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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 Plans. 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.

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 one of our plans 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.

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

AVAILABLE PLANS: We offer three different Open End Home Equity Plans. Information about all of the plans is stated in this Early Disclosure.

- "Interest Only Payment"
- "Smart Equity Line of Credit"
- "Fixed Rate"

Terms apply to all of the plans unless it is indicated as applying only to a particular plan.

FEES AND CHARGES: In order to open, use and maintain a line of credit plan, you must pay the following fees to us:

- Annual Fee (Due on each anniversary date):
 - \$50.00 – Interest Only
 - \$35.00 – Smart Equity Line of Credit (Waived first year.)

You must pay certain fees to third parties to open the plan. These fees generally total between \$300.00 and \$1,500.00. These costs cover an appraisal, flood

certificate, recording, credit report and title insurance, if required. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

Fee Reimbursement: Lender may pay certain third-party fees to open the plan. If you payoff and close the plan within 3 years from its opening date Borrower agrees to reimburse the Lender for up to \$300.00 for those bona-fide third party fees, as permitted by applicable law. A list of these third-party fees will be found in the "Schedule of Closing Costs" located on the members Home Equity Addendum provided at closing.

SMART EQUITY LINE OWNER OCCUPIED ADDITIONAL PROVISIONS: You must use the property as your primary residence. This is a material obligation under the Agreement and if the property is not used as your primary residence we may refuse to make additional advances under the Plan.

THE FOLLOWING SECTION APPLIES TO THE INTEREST ONLY AND SMART EQUITY LINE PLANS

VARIABLE RATE FEATURE: These plans have a variable rate feature and the annual percentage rate (corresponding to the periodic rate) may change as a result. If the annual percentage rate increases and you have the Interest Only plan, your payment during the draw period will increase. If the annual percentage rate increases during the repayment period and you have the Interest Only plan, you will make more payments during the repayment period. The Smart Equity Line of Credit plan and the annual percentage rate increases, you will make more payments and possibly higher payments at any time during the plan. For all three plans, an increase in the annual percentage rate during the repayment period could result in a balloon payment. 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 1 day before the date of any annual percentage rate adjustment.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. If the index rate is not already rounded we then round up to the next .25%.

The margin you receive is based on the amount of equity in your property and your creditworthiness. Your margin may be higher or lower than the one shown in the Historical Table. Please ask us about the margin for which you qualify, the current index value 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 quarterly on the first day of January, April, July and October after the expiration of any discount period. There is no limit on the amount by which the annual percentage rate can change during any one-year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 15.00% or the maximum permitted by law, whichever is less. If you have the Smart Equity Line of Credit plan, the **ANNUAL PERCENTAGE RATE** will never go below 3.75% after the expiration of any discounted initial rate.

MINIMUM PAYMENT REQUIREMENTS – INTEREST ONLY PAYMENT PLAN: You can obtain credit advances for two 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 is

indeterminate but will never exceed 10 years. During the draw period your monthly payment will equal the finance charges (interest) that accrued on the outstanding balance during the preceding month. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges.

At the beginning of the repayment period, we will recalculate your payment to repay the balance at the current annual percentage rate over 10 years. The payment will not change if the annual percentage rate changes unless negative amortization starts to occur. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit and all other charges.

The minimum payment may not repay the outstanding balance by the maturity date. You will then be required to make a single balloon payment at the maturity date. Unless otherwise required by applicable law, we are under no obligation to refinance the balloon payment at that time. You may be required to make payments out of other assets you own or find a lender, which may be us, willing to lend you the money. If you refinance the balloon with us, you may have to pay some or all of the closing costs.

Under some circumstances, the minimum payment will not cover the finance charges (interest) that is owed and "negative amortization" will occur. If negative amortization starts to occur, we will increase your payment to cover the finance charges that are owed. We will return the payment to an amount necessary to amortize the balance over the remainder of the original 10 year repayment schedule at the then current annual percentage rate once negative amortization is no longer a possibility.

