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REAL ESTATE LENDING



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GROUP

HOME EQUITY EARLY DISCLOSURE

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLANS

This disclosure contains important information about our Home Equity Line of Credit Plans. 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.

HOME EQUITY PLANS: We offer three home equity line of credit plans: the "Regular" plan, the "Home Improvement" plan, and the "Fixed Rate" plan. Terms apply to all three plans unless specifically designated as applying to only one of them.

MINIMUM PAYMENT REQUIREMENTS – REGULAR PLAN: 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 is five (5) years. You will be required to make monthly payments during both the draw and repayment periods. Your payment will be 1% of the outstanding balance each month or \$50.00, whichever is greater. We will round the payment up to the next dollar. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. If the interest rate increases, you will be required to make more payments until the end of the repayment period. The minimum payment may not repay the outstanding balance by the end of the repayment period. You will then be required to make a single balloon payment at the maturity date. Unless otherwise required by applicable law, we are under no obligation to refinance the balloon payment at that time. You may be required to make payments out of other assets you own or find a lender, which may be us, willing to lend you the money. If you refinance the balloon with us, you may have to pay some or all of the closing costs.

MINIMUM PAYMENT REQUIREMENTS – HOME IMPROVEMENT PLAN: You can obtain credit advances for 2 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 is eight (8) years. You will be required to make monthly payments during both the draw and repayment periods. Your payment will be 1.5% of the outstanding balance each month or \$100.00, whichever is greater. We will round the payment up to the next dollar. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. If the interest rate increases, you will be required to make more payments until the end of the repayment period. The minimum payment may not repay the outstanding balance by the end of the repayment period. You will then be required to make a single balloon payment at the maturity date. Unless otherwise required by applicable law, we are under no obligation to refinance the balloon payment at that time. You may be required to make payments out of other assets you own or find a lender, which may be us, willing to lend you the money. If you refinance the balloon with us, you may have to pay some or all of the closing costs.

MINIMUM PAYMENT REQUIREMENTS - FIXED RATE PLAN: You can obtain credit advances for five (5) 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 is ten (10) years. You will be required to make payments during both the draw and repayment periods. Your payment will be 1% of the outstanding balance each month or \$100.00, whichever is greater. We will round the payment up to the next highest dollar. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. The minimum payment may not repay the outstanding balance by the end of the repayment period. You will then be required to make a single balloon payment at the maturity date. Unless otherwise required by applicable law, we are under no obligation to refinance the balloon payment at that time. You may be required to make payments out of other assets you own or find a lender, which may be us, willing to lend you the money. If you refinance the balloon with us, you may have to pay some or all of the closing costs.

NEGATIVE AMORTIZATION: Under some circumstances, the regular minimum payment would not cover the finance charges (interest) that accrue and "negative amortization" would occur. Negative amortization would increase the amount that you owe us and reduce the equity in your home. To prevent negative amortization from occurring, we will increase your payment to cover the finance charges that are owed. Your payment will return to the regular amount once negative amortization ceases to be possible.

MINIMUM PAYMENT EXAMPLE – REGULAR PLAN: If you made only the minimum monthly payment and took no other credit advances it would take 15 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.0%. During that period, you would make 179 payments of \$55.00 to \$100.00 and a final balloon payment of \$5,475.94.

MINIMUM PAYMENT EXAMPLE – HOME IMPROVEMENT PLAN: If you made only the minimum monthly payment and took no other credit advances it would take 10 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 10.5%. During that period, you would make 119 payments of \$100.00 to \$150.00 and a final balloon payment of \$3,778.13.

MINIMUM PAYMENT EXAMPLE – FIXED RATE PLAN: If you made only the minimum monthly payment and took no other credit advances it would take 10 years 8 months to pay off a credit advance of \$10,000 at an **ANNUAL**

PERCENTAGE RATE of 4.75%. During that period, you would make 127 payments of \$100.00 and one (1) final payment of \$57.40.

FEES AND CHARGES: In order to open, use and maintain a line of credit plan, you must pay the following fees to us:

Annual Fee – Regular Plan and Fixed Rate Plan: \$50.00 (Due on each anniversary date)

Flood Zone Determination Fee: \$18.00 (Due at closing)

You may have to pay certain fees to third parties to open the plan. These fees generally total between \$325.00 and \$1,800.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

FEE REIMBURSEMENT: We may pay third party fees on your behalf. If we do so, you must keep the plan open for a minimum of 24 months. If you close the plan within the first 24 months you must reimburse us any and all bona-fide third party fees we paid on your behalf.

