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Home Equity Early Disclosure

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN "Annual Adjustable 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." At our option, we may renew or extend 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. At the time you obtain a credit advance a payoff period of 180 monthly payments will be used to calculate your payment.

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 be rounded up to the nearest dollar. Your payment will remain the same unless you obtain another credit advance. Your payment may also change if the annual percentage rate increases. 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 of \$100.00, or the full amount that you owe.

MINIMUM PAYMENT EXAMPLE – UP TO 80% LTV: If you made only the minimum monthly payment and took no other credit advances it would take 12 years 10 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.25%. During that period, you would make 153 payments of \$100.00 and one (1) final payment of \$87.29.

MINIMUM PAYMENT EXAMPLE – UP TO 90% LTV: If you made only the minimum monthly payment and took no other credit advances it would take 13 years 10 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.0%. During that period, you would make 165 payments of \$100.00 and one (1) final payment of \$36.37.

FEES AND CHARGES: You must pay certain fees to third parties to open the plan. These fees generally total between \$300.00 and \$1,300.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

PROPERTY INSURANCE: You must carry insurance on the home that secures this plan. If the home is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available.

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.

TRANSACTION REQUIREMENTS: The minimum credit advance that you can receive is \$1,000.00 for the first advance and \$250.00 for each subsequent advance.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for 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. 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 monthly average of the Six Month Treasury Bill Rate (Auction High).

Information about the index is published in the *Wall Street Journal* and is also available from the U.S. Department of Treasury website. We will use the most recent index value available to us as of 45 days 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 .25%.

From time to time, we offer an initial rate that is "discounted" – that is, not based on the index and margin used for subsequent rate adjustments. The Introductory Rate may be offered with a \$10,000.00 minimum initial advance. We have recently offered that Introductory Rate program that was in effect for 36 months. Ask us for the current index value, margin, annual percentage rate and discount availability. After you open a plan, rate information will be provided on periodic statements that we send you.

RATE CHANGES: The annual percentage rate can change annually on the first day of April after the expiration of any discounted rate period. There is no limit on the amount by which the annual percentage rate can change during any one year period. 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 4.0% at any time during the term of the plan after the expiration of any initial discount period.

FIXED RATE CONVERSION OPTION: This plan has a fixed rate option (the "option") which you may exercise up to 3 advances at any one time. The option must be exercised for a minimum amount of \$250.00.

At the time you exercise the option, that portion of your balance will have a fixed rate. You may exercise the option at different times and therefore could have different balances at different fixed rates as well as have a balance under the regular variable rate terms. You may not exercise the option if the credit limit would be exceeded. Your credit limit applies to the combined total of all amounts owing under the variable rate and fixed rate features. All future advances will be at the current variable rate according to the terms previously disclosed unless another option is exercised.

When you exercise the option, you will need to sign a Fixed Rate Conversion Agreement. The Agreement will set forth the fixed rate, payment amount and other relevant terms. The payment will be based on the interest rate and repayment term. The interest rate will be based on a margin and Index corresponding to the repayment term. The Index will be the weekly average yield on the United States Treasury Security adjusted to a constant maturity nearest to the requested repayment term. If there is no Treasury Security matching the repayment term, it will be a blended rate of the Securities nearest to the repayment term. For instance, a repayment term of 3 years would use the United State Treasury Security adjusted to a constant maturity of (3) Three Years. Information about the Indices is published in the [Federal Reserve Bulletin](#). If you elect the option, your minimum payment will be calculated separately from the minimum payment on your variable rate and other fixed rate portions.

MAXIMUM RATE AND PAYMENT EXAMPLES – UP TO 80% LTV: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$162.00. If the initial rate is discounted, this annual percentage rate could be reached at the time of the 37th payment. If the initial rate is not discounted, this annual percentage rate could be reached at the time of the 1st payment.

MAXIMUM RATE AND PAYMENT EXAMPLES – UP TO 90% LTV: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$162.00. If the initial rate is discounted, this annual percentage rate could be reached at the time of the 37th payment. If the initial rate is not discounted, this annual percentage rate could be reached at the time of the 1st 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 from the month of January 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.

