

## IMPORTANT TERMS of our HOME EQUITY LINE OF CREDIT

**THIS DISCLOSURE CONTAINS INFORMATION ABOUT OUR HOME EQUITY LINE OF CREDIT. YOU SHOULD READ IT CAREFULLY AND KEEP THIS COPY FOR YOURSELF.**

### Availability Of Terms

All 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.

### Security Interest

We will take a Deed of Trust/Mortgage on your home ("Security Property"). You could lose your home if you do not meet certain obligations in your agreement with us.

### Possible Actions

#### Termination

If you fail to meet the terms of repayment, or if you act or fail to act in a way that adversely affects our security interest or other rights in the Security Property, or if you have committed fraud or made a material misrepresentation in connection with the account, we may, subject to the Governing Law, terminate the plan, require payment in full of the entire outstanding balance in a single payment or cause the Security Property to be sold and the proceeds of such sale to be applied to your obligation to us. You agree to pay any reasonable costs of protecting, retaking, repairing or selling the Security Property.

#### Suspension

Your right to request additional advances may be suspended, or your maximum credit limit reduced, at our option in the following instances: (1) you fail to make the scheduled payments due to us; (2) you fail to make timely payments to the holders of Deeds of Trust/Mortgages senior to ours; (3) you fail to pay real property taxes prior to delinquency; (4) you fail to maintain the required property insurance; (5) the value of the Security Property declines significantly below the appraised value upon which we relied in approving your application; (6) we reasonably believe that your ability to meet your payment obligations is impaired because of a material change in your financial circumstances; (7) governmental action precludes our imposing the interest rate provided herein or adversely affects the priority of our security interest such that the value of our interest is less than 120% of your maximum credit limit; (8) the maximum interest rate under the plan is reached; or (9) government regulatory authorities find that further advances under this plan constitute an unsafe and unsound practice. When the condition which caused the suspension of advances or reduction of your maximum credit limit no longer exists, the original terms of your agreement will be reinstated. You understand that if your right to request additional advances is suspended or your maximum credit limit is reduced, you still owe us whatever sums you have already borrowed, all other charges under your agreement and applicable Finance Charges.

### Minimum Payment Requirements

You can obtain credit advances for the first 120 months (the "draw period"). During the draw period, payments will be due on a monthly basis. Your minimum monthly payment will be an amount equal to 1.50% of your unpaid balance at the close of each billing cycle, subject to the lesser of \$100 or your account balance, plus any portion of the minimum payments shown on prior statement(s) which remains unpaid, plus any amount that exceeds your approved credit limit.

After the draw period ends, you will no longer be able to obtain credit advances and you must repay your outstanding account balance (the "repayment period"). The length of the repayment period will depend on the date and amount of your last advance but in no event will exceed 120 months. During the repayment period, minimum payments will be due on a monthly basis and will be established on the first day of the repayment period at an amount equal to 1.50% of your then unpaid balance, subject to the lesser of \$100 or your account balance, plus any portion of the minimum payments shown on prior statement(s) which remains unpaid, plus any amount that exceeds your approved credit limit.

Paying only the minimum payment may not be sufficient to fully amortize your unpaid account balance by the end of the repayment period in which case, you will be required to pay your entire remaining balance in a single balloon payment on the agreement maturity date.

### Minimum Payment Example

If you made only the minimum payments and took no other credit advances, it would take 107 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.00%. During that period, you would make 106 monthly payments varying between \$150 and \$100, followed by a final payment of \$40.85.

### Fees And Charges

To open and maintain a line of credit you must pay certain fees to third parties. These fees generally total from \$15 to \$400. If you ask we will give you an itemization of the fees you will have to pay to third parties.

### Insurance

You must carry insurance on the property that secures this plan.

### Minimum Draw And Balance Requirements

The minimum initial credit advance you can receive is \$1,000 and the minimum subsequent advance is \$500.

### Tax Deductibility

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

### Variable Rate Feature

This plan has a variable rate feature. The Annual Percentage Rate (corresponding to the periodic rate), the number of your scheduled payments during the draw and the repayment periods, and the amount of your final 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. The index is the highest Prime Rate in effect on the last day of each month of each year. To determine the Annual Percentage Rate that will apply to your line of credit, 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 line of credit, rate information will be provided in periodic statements that we send you.

