not reduce any outstanding principal. Your minimum monthly payment will be established each month to an amount equal to all FINANCE CHARGES that accrued on the last day in the billing cycle (plus, any past due amounts, late charges, and any other charges authorized by the agreement, including, without limitation, any expenses or advances incurred by Lender under the Security Instrument, or amounts that exceed your credit limit may also be included, as applicable).

During the Repayment Period, the minimum payments will be due monthly and will be established on the first day of the Repayment Period, and reestablished on any subsequent change in the rate, to the amount necessary to fully amortize your then outstanding account balance over a term not to exceed the maturity date (plus, any past due amounts, late charges, and any other charges authorized by the agreement, including, without limitation, any expenses or advances incurred by Lender under the Security Instrument, or amounts that exceed your credit limit may also be included, as applicable). If the minimum payment is not received on its due date during the Repayment Period, it may not fully repay the principal that is outstanding on your account. If there is a balance on your line of credit on the maturity date, you will be required to pay the balance in a single payment.

5. **MINIMUM PAYMENT EXAMPLE.**

If you took a single \$10,000.00 credit advance and the ANNUAL PERCENTAGE RATE was 7.00%, your initial minimum monthly payment would be \$59.45 for the Draw Period (120 months), followed by \$77.55 for the Repayment Period (240 months). Meaning, if you made only the minimum payments and took no other credit advances, it would take 30 years (360 months) to pay off the credit advance of \$10,000.

6. **FEES AND CHARGES.** FourLeaf does not charge a fee to open or maintain a HELOC. However, property insurance is required (see Paragraph 7), and the following third-party fees apply:

Line Amounts up to \$500,000: all closing costs for third party fees will be paid by FourLeaf; however, if the HELOC is closed for any reason during the first 36 months of the HELOC account opening, you will be required to reimburse FourLeaf for the full amount of the third-party fees paid on your behalf. These fees generally range between \$500.00 and \$15,000.00 depending on the line amount, property value, location, and/or property type. You may request more specific cost information about third party fees from us. At closing, we will give you an itemization of the closing costs incurred that FourLeaf will pay to third parties.

Line Amounts over \$500,000 (up to \$2,000,000): may be available on a case-by-case basis to qualified applicants, are not eligible for a discounted Introductory Rate (if available) at any time, and the borrower(s) will be responsible for mortgage-related taxes and title insurance costs on the line amount over \$500,000 (up to the approved credit limit). The total third-party fees generally range between \$500.00 and \$60,000.00 depending on the line amount, property value, location, and/or property type. Closing costs for third party fees will be paid by FourLeaf for the first \$500,000 only and are subject to reimbursement as described above if the HELOC is closed for any reason during the first 36 months of the HELOC account opening (see *Line Amounts up to \$500,000*). You may request more specific cost information about third party fees from us. At closing, we will give you an itemization of the closing costs incurred that FourLeaf will pay to third parties.

7. **PROPERTY INSURANCE.** You must carry and provide evidence of homeowners insurance on the property that secures this line of credit. If the property is located in a Special Flood Hazard Area (SFHA), you will also be required to provide evidence of flood insurance.

Choice of Insurance Disclosure Notice: You have the right to obtain insurance through an agent or insurance company of your choice, but the policy and company must meet applicable coverage and/or FourLeaf underwriting requirements. Obtaining an insurance policy through any particular agent or insurer will not affect the credit decision or credit terms in any way.

8. **TAX DEDUCTIBILITY.** You should consult your tax advisor regarding the deductibility of interest and charges for the line of credit.

9. **MINIMUM DRAW AND BALANCE REQUIREMENTS.** The total amount of advances may not exceed your line of credit.

Limitations on Credit Advances: The minimum credit advance you can receive is \$500. There is no limit to the number of advances you may obtain during the Draw Period. You may obtain advances of credit in any manner we may authorize during the Draw Period.

Preferred Rate Initial Draw: To receive the *Preferred Rate Initial Draw* discount, a \$25,000.00 initial credit advance is required at account opening and the outstanding balance must be maintained for at least twelve (12) consecutive months. See Paragraph 11 for additional details.

Introductory Rate: If offered, and subject to approval, plans with an Introductory Rate must have an initial draw of \$25,000.00 and the outstanding balance must be maintained for at least twelve (12) consecutive months. See Paragraph 11 for additional details.

10. **VARIABLE RATE FEATURE.** This plan has a variable rate feature. The ANNUAL PERCENTAGE RATE (corresponding to the periodic rate) and minimum monthly payment can change as a result of the variable rate feature. The ANNUAL PERCENTAGE RATE includes only interest and no other costs. The ANNUAL PERCENTAGE RATE is based on the value of an index. During both the Draw Period and the Repayment Period, the index is the U.S. Prime Rate as published in the Wall Street Journal on the 25th day of each month (or the next day of publication if not published on that date). To determine the ANNUAL PERCENTAGE RATE that will apply to your line, we add or subtract a margin to the value of the index.

