

## IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLANS

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

**AVAILABILITY OF TERMS:** All the terms described below are subject to change. If these terms change (other than the annual percentage rate) and you decide, solely as a result of such change, 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 mortgage on 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 and require you to pay us the entire outstanding balance in one payment if:

- (1) You engage in fraud or material misrepresentation in connection with the line.
- (2) You do not meet the repayment terms.
- (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) The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- (2) We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- (3) You are in default of a material obligation in the agreement.
- (4) Government action prevents us from imposing the annual percentage rate provided for or impairs the priority of our security interest such that the value of the interest is less than 120 percent of the credit line.
- (5) The maximum annual percentage rate is reached.
- (6) The creditor is notified by its regulatory agency that continued advances constitute an unsafe and unsound practice.

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

**PLAN OPTIONS:** We offer a home equity line of credit plan with a variable rate option and a fixed rate option. The terms of all available options are explained in this disclosure. You may choose whether you want a variable rate option or a fixed rate option after your application has been submitted. Your credit limit will apply to the combined total of all amounts owing under the variable rate option and the fixed rate option. Please see the specific options for any limitations. All other terms if not identified to the variable rate option or fixed rate option will apply to all options.

You will be required to make monthly payments of principal and interest during both the draw and repayment periods. 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 remain the same unless you obtain another credit advance or the annual percentage rate changes.

**THIRD PARTY FEES:** You may also be required to pay certain fees to third parties (such as appraisers, credit reporting firms, and government agencies) to open a line. These fees generally total between \$155.00 - \$1,500.00. We will provide you with an itemization of the fees you will have to pay to third parties.

**PREPAYMENT/TERMINATION FEES:** N/A

**PROPERTY INSURANCE:** In addition to the fees and charges, you must carry insurance (including, without limitation, flood insurance if required) on the property that secures the line. You may select the insurance company or agent of your choice, provided the insurance company and coverage meet our requirements.

**MINIMUM CREDIT LINE REQUIREMENT:** The minimum credit line you can receive is \$5,000.00.

**MINIMUM DRAW REQUIREMENT:** The minimum credit advance you can receive is \$300.00.

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

**PAYMENT DUE DATE:** The payment due date is the 28<sup>th</sup> of each month. The month your payment will be due will depend on the month and day of your loan closing, plus a rescission period.

**LATE FEE:** The maximum late fee is \$25.00 if the payment is not paid in full within 10 days after the scheduled due date.

**VARIABLE RATE OPTION:** 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 charges.

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 index value as of the 15<sup>th</sup> day from the business day closest to the 15<sup>th</sup> day of the month.

To determine the annual percentage rate: 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%. The initial annual percentage rate is not discounted.

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Ask us for the current index value, margins, and annual percentage rates. Margins will vary depending on the combined loan to value ratios, underwriting criteria and certain account features. After you open a credit line, rate information will be provided on periodic statements that we send you.

**RATE CHANGES:** The annual percentage rate can change monthly. The rate cannot increase or decrease more than 4.0 percentage points during any one-year period. The maximum ANNUAL PERCENTAGE RATE that can apply is 16% or the maximum permitted by law, whichever is less. However, under no circumstances will your ANNUAL PERCENTAGE RATE go below 1.99% at any time during the term of the plan.

Your payment will be recalculated each time you take an advance and each time the annual percentage rate increases or decreases. Each time you make an advance, or the annual percentage rate changes, we will adjust your payment to repay the balance within the number of months remaining in the payoff period. Your payment will include any amounts past due and any amounts by which you have exceeded your credit limit and all other charges. Your payment will never be less than the smaller of \$75.00, or the full amount that you owe.

**MINIMUM PAYMENT REQUIREMENTS:** You can obtain credit advances for 10 years. This period is called 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. At the time you obtain a credit advance, a payoff period of the shorter of 300 monthly payments, or the number of months remaining until the maturity date, will be used to calculate the payment.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 20 years and 8 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE OF 6.75%. During that period, you would make 247 payments of \$75.00 and one final payment of \$15.09.

