

IMPORTANT TERMS OF OUR 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.

Availability of Terms: All of the terms described below are subject to change prior to the opening of your Home Equity account. 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 you paid 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 if:

- You engage in fraud or material misrepresentation in connection with the line.
- You do not meet the repayment terms.
- 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:

- The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line such as your encumbered equity declining by 50% or more.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum annual percentage rate is reached.

Minimum Payment Requirements

DRAW PERIOD – You can obtain credit advances for 10 years (120 months). During the draw period, payments will be due on a monthly basis. Your minimum monthly payment will be established at an amount equal to all accrued but unpaid Finance Charges incurred as of the payment due date, plus any portion of the Minimum Payments shown on prior statements which remains unpaid plus any amount that exceeds your approved credit limit.

REPAYMENT PERIOD – After the draw period ends, you will no longer be able to obtain credit advances and you must repay the outstanding account balance (the repayment period). The length of the repayment period will depend on your outstanding account balance at the beginning of the repayment period but in no event exceed 15 years (180 months). During the repayment period, minimum payments will be due on a monthly basis and will be established on the first day of the repayment period or change in interest rate, at an amount necessary to fully amortize your then outstanding account balance no later than the Agreement Maturity Date.

Minimum Payment Example: If you made only the minimum payment and took no other credit advances, it would take 25 years (300 months) to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.75%. You would make 120 monthly payments of \$56.25 during the draw period. You would make 179 payments of \$88.50 during the repayment period followed by a final payment of \$84.58.

Fees and Charges: Photocopy of credit line account- \$2.00 per page

Third Party Fees: You may pay certain fees to third parties. These fees generally total between \$0.00 and \$4,000. If you ask, we will give you an itemization of the fees you may have to pay to third parties. **If we pay third party fees (closing costs) on your behalf and, if for whatever reason, your credit line account is closed within 18 months of the opening date, you will reimburse us for all amounts we paid for you.**

Late Fee: If your payment is 15 or more days late, you will be charged \$15.00 or an amount not to exceed 5.00% of each installment or minimum payment due, whichever is greater. New York residents: If your payment is 15 or more days late, you will be charged 2.00% of the payment due, not to exceed \$50.00.

Insurance Requirements: You must carry insurance on the property that secures this loan.

Tax Deductibility: You should consult a tax advisor regarding the deductibility of interest and charges for the line.

Variable-Rate Feature: Following the expiration of any Introductory Rate, this plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate), and minimum payment can 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.

Rate Discount: The initial ANNUAL PERCENTAGE RATE is not based on the Index and margin used for later rate adjustments. The initial ANNUAL PERCENTAGE RATE will be in effect for 12 months. Thereafter, the ANNUAL PERCENTAGE RATE will be based on the Index plus a margin.

Description of Index: The index is the Prime Rate as published in the *Wall Street Journal*. When a range of rates is published we will use the highest.

Source of Index: The index is published in the *Wall Street Journal*. If the index is no longer available, we will choose a new index which is based on comparable information. To determine the annual percentage rate that will apply to your line, 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 credit line, rate information will be provided on periodic statements that we send you.

Rate Changes: Following the expiration of any Introductory Rate, the annual percentage rate can change on the first day of the billing cycle in the month following a change in the Index. There is no limit on the amount by which your Annual Percentage Rate can change on any given change date. We will use the index value as of the 15th day of the month before the month of any annual percentage rate adjustment. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 15.00%. The minimum **ANNUAL PERCENTAGE RATE** that can apply is 2.00% (except during an introductory period).

Maximum Rate and Payment Examples: If you had an outstanding balance of \$10,000 at the beginning of the draw period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 15.00% would be \$124.99. This annual percentage rate could be reached the first month after the expiration of any introductory rate period during the draw period. If you had an outstanding balance of \$10,000 at the beginning of the repayment period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 15.00% would be \$139.96. This annual percentage rate could be reached after the first month of the repayment period.

Historical Examples: The following tables show 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 using a low and higher margin over the last 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 may 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 (percent)	MARGIN (1) (percent)	ANNUAL PERCENTAGE RATE (percent)	MINIMUM PAYMENT (Dollars)
DRAW PERIOD	2005	4.000	1.250	1.99(2)	16.58
	2006	5.250	1.250	6.50(3)	54.16
	2007	7.250	1.250	8.50	70.83
	2008	8.250	1.250	9.50	79.16
	2009	7.250	1.250	8.50	70.83
	2010	3.250	1.250	4.50	37.50
	2011	3.250	1.250	4.50	37.50
	2012	3.250	1.250	4.50	37.50
	2013	3.250	1.250	4.50	37.50
	2014	3.250	1.250	4.50	37.50
REPAYMENT PERIOD	2015	3.250	1.250	4.50	76.49
	2016	3.500	1.250	4.75	77.70
	2017	3.750	1.250	5.00	78.85
	2018	4.500	1.250	5.75	82.09
	2019	5.500	1.250	6.75	86.21

1. This is a margin we have used recently.
2. This represents the 1.99% Introductory Rate for the first 12 months after the plan is opened.
3. This represents the Annual Percentage Rate after the Introductory Rate has expired.