Banner Federal Credit Union
302 East McDowell Road, Suite 105
Phoenix, AZ 85004 (602) 254-5291-Fax (602) 256-0089

IMPORTANT TERMS of our LINE OF CREDIT

THIS DISCLOSURE CONTAINS INFORMATION ABOUT OUR HOME EQUITY SECURED LINE OF CREDIT. YOU SHOULD READ IT CAREFULLY AND KEEP THIS COPY FOR YOURSELF.

Availability Of Terms
All 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 you paid to us or anyone else in connection with your application.

Security Interest
We will take a Deed of Trust/Mortgage on your home ("Security Property"). You could lose your home if you do not meet certain obligations in your agreement with us.

Possible Actions

Termination
If you fail to meet the terms of repayment, or if you act or fail to act in a way that adversely affects our security interest or other rights in the Security Property, or if you have committed fraud or made a material misrepresentation in connection with the account, we may, subject to the Governing Law, terminate the plan and require payment in full of the entire outstanding balance in a single payment, or subject to the Governing Law, cause the Security Property to be sold and the proceeds of sale to be applied to your obligation to us. To the extent permitted by law, you agree to pay any reasonable costs of protecting, retaking, repairing or selling the Security Property.

Suspension
Your right to request additional advances may be suspended, or your maximum credit limit reduced, at our option in the following instances: (1) you fail to make the scheduled payments due to us; (2) you fail to make timely payments to the holders of Deeds of Trust/Mortgages senior to ours; (3) you fail to pay real property taxes prior to delinquency; (4) you fail to maintain the required property insurance; (5) the value of the Security Property declines significantly below the appraised value upon which we relied in approving your application; (6) we reasonably believe that your ability to meet your payment obligations is impaired because of a material change in your financial circumstances; (7) governmental action precludes our imposing the annual percentage rate provided for or impairs our security interest such that the value of our interest is less than 120% of your maximum credit limit; (8) the maximum annual percentage rate under the plan is reached; or (9) a regulatory agency has notified us that further advances under this plan constitute an unsafe and unsound practice. When the condition which caused the suspension of advances or reduction of your maximum credit limit no longer exists, the original terms of your agreement will be reinstated.

The initial agreement permits us to make certain changes to the terms of the agreement at specific times or upon the occurrence of specified events

Minimum Payment Requirements
You can obtain credit advances for 60 months (the draw period). During the draw period, payments will be due on a monthly basis. Your minimum monthly payment will be an amount equal to 1.60% of the balance at the close of each billing cycle, plus any portion of the minimum payment(s) shown on prior statement(s) which remains unpaid and any other applicable charges. Your minimum monthly payment is subject to a minimum in any event of the lesser of $100 or your account balance.

After the draw period ends, you will no longer be able to obtain credit advances (other than for any credit insurance premiums) and you must repay the outstanding balance (the repayment period). The length of the repayment period will depend on the date and the amount of your last advance but in no event will exceed 120 months. During the repayment period, your minimum periodic payment will be established and fixed on the first day of the repayment period (other than for any credit insurance premiums) to the amount necessary to fully amortize your outstanding account balance no later than 120 months from the end of the draw period, subject to the lesser of $100 or your account balance.

Paying only the minimum payment may not be sufficient to fully amortize your unpaid account balance by the end of the repayment period in which case, you will be required to pay your entire remaining account balance in a single balloon payment on the Agreement Maturity Date.

Minimum Payment Example
If you made only the minimum payments and took no other credit advances, it would take 127 months to pay off a credit advance of $10,000 at an ANNUAL **PERCENTAGE RATE** of 7.37%. During that period, you would make 60 monthly payments varying between $160.00 and $100.00, followed by 66 monthly payments of $100.00 and a final payment of $53.70.

Fees And Charges
To open and maintain a line of credit, you must pay us a $50 Application Fee*. You must also pay certain fees to third parties. These fees generally total from $200 to $600. If you ask, we will give you an itemization of the fees you will have to pay to third parties.

*This fee is due and payable three days after you receive this disclosure and is non-refundable unless the terms shown herein change prior to your account being established and, as a result, you decide not to enter into an agreement with us.

Minimum Draw And Balance Requirements
The minimum initial credit advance you can receive is $2,500.

Insurance
You must carry insurance on the property that secures this plan.

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

Variable Rate Feature
This plan has a Variable Rate feature. The Annual Percentage Rate (corresponding to the periodic rate), the number of regularly scheduled payments during the draw period and the amount of your final payment during the repayment period can 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 average 26 Week T-Bill Rate as published in the Money Rates Section of The Wall Street Journal in effect for the last month of each calendar quarter of each year. If more than one rate is shown, we will use the higher rate. To determine the Annual Percentage Rate that will apply to your line of credit, we add a margin to the value of the index. Ask us for the current index value, margin, discount and Annual Percentage Rate. After you open a line of credit, rate information will be provided in periodic statements that we send you.

