



## Home Equity Credit Line Early Disclosure

### IMPORTANT TERMS OF OUR HOME EQUITY CREDIT LINE

This disclosure contains important information about our Home Equity Credit Line (the "Plan"). You should read it carefully and keep a copy for your records.

**AVAILABILITY OF TERMS:** All of the terms of the Plan described herein are subject to change. If any of 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 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:** Under this Plan we have the following rights:

1. Termination and Acceleration. We can terminate the Plan and require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if any of the following happens:
  - a) You engage in fraud or make a material misrepresentation in connection with the Plan.
  - b) You do not meet the repayment terms of the agreement.
  - c) Your action or inaction adversely affects the collateral for the Plan or our rights in the collateral.
2. We can refuse to make additional extensions of credit or reduce your credit limit if:
  - a) The value of your dwelling securing the line declines significantly below the dwelling's appraised value for purposes of the Plan.
  - b) We reasonably believe that you will be unable to fulfill your repayment obligations under the Plan due to a material change in your financial circumstances.
  - c) You are in default under any material obligation of the Plan.
  - d) Government action prevents us from imposing the **ANNUAL PERCENTAGE RATE (APR)** provided for under the Plan or impairs our security interest such that the value of the security interest is less than 120 percent of the credit limit.
  - e) We have been notified by our regulatory agency that continued advances may constitute an unsafe and unsound business practice.
  - f) The maximum **ANNUAL PERCENTAGE RATE** under the Plan 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 OPTIONS:**

We offer two payment plans: the "Interest Only" payment plan and the "Principal and Interest" payment plan. Terms apply to all plans unless otherwise indicated.

#### **MINIMUM PAYMENT REQUIREMENTS (Interest Only):**

You can obtain advances of credit during the first TEN (10) YEARS (the "Draw Period"). During the Draw Period, you will make 120 payments which will be due monthly. The "Minimum Payment" will equal the amount of your accrued FINANCE CHARGES on the outstanding balance or \$50.00, whichever is greater and may include any amount past due or other charges. If the outstanding balance of your Credit Line, including accrued but unpaid finance charges are less than \$50.00, you agree to pay the balance in full. Any increase in the **ANNUAL PERCENTAGE RATE** may increase the amount of the Minimum Payment. Paying only the Minimum Payment during the Draw Period might not reduce the principal balance that is outstanding.

After the Draw Period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (the "Repayment Period") over TWENTY (20) YEARS (240 months). During the Repayment Period, the Minimum Payment will be due monthly and will equal 1/240th of the outstanding balance at the end of the Draw Period, including accrued finance charges, or \$50.00, whichever is greater.

#### **MINIMUM PAYMENT EXAMPLE:**

If you took a single \$10,000 advance, obtained no additional extensions of credit, and the **ANNUAL PERCENTAGE RATE** was 6.50%, it would take 30 years to pay off the advance if you made only the minimum payments. During the Draw period, you would make 120 monthly payments of approximately \$54.17. During the Repayment Period, you would make 240 payments of \$74.56.

#### **MINIMUM PAYMENT REQUIREMENTS (Principal and Interest):**

You can obtain advances of credit during the first TEN (10) YEARS (the "Draw Period"). During the Draw Period, you will make 120 payments which will be due monthly. The "Minimum Payment" will equal 0.30% of the outstanding principal balance plus the amount of your accrued FINANCE CHARGES on the outstanding balance, or \$50.00, whichever is greater and may include any amount past due or other charges. If the outstanding balance of your Credit Line, including accrued but unpaid finance charges are less than \$50.00, you agree to pay the balance in full. Any increase in the **ANNUAL PERCENTAGE RATE** may increase the amount of the Minimum Payment. Paying only the Minimum Payment during the Draw Period may reduce the principal balance that is outstanding.

After the Draw Period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (the "Repayment Period") over TWENTY (20) YEARS (240 months). During the Repayment Period, the Minimum Payment will be due monthly and will equal 1/240th of the outstanding balance at the end of the Draw Period, including accrued finance charges, or \$50.00, whichever is greater.

