



## IMPORTANT TERMS of our HOME EQUITY LINES 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.

### **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, require payment in full of the entire outstanding balance in a single payment or cause the Security Property to be sold and the proceeds of such sale to be applied to your obligation to us. You agree to pay any reasonable costs of protecting, retaking, repairing, or selling the Security Property.

#### **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) you fail to maintain the Security Property as your principal dwelling (for credit approved on an owner-occupied basis); (6) the value of the Security Property declines significantly below the appraised value upon which we relied in approving your application; (7) we reasonably believe that your ability to meet your payment obligations is impaired because of a material change in your financial circumstances; (8) governmental action precludes our imposing the interest rate provided herein or adversely affects the priority of our security interest such that the value of our interest is less than 120.00% of your maximum credit limit; (9) the maximum interest rate under the plan is reached; or (10) government regulatory authorities find 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. You understand that if your right to request additional advances is suspended or your maximum credit limit is reduced, you still owe us whatever sums you have already borrowed, all other charges under your agreement, and applicable Finance Charges.

**Home Equity Plans.** We offer four (4) different Home Equity Line of Credit plans. The pricing structure for these plans differ based on: (i) the Combined-Loan-To-Value (CLTV) ratio for your credit line; (ii) the type of Security Property; (iii) the minimum rate; and (iv) your creditworthiness. Your CLTV will be determined by the sum of the current outstanding debts secured by liens against the Security Property plus the maximum credit limit established for your credit line, divided by the value of the Security Property. Non-purchase-money lines of credit secured by your primary residence having a CLTV equal to or less than 80.00% will receive a minimum rate equal to 3.75%, whereas such credit lines having a CLTV equal to or less than 85.00% but greater than 80.00% will receive a minimum rate equal to 4.25%. Purchase-money lines of credit and those not secured by your primary residence will receive a minimum rate of 4.50%. As a general rule, higher credit scores combined with lower CLTV's qualify for lower margins and interest rates, and the lowest acceptable credit score combined with higher CLTV's qualifies for higher margins and interest rates. Not all applicants may qualify for all Plans.

### **Minimum Payment Requirements**

You can obtain credit advances for 120 months (the draw period). During the draw period, the amount of your scheduled minimum monthly payment will be based on the status of the outstanding balance(s) of your Account. The status of your outstanding balance(s) during the draw period will depend on whether you have elected to "convert" any portion of your outstanding balance that is subject to a variable interest rate calculation to a balance that is subject to a fixed interest rate calculation, as described herein. During the draw period, any portion of your outstanding balance that has not been converted to a fixed interest rate calculation will be subject to the variable interest rate calculation described herein.

During the draw period, your minimum periodic payment for any balance subject to a variable interest rate calculation will be established at the close of each billing cycle at an amount equal to all accrued yet unpaid finance charges due.

During the draw period, your minimum periodic payment for any balance(s) that you have elected to convert to a fixed interest rate calculation will be established at the time of each such conversion to the amount necessary to fully amortize the converted balance over a term of 60 months, 120 months, 180 months, or 240 months as determined by you at the time of such conversion. See the section "Fixed-Rate Conversion Option" for information about how the minimum periodic payment for such converted balance(s) will be determined.

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 in no event will exceed 240 months. During the repayment period, your minimum periodic payment for any balance that has not been converted to a fixed-rate calculation will be established on the first day of the repayment period, and any subsequent change in the interest rate, to the amount necessary to fully amortize the then-outstanding balance subject to a variable rate by the agreement maturity date. Increases or decreases in the interest rate will result in like increases or decreases in the finance charge and may affect the amount of your scheduled payments.

During the repayment period, your minimum periodic payment for any remaining balance(s) converted to a fixed-rate calculation will remain in effect until such balance(s) are repaid in full.

For each billing cycle, your minimum periodic payment will equal the sum of the minimum payment amount due for any variable-rate balance plus any minimum monthly payment(s) due for any remaining balance(s) converted to a fixed-rate calculation.

### **Minimum Payment Examples**

#### ***Primary Residence – 3.75% Minimum Rate (Plan 1)***

If you made only the minimum payments and took no other credit advances, it would take 360 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 7.75%. During that period, you would make 120 monthly payments of \$64.59, followed by 239 monthly payments of \$82.10 and a final payment of \$83.10.