Rate Changes
Your Annual Percentage Rate can change on the first day of each calendar quarter. Your interest rate cannot increase or decrease more than 2.00 percentage points each year.

The maximum ANNUAL **PERCENTAGE RATE** at any time is 18.00% The minimum ANNUAL **PERCENTAGE RATE** at any time is 3.80%.

Maximum Rate And Payment Examples
If you had an outstanding balance of $10,000 during the draw period, the minimum payment at the maximum ANNUAL **PERCENTAGE RATE** of 18.00% would be $160.00. This Annual Percentage Rate could be reached during the 1st month of 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 18.00%
would be $180.19. This Annual Percentage Rate could be reached during the 1st month of the repayment period.

Historical Example
The following table shows how the Annual Percentage Rate and the monthly payments for a single $10,000 credit advance would have changed based on changes in the index since 1993. The index is from The Wall Street Journal and is calculated on the 1st business day of July of each year. While only one payment amount per year is shown, payments may have 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 the year. It does not necessarily indicate how the index or

your payments will change in the future.

Year	Index	Margin (1)	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
1993	3.23	2.42	5.64	DRAW	$160.00
1994	4.58	2.42	7.00	DRAW	136.60
1995	5,42	2.42	7.88	DRAW	123.49
1996	5.26	2.42	7.68	DRAW	110.22
,1997	5.14	2.42	7.56	DRAW	100.00(4)
1998	5.12	2.42	7.54	REPAYMENT	100.00(4)
1999	4.81	2.42	7.23	REPAYMENT	100.00(4)
2000	6,02	2.42	8.44	REPAYMENT	100.00(4)
2001	3.56	2.42	6.44 (3)	REPAYMENT	100.00 (4)
2002	1.83	2.42	4.44 (3)	REPAYMENT	100.00(4)
2003	0.94	2.42	3.80 (2)	REPAYMENT	100.00(4)
2004	1.64	2.42	4.06	REPAYMENT	-0-
2005	3.22	2.42	5.64	REPAYMENT	-0-
2006	5.17	2.42	7.59	REPAYMENT	-0-
2007	4:95	2.42	7.37	REPAYMENT	-0-

(1) This represents a margin we have recently used.
(2) This represents the 3.80% Minimum Interest Rate.
(3) This represents the 2.00 percentage point per year rate change limitation.
(4) This represents the $100.00 Minimum Payment.

When Your Home is on The Line:

What You Should Know About Home Equity Lines of Credit.

More and more lenders are offering home equity lines of credit. By using the equity in your home, you may qualify for a sizable amount of credit, available for use when and how you please, at an interest rate that is relatively low. Furthermore, under the tax law -depending on your specific situation - you may be allowed to deduct the interest because the debt is secured by your home.

If you are in the market for credit, a home equity plan may be right for you or perhaps another form of credit would be better. Before making this decision, you should weigh carefully the costs of a home equity line against the benefits. Shop for the credit terms that best meet your borrowing needs without posing undue financial risk. And, remember, failure to repay the line could mean the loss of your home.

What is a home equity line of credit?

A home equity line is a form of revolving credit in which your home serves as collateral. Because the home is likely to be a consumer's largest asset, many homeowners use their credit lines only for major items such as education, home improvements, or medical bills and not for day-to-day expenses.

With a home equity line, you will be approved for a specific amount of credit - your credit limit - meaning the maximum amount you can borrow at any one time while you have the plan.

Many lenders set the credit limit on a home equity line by taking a percentage (say, 75 percent) of the appraised value of the home and subtracting the balance owed in the existing mortgage. For example:

Appraisal of home	$100,000
Percentage	x 75%
Percentage of appraised value	$ 75,000
Less mortgage debt	-$ 40,000
Potential credit line	$ 35,000

In determining your actual credit line, the lender will also consider your ability to repay, by looking at your income, debts, and other financial obligations, as well as your credit history.

Home equity plans often set a fixed period during which you can borrow money, such as 10 years. When this period is up, the plan may allow you to renew the credit line. But in a plan that does not allow renewals, you will not be able to borrow additional money once the time has expired. Some plans may call for payment in full of any outstanding balance. Others may permit you to repay over a fixed time, for example 10 years.

Once approved for the home equity plan, usually you will be able to borrow up to your credit limit whenever you want. Typically, you will be able to draw on your line by using special checks.

