HOME EQUITY CREDIT PLAN AGREEMENT EARLY DISCLOSURE for the EQUITY ADVANTAGE

Honda Federal Credit Union P.O. Box 2290 Torrance, CA 90509
Phone 800.634.6632 | Fax 310.781.6615

AVAILIBILITY OF TERMS: All of the terms described below are subject to change. If the terms of this agreement 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 fees you have paid to us or anyone else in connection with your application.

SECURITY INTEREST: We will take a mortgage, deed of trust, or other security interest in your home ("Collateral"). 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 certain fees if:

- You engage in fraud or material misrepresentation in connection with the line of credit or application.
- 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 the additional extensions of credit or reduce your credit limit if:

- Any reasons mentioned above exist.
- The value of the dwelling securing the line of credit declines significantly below its appraised value for purposes of the line of credit.
- We reasonably believe you will not be able to meet the repayment requirements due to 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 collateral 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.
- You fail to make timely payments to the holders of Deeds of Trust/Mortgages senior to ours.
- You fail to pay real property taxes prior to delinquency.
- The property is no longer your primary residence.

The Credit Agreement and Addendum permit us to make certain changes to other terms of the line of credit at specified times or upon the occurrence of specified events.

MINIMUM PAYMENT REQUIREMENTS: You should make or otherwise retain a copy of this disclosure for your records. You can obtain credit advances for 120 months. This period is called 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. During the draw period, your minimum payment will be equal to the finance charges (interest) accrued during the billing cycle, or $100, whichever is greater. During the Repayment Period, your Minimum Periodic Payment will be established on the first day of the Repayment Period in the amount necessary to fully amortize your outstanding account balance no later than 240 months from the end of the Draw period of $100, whichever is greater. Your payment throughout the plan will include any amount past due, over the credit limit, and all other charges.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 30 years to pay off a credit advance of $20,000 at an ANNUAL PERCENTAGE RATE of 5.50%. During that period, you would make 120 payments of $100, followed by 239 payments of $128.65 and one final payment of $128.45.

TRANSACTION REQUIREMENTS: During the draw period, there are no transaction limitations regarding the number or amount of advances, provided you do not exceed your credit limit.

FEES AND CHARGES: You may pay certain fees to third parties to open the plan. These fees are generally $495. We will provide you with an itemization of the fees you may have to pay to third parties.

REFUNDABILITY OF FEES: If you decide not to enter into this plan within 3 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 line of credit.

PROPERTY INSURANCE: You must carry insurance on the property that secures this line of credit. If the property is located in a Special Flood Zone, we will require you to obtain flood insurance if is is available.

VARIABLE RATE FEATURE: This line of credit has a variable rate feature. As a result, the **ANNUAL PERCENTAGE RATE** (corresponding to the periodic rate), and the minimum payment can change as a result. The **ANNUAL PERCENTAGE RATE** is based on the value of an index. The index is the highest Prime Rate as published in the Money Rates Section of the Wall Street Journal in effect on the 15th day of the third month of each calendar quarter of each year. To determine the annual percentage rate that will apply to your account, we add a margin to the value of the index. If the rate is not already rounded, we then round up to the nearest 0.125%. Ask us for the current index value, margin and **ANNUAL PERCENTAGE RATE**. After you open a line of credit, rate information will be provided in periodic statements that we send to you.

RATE CHANGES: Your **ANNUAL PERCENTAGE RATE** can change on the 20th day of the following month after any such change in the index. Your interest rate cannot increase more than 0.50% percentage point at each change date and cannot change more than 1.00% in any 12 consecutive month period. Your **ANNUAL PERCENTAGE RATE** will never go above 18.00%. Your **ANNUAL PERCENTAGE RATE** will never go below 3.50%.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of $20,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be $267.16. This **ANNUAL PERCENTAGE RATE** could be reached during at the time of the 1st payment. If you had an outstanding balance of $20,000.00 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be $308.66. This **ANNUAL PERCENTAGE RATE** could be reached during at the time of the 1st payment.

MARGIN: The margin you will receive will depend upon certain creditworthiness criteria including your credit score and property loan-to-value. Please ask your loan officer about your qualifying margin.

FIXED RATE CONVERSION OPTION: At the beginning of the repayment period, if you are not in default, you have the option to convert to a fixed rate at no charge. If you exercise the option to convert, your rate will be the rate in effect for our Second Mortgage Loan product plus your margin, subject to a minimum equal to the rate for our Second Mortgage Loan product at the time of conversion.

Historical Example: The following table shows how the **ANNUAL PERCENTAGE RATE** and the minimum payments for a single $20,000.00 credit advance would have changed based on changes in the index over the past 15 years. The index is from the Wall Street Journal and is calculated on the first business day of April each year. While only one payment per year is shown, payments varied during the 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 (1)	Index (Percent)	Margin (2) (Percent)	**Annual Percentage Rate**	Minimum Payment (Dollars)
2012	3.25	1.00	4.25	$100.00
2013	3.25	1.00	4.25	$100.00
2014	3.25	1.00	4.25	$100.00
2015	3.25	1.00	4.25	$100.00
2016	3.25	1.00	4.25	$100.00
2017	4.00	1.00	5.00	$100.00
2018	4.75	1.00	5.75	$100.00
2019	5.50	1.00	6.50	$100.00
2020	3.25	1.00	4.25	$100.00
2021	3.25	1.00	4.25	$108.33
2022	3.50	1.00	4.50	$100.00
2023	7.50	1.00	8.50	$141.67
2024	8.50	1.00	9.50	$186.51
2025	7.50	1.00	8.50	$141.67
2026	6.75	1.00	7.75	$164.20

(1) As of the first business day in April
(2) This represents a Margin that we have recently used.