

## 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 10 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 upon the outstanding balance at the end of the draw period and it will not exceed 15 years.

You will be required to make monthly payments during the draw and repayment periods. During the draw period, your payment will be 1.25% of the outstanding balance each month or \$50.00, whichever is greater. During the repayment period, your payment will be 1.25% of the outstanding balance at the end of the draw period or \$50.00, whichever is greater; it will not change monthly. During both the draw and repayment periods, we will round the payment up to the next highest dollar. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. If the interest rate increases, you will be required to make more payments of the same amount.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 18 years 9 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.75%. During that period, you would make 120 payments of \$55.00 to \$125.00, followed by 104 payments of \$55.00 and one (1) final payment of \$15.95.

**FEES AND CHARGES:** You must pay certain fees to third parties to open the plan. These fees generally total between \$500.00 and \$1,800.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

**FEE WAIVER:** Lender may waive the bona-fide third party fees to open the plan. If Lender waives those fees and Borrower closes the plan within 36 months of the date the plan was established, Borrower agrees to reimburse the Lender for those bona-fide third party fees paid on Borrower's behalf, as permitted by applicable law.

**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 amount of each advance is \$1.00

**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 number of payments you make 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 the second to the last business day 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. If the rate is not already rounded we then round up to the next .25%. From time to time we may offer a "discount" program in which the initial rate will not be based on the margin and index used for subsequent rate adjustments. We have recently offered a discount program that was in effect for up to 6 months. The initial "discounted" rate will be in effect through the time frame disclosed on the HELOC Addendum provided to you at closing. Ask us for the current index value, margin, annual percentage rate, and whether a discount program is in effect. After you open a plan, rate information will be provided on periodic statements that we send you.

**RATE CHANGES:** The annual percentage rate can change quarterly on the first day of January, April, July and October after the expiration of any discount period. The rate cannot increase or decrease more than 1 percentage point at each adjustment; this limitation does not apply to the adjustment occurring after a discount period expires. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 12% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 5.50% at any time during the term of the plan unless it is during a discount period.

**MAXIMUM RATE AND PAYMENT EXAMPLES:**

**Draw Period:** If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 12% would be \$125.00. This annual percentage rate could be reached at the time of the 16th payment of the draw period if the rate is not discounted. This annual percentage rate could be reached at the time of the 22nd payment of the draw period if the rate is discounted because there is no limit placed on the amount of rate adjustment when the discount period ends.

**Repayment Period:** If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 12% would be \$125.00. This annual percentage rate could be reached at the time of the 16th payment of the repayment period if the rate is not discounted. This annual percentage rate could be reached at the time of the 16th payment of the repayment period if the rate is discounted because there is no limit placed on the amount of rate adjustment when the discount period ends.

**MARGIN:** The margin that will apply to your plan will be based on the amount of equity in the property offered as security for the plan at the time of closing. Please ask us about the current margins we are offering.

**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.

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		ANNUAL PERCENTAGE RATE	
			No Discount	Monthly Payment (Dollars) No Discount	With Discount	Monthly Payment (Dollars) With Discount
2012.....	3.250	0.00	5.500 <sup>(2)</sup>	125.00	3.490 <sup>(4)</sup>	125.00
2013.....	3.250	0.00	5.500 <sup>(2)</sup>	114.00	5.500 <sup>(2)</sup>	112.00
2014.....	3.250	0.00	5.500 <sup>(2)</sup>	104.00	5.500 <sup>(2)</sup>	102.00
2015.....	3.250	0.00	5.500 <sup>(2)</sup>	94.00	5.500 <sup>(2)</sup>	92.00
2016.....	3.500	0.00	5.500 <sup>(2)</sup>	86.00	5.500 <sup>(2)</sup>	84.00
2017.....	3.750	0.00	5.500 <sup>(2)</sup>	78.00	5.500 <sup>(2)</sup>	76.00
2018.....	4.500	0.00	5.500 <sup>(2)</sup>	71.00	5.500 <sup>(2)</sup>	69.00
2019.....	5.500	0.00	5.500	64.00	5.500	63.00
2020.....	4.750	0.00	5.500 <sup>(2)</sup>	58.00	5.500 <sup>(2)</sup>	57.00
2021.....	3.250	0.00	5.500 <sup>(2)</sup>	53.00	5.500 <sup>(2)</sup>	52.00
2022.....	3.250	0.00	5.500 <sup>(2)</sup>	50.00 <sup>(3)</sup>	5.500 <sup>(2)</sup>	50.00 <sup>(3)</sup>
2023.....	7.500	0.00	7.500	50.00 <sup>(3)</sup>	7.500	50.00 <sup>(3)</sup>
2024.....	8.500	0.00	8.500	50.00 <sup>(3)</sup>	8.500	50.00 <sup>(3)</sup>
2025.....	7.500	0.00	7.500	50.00 <sup>(3)</sup>	7.500	50.00 <sup>(3)</sup>
2026.....	6.750	0.00	6.750	50.00 <sup>(3)</sup>	6.750	50.00 <sup>(3)</sup>

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

<sup>(2)</sup> This **ANNUAL PERCENTAGE RATE** reflects a 5.500% floor.

<sup>(3)</sup> This payment reflects the minimum payment of \$50.00.

<sup>(4)</sup> This **ANNUAL PERCENTAGE RATE** reflects a discount that we have recently provided; your plan, if discounted, may receive a different amount.