Under some plans, borrowers can use a credit card or other means to borrow money and make purchases using the line. However, there may be limitations on how you use the line. Some plans may require you to borrow a minimum amount each time you draw on the line (for example, $300) and to keep a minimum amount outstanding. Some lenders also may require that you take an initial advance when you first set up the line.

What should you look for when shopping for a plan?
If you decide to apply for a home equity line, look for the plan that best meets your particular needs. Look carefully at the credit agreement and examine the terms and conditions of various plans, including the annual percentage rate (APR) and the costs you'll pay to establish the plan. The disclosed APR will NOT reflect the closing costs and other fees and charges. You'll need to compare these costs, as well as the APRs, among lenders.

Interest Rate Charges and Plan Features.
Home equity plans typically involve variable interest rates rather than fixed rates. A variable rate must be based on a publicly available index (such as the prime rate published in some major daily newspapers or a U.S. Treasury bill rate); the interest rate will change, mirroring fluctuations in the index. To figure the interest rate that you will pay, most lenders add a margin, such as 2 percentage points, to the index value. Because the cost of borrowing is tied directly to the index rate, it is important to find out what index and margin each lender uses, how often the index changes, and how high it has risen in the past.

Sometimes lenders advertise a temporarily discounted rate for home equity lines - a rate that is unusually low and often lasts only for an introductory period, such as six months.

Variable rate plans secured by a dwelling must have a ceiling (or cap) on how high your interest rate can climb over the life of the plan. Some variable rate plans limit how much your payment may increase, and also how low your interest rate may fall if interest rates drop.

Some lenders may permit you to convert a variable rate to a fixed interest rate during the life of the plan, or to convert all or a portion of your line to a fixed term installment loan.

Agreements generally will permit the lender to freeze or reduce your credit line under certain circumstances. For example, some variable rate plans may not allow you to get additional funds during any period the interest rate reaches the cap.

Costs to Obtain a Home Equity Line.
Many of the costs in setting up a home equity line of credit are similar to those you pay when you buy a home. For example:

- A fee for a property appraisal, which estimates the value of your home.
- An application fee, which may not be refundable if you are turned down for credit.
- Up-front charges, such as one or more points (one point equals one percent of the credit limit).
- Other closing costs, which include fees for attorneys, title search, mortgage preparation and filing, property and title insurance, as well as taxes.
- Certain fees during the plan. For example, some plans impose yearly membership or maintenance fees.
- You also may be charged a transaction fee every time you draw on the credit line. You could find yourself paying hundreds of dollars to establish the plan. If you were to draw only a small amount against your credit line, those charges and closing costs would substantially increase the cost of the funds borrowed. On the other hand, the lender's risk is lower than for other forms of credit because your home serves as collateral. Thus, annual percentage rates for home equity lines are generally lower than rates for other types of credit. The interest you save could offset the initial costs of obtaining the line. In addition, some lenders may waive a portion or all of the closing costs.

How will you repay your home equity plan?
Before entering into a plan, consider how you will pay back any money you might borrow. Some plans set minimum payments that cover a portion of the principal (the amount you borrow) plus accrued interest. But, unlike the typical installment loan, the portion that goes toward principal may not be enough to repay the debt by the end of the term. Other plans may allow payments of interest alone during the life of the plan, which means that you pay nothing toward the principal. If you borrow $10,000, you will owe that entire sum when the plan ends.

Regardless of the minimum payment required, you can pay more than the minimum and many lenders may give you a choice of payment options. Consumers often will choose to pay down the principal regularly as they do with other loans. For example, if you use your line to buy a boat, you may want to pay it off as you would a typical boat loan.

Whatever your payment arrangements during the life of the plan - whether you pay some, a little, or none of the principal amount of the loan - when the plan ends you may have to pay the entire balance owed, all at once. You must be prepared to make this balloon payment by refinancing it with the lender, by obtaining a loan from another lender, or by some other means. If you are unable to make the balloon payment, you could lose your home.

With a variable rate, your monthly payments may change. Assume, for example, that you borrow $10,000 under a plan that calls for interest only payments. At a 10 percent interest rate, your initial payments would be $83 monthly. If the rate should rise over time to 15 percent, your payments will increase to $125 per month. Even with payments that cover interest plus some portion of the principal, there could be a similar increase in your monthly payment, unless the agreement calls for keeping payments level throughout the plan.

When you sell your home, you probably will be required to pay off your home equity line in full. If you are likely to sell your house in the near future, consider whether it makes sense to pay the up-front costs of setting up an equity credit line. Also keep in mind that leasing your home may be prohibited under the terms of your home equity agreement.

Comparing a line of credit and a traditional second mortgage loan.
If you are thinking about a home equity line of credit you also might want to consider a more traditional second mortgage loan. This type of loan provides you with a fixed amount of money repayable over a fixed period. Usually the payment schedule calls for equal payments that will pay off the entire loan within that time. You might consider a traditional second mortgage loan instead of a home equity line if, for example, you need a set amount for a specific purpose, such as an addition to your home.