SEE HISTORICAL INDEX TABLES ON NEXT PAGE

6 MONTH TREASURY BILL RATE INDEX TABLE – UP TO 80% LTV

Year (as of the month of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL	Monthly	ANNUAL	Monthly
			PERCENTAGE RATE Non-Discount	Payment (Dollars) Non-Discount	PERCENTAGE RATE Discount	Payment (Dollars) Discount
2011.....	0.180	3.00	4.000 ⁽²⁾	100.00 ⁽³⁾	2.000 ⁽⁴⁾	100.00 ⁽³⁾
2012.....	0.060	3.00	4.000 ⁽²⁾	100.00 ⁽³⁾	2.000 ⁽⁴⁾	100.00 ⁽³⁾
2013.....	0.110	3.00	4.000 ⁽²⁾	100.00 ⁽³⁾	2.000 ⁽⁴⁾	100.00 ⁽³⁾
2014.....	0.070	3.00	4.000 ⁽²⁾	100.00 ⁽³⁾	4.000 ⁽²⁾	100.00 ⁽³⁾
2015.....	0.100	3.00	4.000 ⁽²⁾	100.00 ⁽³⁾	4.000 ⁽²⁾	100.00 ⁽³⁾
2016.....	0.440	3.00	4.000 ⁽²⁾	100.00 ⁽³⁾	4.000 ⁽²⁾	100.00 ⁽³⁾
2017.....	0.610	3.00	4.000 ⁽²⁾	100.00 ⁽³⁾	4.000 ⁽²⁾	100.00 ⁽³⁾
2018.....	1.590	3.00	4.750	100.00 ⁽³⁾	4.750	100.00 ⁽³⁾
2019.....	2.470	3.00	5.500	100.00 ⁽³⁾	5.500	100.00 ⁽³⁾
2020.....	1.530	3.00	4.750	100.00 ⁽³⁾	4.750	100.00 ⁽³⁾
2021.....	0.090	3.00	4.000 ⁽²⁾	100.00 ⁽³⁾	4.000 ⁽²⁾	
2022.....	0.310	3.00	4.000 ⁽²⁾		4.000 ⁽²⁾	
2023.....	4.680	3.00	7.750		7.750	
2024.....	5.020	3.00	8.250		8.250	
2025.....	4.150	3.00	7.250		7.250	

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a 4.000% floor.

⁽³⁾ This payment reflects the minimum payment of \$100.00.

⁽⁴⁾ This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.

6 MONTH TREASURY BILL RATE INDEX TABLE – UP TO 90% LTV

Year (as of the month of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL	Monthly	ANNUAL	Monthly
			PERCENTAGE RATE Non-Discount	Payment (Dollars) Non-Discount	PERCENTAGE RATE Discount	Payment (Dollars) Discount
2011.....	0.180	3.75	4.000	100.00 ⁽²⁾	2.000 ⁽³⁾	100.00 ⁽²⁾
2012.....	0.060	3.75	4.000	100.00 ⁽²⁾	2.000 ⁽³⁾	100.00 ⁽²⁾
2013.....	0.110	3.75	4.000	100.00 ⁽²⁾	2.000 ⁽³⁾	100.00 ⁽²⁾
2014.....	0.070	3.75	4.000	100.00 ⁽²⁾	4.000	100.00 ⁽²⁾
2015.....	0.100	3.75	4.000	100.00 ⁽²⁾	4.000	100.00 ⁽²⁾
2016.....	0.440	3.75	4.250	100.00 ⁽²⁾	4.250	100.00 ⁽²⁾
2017.....	0.610	3.75	4.500	100.00 ⁽²⁾	4.500	100.00 ⁽²⁾
2018.....	1.590	3.75	5.500	100.00 ⁽²⁾	5.500	100.00 ⁽²⁾
2019.....	2.470	3.75	6.250	100.00 ⁽²⁾	6.250	100.00 ⁽²⁾
2020.....	1.530	3.75	5.500	100.00 ⁽²⁾	5.500	100.00 ⁽²⁾
2021.....	0.090	3.75	4.000	100.00 ⁽²⁾	4.000	
2022.....	0.310	3.75	4.250		4.250	
2023.....	4.680	3.75	8.500		8.500	
2024.....	5.020	3.75	9.000		9.000	
2025.....	4.150	3.75	8.000		8.000	

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This payment reflects the minimum payment of \$100.00.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.