MINIMUM PAYMENT EXAMPLE – INTEREST ONLY PLAN: If you made only the minimum monthly payment and took no other credit advances it would take 12 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.25%. During that period, you would make 24 payments of \$55.62 to \$61.58, followed by 119 payments of \$117.43 and one (1) final payment of \$115.82.

MAXIMUM RATE AND PAYMENT EXAMPLE – INTEREST ONLY PLAN: If you had an outstanding balance of \$10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15.0% would be \$127.40. This annual percentage rate could be reached at the time of the 1st payment during the draw period. If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15.0% would be \$161.34. This annual percentage rate could be reached at the time of the 1st payment during the repayment period.

MINIMUM PAYMENT REQUIREMENTS – SMART EQUITY LINE OF CREDIT PLAN: You can obtain credit advances for 5 years. This period is called the "draw period". The draw period will automatically renew unless we notify you in advance that it is not going to be renewed. After the draw period and any renewals end, you will not be able to obtain advances and the repayment period will begin. The length of the repayment period is indeterminate but will never exceed 15 years. You will make monthly payments during the entire time the plan is open, for the initial draw period, any renewals of the draw period and the repayment 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 be determined by the annual percentage rate. If the **ANNUAL PERCENTAGE RATE** is less than 12%, the monthly payment is 1.0% of the outstanding balance each month or \$50.00, whichever is greater. If the **ANNUAL PERCENTAGE RATE** is 12% or more, the monthly payment is 1.3% of the outstanding balance each month or \$50.00, whichever is greater. If the interest rate increases, you will be required to make more payments or higher payments, depending on the extent of the increase.

The minimum payment may not repay the outstanding balance by the maturity date. You will then be required to make a single balloon payment at the maturity date. Unless otherwise required by applicable law, we are under no obligation to refinance the balloon payment at that time. You may be required to make payments out of other assets you own or find a lender, which may be us, willing to lend you

the money. If you refinance the balloon with us, you may have to pay some or all of the closing costs.

Under some circumstances the minimum payment will not cover the finance charges (interest) that is owed and "negative amortization" will occur. If negative amortization starts to occur, we will increase your payment to cover the finance charges that are owed. We will return the payment to the regular payment once negative amortization ceases to be possible.

MINIMUM PAYMENT EXAMPLE – SMART EQUITY LINE OF CREDIT PLAN: If you made only the minimum monthly payment and took no other credit advances it would take 20 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.75%. During that period, you would make 239 payments of \$50.00 to \$100.00 and a final balloon payment of \$4,143.61.

MAXIMUM RATE AND PAYMENT EXAMPLE – SMART EQUITY LINE OF CREDIT PLAN: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15.0% would be \$130.00. This annual percentage rate could be reached at the time of the 1st payment.

FIXED RATE CONVERSION OPTION – SMART EQUITY LINE OF CREDIT: This option is available only if you have the Smart Equity Line of Credit plan. During the draw period, you have a fixed rate option (the "option") which you may exercise up to 3 advances at any one time. The option must be exercised for a minimum amount of \$5,000.00. The first time you exercise your fixed rate option, there will be no fee, but we will charge you \$50.00 for each subsequent conversion.

At the time you exercise the option, that portion of your balance will have a fixed rate. You may exercise the option at different times and therefore could have up to 3 different balances at different fixed rates as well as have a balance under the regular variable rate terms. You may not exercise the option if the credit limit would be exceeded. Your credit limit applies to the combined total of all amounts owing under the variable rate and fixed rate features. All future advances will be at the current variable rate according to the terms previously disclosed unless another option is exercised.

Once you have converted a balance to a fixed rate, you may request to change it back to the original variable rate terms. We will charge you \$50.00 to convert from a fixed rate balance back to a variable rate.

When you exercise the option, you will need to sign a Fixed Rate Conversion Agreement. The Agreement will set forth the fixed rate, payment amount and other relevant terms. The payment may be based on an amount to fully repay the amount that has been converted to a fixed rate. Changes to payments will be set forth in the Fixed Rate Conversion Agreement. The fixed rate will be based on the Prime Rate published in the Money Rates column of the *Wall Street Journal* plus a margin. If you elect the option, your minimum payment will be calculated separately from the minimum payment on your variable rate and other fixed rate portions.

