

This Program Disclosure contains important information about the LFCU PrimeLine Home Equity Line of Credit. Please read it carefully and retain for your records.

General LFCU PrimeLine Home Equity Line of Credit ("HELOC") or "line of credit" or "Account") is a revolving line of credit secured by the borrower's principal residence. The HELOC permits borrowers to obtain credit advances (or draws) up to a specific credit limit throughout the term of the loan as long as credit is available. The HELOC has a 15 year term and is a variable-rate loan with the index based on the Prime Rate as published in the Wall Street Journal. Interest only payments are required monthly with the outstanding principal balance due at maturity as a "Balloon" payment.

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 that you have 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: Under certain circumstances, we can (1) terminate your Account and require you to pay us the entire outstanding balance in one payment, and also change certain fees; (2) refuse to make additional extensions of credit; (3) reduce your credit limit; and (4) make specific changes to the terms that are set forth in your Agreement with us. If you ask, we will provide you with specific information about the circumstances under which we could take these actions.

The **Minimum Monthly Payment** will equal the finance charges that accrued on the outstanding principal balance during the preceding month/billing cycle. In addition, you must also pay any amount past due, and any amount by which you have exceeded your credit limit and all other charges. **Minimum monthly payments will not reduce the principal balance that is outstanding on your line of credit.** You may make larger payments at any time. You understand and agree that your **Minimum Monthly Payment is applied in the following order:** (a) late charges and other charges, if any, (b) FINANCE CHARGES, and (c) unpaid balance (principal).

Balloon Feature: If you make only the required Minimum Monthly Payment each month, or you pay an amount which will not fully repay the outstanding principal balance by the Maturity Date, you must pay off your entire remaining balance on the Maturity Date in a single "**Balloon**" Payment which may be much larger than the preceding payments.

Minimum Payment Examples: If you took a single \$10,000 advance and made no other payments other than the required Minimum Monthly Payment amount, and the **ANNUAL PERCENTAGE RATE** was 4.24% (the January 2011 Index Value of 3.25% plus the Margin of 0.99%) for the term of the line of credit, the Minimum Monthly Payment would vary between \$32.53 and \$36.01 per month for 180 months, and you would be required to pay the entire balance of \$10,000 in a single "**balloon**" payment on the maturity date.

Fees and Charges: There are no upfront fees or charges to you in connection with obtaining a HELOC when the requested credit limit is \$250,000 or less (the CLTV is 80% or less) and you do not repay and

close your HELOC within the first 36 months following the date your line of credit is established.

If you repay and close your HELOC within the first 36 months following the date your line of credit is established, we will assess a **Termination Fee for Early Closure** and you must reimburse the Credit Union for all upfront fees and charges waived on your Account, but which were paid by the credit union to third parties in connection with the origination for your line of credit. Generally, early termination costs do not exceed \$700.

If you request a credit limit greater than \$250,000, we will charge you for those costs to be paid to third parties in connection with obtaining an appraisal and title report. These fees are tied to the loan amount and generally should not exceed \$1,100.

In addition if your property is location in Florida, Maryland, or New Hampshire, you must pay Attorneys' fees and related costs incurred in connection with issuing or executing any required documentation and facilitating the closing process. These fees and related costs range from \$300 to \$700. If you ask, we will provide you with an itemization of the fees to be paid to third parties. The above fees and charges must be paid by the date the Account is established.

Other Fees and Charges:

- **Annual maintenance fee:**None
- **Late Charges:** If any payment is more that 4 days late, a Late Charge will be assessed equal to **10% of the interest due, or \$10** whichever is greater. Also, when you make a payment which is less than the Minimum Monthly Payment when due you will be assessed Late Charge.
- **Checks returned unpaid for NSF/Uncollected Funds per item:** \$29
- **Checks returned unpaid for HELOC Payment per item:** \$29
- **Over-the-limit Fee per occurrence:** \$29
- **NSF Home Equity Check Issued Over Credit Limit or Delinquent Account per item:** \$29
- **Stop Payment on Home Equity Check per item:** \$20
- **Research/Copy Fee: \$25 per hour** (Fee is waived if it is determined there was a Credit Union error).
- **Reconveyance Fee:** We will assess a minimum Reconveyance Fee of \$75 or the maximum permitted by law to release our security interest in the Property securing your line of credit once final payoff of the Account has been received. Maximum fee in California is \$45.
- **Beneficiary's Demand:** If we receive a Beneficiary's Demand, a fee of **\$30** or the maximum permitted under applicable law, will be charged to furnish the information.

Minimum Credit Limit, Draw and Initial Advance Requirements: The **minimum Credit Limit** for a Home Equity Line of Credit is **\$25,000**. The minimum initial draw amount and each subsequent minimum advance is \$500.

Property Insurance: You must carry adequate insurance on the property that secures this plan.

Prepayment: You may repay your Home Equity Line of Credit in whole or in part at any time without penalty after the account has been open for 36 months. However, see **Termination Fee for Early Closure**, whereby certain upfront fees and charges which were waived at origination may be charged to you.

Introductory Rate: The credit union may offer a fixed Introductory Rate for an initial Introductory Rate Period. The Introductory Rate is not based on the Index or Margin used to make later adjustments. Immediately following the Introductory Rate Period the rate will convert

to the Index Value then in effect, plus your Margin, without application of the Periodic Rate Cap limitation (see "Limits of Rate Changes" below) and will be variable thereafter, increasing and decreasing in accordance with the Variable-Rate Information section below.