**Rate Changes**

Your Annual Percentage Rate can change monthly. There is no limit on the amount by which the interest rate can change during any one-year period other than the maximum and minimum Annual Percentage Rates that can apply at any time to this account. The maximum **ANNUAL PERCENTAGE RATE** at any time is 18.00%. The minimum **ANNUAL PERCENTAGE RATE** at any time is 1.00%.

**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 18.00% would be \$150.00. This Annual Percentage Rate could be reached in the 1st month of the draw period.

If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.00. This Annual Percentage Rate could be reached in the 1st month of the repayment period.

**Historical Examples**

The following table shows how the Annual Percentage Rate and the monthly payments for a single \$10,000 credit advance would have changed based on changes in the index since 2000. The index is from The Wall Street Journal and is calculated on the first business day of June each year. While only one payment amount per year is shown, payments may have varied during the 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 the year. It does not necessarily indicate how the index or your payments will change in the future.

Year	Index	Margin <sup>(1)</sup>	<b>ANNUAL PERCENTAGE RATE</b>	Payment Period	Minimum Payment
2000	9.50	0.0	9.50%	DRAW	\$150.00
2001	7.00	0.0	7.00%	DRAW	\$137.74
2002	4.75	0.0	4.75%	DRAW	\$123.33
2003	4.25	0.0	4.25%	DRAW	\$107.94
2004	4.00	0.0	4.00%	DRAW	\$100.00
2005	6.00	0.0	6.00%	DRAW	\$100.00
2006	8.00	0.0	8.00%	DRAW	\$100.00
2007	8.25	0.0	8.25%	DRAW	\$100.00
2008	5.00	0.0	5.00%	DRAW	\$100.00
2009	3.25	0.0	3.25%	DRAW	\$100.00
2010	3.25	0.0	3.25%	REPAYMENT	\$100.00
2011	3.25	0.0	3.25%	REPAYMENT	\$0.00
2012	3.25	0.0	3.25%	REPAYMENT	\$0.00
2013	3.25	0.0	3.25%	REPAYMENT	\$0.00
2014	3.25	0.0	3.25%	REPAYMENT	\$0.00

(1) This represents a margin we have recently used.



424 North Bradner Avenue  
 Marion, IN 46952-3336  
 (765) 664.8089 - FAX (765) 668.4331

**CREDIT LINE ACCOUNT VARIABLE INTEREST RATE HOME EQUITY SECURED  
 OPEN-END CREDIT AGREEMENT AND TRUTH-IN-LENDING DISCLOSURE**

Name (Print or Type) \_\_\_\_\_  
 (Borrower) (Borrower)

Address of Security Property \_\_\_\_\_  
 (Street) (City) (State)

Legal Description of Security Property \_\_\_\_\_  
 Refer to Security Instrument

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Date of Agreement \_\_\_\_\_ Loan Number \_\_\_\_\_ Account Number \_\_\_\_\_

Maximum Credit Limit \$ \_\_\_\_\_ Minimum Initial Advance \$ \_\_\_\_\_ Minimum Other Advance \$ \_\_\_\_\_

Final Date to Request Advance \_\_\_\_\_ Agreement Maturity Date \_\_\_\_/\_\_\_\_/\_\_\_\_

In this Agreement, the use of the words "Credit Union", "We", "Us" and "Our" mean AFENA FEDERAL CREDIT UNION. Any person who signs this Agreement as Borrower, individually and collectively, is sometimes referred to as "You" or "Your". "Account" means the line of credit available to You under the terms of this Agreement. Numbers, phrases or words preceded by a  are applicable only if the  is marked, e.g. .

**AUTOMATIC PAYMENT AGREEMENT.** You agree to have the payments on Your Account made via  payroll deduction  automatic transfer from a Afena Federal Credit Union deposit account # \_\_\_\_\_ share # \_\_\_\_\_ for the entire term of Your Account. You agree and understand that Automatic Payment shall permanently terminate upon any of the following conditions: (1) the cancellation of any payroll deduction or automatic transfer method of payment for any reason; (2) in the event that Your Regular Share Account falls below the required minimum balance; and/or (3) in the event of insufficient funds to accomplish the automatic transfer from the designated Afena Federal Credit Union deposit account.

