

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 15 years. This period is called the "draw period." At our option, we may renew or extend the draw period. The period after the draw period ends is called the "repayment period." The repayment period will be 15 years. You will be required to make monthly payments during the draw period equal to 0.10% of the variable rate line of credit balance as of the first business day of the month plus the accrued finance charge as of the first business day of the month, but not less than \$50, plus any amounts past due, any amount by which you have exceeded your credit limit, and all other charges. At the end of your draw period your payment on the variable rate line of credit balance will be calculated at an amount to repay the balance by the end of the repayment period. Each time the annual percentage rate changes, we will adjust your payment to repay the variable rate line of credit balance by the end of the repayment period.

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 \$10,000 at an ANNUAL PERCENTAGE RATE of 7.5%. During that period, you would make 180 payments of \$57.03 to \$73.70, followed by 179 payments of \$77.44 and one (1) final payment of \$75.69.

FEES AND CHARGES: You must pay certain fees to third parties to open the plan. These fees generally total between \$218.00 and \$6,677.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

FEE REIMBURSEMENT: We may pay certain third party fees on your behalf. If we do so and you close the plan within the first three years that it is open, you will need to reimburse us for the bona-fide third party fees we paid. Any amounts owed may be added onto the principal balance.

APPRAISAL: You have the right to receive a copy of an appraisal. We may charge you for the appraisal.

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.

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

ADDITIONAL HOME EQUITY PLANS: Please ask us about our other available home equity line of credit plans.

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 10 days before the date of any annual percentage rate adjustment. The annual percentage rate can change on the first day of each month after the expiration of any discount period.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. The margin you receive is

based on the amount of equity in the property, whether the property is your residence and your creditworthiness.

The initial annual percentage rate may be "discounted". If it is discounted, it will not be based on the index and margin used for later rate adjustments. We have offered discounts for 6, 12, 24, 36, 48 or 60 months. Ask us for the current index value, margin, discount and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

DISCOUNT AVAILABILITY: Depending on your creditworthiness, you may be eligible to receive a discounted initial rate if you make payments using automatic transfer from a share draft account at Hawaii State Federal Credit Union.

RATE CHANGES: The annual percentage rate can change on the first day of each month after the expiration of any discount period. There is no limit on the amount by which the annual percentage rate can change during any period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.0% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below the minimum rate at any time during the term of the plan. The minimum **ANNUAL PERCENTAGE RATE** is 3.75% for fee-simple, owner-occupied property if the property's Loan to Value Ratio is 80% or less, and for line amounts of \$400,000 or less. The minimum **ANNUAL PERCENTAGE RATE** is 4.50% for fee-simple, owner occupied primary residences, for line amounts greater than \$400,000. The minimum **ANNUAL PERCENTAGE RATE** is 5.25% for fee-simple, owner-occupied primary residence if the Loan to Value Ratio is 80.01% to 95% and for fee-simple, investment property. The minimum **ANNUAL PERCENTAGE RATE** is 5.5% for fee-simple, owner-occupied primary residence if the loan to Value Ratio is 95.01 to 100%. The historical example below reflects a plan with a 3.75% floor.

MARGIN: The margin you receive is based on various factors, such as creditworthiness, the property's use and equity, and market conditions. You may not qualify for the margin shown in the Historical Table. Please ask us about the margin for which you qualify.

MAXIMUM RATE AND PAYMENT EXAMPLE – DRAW PERIOD: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$162.88. This annual percentage rate could be reached at the time of the 1st payment without a discount and, the 7th payment if you receive a 6-month discount, at the time of the 13th payment if you receive a 12-month discount, at the time of the 25th payment if you receive a 24-month discount, and at the time of the 37th payment if you receive a 36-month discount. This annual percentage rate could be reached at the time of the 49th payment if you receive a 48-month discount and at the time of the 61st payment if you receive a 60-month discount.

MAXIMUM RATE AND PAYMENT EXAMPLE – REPAYMENT PERIOD: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$161.09. This annual percentage rate could be reached at the time of the 1st payment.

