



## IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about our Home Equity Line of Credit. 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 you paid to us or anyone else in connection with your application.

**Security Interest:** We will take a security interest (i.e. mortgage or other lien) on your home. You could lose your home if you do not meet the obligation 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:

- You engage in fraud or material misrepresentation in connection with the line.
- You do not meet the repayment terms.
- 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 line of credit if:

- The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the security interest is less than 120 percent of the line of credit.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum Annual Percentage Rate is reached.
- You become the subject of a proceeding in bankruptcy.
- There is more than one borrower on the account, one borrower dies and that adversely affects our rights or interests in the collateral.

The initial agreement permits us to make certain changes to the terms of the agreement at specified times or upon the occurrence of specified events.

**Minimum Payment Requirements:** You can obtain credit advances ("Advances") for 10 years (the "draw period") in all states except Connecticut, where you may obtain advances for 9 years

and 10 months. During the draw period, payments will be due monthly.

Your minimum monthly payment will be equal to the amount of finance charges that has accrued on the outstanding balance plus any fees and any amounts past due. The minimum monthly payment during the draw period will not reduce the principal that is outstanding on your Credit Account.

After the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance over 20 years (the "repayment period"). During the repayment period, payments will be due monthly. Your minimum monthly payment will be calculated as the total of (a) the unpaid principal balance divided by the number of remaining scheduled payments, plus (b) the amount of finance charge accrued, plus (c) any fees and any amounts past due. For Texas homestead property, your minimum payment during the repayment period will be the amount of payment necessary to repay all principal and interest in substantially equal installments over the term of the repayment period, plus any amounts past due. (Note: Texas homestead property is generally your primary residence.)

**Minimum Payment Example:** If you made only the minimum monthly payments and took no other credit advances, it would take 360 (in Connecticut, 358) months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.25%. During that period, you would make 120 (in Connecticut, 118) monthly payments of \$67.81 followed by 240 monthly payments varying between \$109.48 and \$45.06 including one final payment of \$41.95. For Texas homestead property, your repayment period would require 240 payments of \$85.21.

## **Fees and Charges:**

### Fees Paid to Us:

To open and maintain a line of credit, we charge the following fees:

- Origination Fee:  
You must pay us an Origination Fee equal to \_\_\_\_\_% of the original credit line at closing.
- Loan Discount Fee:  
You must pay us a Loan Discount Fee equal to \_\_\_\_\_% of the original credit line at closing.
- Annual Participation Fee:  
To maintain a line of credit account you must pay an annual participation fee of \$20 (\$15 in Iowa), which is due each year. This fee is not charged in Alaska, Colorado, Florida, Illinois, Maine, Maryland, Michigan, New Jersey, North Carolina, Pennsylvania, South Carolina, Texas, Vermont, Virginia or Wisconsin. There is no fee charged on first lien products in Missouri.

### Third Party Fees:

You must also pay certain fees to third parties to open a line. These fees generally total between \$\_\_\_\_\_ and \$\_\_\_\_\_. If you ask, we will give you an itemization of the fees you will

have to pay to third parties. In addition, you must carry insurance (hazard and flood insurance, as applicable) on the property that secures the line of credit.

#### No Closing Cost Line:

If we offer you a no closing cost line, then you will not have to pay any of the fees described above, except for the insurance premiums necessary to maintain insurance coverage (hazard and flood insurance, as applicable) on the property that secures the line of credit and the Annual Participation Fee.

**Minimum Draw Requirements:** The minimum credit advance you can receive is \$250.00. For Texas homestead property, the minimum credit advance is \$4,000. To receive the initial draw rate offer, applicable to the non-introductory rate, you must take an initial advance of \$25,000. In order to pay No Closing Costs on a credit line in an amount between \$500,001 and \$750,000, you must take an initial advance of \$100,000. In order to pay No Closing Costs on a credit line in an amount of \$750,001 or above, you must take an initial advance of \$200,000.

**Tax Deductibility:** You should consult a tax advisor regarding the deductibility of interest and charges for the line.

**Variable-Rate Information:** The line has a variable-rate feature, and the **ANNUAL PERCENTAGE RATE** (corresponding to the periodic rate) and the minimum payment can 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 ("Index"). The Index is the highest Prime Rate as published in the Money Rates table of *The Wall Street Journal*. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your line, we add or subtract a margin, which may be zero, to or from the value of the Index.