**1. PROMISE TO PAY.** You promise to pay Us all amounts You borrow from Us under this Agreement, together with Finance Charges, Late Charges, Collection Costs or other charges described herein.

**2. USE OF YOUR ACCOUNT.** To the extent permitted by law and in this Agreement, You may use Your Account for any purpose.

**3. CREDIT LIMIT.** We have granted You a Maximum Credit Limit which is shown above and You agree not to exceed this Maximum Credit Limit. If You do, You will be in default under this Agreement and, in addition to any other rights We may have, We may require You to repay such excess sums immediately. Unless previously agreed to in writing to the contrary, any amount of credit extended that exceeds the Maximum Credit Limit stated above is not secured by the interest in the Security Property.

In the event that Your Maximum Credit Limit is increased, this Agreement will continue in effect subject to the new Maximum Credit Limit.

**4. ADVANCES.** You may request an advance by telephone, in person, by letter, by writing a pre-printed Convenience Check that We may supply to You or by using any other means We have provided to access Your Account. When You request an advance, We may require You to prove Your identity. Unless Your Account has been suspended by Us, You will have credit available up to Your Maximum Credit Limit. Your first advance must be in an amount equal to at least the Minimum Initial Advance. All subsequent advances, except for any credit insurance premiums, must be at least equal to the Minimum Other Advance amount as shown above and must be made prior to the Final Date to Request Advance, as also shown above. We may refuse to honor any non-conforming advance request and We may return unpaid any such Convenience Check to the payee. If You request an advance by telephone, We will either make a deposit to Your Regular Share Account, Your Share Draft Account or mail You a check, whichever You specify. In any event, such advances will appear on a subsequent statement which will be conclusive evidence of the request and Your obligation to repay it, unless You establish a billing error pursuant to the Fair Credit Billing Act.

**5. PAYMENTS.** Your scheduled payment will be due monthly beginning \_\_\_\_\_. You can obtain credit advances for (120 months) (the "Draw Period"). During the Draw Period, Your Minimum Periodic Payment will be an amount equal to 1.50% of Your unpaid balance at the close of each billing cycle, subject to the lesser of \$100 or Your Account balance, plus any portion of the Minimum Payments shown on prior statement(s) which remains unpaid, plus any amount that exceeds Your approved Credit Limit.

After the Draw Period ends, You will no longer be able to obtain credit advances (other than for any credit insurance premiums) and You must repay Your outstanding Account balance (the "Repayment Period"). The length of the Repayment Period will depend on the date and the amount of Your last advance but in no event will exceed (120 months). During the Repayment Period, Your Minimum Periodic Payment will be established on the first day of the Repayment Period at an amount equal to 1.50% of Your then unpaid balance, subject to the lesser of \$100 or Your Account balance, plus any portion of the Minimum

Payments shown on prior statement(s) which remains unpaid, plus any amount that exceeds Your approved Credit Limit.

Payments will be applied first to any Late Charge owing, then to Finance Charges due, then to the outstanding principal balance. Any unpaid Finance Charges will be paid by subsequent payments and will not be added to the principal. You may make more frequent payments which will reduce Your Finance Charges. You may also repay or prepay all or any portion of the amounts You owe at any time without penalty. Any partial payment or prepayment of Your Account will not delay Your next scheduled payment. Paying only the minimum payment may not be sufficient to fully amortize Your unpaid Account balance by the end of the Repayment Period in which case, You will be required to pay Your entire remaining balance in a single balloon payment on the Agreement Maturity Date. All payments to Us must be in lawful money of the United States.

**6. FINANCE CHARGES.** You will be charged a Finance Charge at a Variable Periodic Rate on Your Account for the period any balance is outstanding. Balance(s) change each time advances are made, payments are made or credits given. The Finance Charge begins to accrue on the date of each advance and there is no grace period. The Finance Charge is determined by multiplying the unpaid balance in Your Account at the close of each day in the billing cycle being accounted for by the Daily Periodic Rate. The balance used to compute the Finance Charge is the unpaid balance each day after payments, credits and unpaid Finance or Late Charges have been subtracted and any new advances, insurance premiums and or other charges have been added. The sum of these charges is the Finance Charge You owe. On the date Your Account is established,

FINANCE CHARGES will be computed using a Daily Periodic Rate of 0.02160 %, corresponding to an ANNUAL PERCENTAGE RATE of 7.890 %.