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)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE With Discount	Monthly Payment (Dollars) With Discount	ANNUAL PERCENTAGE RATE Without Discount	Monthly Payment (Dollars) Without Discount
2009.....	3.250	0.00	3.750 ⁽²⁾	50.00 ⁽⁴⁾	3.750 ⁽³⁾	50.00 ⁽⁴⁾
2010.....	3.250	0.00	3.750 ⁽³⁾	50.00 ⁽⁴⁾	3.750 ⁽³⁾	50.00 ⁽⁴⁾
2011.....	3.250	0.00	3.750 ⁽³⁾	50.00 ⁽⁴⁾	3.750 ⁽³⁾	50.00 ⁽⁴⁾
2012.....	3.250	0.00	3.750 ⁽³⁾	50.00 ⁽⁴⁾	3.750 ⁽³⁾	50.00 ⁽⁴⁾
2013.....	3.250	0.00	3.750 ⁽³⁾	50.00 ⁽⁴⁾	3.750 ⁽³⁾	50.00 ⁽⁴⁾
2014.....	3.250	0.00	3.750 ⁽³⁾	50.00 ⁽⁴⁾	3.750 ⁽³⁾	50.00 ⁽⁴⁾
2015.....	3.250	0.00	3.750 ⁽³⁾	50.00 ⁽⁴⁾	3.750 ⁽³⁾	50.00 ⁽⁴⁾
2016.....	3.500	0.00	3.750 ⁽³⁾	50.00 ⁽⁴⁾	3.750 ⁽³⁾	50.00 ⁽⁴⁾
2017.....	3.750	0.00	3.750	50.00 ⁽⁴⁾	3.750	50.00 ⁽⁴⁾
2018.....	4.500	0.00	4.500	50.00 ⁽⁴⁾	4.500	50.00 ⁽⁴⁾
2019.....	5.500	0.00	5.500	50.00 ⁽⁴⁾	5.500	50.00 ⁽⁴⁾
2020.....	4.750	0.00	4.750	50.00 ⁽⁴⁾	4.750	50.00 ⁽⁴⁾
2021.....	3.250	0.00	3.750 ⁽³⁾	50.00 ⁽⁴⁾	3.750 ⁽³⁾	50.00 ⁽⁴⁾
2022.....	3.250	0.00	3.750 ⁽³⁾	50.00 ⁽⁴⁾	3.750 ⁽³⁾	50.00 ⁽⁴⁾
2023.....	7.500	0.00	7.500	50.00 ⁽⁴⁾	7.500	50.00 ⁽⁴⁾

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

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a 6 month discount that we have provided recently; your plan may be discounted by a different amount.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** reflects a floor rate of 3.75%.

⁽⁴⁾ This payment reflects the minimum payment of \$50.00.

FIXED RATE OPTION: During the draw period you may exercise an option to convert the interest rate on all or part of your existing variable rate balance to a Fixed Rate Option ("FROP") balance. The availability of this option is based on your credit worthiness at time of account opening. You may have only three (3) FROP balances at any one time. You may exercise a FROP up to ten (10) times during the term of your plan. Each exercise of a FROP must be for at least \$5,000, and must include an increase in balance by at least \$5,000 when an existing FROP balance will be consolidated into any new FROP. You may not exercise a FROP if you are more than 30 days delinquent in the payment on the Plan variable rate balance or payment on any other FROP balance. Your Plan credit limit will apply to the combined total of all amounts owing under the Plan, including all FROP balances and the variable rate balance, each of which may have different repayment terms, Annual Percentage Rates, daily periodic rates, minimum monthly payment due dates and amounts. All future advances will be at the then current variable annual percentage rate according to the terms disclosed in this Plan, unless another FROP is exercised.

To exercise a FROP, you must contact us by phone on Oahu at (808) 587-2700 or US Toll Free (888) 586-1056, or visit one of our branches and complete a FROP election form. A FROP may be exercised by any one borrower identified in the Open-End Home Equity Credit Agreement, and will be binding on all of you.

You may elect to exercise a FROP for a thirty (30) year repayment term at plan opening.

You may elect to exercise a FROP for twenty-five (25) years within the first 5 years of account opening.

You may elect to exercise a FROP for twenty (20) years within the first 10 years of account opening.

You may elect to exercise a FROP for three (3), five (5), seven (7), ten (10), or fifteen (15) years within the first 15 years of account opening.

After the draw period ends you will no longer be able to exercise a FROP.

When you exercise a FROP, the interest rate will be fixed on the balance for that FROP until it is repaid. The fixed annual percentage rate will be determined based on your requested FROP repayment term and by adding a margin to the index shown in the table below and rounding up to the nearest .125%:

FROP Balance Repayment Term (Years)	Index published in the Federal Reserve Board H.15 statistical release for the last Monday of the month before the FROP request for "Treasury constant maturities"
3	3-year Treasury Constant Maturities
5	5-year Treasury Constant Maturities
7	7-year Treasury Constant Maturities
10	10-year Treasury Constant Maturities
15	20-year Treasury Constant Maturities
20	20-year Treasury Constant Maturities
25	30-year Treasury Constant Maturities
30	30-year Treasury Constant Maturities

The margin will be determined at the time you exercise a FROP. The payment on each FROP balance will be calculated separately and will be distinct from the payment on your variable rate balance. Each FROP payment will be equal to an amount of principal and interest to fully amortize the applicable FROP balance over the selected repayment term, at the applicable fixed annual percentage rate, in equal monthly amounts, plus, if applicable, any accrued credit insurance premiums and other charges.