If your Credit Account has an introductory rate period, the margin for the introductory rate will be discounted. The discounted formula will be in effect until the first day of the 7<sup>th</sup> full calendar month.

Ask us for the current Index value, margin, discount and **ANNUAL PERCENTAGE RATE**. After you open a line of credit, rate information will be provided on periodic statements that we send you.

**Rate Changes:** The annual percentage rate can change monthly. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18% (16% in North Carolina). Apart from the rate "caps" noted above, there is no limit on the amount by which the rate can change during any one-year period.

**Maximum Rate and Payment Examples:** If you had an outstanding balance of \$10,000 during the draw period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$147.95. In North Carolina, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 16% would be \$131.51. This annual percentage rate could be reached during the first month of the draw period.

If you had an outstanding balance of \$10,000 at the beginning of the repayment period, the

minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$189.62 during the repayment period (\$154.33 for Texas homestead property). In North Carolina, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 16% would be \$173.18. This annual percentage rate could be reached during the first month of the repayment period.

**Historical Example:** The following tables show how the annual percentage rate and the minimum monthly payments for a single \$10,000 credit advance would have changed based on changes in the indices over the past 15 years. The index values are from January of each year. While only one payment amount per year is shown, payments would have varied during each year.

The tables assume that no additional credit advances were taken, that only the minimum payments were made each month, and that the rate remained constant during each year. The tables do not necessarily indicate how the indices or your payments will change in the future.

Fully Indexed Program					
	Year	Index (%)	Margin* (%)	<b>ANNUAL PERCENTAGE RATE (%)</b>	Minimum Monthly Payment (\$)
Draw Period	1990	10.50	4.25	14.75	121.23
	1991	10.00	4.25	14.25	117.12
	1992	6.50	4.25	10.75	88.36
	1993	6.00	4.25	10.25	84.25
	1994	6.00	4.25	10.25	84.25
	1995	8.50	4.25	12.75	104.79
	1996	8.50	4.25	12.75	104.79
	1997	8.25	4.25	12.50	102.74
	1998	8.50	4.25	12.75	104.79
	1999**	7.75	4.25	12.00	98.63
Repayment Period (Excluding TX Homestead)	2000	8.50	4.25	12.75	146.46
	2001	9.00	4.25	13.25	145.13
	2002	4.75	4.25	9.00	108.25
	2003	4.25	4.25	8.50	101.05
	2004	4.00	4.25	8.25	95.92
Repayment Period (TX Homestead)	2000	8.50	4.25	12.75	115.38
	2001	9.00	4.25	13.25	118.85
	2002	4.75	4.25	9.00	91.40
	2003	4.25	4.25	8.50	88.49
	2004	4.00	4.25	8.25	87.11

\* This is a margin we have used recently

\*\* In Connecticut, the draw period during this year is 10 months. The Minimum Monthly Payment reflects the payment during the draw period.

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Borrower

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Date

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Borrower

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Date

Discounted Program					
	Year	Index (%)	Margin* (%)	ANNUAL PERCENTAGE RATE (%)	Minimum Monthly Payment (\$)
Draw Period	1990	10.50	0.50	11.00**	90.41
	1991	10.00	1.75	11.75	96.58
	1992	6.50	1.75	8.25	67.81
	1993	6.00	1.75	7.75	63.70
	1994	6.00	1.75	7.75	63.70
	1995	8.50	1.75	10.25	84.25
	1996	8.50	1.75	10.25	84.25
	1997	8.25	1.75	10.00	82.19
	1998	8.50	1.75	10.25	84.25
	1999***	7.75	1.75	9.50	78.08
Repayment Period (Excluding TX Homestead)	2000	8.50	1.75	10.25	125.92
	2001	9.00	1.75	10.75	125.61
	2002	4.75	1.75	6.50	89.75
	2003	4.25	1.75	6.00	83.59
	2004	4.00	1.75	5.75	79.48

\* This is a margin we have used recently

\*\* This rate reflects a discounted margin we have used recently.

\*\*\* In Connecticut, the draw period during this year is 10 months. The Minimum Monthly Payment reflects the payment during the draw period.