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TEXAS HOME EQUITY LINE OF CREDIT EARLY DISCLOSURE STATEMENT

IMPORTANT TERMS OF OUR TEXAS HOME EQUITY LINE OF CREDIT ACCOUNT

This disclosure contains important information about our Texas Home Equity Line of Credit Account. You should read it carefully and keep a copy for your records. In this Disclosure, "you" and "your" refer to each person applying for a Texas Home Equity Line of Credit and anyone else authorized to use it. "We", "our" and "us" refer to Texans Credit Union.

1. **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 due to fluctuations in the index) and you decide, as a result, to not 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.
2. **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.
3. **Possible Actions.** We may take the following actions with respect to your line of credit under the circumstances listed below:
 - a. **Termination and Acceleration.** We can terminate your line of credit and require you to pay us the entire outstanding balance on your line of credit in one payment, and charge you certain fees if:
 - i. You engage in any fraud or material misrepresentation or omission at any time in connection with the line of credit;
 - ii. You do not meet the repayment terms of the line of credit; or
 - iii. Your action or inaction adversely affects the collateral (your home) for your line of credit or our rights in the collateral. This includes, to the extent allowable by applicable law, your failure to insure the collateral or pay taxes on the collateral as they become due, the sale or other transfer of the collateral, the creation of a senior lien encumbering the collateral, or the foreclosure or threatened foreclosure of another lien on the collateral.
 - b. **Suspension of Credit/Reduction of Credit Limit.** We may refuse to make additional advances or reduce your credit limit if:
 - i. Any of the circumstances set forth in subparagraph (a) above occur;
 - ii. The value of your dwelling securing your line of credit declines significantly below its appraised value for purposes of the line;
 - iii. We reasonably believe that you will not be able to meet the repayment obligations of your line of credit Agreement due to a material change in your financial circumstances;
 - iv. You are in default of a material obligation of your line of credit Agreement or the line of credit Security Document. All of your obligations under your line of credit Agreement and the line of credit Security Document are material for purposes of this provision;
 - v. Government action prevents us from imposing the annual percentage rate provided for, or impairs the priority of our security interest such that the value of the interest is less than 120 percent of the credit limit;
 - vi. A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; or
 - vii. The maximum annual percentage rate is reached.

c. **Change in Terms.** The line of credit Agreement permits us to make certain changes to the terms of your line of credit at specified times or upon the occurrence of specified events.

4. **Draw Period and Repayment Period.** You can obtain advances for five years. At our option, we may renew or extend the Draw Period. During the Draw Period your payments will be due monthly unless you and we agree otherwise. During the Draw Period your minimum monthly payment will equal the finance charges (interest that has accrued on the outstanding balance during the preceding month) together with all past due amounts, late charges and other fees imposed to the extent allowable by applicable law. If the interest rate increases you will have to make a higher payment. Paying the minimum monthly payment will not reduce the principal balance that is outstanding on your line of credit.

During the Repayment Period which begins at the end of the Draw Period, payments will be due monthly unless you and we agree otherwise. At the beginning of the Repayment Period we will recalculate your payment by amortizing your outstanding balance at the current Annual Percentage Rate over the repayment period indicated on Page one (1) of the Agreement. During the Repayment Period, each time the annual percentage rate changes we will adjust your payment to repay the balance within the repayment period selected on Page one (1) of the HELOC Agreement or the time remaining to maturity, whichever is less. Your payment will include any amounts past due and all other charges. Monthly payments are due during both the Draw and Repayment Periods. In no event will the Repayment Period exceed fifteen (15) years.

5. **Minimum Payment Requirements.** During the Draw Period and the Repayment Period, payments will be due monthly whenever a balance exists on your statement date.

6. **Minimum Payment Example.** If you took a single \$10,000.00 advance at an ANNUAL PERCENTAGE RATE of 4.25% (the most recent index plus margin shown in the Historical Table), it would take 15 years to pay off your account. During that period you would make 60 monthly payments of \$35.42 followed by 120 monthly payments of \$102.44

7. **Fees and Charges.** In order to open and maintain a line of credit, you must pay certain fees and charges as follows:

Third Party Fees. You may pay certain fees to third parties to open your line of credit account. These fees typically do not exceed \$2,000.00. If you ask, we will give you an itemization of the fees you will have to pay third parties in such event.

8. **Transaction Requirements.** There is a minimum draw requirement of \$4,000.00 for each advance.

9. **Tax Deductibility.** You should consult a tax advisor regarding the deductibility of interest and charges under the line of credit.

10. **Property Insurance.** We will require that you carry insurance coverage on the property that secures your line of credit.

11. **Variable Rate Feature.** 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 the value of an index. The index is the Prime Rate as published in the Money Rates Section of the Wall Street Journal. We will use the most recent index value available to us as of 15 days before the date of any annual percentage rate adjustment. To determine the annual percentage rate that will apply to your line of credit, we add a margin to the value of the index. To determine the annual percentage rate, we take the index and round up to the nearest one-eighth of one percent (.125%) and add the margin, if any. Ask us for the current index value, margin, discount or premium, and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we will send you.

12. **Rate Changes.** The annual percentage rate is subject to change quarterly. If you close your loan in the month immediately preceding the beginning of a new quarter, your rate will not be subject to change until the following quarter and then follow the defined rate change schedule for any future rate changes. Any change will be effective on the first day of January, April, July and October. An increase in the index will result in an increase in the periodic rate which, in turn, will result in higher payments. A decrease in the index will have the opposite effect. There is no limit on the amount by which the rate can change in any one year period. Rate will not increase/decrease more than

2.00% in any one quarter. The daily periodic rate will never be less than a daily periodic rate with a corresponding APR of 4.25%.

In any event, the daily periodic rate will never be less than a daily periodic rate with a corresponding **ANNUAL PERCENTAGE RATE** of 4.25%, and it will never be greater than a daily periodic rate with a corresponding **ANNUAL PERCENTAGE RATE** of 18.00%.

13. Maximum Rate and Payment Examples.

If you had an outstanding balance of \$10,000.00 during the Draw Period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.00. This maximum annual percentage rate could be reached during the 3rd month of the 2nd year of the draw period.

If you had an outstanding balance of \$10,000.00 at the beginning of the Repayment Period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$161.08. This maximum annual percentage rate could be reached after the first quarter of the Repayment Period.

14. Historical Example. The following table shows how the annual percentage rate and the minimum monthly 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 first business day of January each year. While only one payment amount per year is shown, payments would have varied during each year.

The table assumes that no additional credit advances were taken, that only the minimum payments were made each month, 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.

YEAR	INDEX (%)	MARGIN (%) *	ANNUAL PERCENTAGE RATE (%)		Minimum Monthly Payment (\$)
2008	7.250	.500	7.750	Draw Period	64.58
2009	3.250	.500	4.25**		35.42
2010	3.250	.500	4.25**		35.42
2011	3.250	.500	4.25**		35.42
2012	3.250	.500	4.25**		35.42
2013	3.250	.500	4.25**	Repayment Period	102.44
2014	3.250	.500	4.25**		102.44
2015	3.250	.500	4.25**		102.44
2016	3.500	.500	4.25**		102.44
2017	3.750	.500	4.25		102.44
2018	4.500	.500	5.00		104.32
2019	5.500	.500	6.00		106.39
2020	4.750	.500	5.25		105.20
2021	3.250	.500	4.25**		104.14
2022	3.250	.500	4.25**		104.13

* This is a margin we have used recently; your margin may be different.

** This Annual Percentage Rate reflects the minimum APR of 4.25%.