

## 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.

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 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:

- 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.
- 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.

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

Minimum Payment Requirements: You can obtain advances of credit for 15 years (the "draw period"). During the draw period, payments will be due:

- For a monthly repayment schedule: Your minimum monthly payment will be on a schedule of \$12 per \$1,000 of the outstanding balance, rounded to the next highest increment, when the ANNUAL PERCENTAGE RATE is up to 12%. When the ANNUAL PERCENTAGE RATE is 12.25% up to 15%, the minimum monthly payment is on a schedule of \$14 per \$1,000 of the outstanding balance, rounded up to the next highest increment. When the ANNUAL PERCENTAGE RATE is 15.25% or higher, the minimum monthly payment is on a schedule of \$16 per \$1,000 of the outstanding balance, rounded up to the next highest increment.
- For a bi-weekly repayment schedule: Your bi-weekly payments are one-half of the amounts outlined above for monthly payments.
- For a teacher/skip repayment schedule: Your repayment schedule includes ten monthly payments per year, which skip the summer months and are \$4.00 more per \$1,000 than the amounts outlined above for monthly payments.

If your outstanding balance increases due to future advances or the ANNUAL PERCENTAGE RATE increases, your minimum payment will increase accordingly. If your outstanding balance decreases or the ANNUAL PERCENTAGE RATE decreases, your minimum payment will not decrease. You may make higher payments if you choose.

After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (the "repayment period"). The length of the repayment period will depend on the balance outstanding at the beginning of it and will last until the outstanding balance has been repaid in full. The same minimum payment schedule required during the draw period will continue into and throughout the repayment period.

Minimum Payment Example: If you made only the minimum monthly payments and took no other credit advances, it would take 7 years and 11 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 3.00%. During that period, you would make 93 monthly payments of \$120.00 and a final payment of \$66.82. With bi-weekly payments at 3.00% ANNUAL PERCENTAGE RATE for the above example, your loan would run 7 years and 3 months with 185 bi-weekly payments of \$60.00 and a final payment of \$24.72. With teacher/skip payments at 3.00% ANNUAL PERCENTAGE RATE for the above example, your loan would run 7 years and 1 month with 69 monthly payments of \$160.00 and a final payment of \$46.47.

Fees and Charges: To open a line of credit you may be required to pay certain fees to third parties. These fees generally total between \$0 and \$1,600. If you ask, we will give you an itemization of the fees you will have to pay to third parties. All fees are refundable for 3 days from the receipt of this disclosure and the consumer brochure, or 6 days if received by mail. You must carry insurance at all times on the property that secures this line of credit.

Tax Deductibility: You should consult a tax advisor regarding the deductibility of interest and charges for a home equity line of credit. When the outstanding balance of your line of credit exceeds the fair market value of your home, the interest on the portion of the outstanding balance that is greater than the fair market value of your home is not tax deductible for Federal income tax purposes.

Variable-Rate Feature: The line has a variable-rate feature; the ANNUAL PERCENTAGE RATE (corresponding to the periodic rate), minimum payment, and term of the line can change as a result.

The ANNUAL PERCENTAGE RATE includes only interest and not other costs.

The ANNUAL PERCENTAGE RATE is based on the value of an index. The index is the 26 week Treasury Bill rate set at the first auction held on or after the 15th day of the second month of the previous quarter adjusted up to the nearest  $\frac{1}{4}$ %. The index is published in the WALL STREET JOURNAL. To determine the ANNUAL PERCENTAGE RATE that will apply to your line, we add a margin to the value of the index. The minimum adjusted index rate for the home equity line of credit is 0.50%. Ask us for the current index value, margin, discount or premium, and ANNUAL PERCENTAGE RATE. After you open a credit line, rate information will be provided on periodic statements that we will send you.

**Initial Discount or Premium ANNUAL PERCENTAGE RATE:** We may charge an initial ANNUAL PERCENTAGE RATE, which may not be based on the index and margin otherwise called for in the ANNUAL PERCENTAGE RATE calculation described above and used to make later rate adjustments. If applicable, the initial ANNUAL PERCENTAGE RATE will be in effect until the next rate change date, at which point the ANNUAL PERCENTAGE RATE will be calculated by adding a margin to the value of the index as described above.

**Rate Changes:** The ANNUAL PERCENTAGE RATE can change each calendar quarter on the first of the month in January, April, July, and October. The rate cannot increase or decrease by more than ½ percentage point from one quarter to the next. Consequently, the rate cannot increase or decrease by more than 2.0% in any one year period. The ANNUAL PERCENTAGE RATE cannot exceed 12.75% or the beginning ANNUAL PERCENTAGE RATE + 5%, whichever is greater. However, in any event, the ANNUAL PERCENTAGE RATE shall not exceed 18% or the maximum permitted by applicable law, whichever is less. The minimum ANNUAL PERCENTAGE RATE is 2.75%.

**Maximum Rate and Payment Examples:** If you had an outstanding balance of \$10,000, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 12.75% would be \$140. Under the bi-weekly payment schedule this payment would be \$70 and under the teacher/skip payment schedule this payment would be \$180. This ANNUAL PERCENTAGE RATE could be reached in 5 years if the initial rate was 3%.

**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 on or after August 15th of each year for the 4th quarter rate. While only one payment amount per year is shown, payments could have varied during each year.

The table below 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.

Year	Index (%)	Margin (%)	ANNUAL PERCENTAGE RATE (%)	Min. Bi-weekly Payment (\$)	Min. Monthly Payment (\$)	Min. Teacher/Skip Payment (\$)
2006	5.00	2.25	7.25	60.00	120.00	160.00
2007	4.00	2.25	6.25	60.00	120.00	160.00
2008	2.00	2.25	4.25	60.00	120.00	160.00
2009	0.50	2.25	2.75	60.00	120.00	160.00
2010	*0.50	2.25	2.75	60.00	120.00	160.00
2011	*0.50	2.25	2.75	60.00	120.00	160.00
2012	*0.50	2.25	2.75	60.00	120.00	160.00
2013	*0.50	2.25	2.75	60.00	120.00	160.00
2014	*0.50	2.25	2.75	0.00	120.00	0.00
2015	*0.50	2.25	2.75	0.00	0.00	0.00
2016	*0.50	2.25	2.75	0.00	0.00	0.00
2017	1.25	2.25	3.50	0.00	0.00	0.00
2018	2.25	2.25	4.50	0.00	0.00	0.00
2019	2.00	2.25	4.25	0.00	0.00	0.00
2020	*0.50	2.25	** 3.00	0.00	0.00	0.00

\*The minimum index rate will apply when the 26 week Treasury Bill is less than the minimum index rate allowed for the line of credit.

\*\* This Annual Percentage Rate reflects a comparable premium used recently.

**Right to Receive Copy of Appraisal:** We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

I hereby acknowledge receipt of this disclosure of the Important Terms of Our Home Equity Line of Credit and the consumer brochure "What You Should Know About Home Equity Lines of Credit."

\_\_\_\_\_  
Signature/Date

\_\_\_\_\_  
Signature/Date