

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: The terms described below are subject to change at any time. 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 have paid to us or anyone else in connection with your application.

Security Interest: We will take a mortgage, deed of trust or other security interest 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, require you to pay us the entire outstanding balance in one payment, and charge you certain fees 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.
- The prospect of payment, performance, or realization of our rights in the collateral is significantly impaired by your action or inaction (including, for example, if you engage in fraud or material misrepresentation in connection with the line at any time).

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 security 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 **120** months (the "Draw Period"). Payments will be due monthly during the Draw Period, and will be determined as described below (unless you choose to repay advances over a fixed term at a fixed interest rate):

Monthly Payments that include Principal, Interest and Fees: The greater of **\$25.00** or **1/300th** of the ending balance plus the amount of finance charge accrued on outstanding advances each month, plus any fees and any amounts past due. This minimum payment may not fully repay the principal that is outstanding on your credit line.

The monthly payment described above will not be less than **\$25.00** during the Draw Period unless the total outstanding balance on your credit line is less than **\$25.00**, in which case the minimum monthly payment will equal **\$25.00** or the outstanding balance on your credit line, whichever is less.

After the Draw Period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance over **180** months (the "repayment period"). Payments will be due monthly during the repayment period, and will be determined as described below (unless you choose to repay advances over a fixed term at a fixed interest rate):

The amount sufficient to amortize the principal amount you owe on the last day of the Draw Period, plus interest, in substantially equal monthly installments during the repayment period, plus any fees and amounts past due.

The monthly payment described above will not be less than **\$25.00** during the repayment period unless the total outstanding balance on your credit line is less than **\$25.00**, in which case the minimum monthly payment will equal **\$25.00** or the outstanding balance on your credit line, whichever is less.

Minimum Payment Example: If you made only the minimum monthly payments and took no other credit advances (and do not exercise the option of repaying advances over a fixed term at a fixed interest rate), it would take **300** months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of **6.500%**. During that period, you would make **120** monthly payments varying between **\$57.63** and **\$88.54** in the draw period followed by **179** monthly payments of **\$58.35** in the repayment period and a final payment of **\$59.02**.

Fixed Rate Installment Repayment Option: During the Draw Period, you may, subject to conditions, choose to repay some or all of your then-outstanding credit advances over a fixed term at a fixed interest rate. You may not exercise this fixed rate installment repayment option during the Draw Period if any circumstance described above in the "Possible Actions" section exists. To exercise this fixed rate installment repayment option, you must convert at least **\$5,000.00** of then-outstanding credit advances over a fixed repayment term that is between **1** and **25** years. The fixed repayment term must be in one-year (12-month) increments, and may not end later than one month after the end of the draw period. You may not have more than **4** separate fixed rate installment repayment plans outstanding at any one time.

We will determine the fixed interest rate for an installment repayment plan by adding an installment repayment margin to the highest published **Prime Rate** in the "Money Rates" table of *The Wall Street Journal* as of the business day in which we receive your request to convert outstanding advances to a fixed rate installment repayment plan. Ask us for the current index value, margin and fixed annual percentage rate for the fixed rate installment repayment option.

The maximum **ANNUAL PERCENTAGE RATE** that can apply to a fixed rate installment repayment plan is **18.000%**. The minimum **ANNUAL PERCENTAGE RATE** that can apply to a fixed rate installment repayment plan is **4.000%**. The annual percentage rate includes only interest and not other costs. You must also pay a **FINANCE CHARGE** of **\$100.00** if and when we agree to establish any fixed rate installment repayment plan for you. The fixed interest rate that applies to an installment repayment plan may be higher than the variable interest rate in effect on the advances you convert to the fixed interest rate at the time of conversion. (See the "Variable-Rate Feature" section, below.) Apart from the minimum and maximum Annual Percentage Rates above that apply to the fixed rate installment repayment option, there is no limit on the amount by which the variable interest rate applicable to advances just before you convert to a fixed rate installment repayment plan may increase when you convert variable rate advances to a fixed interest rate.

The monthly payment for a fixed rate installment repayment plan will be the amount sufficient to repay the principal balance of the advances you convert to the fixed rate installment repayment plan, together with interest at the applicable fixed interest rate for the installment repayment plan, in full in substantially equal monthly installments during the scheduled fixed repayment term. (The monthly payment for variable rate advances will be figured as described in the "Minimum Payment Requirements" section above.)

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Fees and Charges: You must pay the following fees to open and maintain your line of credit:

Closing Fees to Us. You must pay the following to us to open your line of credit:

| FEES | Amount |
|------------------------|----------------|
| Application Fee | \$60.00 |
| Total: \$60.00 | |

Estimation of Third-Party Closing Fees. The following is a good faith estimation of the fees you will have to pay at closing to third parties to open your line of credit:

| FEES | Amount |
|-----------------------|----------------|
| Recording Fees | \$90.00 |
| Total: \$90.00 | |

The following is a good faith estimation of the fees we will pay on your behalf at closing to third parties described below to open your line of credit:

| FEES | Amount |
|---------------------------------------|-----------------|
| Appraisal Fee | \$150.00 |
| Credit Report | \$35.00 |
| Tax Servicing Fee | \$112.00 |
| Flood Certification | \$13.00 |
| Property & Superior Search | \$36.00 |
| Total: \$346.00 | |

