

**IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT**

This disclosure contains important information about your Home Equity Open-End Credit Plan. 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 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 through a Deed of Trust. You could lose your home if you do not meet the obligations in your agreement with us.

**Possible Actions:**

**Termination and Acceleration**

We can terminate the Home Equity Open-End Credit Plan and require you to pay us the entire outstanding balance in one payment and charge you certain fees if:

- (a) you commit fraud or material misrepresentation at any time in connection with this Plan;
- (b) you do not meet the repayment terms of this Plan;
- (c) your action or inaction adversely affects the collateral for the Plan or our rights in the collateral.

**Suspension or Reduction**

We can refuse to make additional extensions of credit or reduce your credit line if:

- (a) the value of your dwelling declines significantly below its appraised value for purposes of this Plan;
- (b) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances;
- (c) you are in default of a material obligation of this Plan;
- (d) government action prevents us from imposing the **ANNUAL PERCENTAGE RATE** provided for under this Plan or impairs our security interest such that the value of the interest is less than 120 percent of the credit line;
- (e) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice;
- (f) the maximum **ANNUAL PERCENTAGE RATE** under this Plan is reached.

**Change in Terms**

Our home equity credit agreement permits us to make certain changes to the terms of this Plan at specified times or upon the occurrence of specified events.

**Minimum Payment Requirements:** You can obtain credit advances for 10 years. This period is called the "draw period". At our option, we may renew or extend the draw period. After the draw period ends the repayment period will begin. You will be required to make monthly payments during both the draw and repayment periods. At the time you obtain a credit advance a payoff period of 180 monthly payments will be used to calculate your payment. The length of the repayment period will depend on the balance at the time of the last advance you obtain before the draw period ends.

The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. Your payment will be set to repay the balance after the advance, at the current annual percentage rate, within the payoff period. Your payment will remain the same unless you obtain another credit advance. Your payment may also change if the annual percentage rate increases or decreases. Each time the annual percentage rate changes, we may adjust your payment to repay the balance within the original payoff period. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than the smaller amount of \$50.00, or the full amount that you owe.

**Minimum Payment Example:** If you made only the minimum monthly payment and took no other credit advances, it would take 15 year(s) to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.00%. During that period, you would make 179 payments of \$79.08, with a final payment of \$78.96.

**Fees and Charges:** To open and maintain an account, you must pay the following fees to us:

*Late Charges:* If a payment is more than 10 days late, you will be charged \$25.00.

*Non-Sufficient Funds Fee:* \$35.00

*Foreign Transaction Fee:* Credit card transactions processed outside the United States will be charged a fee of 2% of the transaction amount.

To open your account, you must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These fees generally total between \$100.00-\$1,000.00. Upon request, we will provide you with an itemization of the fees you will have to pay to third parties.

**Property Insurance:** You must carry insurance on the property that secures this Plan. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available.

**Access to the Plan:** You may obtain advances under your plan by mail, by telephone, in person, by MasterCard credit card, or by online balance transfer.

**Transaction Requirements:** There is no minimum requirement for initial advances. There is a minimum of \$100.00 for subsequent advances.

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

**Refundability of Fees:** If you decide not to enter into this Plan within three business days of receiving this disclosure and the handbook entitled "What You Should Know About Home Equity Lines of Credit," you are entitled to a refund of any fees you may have already paid.

**Variable Rate Feature:** This Plan has a variable rate and the **ANNUAL PERCENTAGE RATE** and corresponding periodic rate and minimum payment can change as a result. The **ANNUAL PERCENTAGE RATE** does not include costs other than interest.

The **ANNUAL PERCENTAGE RATE** is based on the value of an index. The index is the highest rate of interest identified as the 'Prime Rate' in the 'Money Rates' section of the Wall Street Journal. We will use the most recent index available to us as of the 25th of the month. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account, we add a margin based on your creditworthiness and Loan-to-Value (LTV) Ratio to the value of the index.

Ask us for the current index value, margins and **ANNUAL PERCENTAGE RATES**. After you open an account, rate information will be provided on periodic statements that we send you.

**Rate Changes:** The annual percentage rate can change monthly on the first of each month. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18%. The **ANNUAL PERCENTAGE RATE** will not fall below 4.75% during the Plan.

**Maximum Rate and Payment Example:** If you had an outstanding balance of \$10,000, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$161.04. The maximum Annual Percentage Rate could be reached in the 1st month (1 month) following an initial hold of 1 month.

**Prepayment:** You may prepay all or any amounts owing under this Plan without penalty.

**Historical Example:** The following table shows how the 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 the first Monday in October. If the first Monday is a holiday then the index values are from the first business day following that Monday.

The table assumes that no additional credit advances were taken and that only the minimum payment was made. It does not necessarily indicate how the index or your payments would change in the future.

| YEAR | INDEX (%) | MARGIN (1)<br>(Percent) | ANNUAL PERCENTAGE<br>RATE | MONTHLY PAYMENT<br>(Dollars) |
|------|-----------|-------------------------|---------------------------|------------------------------|
| 2002 | 4.75      | 1.50                    | 6.25                      | \$85.74                      |
| 2003 | 4.00      | 1.50                    | 5.50                      | \$81.93                      |
| 2004 | 4.75      | 1.50                    | 6.25                      | \$85.51                      |
| 2005 | 6.75      | 1.50                    | 8.25                      | \$94.79                      |
| 2006 | 8.25      | 1.50                    | 9.75                      | \$101.59                     |
| 2007 | 7.75      | 1.50                    | 9.25                      | \$99.46                      |
| 2008 | 5.00      | 1.50                    | 6.50                      | \$89.12                      |
| 2009 | 3.25      | 1.50                    | 4.75                      | \$83.50                      |
| 2010 | 3.25      | 1.50                    | 4.75                      | \$83.50                      |
| 2011 | 3.25      | 1.50                    | 4.75                      | \$83.50                      |
| 2012 | 3.25      | 1.50                    | 4.75                      | \$83.50                      |
| 2013 | 3.25      | 1.50                    | 4.75                      | \$83.50                      |
| 2014 | 3.25      | 1.50                    | 4.75                      | \$83.50                      |
| 2015 | 3.25      | 1.50                    | 4.75                      | \$83.50                      |
| 2016 | 3.50      | 1.50                    | 5.00                      | \$83.59                      |

1. This is a margin we have used recently; your margin may be different and based on your creditworthiness and LTV Ratio.