

# IMPORTANT TERMS of our HOME EQUITY LINE OF CREDIT

---

**THIS DISCLOSURE CONTAINS INFORMATION ABOUT OUR HOME EQUITY LINES OF CREDIT. YOU SHOULD READ IT CAREFULLY AND KEEP THIS COPY FOR YOURSELF. THE TERMS FOR ALL PLANS ARE THE SAME EXCEPT FOR WHERE OTHERWISE INDICATED.**

## **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. If you ask, we will provide you with information on our other available home-equity lines.

## **Security Interest**

We will take a Deed of Trust/Mortgage 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 and require payment in full of the entire outstanding balance in a single payment.

### **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 Deeds of Trust/Mortgages 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 annual percentage rate provided for or impairs our security interest such that the value of our interest is less than 120% of your maximum credit limit; (8) the maximum annual percentage rate under the plan is reached; or (9) a regulatory agency has notified us 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. 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 credit advances for 120 months (the draw period). During the draw period, your payments will be due on a monthly basis. Your minimum monthly payment will be established at the close of each billing cycle at an amount equal to 1.00% of your then unpaid principal balance, subject to the lesser of \$15.00 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 in no event exceed 120 months. During the repayment period your minimum periodic payment will be an amount equal to 1.00% of the unpaid principal balance at the close of each billing cycle.

Paying only the minimum payment may not be sufficient to fully amortize your unpaid account balance by the end of the repayment period in which case, you will be required to pay your entire remaining account balance in a single balloon payment on the agreement maturity date.

## **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 240 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 6.50%. During that period, you would make 120 monthly payments varying between \$100.00 and \$57.89, followed by 119 monthly payments varying between \$57.63 and \$33.51, and a final payment \$3,354.14.

## **Fees and Charges**

In order to open a line of credit, you may have to pay certain fees to third parties. These fees generally total from \$0.00 to \$1,500.00. 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.

## **Tax Deductibility**

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

## **Other Products**

If you ask, we will provide you with information on any other home equity products we offer.

## **Variable Rate Feature**

This plan is subject to a Variable Rate. The Annual Percentage Rate (corresponding to the periodic rate), the number of your regularly scheduled payments, and the amount of your final payment 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 day that the introductory rate expires, and subsequently, on the last day of each calendar quarter of each year.

If more than one rate is shown, we will use the higher rate. 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, discount 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 minimum and maximum Annual Percentage Rates that can apply at any time to this account.

The minimum **ANNUAL PERCENTAGE RATE** at any time is 6.00%. The maximum **ANNUAL PERCENTAGE RATE** at any time is 18.00%.

### Maximum Rate and Payment Example

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 1st 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 2011. The index is from The Wall Street Journal and is calculated on the first business day of December 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 (1)	ANNUAL PERCENTAGE RATE (2)	Payment Period	Minimum Payment (2)
2011	3.25	-0.50	6.00% (3)	DRAW	\$100.00
2012	3.25	-0.50	6.00% (3)	DRAW	\$94.16
2013	3.25	-0.50	6.00% (3)	DRAW	\$88.67
2014	3.25	-0.50	6.00% (3)	DRAW	\$83.49
2015	3.25	-0.50	6.00% (3)	DRAW	\$78.62
2016	3.50	-0.50	6.00% (3)	DRAW	\$74.03
2017	4.25	-0.50	6.00% (3)	DRAW	\$69.71
2018	5.25	-0.50	6.00% (3)	DRAW	\$65.64
2019	4.75	-0.50	6.00% (3)	DRAW	\$61.81
2020	3.25	-0.50	6.00% (3)	DRAW	\$58.20
2021	3.25	-0.50	6.00% (3)	REPAYMENT	\$54.80
2022	7.00	-0.50	6.50%	REPAYMENT	\$51.60
2023	8.50	-0.50	8.00%	REPAYMENT	\$48.84
2024	7.75	-0.50	7.25%	REPAYMENT	\$46.92
2025	7.00	-0.50	6.50%	REPAYMENT	\$44.74

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

(2) This represents the annual percentage rate and minimum payment.

(3) This represents the minimum annual percentage rate.