**7. VARIABLE RATE.** Your Account is subject to a Variable Rate which is based on the highest Prime Rate as published in the Money Rates Section of The Wall Street Journal in effect on the last day of each month of each year ("Index") plus 0.00 % ("Margin"). The Index plus the Margin equals the Interest Rate. Changes in the Index will cause changes in the Interest Rate on the first day of each month of each year. Increases or decreases in the Interest Rate will result in like increases or decreases in the Finance Charge and may affect the number of Your scheduled payments and the amount of Your final payment. The Annual Percentage Rate does not include costs other than interest. Your Interest Rate will never be less than 1.00% nor greater than 18.00% and will apply to the remaining principal balance. If the Index becomes unavailable, We may select another Index and Margin which would result in a substantially similar Interest Rate.

**8. SECURITY.** Except as stated herein, Your Account is not secured by any other collateral, real or personal, tangible or intangible. Your Account is secured by a Mortgage/Deed of Trust You have given Us on the Security Property described above as well as the proceeds of the sale of such Security Property.

Further paragraphs of this Agreement are set forth on the separate page titled "Additional Provisions of Your Credit Line Account Variable Interest Rate Home Equity Secured Open-End Credit Agreement". You acknowledge that You have received and read a completed copy of this Agreement and You agree to its terms.

Borrower _____	Date _____	Borrower _____	Date _____
Witness _____	Date _____	Witness _____	Date _____

**ACKNOWLEDGMENT BY NON-BORROWER WHO WILL EXECUTE A MORTGAGE/DEED OF TRUST.**  
 The undersigned will be executing a Mortgage/Deed of Trust on the Security Property shown above in favor of AFENA FEDERAL CREDIT UNION, but will have no personal liability under the above Agreement. The undersigned acknowledges receipt of a completed copy of this Agreement.

\_\_\_\_\_  
 Date \_\_\_\_\_

\_\_\_\_\_  
 Date \_\_\_\_\_

**Additional Provisions of Your Variable Interest Rate Home Equity Secured Open-End Credit Agreement**

**8A. OTHER SECURITY.** As permitted by law, to secure all transactions under this Agreement in either joint or individual Accounts, We have the right to impress and enforce a statutory lien against Your shares on deposit with Us (other than those deposits established under a governmental approved tax deferral plan such as an IRA or Keogh account), and any dividends due or to become due to You from Us to the extent that You owe on any unpaid balance on Your Account and We may enforce Our right to do so without further notice to You. Additionally, You agree that We may set-off any mutual indebtedness.

**9. OTHER CHARGES.** In addition to the Finance Charges, Your Account is subject to certain other charges which You agree to pay either separately or as a result of advances made to Your Account (e means estimate):

Appraisal Fee	\$ _____
Recording Fees	\$ _____
Title Policy Fees	\$ _____
Other	\$ _____
Flood Determination	\$ _____
<b>Total of Charges</b>	<b>\$ _____</b>

The fees and charges shown above have been waived because You have agreed to maintain Our security interest on the property securing Your Account for at least 12 consecutive months following the Date of Agreement. If Our security interest in the property securing Your Account is cancelled for any reason within the 12-month period following the Date of Agreement, You will be required to reimburse Us for these fees and charges as an advance on Your Account immediately preceding the time Your Account is closed.

**10. COLLECTION COSTS.** To the extent permitted by law, You agree to pay all costs of collections, including attorneys' fees whether or not suit is filed, and other costs, including court costs.

**11. LATE CHARGES.** If Your payment is more than 10 days late, You will be charged \$ \_\_\_\_\_.

**12. PROPERTY INSURANCE.** You agree to insure the Security Property against fire and other hazards, in the amount and for the period required by Us, with Us named as Mortgagee for Our protection. You may purchase the insurance from any insurer You want, but We have the right not to accept the insurer for reasonable cause. If You do not get or keep such insurance, We may (but are under no obligation to do so) obtain it and add the costs to the principal balance of Your Account and You agree to pay for it.

