

IMPORTANT TERMS OF YOUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about your Home Equity Open-End 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 any of 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 paid to us or anyone else in connection with your application.

Security Interest: We will take a Security Interest on your home. You could lose your home if you do not meet the obligations in your agreement with us.

Possible Actions:

Termination and Acceleration

We can terminate the Home Equity Open-End Credit Plan and require you to pay us the entire outstanding balance in one payment and charge you certain fees if:

- (a) you commit fraud or material misrepresentation at any time in connection with this Plan;
- (b) you do not meet the repayment terms of this Plan;
- (c) your action or inaction adversely affects the collateral for the Plan or our rights in the collateral.

Suspension or Reduction

We can refuse to make additional extensions of credit or reduce your credit line if:

- (a) the value of your dwelling declines significantly below its appraised value for purposes of this Plan;
- (b) we reasonably believe that 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 a material obligation of this Plan;
- (d) government action prevents us from imposing the **ANNUAL PERCENTAGE RATE** provided for under this Plan 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 and unsound practice;
- (f) the maximum **ANNUAL PERCENTAGE RATE** under this Plan is reached.

Change in Terms

Your home equity credit agreement permits us to make certain changes to the terms of this Plan at specified times or upon the occurrence of specified events.

MINIMUM PAYMENT REQUIREMENTS and MINIMUM PAYMENT EXAMPLES:

Variable Rate Program: You can obtain advances of credit for 15 years (the "draw period"). During this period, payments will be due monthly. Your minimum monthly payment will be equal to 1.0% of the principal loan account balance at the time you obtain an advance, or \$50, whichever is greater. After the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance on your account (the "repayment period"). The length of the repayment period is 15 years. During the repayment period, payments will be due monthly. Your minimum monthly payment will equal 1.4% of the principal loan account balance or \$50 whichever is greater. The minimum monthly payments may not be sufficient to fully repay the principal on your line by the end of the draw and repayment periods. If they are not, you will then be required to pay the entire balance in a single payment. Your minimum monthly payment will not change as the Annual Percentage Rate increases or decreases.

Minimum Payment Example: If you made only the minimum monthly payment and took no other credit advances, it would take 9 years and 11 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 3.50%. During that period, you would make 118 monthly payments of \$100.00, with a final payment of \$40.39.

Fixed-Rate Feature: At our option, we may allow you to set your Annual Percentage Rate at a fixed rate for the first 5 years of the Draw Period. Thereafter, your Annual Percentage Rate will vary in accordance with the "Variable Rate Feature" provision above. If this option is allowed, the fixed rate will be disclosed to you at the time you open your Plan. You may renew the 5-year fixed rate period a second and third time at the end of each fixed rate period if we so allow. The rate that you receive will be the prevailing rate set by us at the time each fixed rate period begins, and that rate will be disclosed to you at that time. An example of a fixed rate we have used recently is 8% for an A rated credit history. The actual rate you receive depends on credit history and other factors. Please ask us for more details.

Minimum Payment Example: Applies if the Fixed Rate Feature is exercised: If you made only the minimum monthly payment and took no other credit advances, it would take 12 years and 2 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.00% during the fixed rate period, followed by an **ANNUAL PERCENTAGE RATE** of 3.50% thereafter. During that period, you would make 60 monthly payments of \$100.00 followed by 85 monthly payments of \$100.00, with a final payment of \$41.29.

Interest-Only Option: At our option, we may allow you to make interest-only payments during the draw period. If you agree to interest-only payments, you understand you will receive new disclosures and you will sign an addendum amending the terms of your Plan. The payment terms of your repayment period will remain as outlined in this disclosure.

Negative Amortization: Under some circumstances, your payments may not cover the **FINANCE CHARGES** that accrue and "negative amortization" will occur. Negative amortization will increase the amount that you owe us and reduce your equity in your home. **NOTE:** In order to avoid negative amortization, we may adjust your minimum required payment during the draw period from 1.0% to 1.4% of the principal loan account balance, or \$50, whichever is greater.

Fees and Charges: In order to open and maintain an account, you must pay certain fees and charges to third parties such as attorneys, appraisers, credit reporting firms, and government agencies, and any other applicable third party. These fees are approximately \$500.00. We will provide you with an itemization of the fees you will have to pay to third parties. You will be charged a \$29.00 Minimum Advance Fee if you request an advance for less than the minimum advance amount permitted under this agreement. You will be charged a \$29.00 Non-sufficient Funds Fee if you pay your account with an insufficient funds check. You will be charged an Over the Credit Limit Fee of \$29.00 if you request an advance that would exceed your credit limit.

Mortgage Taxes: If you reside in a state or county that charges a mortgage or other real estate related tax, you will be required to pay that tax charged by your local jurisdiction. States that charge mortgage-related taxes include, but are not limited to: Alabama, Florida, Georgia, Hawaii, Kansas, Maryland, Minnesota, New York, Oklahoma, Tennessee, and Virginia. The amount of tax can range from .10% of the loan amount to 1.75% of the loan amount. Ask a Sharonview representative about the specific amount of tax charged in your jurisdiction.

