

## **Home Equity Loan Disclosure**

### **HOME EQUITY EARLY DISCLOSURE**

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

**APPLICATION FEE:** A non-refundable application fee of \$100 is payable at the time of application.

**APPRAISAL REPORT:** \$460.00 depending on market conditions is payable at the time of application.

**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 be 15 years. You will be required to make monthly payments during both the draw and repayment periods. During the draw period, your minimum payment will be equal to the accrued interest on your outstanding balance. During the draw period, if the interest rate increases, your payment will increase. After the draw period ends, a repayment period of 180 monthly payments will be used to calculate your payment. During the repayment period, your minimum monthly payment will be set to repay the outstanding balance, at the current annual percentage rate, within the repayment period. During the repayment period your payment will change if the annual percentage rate increases or decreases. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the repayment 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 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 25 years to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 3.66%. During that period, you would make 120 payments of \$50.00, followed by 179 payments of \$51.90 and one (1) final payment of \$53.87.

**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.

**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 \$500.00 for the first advance and \$500.00 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 26-week U.S. Treasury Bill Auction discount rate for the most recent calendar quarter. Information about the Index is available or published weekly in the Federal Reserve Statistical Release. We will use the most recent index value available to us as of 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. Ask us for the current index value, margin and annual percentage rate. 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 the month following the anniversary date of opening your plan. The rate cannot increase or decrease more than 2.0 percentage points in any one year period. The ANNUAL PERCENTAGE RATE cannot increase more than 6.0 percentage points above the initial rate or the maximum permitted by law, whichever is less. Ask us for the specific rate limitations that will apply to your credit line.

**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 9.66% would be \$82.04. This annual percentage rate could be reached at the time of the 36th payment.

If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 9.66% would be \$105.39. This annual percentage rate could be reached at the time of the 36th payment.

MARGIN: The margin used will be determined by the lien priority on the property used as collateral. Please ask your loan officer about your qualifying margin.

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 December of each year. While only one payment per year is shown, payments may have varied during each year.

**Title Company Related Fees:**

Cap per year is 2% (up or down). Cap per life of the loan is 6% in addition to original loan rate.

<b>Settlement Fee</b>	\$500.00 or plus
<b>Abstract Title Search</b>	\$100.00-\$300.00 Range
<b>Policy Prep Fee</b>	\$50.00
<b>Courier Fee</b>	\$50.00
<b>Title Insurance Policy</b>	Market Conditions
<b>Owner Insurance Policy</b>	Market Conditions
<b>Recording Fees</b>	\$56.00-\$200.00 Based on County Information
<b>Transfer Taxed</b>	Depends on the state regulations