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REAL ESTATE LENDING



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GROUP

## 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 advances for 120 months. This period is called the "Draw Period." During the Draw Period, payments will be due monthly. Your minimum periodic payments will be 1% of the outstanding balance each month or \$100.00, whichever is greater. 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 have additional payments during the draw period. If the interest rate increases so much that the minimum payments is not adequate to pay the accrued finance charges (interest), we will increase your payment to the amount necessary to cover the interest that is due. If after this adjustment for negative amortization, the interest rate decreases to the point that negative amortization no longer occurs, your payment will be recalculated.

After the Draw Period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance over 120 months (the

"Repayment Period"). Your minimum monthly payment during the Repayment Period will be determined based on the outstanding balance of your Account at the beginning of the Repayment Period and using the interest rate in effect at the beginning of the Repayment Period to calculate equal monthly payments which will fully amortized your Account, or \$100.00, whichever is greater. The interest rate for the (the "Repayment Period") will be fixed.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 10 years 2 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 3.99%. During that period, you would make 120 payments of \$100.00, followed by 1 payments of \$100.00 and one (1) final payment of \$78.57.

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

Flood Zone Determination Fee: \$13.00 (Due at closing)  
Document Preparation Fee: \$150.00 (Due at closing)

You must pay certain fees to third parties to open the plan. These fees generally total between \$0.00 and \$1,000.00. 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:** After you obtain the first advance, the minimum amount of each subsequent advance is \$100.00.

**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 minimum payment may change as a result. The annual percentage rate includes only interest and no other costs.

We start with an independent index, (the "Index"), which is the Wall Street Journal Prime Rate. 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 15 days before the date of any annual percentage rate adjustment. To determine the periodic rate that will apply to your account, we add a margin, as disclosed above, to the value of the Index. If the rate is not already rounded we then round up to the next .125%. Then we

divide this sum by the number of days in a year (365). To obtain the annual percentage rate we will multiply the periodic rate by the number of days in a year (365). This result is the annual percentage rate.

**FIXED RATE FEATURE:** During the "Repayment Period", this plan will have a fixed rate feature. The annual percentage rate during this period will be whatever your rate was at the end of the draw period.

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.

**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 18% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 3.99% at any time during the term of the plan.

**MARGIN:** The margin you receive is based on your loan-to-value ratio and credit score. Please ask us what margin you qualify for.

**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 18% would be \$152.88. This annual percentage rate could be reached at the time of the 1st payment of the draw period. If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the fixed **ANNUAL PERCENTAGE RATE** of 3.99% would be \$101.21. This annual percentage rate could be reached at the time of the 1st payment of the repayment period.

**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)
2002.....	4.750	0.00	4.750	100.00
2003.....	4.250	0.00	4.250	100.00 <sup>(4)</sup>
2004.....	4.000	0.00	4.000	100.00 <sup>(4)</sup>
2005.....	5.250	0.00	5.250	100.00 <sup>(4)</sup>
2006.....	7.500	0.00	7.500	100.00 <sup>(4)</sup>
2007.....	8.250	0.00	8.250	100.00 <sup>(4)</sup>
2008.....	6.000	0.00	6.000	100.00 <sup>(4)</sup>
2009.....	3.250	0.00	3.990 <sup>(2)</sup>	100.00 <sup>(4)</sup>
2010.....	3.250	0.00	3.990 <sup>(2)</sup>	100.00 <sup>(4)</sup>
2011.....	3.250	0.00	3.990 <sup>(2)</sup>	100.00 <sup>(4)</sup>
2012.....	3.250	0.00	3.990 <sup>(2)</sup>	100.00 <sup>(4)</sup>
2013.....	3.250	0.00	3.990 <sup>(3)</sup>	
2014.....	3.250	0.00	3.990 <sup>(3)</sup>	
2015.....	3.250	0.00	3.990 <sup>(3)</sup>	
2016.....	3.500	0.00	3.990 <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 3.990% floor.

<sup>(3)</sup> This **ANNUAL PERCENTAGE RATE** is fixed during the repayment period.

<sup>(4)</sup> This payment reflects the minimum payment of \$100.00.