Discount Waiver: The Credit Union may provide discounts on the **ANNUAL PERCENTAGE RATES** offered for the Home Equity Open-End Credit Plan based on the use of other Credit Union services you may have with us. If my use of such services is discontinued for any reason, then the discount will terminate and the APR will revert back to the APR then in effect. Ask us about APR discounts that may be currently in effect.

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

Transaction Requirements: You may obtain advances under this Plan in person at the credit union, by phone, by debit card, EFT, ebranch, by mail or with any future access devices we issue to you for accessing this Plan. There is no minimum advance amount if requested via debit card, EFT, or ebranch. All other methods require a minimum \$500.00 advance.

Prepayment: You may prepay all or any amounts owing under this Plan without penalty.

Tax Deductibility: You should consult a tax advisor regarding the deductibility of interest and charges for this Plan.

Annual Percentage Rate: The **ANNUAL PERCENTAGE RATE** does not include costs other than interest. Ask us for the current index and range of margins and **ANNUAL PERCENTAGE RATES**. Your actual margin and rate will depend on your credit performance and loan-to-value ratio.

Variable Rate Feature: This Program has a variable rate feature during the entire life of the plan unless the Fixed Rate Feature is exercised. This means that the **ANNUAL PERCENTAGE RATE** can change as a result. The **ANNUAL PERCENTAGE RATE** is based on the value of an index. The index is the highest rate of interest identified as the 'Prime Rate' in the 'Money Rates' column of the Wall Street Journal as published on the last business day of the month. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account, we add a margin to the value of the index. Ask us for the current index value, margins and **ANNUAL PERCENTAGE RATES**. After you open an account, rate information will be provided on periodic statements that we send you.

Rate Changes: The **ANNUAL PERCENTAGE RATE** can change monthly. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the Plan is 15%. The minimum **ANNUAL PERCENTAGE RATE** that can apply is 0%.

Discounted Initial Rate: If indicated on your Home Equity Credit Plan document, your Plan may have an initial discounted rate for a period of time at the beginning of your Plan. After that initial discounted period, your Annual Percentage Rate will increase to the rate disclosed on the Credit Plan document. The initial discounted rate is determined by the credit union and is not based on the Index used for later rate adjustments.

Maximum Rate and Payment Example: If you had an outstanding balance of \$10,000.00, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 15% would be \$100.00. This **ANNUAL PERCENTAGE RATE** could be reached in the second month following an initial hold of zero days. If the Fixed Rate Feature is exercised, this **ANNUAL PERCENTAGE RATE** can be reached in the 61st month.

Historical Example: The following tables show how the 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 the last business day in December. The table assumes that no additional credit advances were taken and that only the minimum payment was made. It does not necessarily indicate how the index or your payments would change in the future.

Variable Rate Program:

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
1994	8.50	0.25	8.75	\$100.00
1995	8.50	0.25	8.75	\$100.00
1996	8.25	0.25	8.50	\$100.00
1997	8.50	0.25	8.75	\$100.00
1998	7.75	0.25	8.00	\$100.00
1999	8.50	0.25	8.75	\$100.00
2000	9.50	0.25	9.75	\$100.00
2001	4.75	0.25	5.00	\$100.00
2002	4.25	0.25	4.50	\$100.00
2003	4.00	0.25	4.25	\$100.00
2004	5.25	0.25	5.50	\$100.00
2005	7.25	0.25	7.50	\$100.00
2006	8.25	0.25	8.50	\$100.00
2007	7.25	0.25	7.50	\$100.00
2008	3.25	0.25	3.50	N/A (2)

(1) This is a margin we have used recently; your margin may be different and will be based on your credit performance and loan-to-value ratio.

(2) The Repayment Period begins in the 16th year.

Variable Rate Feature with Fixed-Rate Feature Exercised:

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
1994	N/A	N/A	8.00 (2)	\$100.00
1995	N/A	N/A	8.00 (2)	\$100.00
1996	N/A	N/A	8.00 (2)	\$100.00
1997	N/A	N/A	8.00 (2)	\$100.00
1998	N/A	N/A	8.00 (2)	\$100.00
1999	8.50	0.25	8.75	\$100.00
2000	9.50	0.25	9.75	\$100.00
2001	4.75	0.25	5.00	\$100.00
2002	4.25	0.25	4.50	\$100.00
2003	4.00	0.25	4.25	\$100.00
2004	5.25	0.25	5.50	\$100.00
2005	7.25	0.25	7.50	\$100.00
2006	8.25	0.25	8.50	\$100.00
2007	7.25	0.25	7.50	\$100.00
2008	3.25	0.25	3.50	N/A (3)

(1) This is a margin we have used recently; your margin may be different and will be based on your credit performance and loan-to-value ratio.

(2) This reflects the exercise of one 5-year fixed rate period.

(3) The Repayment Period begins in the 16th year.