

**WESTERN CONNECTICUT
FEDERAL CREDIT UNION**

2 Stony Hill Road
Bethel, CT 06801

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about our Home Equity Line of Credit Plan. 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 line; (2) you do not meet the repayment terms; 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) the value of the dwelling securing the line declines significantly below its appraised value for purposes of the line; (2) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (3) you are in default of a material obligation of the agreement; (4) 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; (5) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (6) the maximum **Annual Percentage Rate** is reached.

MINIMUM PAYMENT REQUIREMENTS: On or before each payment due date you agree to make a minimum payment. During the draw period your minimum payment is the accrued finance charges as of the last day of the billing cycle plus any other charges. Making only the minimum payment during the draw period will not reduce the principal balance. After the draw period ends you will no longer be able to obtain advances and the repayment period will begin. The length of the repayment period will depend on your outstanding balance at the beginning of the repayment period. If your draw period is 10 years, in no event will the repayment period exceed 10 years. If your draw period is 5 years, in no event will the repayment period exceed 15 years. During the repayment period for 10 year draw period plans, your minimum monthly payment will be based on a payoff period of 120 monthly payments. During the repayment period for 10 year draw period plans, your minimum monthly payment will be based on a pay off period of 120 monthly payments. During the repayment period for 5 year draw period plans, your minimum monthly payment will be based on a payoff period of 180 monthly payments. The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the final payment date. Your payment may increase if the annual percentage rate increases. You must make monthly payments during both the draw and repayment periods.

MINIMUM PAYMENT EXAMPLE: 10 YEAR DRAW PLAN: If you make only the minimum payment and took no other credit advances, it would take 20 years to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 5.00%. You would make 120 monthly payments of \$41.67. You would then make 120 monthly payments of \$106.07 during the repayment period.

MINIMUM PAYMENT EXAMPLE: 5 YEAR DRAW PLAN: If you make only the minimum payment and took no other credit advances, it would take 20 years to pay off a credit advance, of \$10,000 at an ANNUAL PERCENTAGE RATE OF 5.000%. You would make 60 monthly payments of \$41.67. You would then make 180 monthly payments of \$70.27 during the repayment period.

PROPERTY INSURANCE: You must carry insurance on the property that secures this Plan.

REFUNDABILITY OF FEES: If you decide not to enter into this plan within three 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.

FEES AND CHARGES: To open and maintain an account, you will pay the Credit Union an annual fee of \$_____. You must also pay certain fees to third parties. These fees generally total \$200.00 to \$800.00. If you ask, we will provide you with an itemization of these fees.

TRANSACTION LIMITATIONS: The minimum initial advance is \$_____. Minimum subsequent advances are \$_____.

VARIABLE RATE: After your initial annual percentage rate expires, your Plan is subject to a Variable Rate and the annual percentage rate (corresponding to the periodic rate) can change as a result. The annual percentage rate is based on the highest Prime Rate as published in the Money Rates Section of The Wall Street Journal and will be the rate in effect on the last business day of the previous calendar month ("Index"). To determine the Annual Percentage Rate that will apply to your line of credit, we add our margin to the value of the Index. Changes in the Index will cause changes in the Interest Rate on the first day of each calendar month of each year. Increases and decreases in the Interest Rate will result in like increases or decreases in Finance Charge and may affect the amount of your scheduled payments during the draw and repayment periods. If the Index becomes unavailable, we will choose another Index with a similar Interest Rate. The Annual Percentage Rate includes only interest and no other costs.

There is no limit on the amount the Annual Percentage Rate can change on any given monthly change date. If your initial Annual Percentage Rate is a discounted rate, the discounted rate will remain in effect until the date indicated in this Agreement. Thereafter, the rate will be the Indexed rate in accordance with the variable interest rate provision of this Agreement. The minimum ANNUAL PERCENTAGE RATE is _____. The maximum ANNUAL PERCENTAGE RATE is 18.00%.

The Credit Union has the right to waive an increase in the Annual Percentage Rate on any change date, but such a waiver shall not be construed as a waiver of the Credit Union's right to increase the Annual Percentage Rate at a future change date. The stated Annual Percentage Rate is also the effective rate and reflects only cost of interest.

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 first 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 \$180.19. This Annual Percentage Rate could be reached in the first month of the repayment 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. The Index values are from the first business day in January of each year. While only one payment amount per year is shown, payments would have varied slightly during the 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.

10 YEAR DRAW PLAN

YEAR	INDEX (%)	MARGIN (%)*	ANNUAL PERCENTAGE RATE (%)	MINIMUM PAYMENT (\$)
2002	4.750	0.000	5.000**	41.67
2003	4.250	0.000	5.000**	41.67
2004	4.000	0.000	5.000**	41.67
2005	5.250	0.000	5.250	43.75
2006	7.250	0.000	7.250	60.42
2007	8.250	0.000	8.250	68.75
2008	7.250	0.000	7.250	60.42
2009	3.250	0.000	5.000**	106.07
2010	3.250	0.000	5.000**	106.06
2011	3.250	0.000	5.000**	106.07
2012	3.250	0.000	5.000**	106.06
2013	3.250	0.000	5.000**	106.06
2014	3.250	0.000	5.000**	106.06
2015	3.250	0.000	5.000**	106.06
2016	3.500	0.000	5.000**	106.06

* This is a margin we have used recently. Your margin may be different.
 ** This rate represents the 5.00% minimum rate limitation.

5 YEAR DRAW PLAN

YEAR	INDEX (%)	MARGIN (%)*	ANNUAL PERCENTAGE RATE (%)	MINIMUM PAYMENT (\$)
2002	4.750	0.000	5.000**	41.67
2003	4.250	0.000	5.000**	41.67
2004	4.000	0.000	5.000**	79.08
2005	5.250	0.000	5.250	80.31
2006	7.250	0.000	7.250	89.91
2007	8.250	0.000	8.250	94.61
2008	7.250	0.000	7.250	90.23
2009	3.250	0.000	5.000*	81.52
2010	3.250	0.000	5.000**	81.51
2011	3.250	0.000	5.000**	81.52
2012	3.250	0.000	5.000**	81.52
2013	3.250	0.000	5.000**	81.51
2014	3.250	0.000	5.000**	81.51
2015	3.250	0.000	5.000**	81.51
2016	3.500	0.000	5.000**	81.51

* This is a margin we have used recently. Your margin may be different.
 ** This rate represents the 5.00% minimum rate limitation.

X _____ X _____
 BORROWER Date BORROWER Date