Fees to Use Your Account. You must pay us the following fees to use your account:

- **Annual Fee: \$50.00 (due each year beginning on the first anniversary until the end of the Draw Period)**
- **Stop Payment Fee: \$30.00 (due for each request to stop payment on a Draw or Draft Check)**
- **Returned Payment Fee: \$30.00 (due for each payment check, draft, or similar instrument which is returned unpaid)**

Early Termination Fee. If you close your account sooner than **36 months** after it is opened, you agree to promptly repay us for the fees we paid on your behalf at closing to third parties as follows: **Appraisal Fee, Credit Report, Tax Service Fee, Flood Certification and Property Search.**

Property Insurance. In addition to the fees and charges described above in this section, you must carry insurance (hazard and flood insurance, as applicable) on the property that secures the line of credit. **You may obtain all required property insurance from and through anyone you choose that is reasonably acceptable to us.** (You may not obtain required property insurance from or through us.)

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

Variable-Rate Feature: The line has a variable rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum payment can change as a result of this feature.

The annual percentage rate includes only interest and not other costs.

The variable annual percentage rate will be based on the value of an index. The index is the most recently published Prime **Rate** as of each day in the "Money Rates" table in *The Wall Street Journal*. (If more than one index value is published we will use the highest published index value.)

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 will send you.

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Rate Changes: The annual percentage rate can change daily if the index value changes (unless you choose to repay advances over a fixed term at a fixed interest rate). The variable interest rate cannot increase or decrease by more than 10.750 percentage points in any **1 month period** if the index value changes. The maximum **ANNUAL PERCENTAGE RATE** that can apply under the variable-rate feature is **18.000%**. The minimum **ANNUAL PERCENTAGE RATE** that can apply under the variable-rate feature is **4.000%**.

Maximum Rate and Payment Example: If you had an outstanding balance of \$10,000 during the draw period (and do not exercise the option of repaying credit advances over a fixed term at a fixed interest rate), the minimum monthly payment during the draw period at the maximum **ANNUAL PERCENTAGE RATE** of **18.000%** (this maximum rate is **10.750** percentage points above the most recent index plus margin shown in the Historical Example below) would be **\$186.21**. This annual percentage rate could be reached during the **2nd** month following the date your line of credit is opened.

If you had an outstanding balance of \$10,000 at the beginning of the repayment period (and do not exercise the option of repaying advances over a fixed term at a fixed interest rate during the draw period), the minimum monthly payment during the repayment period at the maximum **ANNUAL PERCENTAGE RATE** of **18.000%** (this maximum rate is **10.750** percentage points above the most recent index plus margin shown in the Historical Example below) would be **\$161.04**. This annual percentage rate could be reached on the first day of the repayment period.

Historical Example: The following table shows how the annual percentage rate and the minimum monthly payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 15 years assuming you do not exercise the option of repaying advances over a fixed term at a fixed interest rate. The index values are from **January 31st** of each year. While only one payment amount per year is shown, payments could have varied during each year of the draw period and of the repayment period. The table assumes that no additional credit advances were taken, that only the minimum payments were made each month, and that the rate remained constant during each year. The table does not necessarily indicate how the index or your payments will change in the future.

| | Year | Index | Margin* | ANNUAL PERCENTAGE RATE | Minimum Monthly Payment |
|-------------------------|------|---------|----------|------------------------|-------------------------|
| Draw Period | 2012 | 3.250 % | (0.250)% | 4.000 %*** | \$63.73 |
| | 2013 | 3.250 % | (0.250)% | 4.000 %*** | \$61.09 |
| | 2014 | 3.250 % | (0.250)% | 4.000 %*** | \$58.69 |
| | 2015 | 3.250 % | (0.250)% | 4.000 %*** | \$56.39 |
| | 2016 | 3.500 % | (0.250)% | 4.000 %*** | \$54.29 |
| | 2017 | 3.750 % | (0.250)% | 4.000 %*** | \$52.05 |
| | 2018 | 4.500 % | (0.250)% | 4.250 % | \$51.51 |
| | 2019 | 5.500 % | (0.250)% | 5.250 % | \$55.23 |
| | 2020 | 4.750 % | (0.250)% | 4.500 % | \$49.12 |
| | 2021 | 3.250 % | (0.250)% | 4.000 %*** | \$44.34 |
| Repayment Period | 2022 | 3.250 % | (0.250)% | 4.000 %*** | \$49.55 |
| | 2023 | 7.750 % | (0.250)% | 7.500 % | \$61.31 |
| | 2024 | 8.500% | (0.250)% | 8.250 % | \$63.86 |
| | 2025 | 7.500 % | (0.250)% | 7.250 % | \$60.69 |
| | 2026 | 6.750 % | (0.250)% | 6.500 % | \$58.53 |

* This is a margin we have used recently; your margin may be different.

** This rate reflects the lifetime rate cap.

*** This rate reflects the lifetime rate floor.

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By signing below, you hereby acknowledge reading and understanding all of the information disclosed above, and receiving a copy of this disclosure on the date indicated below.

Applicants Signature

DATE

Applicants Signature

DATE