#### ***Primary Residence – 4.25% Minimum Rate (Plan 2)***

If you made only the minimum payments and took no other credit advances, it would take 360 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 8.50%. During that period, you would make 120 monthly payments of \$70.84, followed by 239 monthly payments of \$86.79 and a final payment of \$87.79.

#### ***Purchase Money – 4.50% Minimum Rate (Plan 3)***

If you made only the minimum payments and took no other credit advances, it would take 360 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 9.50%. During that period, you would make 120 monthly payments of \$79.18, followed by 239 monthly payments of \$93.22 and a final payment of \$94.22.

#### ***Non-Owner Occupied – 4.50% Minimum Rate (Plan 4)***

If you made only the minimum payments and took no other credit advances, it would take 360 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 8.75%. During that period, you would make 120 monthly payments of \$72.92, followed by 239 monthly payments of \$88.38 and a final payment of \$89.38.

### **Fees and Charges**

To open and maintain a line of credit, you may have to pay certain fees to third parties. These fees generally total up to \$2,950.00. 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.

### **Variable Rate Feature**

Your Account has a Variable Rate feature. The Annual Percentage Rate (corresponding to the periodic rate) can change as a result. The Annual Percentage Rate includes only interest and no other costs.

During the draw period, you may elect to have the outstanding balance of your Account converted to a fixed interest rate calculation, as described below in the section "Fixed-Rate Conversion Option." Any such converted balance is not subject to the Variable-Rate provisions that would otherwise apply.

For our Primary Residence – 3.75% Minimum Rate (Plan 1) and Primary Residence – 4.25% Minimum Rate (Plan 2) during the Draw Period, for those balances that have not been converted to a fixed interest rate calculation, your account balances will be subject to a variable rate which is based on the highest Prime Rate as published in the Money Rates Section of The Wall Street Journal in effect on the 15th calendar day preceding each Change Date ("index"). To calculate the interest rate, we add a margin to the index. The index plus the margin equals the interest rate. During the draw period, for balances subject to a variable rate, your interest rate can change each month thereafter. During the draw period, increases or decreases in the interest rate will result in like increases or decreases in the finance charge and may affect the amount of the portion of your scheduled payment that is applicable to balances subject to a variable rate. During the draw period, any balances that have been converted to a fixed interest rate calculation are subject to the interest rate determined according to the provisions of the section "Fixed-Rate Conversion Option."

For our Purchase Money – 4.50% Minimum Rate (Plan 3) and Non-Owner Occupied – 4.50% Minimum Rate (Plan 4) during the Draw Period, for those balances that have not been converted to a fixed interest rate calculation, your account balances will be subject to a variable rate which is based on the highest Prime Rate as published in the Money Rates Section of The Wall Street Journal in effect on the 15th calendar day preceding each Change Date ("index"). To calculate the interest rate, we add a margin to the index. The index plus the margin equals the interest rate. During the Draw Period, for balances subject to a variable rate, your interest rate can change monthly. During the draw period, increases or decreases in the interest rate will result in like increases or decreases in the finance charge and may affect the amount of the portion of your scheduled payment that is applicable to balances subject to a variable rate. During the draw period, any balances that have been converted to a fixed interest rate calculation are subject to the interest rate determined according to the provisions of the section "Fixed-Rate Conversion Option."

For all Plans, during the repayment period, for any balance that has not been converted to a fixed rate calculation, your account will be subject to the variable rate in effect at the end of the draw period, which rate may change each month based on changes in the Index. During the repayment period, variable rate changes will be determined in the same manner as variable rate changes during the draw period.

Ask us for the current index value, margin, applicable discount, and Annual Percentage Rate. After you open a line of credit, rate information will be provided in periodic statements that we send you.

### **Other Products**

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

### **Fixed-Rate Conversion Option**

During the draw period only, you may elect to convert a balance that is subject to a variable rate to a balance that is subject to a fixed interest rate. There is no limit on the number of times during the draw period that you may request to convert a balance subject to a variable rate, except that you may not have more than three (3) converted fixed-rate balances outstanding at any time. This option is not available for any previously converted balance(s). This option is not available during the repayment period.

The interest rate applicable to the converted balance will be determined at the time of conversion, and will remain in effect until that balance is repaid in full. The interest 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 at the time we receive your Conversion Request form. To calculate the interest rate that will apply to the converted balance, we add a margin to the index value.