Introductory Rate: If we offer an Introductory Rate and you are approved for an Introductory Rate, the Initial ANNUAL PERCENTAGE RATE is "discounted," meaning it is not based on the index and margin used for later rate adjustments. For an Introductory Rate, the initial ANNUAL PERCENTAGE RATE will be in effect for twelve (12) months (and subject to the additional terms below).

Ask us for the current index value, margin, discount, and ANNUAL PERCENTAGE RATE. After you open a line of credit, rate information will be provided on periodic statements that we send you.

11. **RATE CHANGES.** Unless an Introductory Rate applies, the ANNUAL PERCENTAGE RATE can change each month. In no event will the minimum ANNUAL PERCENTAGE RATE ("Floor") be less than 3.25% (with the exception of an Introductory Rate, if offered and subject to those terms). The maximum ANNUAL PERCENTAGE RATE ("Cap") will not increase above the maximum rate permitted by the National Credit Union Association, which is currently 18.00%. Except for the "Floor" or "Cap," there is no limit on the amount by which the ANNUAL PERCENTAGE RATE can change during any one-month period.

Preferred Rates: Automatic Payments: The ANNUAL PERCENTAGE RATE includes a 0.25% discount if your monthly HELOC payments are automatically withdrawn from your FourLeaf savings or checking account. The ANNUAL PERCENTAGE RATE will increase by 0.25% if at any time your monthly HELOC payments are no longer withdrawn from your FourLeaf savings or checking account. **Initial Draw of \$25,000 or more:** The ANNUAL PERCENTAGE RATE includes a 0.25% discount if a Variable Rate Advance of \$25,000.00 or more is drawn at account opening and the outstanding balance is maintained for at least twelve (12) consecutive months. The ANNUAL PERCENTAGE RATE will increase by 0.25% if at any time your outstanding HELOC balance falls below \$25,000.00 within the first twelve (12) months of account opening.

Introductory Rate: If we offer an Introductory Rate, and you are approved for an Introductory Rate, an initial draw of \$25,000.00 is required at account opening, the outstanding balance must be maintained for twelve (12) consecutive months, and your monthly HELOC payments must be automatically withdrawn from a FourLeaf savings or checking account. An Introductory Rate only applies to lines that have not had an Introductory Rate within the past five (5) years. If you do not meet these requirements,

then you will have an increased ANNUAL PERCENTAGE RATE. After the Introductory Rate period, your ANNUAL PERCENTAGE RATE will be the rate you were approved for at the time of the HELOC account opening.

- 12. MAXIMUM RATE AND PAYMENT EXAMPLES.** The periodic payment may increase or decrease substantially depending on changes in the ANNUAL PERCENTAGE RATE. If you had an outstanding balance of \$10,000.00 during the Draw Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$152.88. This ANNUAL PERCENTAGE RATE could be reached during the first month of the Draw Period.

If you had an outstanding balance of \$10,000.00 at the beginning of the Repayment Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$154.43. This ANNUAL PERCENTAGE RATE could be reached during the first month of the Repayment Period.

- 13. HISTORICAL EXAMPLE:** The following table shows how the ANNUAL PERCENTAGE RATE and the minimum monthly 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 reflect the Prime Rate taken from the first business day of July of each year. While only one ANNUAL PERCENTAGE RATE per year is shown, the ANNUAL PERCENTAGE RATE would have varied during each year. This table assumes an outstanding balance of \$10,000 (and no additional credit advances were taken), that only the minimum payments were made, that the rate remained constant during each year, and that automatic payments are made with a FourLeaf savings or checking account. It does not necessarily indicate how the index, or your payments, will change in the future.

	Year	Index (%)	Margin (%)**	ANNUAL PERCENTAGE RATE (%)	Minimum Monthly Payment
Draw Period ¹	2011	3.25	0.25	3.50	\$29.73
	2012	3.25	0.25	3.50	\$29.73
	2013	3.25	0.25	3.50	\$29.73
	2014	3.25	0.25	3.50	\$29.73
	2015	3.25	0.25	3.50	\$29.73
	2016	3.50	0.25	3.75	\$31.85
	2017	4.25	0.25	4.50	\$38.22
	2018	5.00	0.25	5.25	\$44.59
	2019	5.50	0.25	5.75	\$48.84
	2020	3.25	0.25	3.50	\$29.73
Repayment Period ²	2021	3.25	0.25	3.50	\$58.00
	2022	7.50	0.25	7.75	\$80.97
	2023	8.50	0.25	8.75	\$86.71
	2024	7.50	0.25	7.75	\$81.19
	2025	6.75	0.25	7.00	\$77.34

¹The minimum monthly payment during the Draw Period is interest-only.

²The minimum monthly payment during the Repayment Period is principal and interest and is based on a 20-year (240 month) repayment term.

**This is a margin we have used recently. Your margin may be different depending on various factors.