**13. TERMINATION.** If You fail to meet the terms of repayment, or if You act or fail to act in a way that adversely affects Our security interest or other rights in the Security Property, or if You have committed fraud or made a material misrepresentation in connection with the Account, We may terminate this Agreement and require You to pay Us the outstanding balance in one payment, or subject to the Governing Law, cause the Security Property to be sold and the proceeds of sale to be applied to Your obligation to Us. To the extent permitted by law, You agree to pay any reasonable costs of protecting, retaking, repairing or selling the Security Property.

**14. SUSPENSION.** Your right to request additional advances may be suspended, or Your Maximum Credit Limit reduced, at Our option in the following instances: (1) You fail to make the scheduled payments due to Us; (2) You fail to make timely payments to the holders of Mortgage/Deeds of Trust senior to Ours; (3) You fail to pay real property taxes prior to delinquency; (4) You fail to maintain the required property insurance; (5) the value of the Security Property declines

significantly below the appraised value upon which We relied in approving Your application; (6) We reasonably believe that Your ability to meet Your payment obligations is impaired because of a material change in Your financial circumstances; (7) Governmental action precludes Our imposing the Interest Rate provided herein or adversely affects the priority of Our Security Interest such that the value of Our interest is less than 120% of Your Maximum Credit Limit; (8) the maximum Interest Rate under this plan is reached; or (9) Government regulatory authorities find that further advances under this plan constitute an unsafe and unsound practice. When the condition which caused the suspension of advances or reduction of Your Maximum Credit Limit no longer exists, the original terms of this Agreement will be reinstated. You understand that if Your right to request additional advances is suspended or Your Maximum Credit Limit is reduced, You still owe Us whatever sums You have already borrowed, all other charges under this Agreement and applicable Finance Charges.

**15. CHANGE IN TERMS.** We may change the terms of this Agreement upon proper notice to You in the following situations: (1) as provided in this Agreement; (2) to adopt a new Index if the current Index becomes unavailable; (3) by written agreement with You; (4) if the change benefits You; or (5) the change is insignificant.

**16. LIMITATIONS ON THE USE OF CONVENIENCE CHECKS.** We reserve the right not to honor any Convenience Check if: (1) by paying a Convenience Check You would exceed Your Maximum Credit Limit; (2) Your Convenience Check is post-dated. We are not responsible for any resulting loss or liability, however, if any such Convenience Check is honored and, as a result, any other Convenience Check is returned unpaid; (3) Your Convenience Checks have been reported lost or stolen; (4) Your Convenience Check is not signed by a Borrower under this Agreement; (5) Your Account has been suspended or terminated as provided for in this Agreement or could be if a particular Convenience Check were to be honored; and/or (6) Your Convenience Check is less than the Minimum Initial or Minimum Other Advance as shown in this Agreement or You are in violation of any transaction requirement or would be if We honored Your Convenience Check.

**17. ADDITIONAL INFORMATION.** You agree that You will promptly tell Us in writing if You move, change Your name or employment. You will also provide Us updated financial information upon Our request.

**18. DELAY IN ENFORCEMENT.** We can delay enforcing any of Our rights under this Agreement without losing them. We can accept late payments, partial payments, or any other payments even if they are marked "paid in full", without losing any of Our rights under this Agreement.

**19. SEVERABILITY.** If any provision of this Agreement is held to be unenforceable, such determination shall not affect the validity of the remaining provisions of this Agreement.

**20. LIABILITY OF PARTIES.** Each Borrower will be responsible, jointly and severally, for the repayment of amounts owed.

**21. TAX DEDUCTIBILITY.** You should consult a tax advisor regarding the deductibility of interest and charges under Your Account.

**22. GOVERNING LAW.** This Agreement is controlled and governed by the laws of the State of Indiana except to the extent that the laws of the state where the Security Property is located governs property rights related to the Security Property and except to the extent that such laws are inconsistent with controlling federal law.

**YOUR 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 Our address shown in this Agreement. Write to Us as soon as possible. We must hear from You no later than 60 days after We send 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.
- 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.

**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 bill 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 10 days telling Us that You still refuse to pay, We must tell anyone We reported 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 reported 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 \$50.00 of the questioned amount, even if Your statement was correct.

Borrower's Initials \_\_\_\_\_