- For converted balances with terms to maturity of 60 months, we have recently added a margin of 0.75% to the Index value.
- For converted balances with terms to maturity of 120 months, we have recently added a margin of 1.50% to the Index value.
- For converted balances with terms to maturity of 180 months, we have recently added a margin of 2.00% to the Index value.
- For converted balances with terms to maturity of 240 months, we have recently added a margin of 2.50% to the Index value.

The sum of the index and margin equals the interest rate that will apply to the converted balance until such balance is repaid in full. The then-current Index value and Annual Percentage Rate (corresponding to the periodic rate) will be disclosed to you at the time of your conversion request.

The minimum monthly payment for any converted balance(s) will be an amount equal to that necessary to fully amortize the converted balance at the interest rate described in the preceding paragraph over a term of 60 months, 120 months, 180 months, or 240 months, as determined by you at the time of such conversion. This is the amount you will pay for such balance(s) until the balance(s) has been repaid in full.

#### **Rate Changes**

##### ***Primary Residence – 3.75% Minimum Rate (Plan 1)***

Your Annual Percentage Rate can change monthly. Subject to the minimum and maximum interest rates that can apply at any time to this account, following the expiration of the introductory rate period, there is no limit on the amount by which the interest rate can increase or decrease during any one year period.

The maximum **ANNUAL PERCENTAGE RATE** at any time is 21.00%, and the minimum **ANNUAL PERCENTAGE RATE** at any time is 3.75%.

##### ***Primary Residence – 4.25% Minimum Rate (Plan 2)***

Your Annual Percentage Rate can change monthly. Subject to the minimum and maximum interest rates that can apply at any time to this account, following the expiration of the introductory rate period, there is no limit on the amount by which the interest rate can increase or decrease during any one year period.

The maximum **ANNUAL PERCENTAGE RATE** at any time is 21.00%, and the minimum **ANNUAL PERCENTAGE RATE** at any time is 4.25%.

##### ***Purchase Money – 4.50% Minimum Rate (Plan 3) & Non-Owner Occupied – 4.50% Minimum Rate (Plan 4)***

Your Annual Percentage Rate can change monthly. Subject to the minimum and maximum interest rates that can apply at any time to this account, there is no limit on the amount by which the interest rate can increase or decrease during any one year period.

The maximum **ANNUAL PERCENTAGE RATE** at any time is 21.00%, and the minimum **ANNUAL PERCENTAGE RATE** at any time is 4.50%.

##### ***Non-Owner Occupied – 4.50% Minimum Rate (Plan 4)***

Your Annual Percentage Rate can change monthly. Subject to the minimum and maximum interest rates that can apply at any time to this account, there is no limit on the amount by which the interest rate can increase or decrease during any one year period.

The maximum **ANNUAL PERCENTAGE RATE** at any time is 21.00%, and the minimum **ANNUAL PERCENTAGE RATE** at any time is 4.50%.

#### **Maximum Rate and Payment Examples**

##### ***Primary Residence – 3.75% Minimum Rate (Plan 1)***

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 21.00% would be \$175.02. This Annual Percentage Rate could be reached during the 13th 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 21.00% would be \$177.78. This Annual Percentage Rate could be reached during the 1st month of the repayment period.

##### ***Primary Residence – 4.25% Minimum Rate (Plan 2)***

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 21.00% would be \$175.02. This Annual Percentage Rate could be reached during the 13th 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 21.00% would be \$177.78. This Annual Percentage Rate could be reached during the 1st month of the repayment period.

##### ***Purchase Money – 4.50% Minimum Rate (Plan 3)***

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 21.00% would be \$175.02. 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 21.00% would be \$177.78. This Annual Percentage Rate could be reached during the 1st month of the repayment period.

##### ***Non-Owner Occupied – 4.50% Minimum Rate (Plan 4)***

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 21.00% would be \$175.02. 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 21.00% would be \$177.78. 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 November 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.