#### **MINIMUM PAYMENT EXAMPLE:**

If you took a single \$10,000 advance, obtained no additional extensions of credit, and the **ANNUAL PERCENTAGE RATE** was 6.50%, it would take 30 years to pay off the advance if you made only the minimum payments. During the Draw Period, you would make 120 monthly payments that would vary between \$84.17 and \$58.87 (0.30% of the outstanding principal balance plus the amount of the accrued FINANCE CHARGES). The outstanding principal balance would be \$6,973 at the end of the draw period (120 months). During the Repayment Period, you would make 240 payments of principal and interest of \$51.99.

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**FEES AND CHARGES:** In order to open and maintain an account, you may pay certain fees and charges as listed below; upon request, we will provide you with an itemization of the fees you will have to pay.

**Third-Party Fees:** . You may have to pay certain fees to third parties such as appraisers, credit reporting agencies, title companies, and flood map search (due when account opens). These third-party fees generally apply to lines secured by rental property, manufactured homes, or lines above \$500,000, but could apply to other loans as well. These third-party fees range between \$250 and \$20,000. Appraisal fees are due at application for all loans where a full appraisal is required.

**PROPERTY INSURANCE:** You must carry insurance on the property that secures the Plan.

**NEGATIVE AMORTIZATION:** Negative amortization may occur and could increase the principal balance and reduce the consumer's equity in the dwelling.

**TRANSACTION REQUIREMENTS:** There are no limitations to the number of credit advances on this plan. The minimum amount of any credit advance that can be made on this credit line is \$4,000. The credit limit or outstanding available credit is the maximum amount that may be advanced at any one time.

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

**ANNUAL PERCENTAGE RATE:** Does not include costs other than interest.

**VARIABLE RATE INFORMATION:** The Plan has a variable rate feature. The **ANNUAL PERCENTAGE RATE** (corresponding to the periodic rate) and the minimum payment amount can change as a result.

The **ANNUAL PERCENTAGE RATE** is based on the value of an "Index." The Index is the **PRIME RATE AS PUBLISHED IN THE WALL STREET JOURNAL**. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account, we add a margin to the value of the index. Ask us for the current Index value, margin, discount, discounted time frame and APR. After you open a Plan, rate information will be provided on periodic statements that we will send to you.

**INITIAL ANNUAL PERCENTAGE RATE DISCOUNT INFORMATION:** The initial ("Discounted") **ANNUAL PERCENTAGE RATE** is typically in effect for up to 12 billing cycles following the agreement date (not from the date of the first transaction) and is not based on the index and margin used to make later rate adjustments. Ask us for the current index value, margin, discount, discounted time frame and APR.

**RATE CHANGES:** The **ANNUAL PERCENTAGE RATE** can change monthly. The minimum **APR** that can apply to your Plan is 3.50% (the "floor rate"). The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18%. Apart from these rate caps, there is no limit on the amount by which the **APR** can change during any one-year period.

**FIXED RATE CONVERSION OPTION:** This Plan contains an option to convert an individual credit advance at the time you request the credit advance or an amount up to the entire principal balance outstanding ("Structured Repayment Option" or "SRO") at any time from a variable rate **ANNUAL PERCENTAGE RATE** to a fixed-rate **ANNUAL PERCENTAGE RATE** subject to the following terms:

