

# HOME EQUITY LINE OF CREDIT

This disclosure contains important information about our Home Equity Line of Credit. You should read it carefully and keep a copy for your records.

**1. 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 have paid to us or anyone else in connection with your application.

**2. 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.

**3. POSSIBLE ACTIONS.** Under certain circumstances, we can:

- A. Terminate your line of credit and require you to pay us the entire outstanding balance in one payment;
- B. Refuse to make additional extensions of credit; and
- C. Reduce your credit limit.

We can terminate your line of credit and require you to pay us the entire outstanding balance in one payment if:

- A. You engage in fraud or material misrepresentation in connection with the line of credit;
- B. You fail to make a payment as required by the agreement; or
- C. Your action or inaction adversely affects the collateral or our rights in the collateral; or
- D. You fail to maintain adequate insurance.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- A. The value of the dwelling securing the line of credit declines significantly below its appraised value for purposes of the line of credit;
- B. We reasonably believe you will not be able to meet the repayment requirements under the line of credit due to a material change in your financial circumstances;
- C. You are in default of a material obligation of the agreement;
- D. Government action prevents us from imposing the annual percentage rate provided for in the agreement, or impairs our security interest such that the value of the interest is less than 120 percent of the credit limit on the line of credit;
- E. A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; or
- F. The maximum annual percentage rate is reached.

**4. MINIMUM PAYMENT REQUIREMENTS.** You can obtain credit advances for 10 years (the "draw period"). During this period, payments will be due monthly.

Your minimum monthly payment will equal the greater of the following:

- ◆ \$100.00; or
- ◆ 1.000 percent of the loan account balance on the last day of the billing cycle.

The minimum payment amount will be rounded to the nearest \$.01. Whenever a flat dollar amount is used to determine the minimum payment however, the minimum payment will be rounded to the nearest \$.01. The minimum monthly payments during the draw period may not reduce the principal that is outstanding on your line of credit.

After the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance on your line of credit (the "repayment period.") The length of the repayment period is 10 years. During the repayment period, payments will be due monthly. Your minimum monthly payment will equal the following:

- ◆ An amortized payment of the loan account balance on the last day of the draw period. This balance will be amortized over 10 years.

The minimum payment will change whenever the annual percentage rate changes. The minimum payment amount will be rounded to the nearest \$.01. The minimum monthly payments may not be sufficient to fully repay the principal that is outstanding on your line of credit by the end of the repayment period. If they are not, you will, to the extent permitted by law, be required to pay the entire balance in a single payment.

**5. MINIMUM PAYMENT EXAMPLE.** 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 \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 4.000%. During that period, you would make 120 payments varying between \$100.33 and \$100.00 followed by 119 payments of \$1.85, with a final payment of \$2.07.

**6. FEES AND CHARGES.** You must pay certain fees to third parties, such as appraisers, credit reporting firms, and government agencies. These fees generally total \$100.00 to \$900.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

You must carry insurance on the property that secures the line of credit.

**7. 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.

**8. LIMITATIONS ON ADVANCES OF CREDIT.** You are limited to obtaining no more than \$10,000.00 per day.

**9. NEGATIVE AMORTIZATION.** Under some circumstances, your monthly payment will not cover the finance charges that accrue and "negative amortization" will occur. Negative amortization will increase the amount that you owe us and reduce your equity in your home.

**10. TAX DEDUCTIBILITY.** You should consult a tax advisor regarding the deductibility of interest and charges for the line of credit.

**11. VARIABLE RATE FEATURES.** This line of credit has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result. The annual percentage rate includes only interest and not other costs. The annual percentage rate is based on the value of an index. The index is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks known as the Wall Street Journal U.S. Prime Rate and is published in the Wall Street Journal. 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, and annual percentage rate. After you open a line of credit, rate information will be provided on periodic statements that we send you.

**12. RATE CHANGES.** The annual percentage rate can change monthly after remaining fixed for 1 day. There is no limit on the amount by which the rate can change in any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the line of credit is 18.000 percent. The minimum **ANNUAL PERCENTAGE RATE** that can apply during the line of credit is 3.500 percent.

**13. MAXIMUM RATE AND PAYMENT EXAMPLES.** If you had an outstanding balance of \$10,000.00 at the beginning of the draw period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.000 percent would be \$101.50. The maximum annual percentage rate during the draw period, could be reached in the 1st month (1 month) following an initial hold of 1 day.

If you had an outstanding balance of \$10,000.00 at the beginning of the repayment period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.000 percent would be \$180.19. The maximum annual percentage rate during the repayment period, could be reached in the 2nd month (2 months).

**14. HISTORICAL EXAMPLES.** The following table shows how the annual percentage rate and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the last 15 years. The index values are from the first business day of May. While only one payment amount per year is shown, payments would have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payment was made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

Year	Index (%)	Margin* (%)	ANNUAL PERCENTAGE RATE (%)	Minimum Monthly Payment (\$)
2008	5.000	0.500	5.500	100.46
2009	3.250	0.500	3.750	100.00
2010	3.250	0.500	3.750	100.00
2011	3.250	0.500	3.750	100.00
2012	3.250	0.500	3.750	100.00
2013	3.250	0.500	3.750	100.00
2014	3.250	0.500	3.750	100.00
2015	3.250	0.500	3.750	100.00
2016	3.500	0.500	4.000	100.00
2017	4.000	0.500	4.500	100.00
2018 (O)	4.750	0.500	5.250	2.81
2019	5.500	0.500	6.000	2.90
2020	3.250	0.500	3.750	2.67
2021	3.250	0.500	3.750	2.67
2022	3.500	0.500	4.000	2.69

\* This is a margin we have used recently; your margin may be different.

(O) The repayment period begins in this year.

This is not a commitment to make a loan. You hereby acknowledge receipt of this Home Equity Plan Disclosure and a copy of the Home Equity Brochure on today's date.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_