**Primary Residence – 3.75% Minimum Rate (Plan 1)**

Year	Index	Margin(1)	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
2011	3.25	0.75	4.00%	DRAW	\$33.34
2012	3.25	0.75	4.00%	DRAW	\$33.34
2013	3.25	0.75	4.00%	DRAW	\$33.34
2014	3.25	0.75	4.00%	DRAW	\$33.34
2015	3.25	0.75	4.00%	DRAW	\$33.34
2016	3.50	0.75	4.25%	DRAW	\$33.34
2017	4.25	0.75	5.00%	DRAW	\$35.42
2018	5.25	0.75	6.00%	DRAW	\$41.67
2019	4.75	0.75	5.50%	DRAW	\$50.01
2020	3.25	0.75	4.00%	DRAW	\$45.84
2021	3.25	0.75	4.00%	REPAYMENT	\$60.60
2022	6.25	0.75	7.00%	REPAYMENT	\$60.60
2023	8.50	0.75	9.25%	REPAYMENT	\$76.01
2024	8.00	0.75	8.75%	REPAYMENT	\$85.41
2025	7.00	0.75	7.75%	REPAYMENT	\$80.20

(1) This represents a margin we have recently used for our Plan 1 lines of credit.

**Primary Residence – 4.25% Minimum Rate (Plan 2)**

Year	Index	Margin(1)	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
2011	3.25	1.50	4.75%	DRAW	\$39.59
2012	3.25	1.50	4.75%	DRAW	\$39.59
2013	3.25	1.50	4.75%	DRAW	\$39.59
2014	3.25	1.50	4.75%	DRAW	\$39.59
2015	3.25	1.50	4.75%	DRAW	\$39.59
2016	3.50	1.50	5.00%	DRAW	\$41.67
2017	4.25	1.50	5.75%	DRAW	\$47.92
2018	5.25	1.50	6.75%	DRAW	\$56.26
2019	4.75	1.50	6.25%	DRAW	\$52.09
2020	3.25	1.50	4.75%	DRAW	\$39.59
2021	3.25	1.50	4.75%	REPAYMENT	\$64.62
2022	6.25	1.50	7.75%	REPAYMENT	\$81.35
2023	8.50	1.50	10.00%	REPAYMENT	\$94.59
2024	8.00	1.50	9.50%	REPAYMENT	\$91.68
2025	7.00	1.50	8.50%	REPAYMENT	\$86.21

(1) This represents a margin we have recently used for our Plan 2 lines of credit.

### ***Purchase Money – 4.50% Minimum Rate (Plan 3)***

Year	Index	Margin(1)	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
2011	3.25	2.50	5.75%	DRAW	\$47.92
2012	3.25	2.50	5.75%	DRAW	\$47.92
2013	3.25	2.50	5.75%	DRAW	\$47.92
2014	3.25	2.50	5.75%	DRAW	\$47.92
2015	3.25	2.50	5.75%	DRAW	\$47.92
2016	3.50	2.50	6.00%	DRAW	\$50.01
2017	4.25	2.50	6.75%	DRAW	\$56.26
2018	5.25	2.50	7.75%	DRAW	\$64.59
2019	4.75	2.50	7.25%	DRAW	\$60.42
2020	3.25	2.50	5.75%	DRAW	\$47.92
2021	3.25	2.50	5.75%	REPAYMENT	\$70.21
2022	6.25	2.50	8.75%	REPAYMENT	\$87.64
2023	8.50	2.50	11.00%	REPAYMENT	\$101.36
2024	8.00	2.50	10.50%	REPAYMENT	\$98.34
2025	7.00	2.50	9.50%	REPAYMENT	\$92.66

(1) This represents a margin we have recently used for our Plan 3 lines of credit.

### ***Non-Owner Occupied – 4.50% Minimum Rate (Plan 4)***

Year	Index	Margin(1)	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
2011	3.25	1.75	5.00%	DRAW	\$41.67
2012	3.25	1.75	5.00%	DRAW	\$41.67
2013	3.25	1.75	5.00%	DRAW	\$41.67
2014	3.25	1.75	5.00%	DRAW	\$41.67
2015	3.25	1.75	5.00%	DRAW	\$41.67
2016	3.50	1.75	5.25%	DRAW	\$43.75
2017	4.25	1.75	6.00%	DRAW	\$50.01
2018	5.25	1.75	7.00%	DRAW	\$58.34
2019	4.75	1.75	6.50%	DRAW	\$54.17
2020	3.25	1.75	5.00%	DRAW	\$41.67
2021	3.25	1.75	5.00%	REPAYMENT	\$66.00
2022	6.25	1.75	8.00%	REPAYMENT	\$82.90
2023	8.50	1.75	10.25%	REPAYMENT	\$96.26
2024	8.00	1.75	9.75%	REPAYMENT	\$93.33
2025	7.00	1.75	8.75%	REPAYMENT	\$87.81

(1) This represents a margin we have recently used for our Plan 4 lines of credit.