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IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT – FIXED RATE

This disclosure contains important information about our Home Equity Line of Credit. 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 prior to the opening of your Home Equity account. 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 mortgage on 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 if:

- You engage in fraud or material misrepresentation in connection with the line.
- You do not meet the repayment terms.
- 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:

- The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- 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.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum annual percentage rate is reached.

Minimum Payment Requirements: You can obtain credit advances for three (3) years. This period is called the “draw period.” At our option, we may renew or extend the draw period. The length of the repayment period will depend on the balance at the time of the last advance you obtain before the draw period ends. The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. Periodically, we will review the effect interest rate increases have had on your account. If the annual percentage rate has increased so much that your payment is no longer sufficient to repay the balance within the payoff period, your payment will be increased by the amount necessary to repay the balance within the original payoff period. Your payment will remain the same unless you obtain another credit advance. The minimum payment is the scheduled periodic payment plus any past due amount plus any amount in excess of your credit limit and all other charges. You agree to always pay the minimum amount due on or before the due date.

Carter FCU has 3 Fixed Rate plan options. You may choose the plan option that best fits your needs

1. **Fixed Rate Option A:** You can obtain advances for 3 years (the draw period). At our option, we may renew or extend the draw period. After the draw period ends, the repayment period begins. The length of the repayment period depends on the balance at the time of your last advance before the draw period ends. You will be required to make monthly payments during both draw and repayment periods. When you obtain an advance a payoff period of 60 months will be used to calculate your payment. The payoff period will always be the shorter of the payoff period or the time remaining to the maturity date. Your payment will include any amounts past due and any amount in excess of your credit limit and all other charges. Your payment will never be less than the smaller of \$50 or the full amount you owe.

Minimum Payment Example--- Fixed Rate Option A:

If you only made the minimum monthly payment and took no other advances it would take 5 years to pay off a loan advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 8.25%. During that period, you would make 59 payments of \$203.94 and one final payment of \$204.05

2. **Fixed Rate Option B:** You can obtain advances for 5 years (the draw period). At our option, we may extend or renew the draw period. After the draw period ends, the repayment period begins. The length of the repayment period will depend on the balance at the time of your last advance before the draw period ends. You will be required to make monthly payments during both draw and repayment periods. When you obtain an advance, a payoff period of 120 months will be used to calculate your payment. The payoff period will always be the shorter of the payoff period or the time remaining until the maturity date. Your minimum payment will include any amounts past due and any amount in excess of your credit limit and all other charges. Your payment will never be less than the smaller of 50 or the full amount you owe.

Minimum Payment Example – Fixed Rate Option B:

If you made only the minimum payment and took no other loan advances it would take 10 years to pay off a loan advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 9.25%. You would make 119 payments of \$128.03 with a final payment of \$128.48.

3. **Fixed Rate Option C:** You can obtain loan advances for 5 years (the draw period). At our option, we may extend or renew the draw period. After the draw period ends, the repayment period begins. The length of the repayment period will depend on the balance at the time of your last advance before the draw period ends. You will be required to make monthly payments during both draw and repayment periods. When you obtain an advance, a payoff period of 180 months will be used to calculate your payment. The payoff period will always be the shorter of the payoff period or the time remaining until the maturity date. Your minimum payment will include any amounts past due and any amount in excess of your credit limit and all other charges. Your payment will never be less than the smaller of 50 or the full amount you owe.

Minimum Payment Example – Fixed Rate Option C:

If you made only the minimum payment and took no other loan advances it would take 15 years to pay off a loan advance of \$25,000 at an ANNUAL PERCENTAGE RATE of 9.25%. You would make 179 payments of \$257.19 with a final payment of \$257.19.

I/We hereby acknowledge receipt of this disclosure and a copy of the home equity brochure or comparable publication provided by the lender.

 (Recipient) Date (Recipient) Date