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Home Equity Early Disclosure

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN – DISCOUNTED PLAN

This disclosure contains important information about our Home Equity Line of 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 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 pay 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: We can terminate your line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if (1) you engage in fraud or material misrepresentation in connection with the plan; (2) you do not meet the repayment terms of this plan, or (3) your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if (1) any reasons mentioned above exist; (2) the value of the dwelling securing the line declines significantly below its appraised value for purposes of the line; (3) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (4) you are in default of a material obligation of the agreement; (5) government action prevents us from imposing the annual percentage rate provided for in the agreement; (6) the priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit line; (7) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (8) the maximum annual percentage rate is reached.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 10 years. This period is called the “draw period.” After the draw period ends the repayment period will begin. 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.

You will be required to make monthly payments during both the draw and repayment periods. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges.

During the draw period your minimum monthly payment will be calculated by adding $100.00 plus any amount owed for the **FINANCE CHARGE**. We calculate the **FINANCE CHARGE** by (i) multiplying the principal balance of your loan account on the last day of the billing cycle by the current Annual Percentage Rate, (ii) dividing the result by 365 to get the daily periodic rate, and (iii) multiplying the resulting daily periodic rate by the number of days in the particular month. At the start of the repayment period, after the draw period expires, we will recalculate your payment based on the then outstanding balance. We will determine the payment sufficient to repay the balance using the shorter of the time to the maturity date or the following schedule:

- 15 years if the unpaid balance is equal to or less than $125,000.00; or
- 20 years if the unpaid balance is greater than $125,000.00.

You will make equal monthly amortizing payments of principal and interest sufficient to repay the principal balance by the maturity date.

RATE CHANGES: The annual percentage rate can change on the first day of each month. The rate cannot increase or decrease more than 0.5 percentage point at each adjustment. The initial discount rate will not be taken into account in applying this periodic rate cap. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.0% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 4.5% at any time during the term of the plan.

VARIABLE RATE FEATURE: This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum payment may change as a result. If the annual percentage rate increases it will result in higher payments during the draw period. 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 Prime Rate published in the Money Rates column of *The Wall Street Journal*. When a range of rates has been published the highest rate will be used. We will use the most recent value available to us as of the last business day before the date of any annual percentage rate adjustment.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. If the rate is not already rounded we then round up to the next 0.125%. The initial annual percentage rate is "discounted" - it is not based on the index and margin used for later rate adjustments. The initial rate will be in effect for 6 months. Ask us for the current index value, margin, discount and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

FIXED RATE FEATURE: After the draw period ends, the annual percentage rate will cease to vary and will become a fixed rate. We will determine the annual percentage to be used during the repayment period by adding your margin to the Index Rate published on the first business day after the end of the draw period rounded up to the next .125% and comparing it to the minimum **ANNUAL PERCENTAGE RATE** of 4.5%; we will use whichever amount is higher for the annual percentage rate during the repayment period.

MARGIN: Your margin will be based on the amount of equity available in your property as determined by its loan to value ratio and your creditworthiness. Your margin may be lower or higher than the one shown in the Historical Table. Please ask us about the margin for which you qualify.

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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.

FEES AND CHARGES: In order to open, use and maintain a line of credit plan, you must pay the following fees to us:

Annual Fee: $99.00 (Due at the month-end of anniversary of loan opening)

You must pay certain fees to third parties to open the plan. These fees generally total between $142.00 and $620.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

If we pay third party fees on your behalf and you close the plan within three (3) years of its opening, you will reimburse the lesser of the actual third party fees we paid on your behalf or $620.00.

REFUNDABILITY OF FEES: If you decide not to enter into this plan within three business days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the plan.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 8 years 4 months to pay off a credit advance of $10,000 at an **ANNUAL PERCENTAGE RATE** of 8.0%. During that period, you would make 99 payments of $101.36 to $167.96 and one (1) final payment of $99.66.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of $10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be $252.89. This annual percentage rate could be reached at the time of the 26th payment. If you had an outstanding balance of $10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be $161.05. This annual percentage rate could be reached at the time of the 20th payment.

HISTORICAL EXAMPLE: The following table shows how the annual 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 as of the last business day of July of each year.

While only one payment per year is shown, payments may have varied during each 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 each year. It does not necessarily indicate how the index or your payments will change in the future.

WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of July)	Index (Percent)	Margin[1] (Percent)	**ANNUAL PERCENTAGE RATE**	Monthly Payment (Dollars)
2011	3.250	0.50	4.990[2]	142.39
2012	3.250	0.50	4.500[3]	133.64
2013	3.250	0.50	4.500[3]	129.06
2014	3.250	0.50	4.500[3]	124.47
2015	3.250	0.50	4.500[3]	119.88
2016	3.500	0.50	4.500[3]	115.30
2017	4.250	0.50	4.750	111.30
2018	5.000	0.50	5.500	107.48
2019	5.500	0.50	6.000	102.04
2020	3.250	0.50	4.500[3]	
2021	3.250	0.50	4.500[3][4]	
2022	5.500	0.50	4.500[4]	
2023	8.500	0.50	4.500[4]	
2024	8.500	0.50	4.500[4]	
2025	7.500	0.50	4.500[4]	

[1] This is a margin we have used recently; your margin may be different.
[2] This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.
[3] This **ANNUAL PERCENTAGE RATE** reflects a 4.500% floor.
[4] The **ANNUAL PERCENTAGE RATE** becomes a fixed rate during the repayment period.

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