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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 begins. You will be required to make payments during both the draw and repayment periods. The length of the repayment period will depend on your balance at the end of the draw period, and may be up to 15 years. During the draw period your monthly payment will equal the finance charges (interest) that accrued on the outstanding balance during the preceding month. 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 a higher payment. At the beginning of the repayment period the annual percentage rate in effect on your plan will convert to a fixed rate and will remain fixed for the remainder of the plan. We will recalculate your payment at the beginning of the repayment period, at the current annual percentage rate, within these payoff periods:

Balance	Payoff Period
\$0.00 - \$50,000.99	60 months
\$50,001.11 - \$100,000.99	120 months
\$100,001.00 and above	180 months

Your payment will include any amounts past due and any amount by which you have exceeded your credit limit and all other charges.

**NEGATIVE AMORTIZATION:** If you elect credit insurance coverage and your payments during the draw period are not increased to cover the cost of the monthly premiums, your payments will not cover the finance charges and insurance costs that accrue and "negative amortization" will occur. Negative amortization will increase the amount that you owe us and reduce your equity in your home.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 10 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.5%. During that period, you would make 60 payments of \$49.86 to \$55.21, followed by 59 payments of \$195.66 and one (1) final payment of \$195.63.

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

**Annual Fee:** You will be charged an annual fee of \$50.00 at account opening and on each anniversary date of your loan.

**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.

**VARIABLE RATE FEATURE:** This plan has a variable rate feature during the draw period, 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 during the draw period 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 last business day of the month prior to 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. The margin you receive is based on your credit worthiness. Ask us for the current index value, margin and annual percentage rate that will

apply to your plan. After you open a plan, rate information will be provided on periodic statements that we send you.

**FIXED RATE FEATURE:** The annual percentage rate will convert to a fixed rate at the beginning of the repayment period as described in the Minimum Payment Requirements paragraph.

**MAXIMUM RATE AND PAYMENT EXAMPLES:** If you had an outstanding balance of \$10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 25% would be \$212.33. This annual percentage rate could be reached at the time of the 1st payment.

If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 25% would be \$293.44. This annual percentage rate could be reached at the time of the 1st payment.

**RATE CHANGES:** The annual percentage rate can change on the first day of each month. There is no limit on the amount by which the annual

percentage rate can change during any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 25% or the maximum permitted by law, whichever is less.

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

**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)	<b>ANNUAL PERCENTAGE RATE</b>	Monthly Payment (Dollars)
2004	4.000	2.00	6.000	50.96
2005	5.250	2.00	7.250	61.58
2006	7.500	2.00	9.500	80.68
2007	8.250	2.00	10.250	87.05
2008	6.000	2.00	8.000	67.95
2009	3.250	2.00	5.250 <sup>(2)</sup>	189.85
2010	3.250	2.00	5.250 <sup>(2)</sup>	189.85
2011	3.250	2.00	5.250 <sup>(2)</sup>	189.85
2012	3.250	2.00	5.250 <sup>(2)</sup>	189.85
2013	3.250	2.00	5.250 <sup>(2)</sup>	189.85
2014	3.250	2.00	5.250 <sup>(2)</sup>	
2015	3.250	2.00	5.250 <sup>(2)</sup>	
2016	3.500	2.00	5.250 <sup>(2)</sup>	
2017	3.750	2.00	5.250 <sup>(2)</sup>	
2018	4.500	2.00	5.250 <sup>(2)</sup>	

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

<sup>(2)</sup> This **ANNUAL PERCENTAGE RATE** is fixed during the repayment period.