TRANSACTION REQUIREMENTS: The minimum credit advance that you can receive is \$5,000.00 for the first advance.

HISTORICAL EXAMPLE: The following tables show 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 tables assume that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. They do not necessarily indicate how the index or your payments will change in the future.

-HISTORICAL TABLES ON NEXT PAGE-

WALL STREET JOURNAL PRIME RATE INDEX TABLE - INTEREST ONLY PLAN

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2012.....	3.250	0.50	3.750	31.85
2013.....	3.250	0.50	3.750	31.85
2014 START OF REPAYMENT PERIOD.....	3.250	0.50	3.750	100.07
2015.....	3.250	0.50	3.750	100.07
2016.....	3.500	0.50	4.000	100.07
2017.....	3.750	0.50	4.250	100.07
2018.....	4.500	0.50	5.000	100.07
2019.....	5.500	0.50	6.000	100.07
2020.....	4.750	0.50	5.250	100.07
2021.....	3.250	0.50	3.750	100.07
2022.....	3.250	0.50	3.750	100.07
2023.....	7.500	0.50	8.000	100.07
2024.....	8.500	0.50	9.000	
2025.....	7.500	0.50	8.000	
2026.....	6.750	0.50	7.250	

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

WALL STREET JOURNAL PRIME RATE INDEX TABLE - SMART EQUITY LINE OF CREDIT PLAN

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2012.....	3.250	1.00	4.250	100.00
2013.....	3.250	1.00	4.250	92.53
2014.....	3.250	1.00	4.250	85.61
2015.....	3.250	1.00	4.250	79.20
2016.....	3.500	1.00	4.500	73.28
2017 START OF REPAYMENT PERIOD.....	3.750	1.00	4.750	67.98
2018.....	4.500	1.00	5.500	63.21
2019.....	5.500	1.00	6.500	59.22
2020.....	4.750	1.00	5.750	56.04
2021.....	3.250	1.00	4.250	52.65
2022.....	3.250	1.00	4.250	50.00 ⁽²⁾
2023.....	7.500	1.00	8.500	50.00 ⁽²⁾
2024.....	8.500	1.00	9.500	50.00 ⁽²⁾
2025.....	7.500	1.00	8.500	50.00 ⁽²⁾
2026.....	6.750	1.00	7.750	50.00 ⁽²⁾

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

⁽²⁾ This payment reflects the minimum payment of \$50.00.

THE FOLLOWING SECTION APPLIES ONLY TO THE FIXED RATE PLAN

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit for 2 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. You will be required to make monthly payments during both the draw and repayment periods. The length of the repayment period depends on the amortization period used to calculate the minimum payment. We offer various amortization periods depending on the collateral used to secure the plan, but the maximum amortization period is 144 months. For purposes of this disclosure we will use an amortization period of 120 months.

Each time you take an advance, the payment will be calculated using the original amortization schedule. Your payment will be set to repay the balance after the advance within the original amortization schedule. Your payment will remain the same unless you take another advance. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit and all other charges.

ANNUAL PERCENTAGE RATE INFORMATION: The ANNUAL PERCENTAGE RATE under this plan is not based on an index. It is based upon a fixed rate, which will be specified either at the time you receive a commitment or at closing and will be based on the market conditions at that time and certain creditworthiness factors. An **ANNUAL PERCENTAGE RATE** of 6.60% is representative of a fixed rate recently offered by us under this Plan, although your rate may be higher or lower. The annual percentage rate does not include costs other than interest. Please ask us for the annual percentage rate for which you qualify.

TRANSACTION REQUIREMENTS: The minimum credit advance that you can receive is \$2,500.00 for the first advance.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 10 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.6%. During that period, you would make 119 payments of \$114.07 and one (1) final payment of \$112.82.