- **Amount:** The minimum loan amount is \$5,000. You can exercise the SRO option to convert an individual credit advance at the time you request the credit advance or an amount up to the entire principal balance outstanding at any time to a fixed **ANNUAL PERCENTAGE RATE**.
- **Request Period:** You can exercise the option to convert to an SRO only during the draw period. The agreed upon payment amount(s) will continue to be due until we receive payment in full regarding that SRO.
- **Maximum SROs:** A maximum of three (3) SROs can be outstanding at any onetime.
- **Term:** You can choose a fixed rate term between 12 and 117 months; may not extend beyond three (3) months prior to the end of the Draw Period.
- **Fixed Rate Determination:** The fixed-rate **ANNUAL PERCENTAGE RATE** for any SRO will be determined at the time of your request to establish an SRO. To determine the **ANNUAL PERCENTAGE RATE** we add a margin to the value of the applicable Index. Once the **ANNUAL PERCENTAGE RATE** is determined, it will be fixed for the entire term of the SRO or the balance is paid in full, whichever occurs first. The Index is the **PRIME RATE AS PUBLISHED IN THE WALL STREET JOURNAL**. Ask us for the current Index value, margin and **ANNUAL PERCENTAGE RATE(s)**. After you open an SRO, rate information will be provided in periodic statements that we will send to you.
- **Minimum Payment for SROs:** Payments will be due monthly, and the Minimum Payment for the SRO (SRO Minimum Payment) will be equal to an amount that will fully amortize the SRO balance in equal payments for the term you request. Your total Minimum Payment for your Plan will be equal to the sum of any SRO Minimum Payment(s) due plus the Minimum Payment due for the Variable Rate Line as described above.

**MAXIMUM RATE AND PAYMENT EXAMPLE (Interest Only):**

**Draw Period:** If the **ANNUAL PERCENTAGE RATE** during the Draw Period equaled 18% and you had an outstanding principal balance of \$10,000.00, the minimum monthly payment would be \$150.00. This **ANNUAL PERCENTAGE RATE** could be reached during the first month of the draw period. **Repayment**

**Period:** If you had an outstanding principal balance of \$10,000 at the beginning of the Repayment Period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** would be \$154.33. This **ANNUAL PERCENTAGE RATE** could be reached during the first month of the repayment period.

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**MAXIMUM RATE AND PAYMENT EXAMPLE (Principal and Interest):**

**Draw Period:** If the **ANNUAL PERCENTAGE RATE** during the Draw Period equaled 18% and you had an outstanding principal balance of \$10,000.00, the monthly payment would be \$180.00 (0.30% of the outstanding principal balance plus the amount of your accrued FINANCE CHARGES on the outstanding balance). This **ANNUAL PERCENTAGE RATE** could be reached during the first month of the draw period.

**Repayment Period:** If you had an outstanding principal balance of \$10,000 at the beginning of the Repayment Period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** would be \$154.33. This **ANNUAL PERCENTAGE RATE** could be reached during the first month of the repayment period.

**HISTORICAL EXAMPLE:** The Historical Example table below shows how the **ANNUAL PERCENTAGE RATE** and the minimum monthly payments for a single \$10,000.00 credit advance would have changed based on changes in the Index during the last 15 years. The Index values are from the last day of December of each year. While only one payment per year is shown, payments may have varied during each year. Different outstanding principal balances could result in different payment amounts.

The table assumes that no additional credit advances were taken, only the minimum payment was made, and each month has an equal number of days. It does not necessarily indicate how the Index or your payments would change in the future.

**HISTORICAL EXAMPLE**

Year	Index (%)	Margin <sup>1</sup> (%)	Annual Percentage Rate	Minimum Monthly Payment (\$)
<b>Draw Period</b>				
2009	3.25%	-0.50%	2.75%	\$50.00
2010	3.25%	-0.50%	2.75%	\$50.00
2011	3.25%	-0.50%	2.75%	\$50.00
2012	3.25%	-0.50%	2.75%	\$50.00
2013	3.25%	-0.50%	2.75%	\$50.00
2014	3.25%	-0.50%	2.75%	\$50.00
2015	3.50%	-0.50%	3.00%	\$50.00
2016	3.75%	0.50%	4.25%	\$50.00
2017	4.50%	0.50%	5.00%	\$66.00
2018	5.50%	1.00%	6.50%	\$74.56
<b>Repayment Period</b>				
2019	4.75%	1.75%	6.50%	\$74.56
2020	3.25%	2.00%	5.25%	\$67.38
2021	3.25%	3.75%	7.00%	\$77.53
2022	7.50%	3.75%	11.25%	\$104.93
2023	8.50%	3.75%	12.25%	\$111.86

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