

**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 Mortgage or 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 advances of credit for 10 years (the "draw period"). After the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance on your account (the "repayment period").

During both the draw and repayment periods, your payments will be due monthly. Your minimum monthly payment will equal 1.5% of the highest principal balance outstanding on the last day of the billing cycle, for the last billing cycle in which an advance was made or \$50.00, whichever is greater. The length of the repayment period is indefinite you must continue to make the minimum monthly payment until the outstanding balance is paid in full. Balances of less than \$50.00 must be paid in full.

**Minimum Payment Example:** If you made only the minimum monthly payment and took no other credit advances, it would take 6 year(s) and 7 month(s) to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.25%. During that period, you would make 78 payments of \$150.00, with a final payment of \$148.93.

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

*Late Charges:* If a payment is received more than 10 days after the due date, you will be charged \$25.00.

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 \$75.00-\$700.00. 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, or in person.

**Transaction Requirements:** The minimum initial credit advance must be at least \$100.00. There is no minimum requirement 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. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account, we add a margin 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 quarterly on the first business day of January, April, July, and October. The rate can not increase by more than 0.50 percentage points per adjustment. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 16%. The **ANNUAL PERCENTAGE RATE** will not fall below 4% 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 16% would be \$150.00. This Annual Percentage Rate could be reached in the 64th month (5 years, 4 months).

**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 August. 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) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
2005	6.25	0.00	6.25	\$150.00
2006	8.25	0.00	8.25	\$150.00
2007	8.25	0.00	8.25	\$150.00
2008	5.00	0.00	5.00	\$150.00
2009	3.25	0.00	4.00 (3)	\$150.00
2010	3.25	0.00	4.00 (3)	\$150.00
2011	3.25	0.00	4.00 (3)	\$150.00
2012	3.25	0.00	4.00 (3)	
2013	3.25	0.00	4.00 (3)	
2014	3.25	0.00	4.00 (3)	
2015 (2)	3.25	0.00	4.00 (3)	
2016	3.50	0.00	4.00 (3)	
2017	4.25	0.00	4.25	
2018	5.00	0.00	5.00	
2019	5.25	0.00	5.25	

1. This is a margin we have used recently; your margin may be different.
2. The repayment period begins in this year.
3. This rate reflects a lifetime floor of 4.00%.