



## IMPORTANT TERMS of our HOME EQUITY LINE OF CREDIT

**THIS DISCLOSURE CONTAINS INFORMATION ABOUT OUR HOME EQUITY LINE OF CREDIT. YOU SHOULD READ IT CAREFULLY AND KEEP THIS COPY FOR YOURSELF.**

### **Availability Of Terms**

All 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/Deed of Trust on your home ("Security Property"). You could lose your home if you do not meet certain obligations in your agreement with us.

### **Possible Actions**

#### **Termination**

If you fail to meet the terms of repayment, or if you act or fail to act in a way that adversely affects our security interest or other rights in the Security Property, or if you have committed fraud or made a material misrepresentation in connection with the account, we may, subject to the governing law, terminate the plan, require payment in full of the entire outstanding balance in a single payment or cause the Security Property to be sold and the proceeds of such sale to be applied to your obligation to us. You agree to pay any reasonable costs of protecting, retaking, repairing or selling the Security Property.

#### **Suspension**

Your right to request additional advances may be suspended, or your maximum credit limit reduced, at our option, in the following instances: (1) you fail to make the scheduled payments due to us; (2) you fail to make timely payments to the holders of Mortgages/Deed of Trust senior to ours; (3) you fail to pay real property taxes prior to delinquency; (4) you fail to maintain the required property insurance; (5) the value of the Security Property declines significantly below the appraised value upon which we relied in approving your application; (6) we reasonably believe that your ability to meet your payment obligations is impaired because of a material change in your financial circumstances; (7) governmental action precludes our imposing the interest rate provided herein or adversely affects the priority of our security interest such that the value of our interest is less than 120.00% of your maximum credit limit; (8) the maximum interest rate under the plan is reached; or (9) government regulatory authorities find that further advances under this plan constitute an unsafe and unsound practice. When the condition which caused the suspension of advances or reduction of your maximum credit limit no longer exists, the original terms of your agreement will be reinstated. You understand that if your right to request additional advances is suspended or your maximum credit limit is reduced, you still owe us whatever sums you have already borrowed, all other charges under your agreement and applicable Finance Charges.

### **Minimum Payment Requirements**

You can obtain credit advances for 60 months (the draw period). During the draw period, payments will be due on a monthly basis. Your Minimum Periodic Payment will be established and fixed at the time of each advance, at an amount equal to 1.00% of the principal balance outstanding at the close of such month, subject to the lesser of \$50.00 or your account balance.

After the draw period ends, you will no longer be able to obtain credit advances and you must repay your outstanding account balance (the repayment period). The length of the repayment period will depend on the date and the amount of your last advance and the Interest Rate that is in effect from time to time. During the repayment period, your minimum periodic payment will be an amount equal to the minimum periodic payment established at the time of the last credit advance taken during the draw period, subject to the lesser of \$50.00 or Your Account balance.

Paying only the minimum payment may not be sufficient to repay all of the finance charges that accrue each month. You will be required to continue making a minimum periodic payment each month until the entire outstanding principal balance and all accrued interest and other finance charges have been paid in full.

### **Negative Amortization**

Under some circumstances, your payment will not cover the finance charges 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 payments and took no other credit advances, it would take 119 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 3.50%. During that period, you would make 60 monthly payments of \$100.00, followed by 58 monthly payments of \$100.00, and a final payment of \$40.62.

### **Fees And Charges**

To open a line of credit you may also have to pay certain fees to third parties. These fees generally total \$250 - \$2500. If you ask, we will give you an itemization of the fees you will have to pay to third parties.

### **Insurance**

You must carry insurance on the property that secures this plan. As a condition of obtaining credit, we will not require you to provide such insurance in an amount that exceeds the replacement value of the Security Property.

### Minimum Draw And Balance Requirements

The minimum credit advance you can receive is \$50.00.

### Tax Deductibility

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

### Variable Rate

This plan has a variable-rate feature and the annual percentage rate (corresponding to the periodic rate), and the number of your regularly scheduled payments 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. The index is the highest Prime Rate as published in the Money Rates section of The Wall Street Journal in effect on the 5th calendar day that immediately precedes the 1st day of each calendar quarter of each year. To determine the annual percentage rate that will apply to your line of credit, 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 line of credit, rate information will be provided in periodic statements that we send you.

### Rate Changes

Your Annual Percentage Rate can change quarterly. There is no limit on the amount by which the interest rate can change during any one-year period other than the maximum and minimum Annual Percentage Rates that can apply at any time to this account.

The maximum **ANNUAL PERCENTAGE RATE** at any time is 18.00%. The minimum **ANNUAL PERCENTAGE RATE** at any time is 3.50%.

### Maximum Rate And Payment Examples

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$100.00. This Annual Percentage Rate could be reached during the 3rd month of the draw period.

If you had an outstanding balance of \$10,000.00 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$100.00. This Annual Percentage Rate could be reached during the 1st month of the repayment period.

### Historical Example

The following table shows how the Annual Percentage Rate and the monthly payments for a single \$10,000.00 credit advance would have changed based on changes in the index since 2007. The index is from The Wall Street Journal and is calculated on the first business day of January of each year. While only one payment amount per year is shown, payments may have varied during the 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 the year. It does not necessarily indicate how the index or your payments will change in the future.

Year	Index	Margin <sup>(1)</sup>	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
2007	8.25	0.00	8.25%	DRAW	\$100.00
2008	7.25	0.00	7.25%	DRAW	\$100.00
2009	3.25	0.00	3.50% <sup>(2)</sup>	DRAW	\$100.00
2010	3.25	0.00	3.50% <sup>(2)</sup>	DRAW	\$100.00
2011	3.25	0.00	3.50% <sup>(2)</sup>	DRAW	\$100.00
2012	3.25	0.00	3.50% <sup>(2)</sup>	REPAYMENT	\$100.00
2013	3.25	0.00	3.50% <sup>(2)</sup>	REPAYMENT	\$100.00
2014	3.25	0.00	3.50% <sup>(2)</sup>	REPAYMENT	\$100.00
2015	3.25	0.00	3.50% <sup>(2)</sup>	REPAYMENT	\$100.00
2016	3.50	0.00	3.50%	REPAYMENT	\$100.00
2017	3.75	0.00	3.75%	REPAYMENT	\$100.00
2018	4.50	0.00	4.50%	REPAYMENT	\$0.00
2019	5.50	0.00	5.50%	REPAYMENT	\$0.00
2020	4.75	0.00	4.75%	REPAYMENT	\$0.00
2021	3.25	0.00	3.50% <sup>(2)</sup>	REPAYMENT	\$0.00

(1) This represents a margin we have recently used.

(2) This represents the minimum annual percentage rate.