



HOME EQUITY EARLY DISCLOSURE
IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN

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 plan; (2) you do not meet the repayment terms of this plan, 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) any reasons mentioned above exist; (2) the value of the dwelling securing the line declines significantly below its appraised value for purposes of the line; (3) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (4) you are in default of a material obligation of the agreement; (5) government action prevents us from imposing the annual percentage rate provided for in the agreement; (6) the priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit line; (7) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (8) the maximum annual percentage rate is reached.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 10 years. This period is called the "draw period." At our option, we may renew or extend the draw period. After the draw period ends the repayment period will begin. 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. You will be required to make monthly payments during both the draw and repayment periods. At the time you obtain a credit advance a payoff period of 180 monthly payments will be used to calculate your payment.

The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. Your payment will be set to repay the balance after the advance, at the current annual percentage rate, within the payoff period. Your payment will remain the same unless you obtain another credit advance. Your payment may also change if the annual percentage rate increases or decreases. Each time the annual percentage rate changes, we will adjust your payment to

repay the balance within the original payoff period. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than the smaller of \$100.00, or the full amount that you owe.

MINIMUM PAYMENT EXAMPLE:

5% Floor: If you made only the minimum monthly payment and took no other credit advances it would take 10 years 10 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.0%. During that period, you would make 129 payments of \$100.00 and one (1) final payment of \$63.29.

7% Floor: If you made only the minimum monthly payment and took no other credit advances it would take 12 years 7 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.0%. During that period, you would make 150 payments of \$100.00 and one (1) final payment of \$53.10.

FEES AND CHARGES: There are certain fees charged by third parties to open this plan. These fees generally range between \$_____ and \$_____. If you ask, we will provide you with an itemization of these fees charged by third parties. Novartis Federal Credit Union will pay these fees at the time of closing. However, if you elect to close your line of credit within the first year, you will be responsible for reimbursing the credit union the full amount of the closing costs as disclosed on your Addendum.

PROPERTY INSURANCE: You must carry insurance on the property that secures this plan. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available.

REFUNDABILITY OF FEES: If you decide not to enter into this plan within three business days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

TRANSACTION REQUIREMENTS: The minimum credit advance that you can receive is \$100.00 for the first advance and \$100.00 for each subsequent advance.

VARIABLE RATE FEATURE: This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum payment may 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 Prime Rate published, in the Money Rates column of the Wall Street Journal. When a range of rates has been published the highest rate will be used. We will use the most recent index value available to us as of June 1st and December 1st.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. The margin will be based on certain creditworthiness criteria and your Loan to Value Ratio. Ask us for the current index value, margin and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

RATE CHANGES: The annual percentage rate can change semi-annually on the first day of January and July. The rate cannot increase or decrease more than 2 percentage points at each adjustment. The **ANNUAL PERCENTAGE RATE** cannot increase more than 9.5 percentage points above the initial rate or the maximum permitted by law, whichever is less. The floor rate you qualify for will depend on your creditworthiness, margin and your Loan to Value Ratio. Under no circumstances will your **ANNUAL PERCENTAGE RATE** go below the floor rates of 5% or 7% at any time during the term of the plan. Ask us for the specific rate limitations that will apply to your credit line.

MAXIMUM RATE AND PAYMENT EXAMPLES:

5% Floor: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 14.5% would be \$136.55. This annual percentage rate could be reached at the time of the 25th payment.

7% Floor: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 16.5% would be \$150.37. This annual percentage rate could be reached at the time of the 25th payment.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the plan.

HISTORICAL EXAMPLE: 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 past 15 years. The index values are from the last business day of January of each year.

While only one payment per year is shown, payments may have varied during each 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 each year. It does not necessarily indicate how the index or your payments will change in the future.

WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of January)	Index (Percent)	Floor Rate of 7%			Floor Rate of 5%		
		Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
1999	7.750	0.00	7.750	100.00 ⁽³⁾	-50	7.250	100.00 ⁽³⁾
2000	8.500	0.00	8.500	100.00 ⁽³⁾	-50	8.000	100.00 ⁽³⁾
2001	9.000	0.00	9.000	100.00 ⁽³⁾	-50	8.500	100.00 ⁽³⁾
2002	4.750	0.00	7.000 ⁽⁴⁾	100.00 ⁽³⁾	-50	5.000 ⁽²⁾	100.00 ⁽³⁾
2003	4.250	0.00	7.000 ⁽⁴⁾	100.00 ⁽³⁾	-50	5.000 ⁽²⁾	100.00 ⁽³⁾
2004	4.000	0.00	7.000 ⁽⁴⁾	100.00 ⁽³⁾	-50	5.000 ⁽²⁾	100.00 ⁽³⁾
2005	5.250	0.00	7.000 ⁽⁴⁾	100.00 ⁽³⁾	-50	5.000 ⁽²⁾	100.00 ⁽³⁾
2006	7.500	0.00	7.500	100.00 ⁽³⁾	-50	7.000	100.00 ⁽³⁾
2007	8.250	0.00	8.250	100.00 ⁽³⁾	-50	7.750	100.00 ⁽³⁾
2008	6.000	0.00	7.000 ⁽⁴⁾	100.00 ⁽³⁾	-50	5.500	100.00 ⁽³⁾
2009	3.250	0.00	7.000 ⁽⁴⁾	100.00 ⁽³⁾	-50	5.000 ⁽²⁾	100.00 ⁽³⁾
2010	3.250	0.00	7.000 ⁽⁴⁾	100.00 ⁽³⁾	-50	5.000 ⁽²⁾	100.00 ⁽³⁾
2011	3.250	0.00	7.000 ⁽⁴⁾	100.00 ⁽³⁾	-50	5.000 ⁽²⁾	100.00 ⁽³⁾
2012	3.250	0.00	7.000 ⁽⁴⁾	100.00 ⁽³⁾	-50	5.000 ⁽²⁾	100.00 ⁽³⁾
2013	3.250	0.00	7.000 ⁽⁴⁾	100.00 ⁽³⁾	-50	5.000 ⁽²⁾	100.00 ⁽³⁾

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a 5.000% floor.

⁽³⁾ This payment reflects the minimum payment of \$100.00.

⁽⁴⁾ This **ANNUAL PERCENTAGE RATE** reflects a 7.000% floor.