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.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the plan.

VARIABLE RATE FEATURE: The Regular and Home Improvement 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 Prime Rate published in the Money Rates column of the Wall Street Journal. When a range of rates has been published the highest rate will be used. We will use the most recent index value available to us as of 15 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. The margin you receive is based on certain creditworthiness criteria and market conditions. Your margin may be higher than the one shown in the Historical Table.

The initial annual percentage rate may be “discounted.” If it is discounted, it is not based on the index and margin used for subsequent rate adjustments. We have recently offered a discount for the Regular Plan. No discount is being offered on the Home Improvement plan.

Ask us for the current index value, margin, discount 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 on the first day of each month after the expiration of any discount period. The rate cannot increase or decrease more than 3.0 percentage points in any one year period. For the Regular plan, the **ANNUAL PERCENTAGE RATE** cannot increase more than 12.0 percentage points above the initial rate or the maximum permitted by law, whichever is less. For the Home Improvement plan, the **ANNUAL PERCENTAGE RATE** cannot increase more than 9.0 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 EXAMPLE – REGULAR PLAN: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 20.0% would be \$169.86. This annual percentage rate could be reached at the time of the 37th payment.

MAXIMUM RATE AND PAYMENT EXAMPLE – HOME IMPROVEMENT PLAN: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 19.5% would be \$165.62. This annual percentage rate could be reached at the time of the 25th payment.

HISTORICAL EXAMPLES: The following tables show 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 last business day of January of each year. While only one payment per year is shown, payments may have varied during each year.

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

WALL STREET JOURNAL PRIME RATE INDEX TABLE – REGULAR PLAN

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2009.....	3.250	0.50	4.000 ⁽²⁾	100.00
2010.....	3.250	0.50	3.750	93.00
2011.....	3.250	0.50	3.750	85.00
2012.....	3.250	0.50	3.750	79.00
2013.....	3.250	0.50	3.750	72.00
2014.....	3.250	0.50	3.750	67.00
2015.....	3.250	0.50	3.750	61.00
2016.....	3.500	0.50	4.000	56.00
2017.....	3.750	0.50	4.250	52.00
2018.....	4.500	0.50	5.000	50.00 ⁽⁴⁾
2019.....	5.500	0.50	6.000	50.00 ⁽⁴⁾
2020.....	4.750	0.50	5.250	50.00 ⁽⁴⁾
2021.....	3.250	0.50	3.750	50.00 ⁽⁴⁾
2022.....	3.250	0.50	3.750	50.00 ⁽⁴⁾
2023.....	7.500	0.50	6.750 ⁽³⁾	50.00 ⁽⁴⁾⁽⁵⁾

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

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a discount we have provided recently; your plan may be discounted by a different amount.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** reflects an annual percentage rate periodic cap of 3.000% per year.

⁽⁴⁾ This payment reflects the minimum payment of \$50.00.

⁽⁵⁾ The last payment for this year would be a final balloon payment of \$2,295.59.

WALL STREET JOURNAL PRIME RATE INDEX TABLE – HOME IMPROVEMENT PLAN

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2009.....	3.250	3.00	6.250	150.00
2010.....	3.250	3.00	6.250	134.00
2011.....	3.250	3.00	6.250	119.00
2012.....	3.250	3.00	6.250	106.00
2013.....	3.250	3.00	6.250	100.00 ⁽³⁾
2014.....	3.250	3.00	6.250	100.00 ⁽³⁾
2015.....	3.250	3.00	6.250	100.00 ⁽³⁾
2016.....	3.500	3.00	6.500	100.00 ⁽³⁾
2017.....	3.750	3.00	6.750	100.00 ⁽³⁾
2018.....	4.500	3.00	7.500	100.00 ⁽³⁾⁽⁴⁾
2019.....	5.500	3.00	8.500	
2020.....	4.750	3.00	7.750	
2021.....	3.250	3.00	6.250	
2022.....	3.250	3.00	6.250	
2023.....	7.500	3.00	9.250 ⁽²⁾	

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

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects an annual percentage rate periodic cap of 3.000% per year.

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

⁽⁴⁾ The last payment for this year would be a final balloon payment of \$435.73.