**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 16% WOULD BE \$135.89. This ANNUAL PERCENTAGE RATE could be reached at the time of the 25<sup>th</sup> payment.

**REPAYMENT PERIOD:** If you had an outstanding balance of \$10,000, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 16% would be \$146.86. This ANNUAL PERCENTAGE RATE could be reached at the time of the 1<sup>st</sup> payment during the repayment period.

Your minimum and maximum payment could differ depending on your combined loan to value ratios, underwriting criteria and certain account features.

- See page 3 for the Historical Rate Example.

**FIXED RATE OPTION:** The ANNUAL PERCENTAGE RATE under the Plan is not based on the index. It is based upon a fixed rate, which will be specified either at the time you receive a commitment or at closing and will be based upon the market conditions at that time. An ANNUAL PERCENTAGE RATE OF 6.50% is representative of a fixed rate recently offered by us under this plan.

Your payment will be recalculated each time you take an advance. Each time you make an advance, we will adjust your payment to repay the balance within the number of months remaining in the payoff period. Your payment will include any amounts past due and any amounts 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 REQUIREMENTS:** You can obtain credit advances for 5 years. This period is called 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. At the time you obtain a credit advance, a payoff period of 120 monthly payments will be used to calculate your monthly payments. Your payment will be set to repay the balance after the advance, within the payoff period. 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 you owe. You will be required to make monthly payments of principal and interest during both the draw and repayment period.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 12 years and 1 month to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE OF 6.50%. During that period, you would make 144 payments of \$100.00 and one final payment of \$41.57.

**REPAYMENT PERIOD:** If you had an outstanding balance of \$10,000 at the end of your draw period, the minimum payment at a fixed ANNUAL PERCENTAGE RATE OF 6.50% would be 120 payments of approximately \$113.55

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- Historical Rate Example

**Historical Example:** The following table shows how the ANNUAL PERCENTAGE RATE and the minimum monthly payments for a \$10,000.00 outstanding balance would have changed based on changes in the index over the past 15 years. The index values are from the first business day of January of each year. While only one payment amount per year is shown, payments during the repayment period would have varied during each year.

The table assumes an outstanding balance of \$10,000, 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. \* \$75.00 is the minimum monthly payment under this plan.

Year	Index (%)	Margin (%) <sup>1</sup>	ANNUAL PERCENTAGE RATE (%)	Monthly Minimum Payment (\$)	Year End Principal Balance (\$)
2012	3.250%	0.000%	3.250%	\$75.00	\$10,000.00
2013	3.250%	0.000%	3.250%	\$75.00	\$10,000.00
2014	3.250%	0.000%	3.250%	\$75.00	\$10,000.00
2015	3.250%	0.000%	3.250%	\$75.00	\$10,000.00
2016	3.500%	0.000%	3.500%	\$75.00	\$10,000.00
2017	3.750%	0.000%	3.750%	\$75.00	\$10,000.00
2018	4.500%	0.000%	4.500%	\$75.00	\$10,000.00
2019	5.500%	0.000%	5.500%	\$75.00	\$10,000.00
2020	4.750%	0.000%	4.750%	\$75.00	\$10,000.00
2021	3.250%	0.000%	3.250%	\$75.00	\$10,000.00

**Draw period Ends - Repayment Period Begins**

2022	3.250%	0.000%	3.250%	\$75.00	\$9,416.24
2023	7.500%	0.000%	7.500%	\$90.70	\$9,020.32
2024	8.500%	0.000%	8.500%	\$95.73	\$8,622.66
2025	7.500%	0.000%	7.500%	\$90.99	\$8,161.52
2026	6.750%	0.000%	6.750%	\$87.77	\$7,643.09

<sup>1</sup> This is a margin we have used or made available recently.

<sup>2</sup> This represents the minimum interest rate.

<sup>3</sup> This represents the maximum interest rate.

Ask us for the current index value, margins, and annual percentage rates. Margins will vary depending on the combined loan to value ratios, underwriting criteria and certain account features.