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REAL ESTATE LENDING



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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 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 5 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 will depend on the balance at the time of the last advance you obtain before the draw period ends. You will be required to make monthly payments during both the draw and repayment periods. At the time you obtain a credit advance a payoff period of 120 monthly payments will be used to calculate your payment.

The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. Your payment will be set to repay the balance after the advance, at the current annual percentage rate, within the payoff period. Your payment will be rounded up to the nearest dollar. Your payment will remain the same unless you obtain another credit advance. Your payment may also change if the annual percentage rate increases or decreases. A change in the

annual percentage rate can cause the balance to be repaid more quickly or more slowly. We will check your plan every year to determine the effect any annual percentage rate change has had on your payment. If the annual percentage rate has changed, we will adjust your payment to repay the balance within the original payoff period. Each time the annual percentage rate increases, we will check to see if the payment is sufficient to pay the interest that is due. If not, we will increase your payment by the amount necessary to repay the balance at the new annual percentage rate within the original payoff period. If, after our last review of your plan prior to the maturity date, the annual percentage rate increases so much that your payment is not sufficient to repay the balance before the maturity date you will be required to make more payments of the same amount. 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 never be less than the smaller of \$100.00, or the full amount that you owe.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 9 years 11 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.0%. During that period, you would make 118 payments of \$117.00 and one (1) final payment of \$81.81.

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

Application Fee: \$100.00 (Due at application)

You must pay certain fees to third parties to open the plan. These fees generally total between \$150.00 and \$400.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

**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.

**TRANSACTION REQUIREMENTS:** The minimum credit advance that you can receive is \$5,000.00 for the first advance and \$500.00 for each subsequent advance.

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

**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.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. Ask us for the current index value, margin and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

**MARGIN:** The margin you receive is based on the amount of equity in your property. Your margin may be higher or lower than the one shown in the Historical Table.

**RATE CHANGES:** The annual percentage rate can change quarterly on the first day of January, April, July and October. There is no limit on the amount by which the annual percentage rate can change during any one year period. The **ANNUAL PERCENTAGE RATE** cannot increase more than 6.0 percentage points above the initial rate or the maximum permitted by law, whichever is less.

**MAXIMUM RATE AND PAYMENT EXAMPLES:** If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 13.00% would be \$150.00. This annual percentage rate could be reached at the time of the 1st payment.

**FIXED RATE CONVERSION OPTION:** This plan has a fixed rate option (the "option") which you may exercise once. The option must be exercised for a minimum amount of \$5,000.00.

At the time you exercise the option, that portion of your balance will have a fixed rate. If you may exercise the option you could therefore have a fixed

rate balance and 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 and fixed rates. All future advances will be at the current variable rate according to the terms previously disclosed unless another option is exercised.

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 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 portions. We will charge you a Conversion fee to exercise the option, which is a FINANCE CHARGE. The fee is \$250.00 if the amount that is changed to a fixed rate is \$35,000.00 or less; the fee is \$500.00 if the amount that is changed to a fixed rate is more than \$35,000.00.

**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 <sup>(1)</sup> (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2005	5.250	1.50	6.750	115.00
2006	7.500	1.50	9.000	126.00
2007	8.250	1.50	9.750	129.00
2008	6.000	1.50	7.500	120.00
2009	3.250	1.50	4.750	111.00
2010	3.250	1.50	4.750	111.00
2011	3.250	1.50	4.750	111.00
2012	3.250	1.50	4.750	111.00
2013	3.250	1.50	4.750	111.00
2014	3.250	1.50	4.750	111.00
2015	3.250	1.50	4.750	
2016	3.500	1.50	5.000	
2017	3.750	1.50	5.250	
2018	4.500	1.50	6.000	
2019	5.500	1.50	7.000	

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