Introductory Rate Reimbursement Fee: You must maintain a monthly average outstanding loan balance of at least twenty-five percent (25%) of the Maximum Credit Limit on your PrimeLine for a period of thirty-six (36) consecutive months following the origination date in order to receive the Introductory Rate described above and avoid an Introductory Rate Reimbursement Fee. The Introductory Rate Reimbursement Fee is calculated using, as the interest rate, the difference between the Introductory Rate and the actual Index Rate plus your Margin that would have otherwise been in effect during the Introductory Rate Period, and applying this interest rate to your actual outstanding PrimeLine loan balance for the period that you received the Introductory Rate.

Negative Amortization: If you do not pay the Minimum Monthly Payment in full each month, your payments may not cover the Finance Charges that will accrue, in which case "Negative Amortization" may occur. This means that even though you are making monthly payments, the Finance Charges not covered by your payments will increase the amount that you owe on the loan and this will reduce the equity in your home by increasing the amount of the outstanding balance owed on your obligation.

Loan Term, Draw and Repayment Periods: The Home Equity Line of Credit loan term is fifteen (15) years. You can obtain draws/advances under the line of credit for the entire term of the loan up to the maturity date. Repayment in full due on the Maturity Date.

Variable Rate Information: The line of credit has a variable-rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum payment can change as a result. **The Annual Percentage Rate includes only interest and not other costs.**

The **Annual Percentage Rate** is based on an Index Value plus a Margin. The Margin is a specific number of percentage points which is added to the Index Value to calculate the **Annual Percentage Rate** that we will apply to the line of credit at origination and when the rate adjusts. **Ask us for the current Index Value and Margin, as well as the current Annual Percentage Rate.** After you open a PrimeLine HELOC, rate information will be provided on the periodic statements that we send to you.

The Index is the **Prime Rate** as published in the Wall Street Journal on the first day of each calendar month, rounded up to the nearest one-quarter of one percent (0.250%)(the Index Value). Details of the Prime Rate are located in the "Money Rates" section of the Wall Street Journal and are published daily. Should the index be discontinued or otherwise be made unavailable during the term of your line of credit we will choose a new index that is based on comparable information and will provide you notice of this change.

Rate Changes: Increases and decrease in the **ANNUAL PERCENTAGE RATE** resulting from changes in the Index can occur monthly on the first day of each calendar month of each year during the term of the Account (the "Change Date"). On the first day of each calendar month we will adjust the **ANNUAL PERCENTAGE RATE** on the Account subject to the Limits on Rate Changes as set forth below, to agree to a newly computed **Annual Percentage Rate** based on the Index Value in effect as of the first day of the current month, plus the Margin. If there is no change in the Index Value on the Change Date the **Annual Percentage Rate** will not change.

Limits on Rate Changes: The **ANNUAL PERCENTAGE RATE** can not increase or decrease by more than two percentage points (2.00%) on any monthly Change Date, nor can the **ANNUAL PERCENTAGE RATE** increase or decrease by more than two percentage points (2.00%) in any consecutive 12-month period. This limitation is called the "**Periodic Rate Cap**". The **ANNUAL PERCENTAGE RATE** will never be more than 18%, nor less than the Index Value plus your Margin (unless a lower Introductory Rate is in effect).

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 18% would vary between \$138.08 and \$152.88 per month. If your initial **ANNUAL PERCENTAGE RATE** was 4.24% (the January 2011 Index Value plus the Margin) the maximum **ANNUAL PERCENTAGE RATE** of 18% could be reached at the beginning of the seventh (7th) year.

Variable-Rate 15-Year Historical Example: The following table shows how the **ANNUAL PERCENTAGE RATE** and the Minimum Monthly Payments for an initial \$10,000 credit advance would have changed based on changes in the Prime Rate index over the last 15 years. The Index Values are as of the first week of January of each year. The table assumes no additional credit advances were taken only Minimum Monthly Payments were made each month, and that the rate remained constant during each year. **This table does not necessarily indicate how the Index or your payments will change in the future.**

VARIABLE-RATE 15-YEAR HISTORICAL EXAMPLE:

Year as of January	Index Value	Margin (1)	Annual Percentage Rate (APR)	Minimum Monthly Payment (2)
1997	8.25 %	.99 %	9.24 %	\$ 78.48
1998	8.50 %	.99 %	9.49 %	\$ 80.60
1999	7.75 %	.99 %	8.74 %	\$ 74.23
2000	8.50 %	.99 %	9.49 %	\$ 80.60
2001	9.50 %	.99 %	10.49 %	\$ 89.09
2002	4.75 %	.99 %	8.49 % (3)	\$ 72.11
2003	4.25 %	.99 %	6.49 % (3)	\$ 55.12
2004	4.00 %	.99 %	4.99 %	\$ 42.38
2005	5.25 %	.99 %	6.24 %	\$ 53.00
2006	7.25 %	.99 %	8.24 %	\$ 69.98
2007	8.25 %	.99 %	9.24 %	\$ 78.48
2008	7.25 %	.99 %	8.24 %	\$ 69.98
2009	3.25 %	.99 %	6.24 % (3)	\$ 53.00
2010	3.25 %	.99 %	4.24 %	\$ 36.01
2011	3.25 %	.99 %	4.24 %	\$ 36.01

NOTES:

- (1) This is a margin we have used recently.
- (2) The Minimum Monthly Payment represents interest only for 31 days in a 365 day year
- (3) This rate represents a maximum 2.00% "Periodic Rate Cap" adjustment.

*APR does not include fees for HELOCs with a loan amount of \$250,000 or more which may raise the initial APR

Note: The rates do not reflect a discount that we have used recently.

Tax Deductibility: Consult a tax advisor regarding the deductibility of interest and charges for the credit.



We Do Business in Accordance With the federal Fair Housing Law and the Equal Credit Opportunity Act.