In deciding which type of loan best suits your needs, consider the costs under the two alternatives. Look at the APR and other charges. You cannot, however, simply compare the APR for a traditional mortgage loan with the APR for a home equity line because the APRs are figured differently.

- The APR for a traditional mortgage takes into account the interest rate charged plus points and other finance charges.
- The APR for a home equity line is based on the periodic interest rate alone. It does not include points or other charges.

Disclosures from Lenders.
The Truth-in-Lending Act requires lenders to disclose the important terms and costs of their home equity plans, including the APR, miscellaneous charges, the payment terms and information about any variable rate feature. And in general, neither the lender nor anyone else may charge a fee until after you have received this information. You usually get these disclosures when you receive an application form, and you will get additional disclosures before the plan is opened. If any term has changed before the plan is opened (other than a variable rate feature), the lender must return all fees if you decide not to enter into the plan because of the changed term.

When you open a home equity line the transaction puts your home at risk. For your principal dwelling, the Truth-in-Lending Act gives you three days from the day the account was opened to cancel the credit line. This right allows you to change your mind for any reason. You simply inform the creditor in writing within the three day period. The creditor must then cancel the security interest in your home and return all fees-including any application and appraisal fees paid in opening the account.

Glossary

Annual membership or participation fee.
An amount that is charged annually for having the line of credit available. It is charged regardless of whether or not you use the line.

Annual percentage rate (APR).
The costs of credit on a yearly basis expressed as a percentage.

Application fee.
Fees that are paid upon application. An application fee may include charges for property appraisal and a credit report.

Balloon payment.
A lump-sum payment that you may be required to make under a plan when the plan ends.

Cap.
A limit on how much the variable interest rate can increase during the life of the plan.

Closing costs.

Fees paid at closing, including attorneys' fees, fees for preparing and filing a mortgage, for taxes, title search, and insurance.

Credit limit. The maximum amount that you can borrow under the home equity plan.

Equity. The difference between the fair market value (appraised value) of your home and your outstanding mortgage balance.

Index. The base for rate changes that the lender uses to decide how much the annual percentage rate will change over time.

Interest rate. The periodic charge, expressed as a percentage, for use of credit.

Margin. The number of percentage points the lender adds to the index rate to determine the annual percentage rate to be charged.

Minimum payment. The minimum amount that you must pay (usually monthly) on your account. In some plans, the minimum payment may be "interest only". In other plans, the minimum payment may include principal and interest.

Points. A point is equal to one percent of the amount of your credit line. Points usually are collected at closing, and are in addition to monthly interest.

Security interest. An interest that a lender takes in the borrower's property to assure repayment of a debt.

Transaction fee. A fee charged each time you draw on your credit line.

Variable rate. An interest rate that changes periodically in relation to an index. Payments may increase or decrease accordingly.

Where to Go for Help.
The following federal agencies are responsible for enforcing the federal Truth-in-Lending Act, the law that governs disclosure of terms for home equity lines of credit. Any questions concerning compliance with the act by a particular financial institution should be directed to its enforcement agency.

State Banks that are Members of the Federal Reserve System
Division of Consumer and Community Affairs
Mail Stop 801 Federal Reserve Board Washington, DC 20551
(202) 452-3693
www.federalreserve.gov

National Banks
Office of the Comptroller of the Currency Customer Assistance Unit 1301
McKinney St. Suite 3710 Houston, TX 77010
(800)613-6743
www.occ.treas.gov

Federal Credit Unions
National Credit Union Administration Office of Public and Congressional Affairs
1775 Duke St. Alexandria, VA 22314
(703)518-6330

www.ncua.gov

Federally Insured Non-Member State-Chartered Banks and Savings Banks
Federal Deposit Insurance Corporation Office of Compliance and Consumer Affairs
550 17th Street, NW Room PA-1730, 7th Floor Washington, DC 20429
(202) 942-3100 or (800) 934-FDIC
www.fdic.gov

Federally Insured Savings and Loan Institutions and Federally Chartered Savings Banks
Office of Thrift Supervision Consumer Programs
1700 G Street, NW, 6th Floor Washington, DC 20552
(202) 906-6237 or (800) 842-6929
www.ots.treas.gov

Mortgage Companies and Other Lenders
Federal Trade Commission Consumer Response Center
600 Pennsylvania Avenue, NW Washington, DC 20580
(202) 326-3758 or (877) FTC-HELP
www.ftc.gov

Do you agree to this disclaimer?
Contiue to the application.

Yes

No

If you select no then you will not have access to the application.