

# IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT (10-YEAR DRAW/20-YEAR REPAY)

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, solely as a result of such change, 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 mortgage on your home. You could lose your home if you do not meet the obligations in your agreement with us. YOU SHOULD CHECK WITH YOUR LEGAL ADVISOR AND WITH OTHER MORTGAGE LIEN HOLDERS AS TO WHETHER ANY PRIOR LIENS CONTAIN ACCELERATION CLAUSES WHICH WOULD BE ACTIVATED BY A JUNIOR MORTGAGE.

**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 credit limit, or both, 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 the priority of our security interest such that the value of the interest is less than 120 percent of the credit line.
- The maximum annual percentage rate is reached.
- The creditor is notified by its regulatory agency that continued advances constitute an unsafe and unsound practice.

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

**MINIMUM-PAYMENT REQUIREMENTS:** You can obtain advances of credit (the Draw Period) for ten (10) years. During the Draw Period, your payments will be due monthly. Your minimum payment will equal the finance charges that accrue during each billing cycle. To calculate the total finance charges for a billing cycle, we apply the daily periodic rate to the ending daily balance on your account. These daily finance charges are then added together and the result is the total finance charge for the billing cycle. The minimum payment will not reduce the principal that is outstanding on your line during the Draw Period.

After the Draw Period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance on your account (the Repayment Period). The length of the Repayment Period is 20 years. During the Repayment Period, your payments will be due monthly. Your minimum monthly payment will be the amount of principal and interest needed to amortize the loan balance over the remaining Repayment Period.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances, it would take 30 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE of 7.000%**. During that period, you would make payments of \$57.53 during the 10 year Draw Period, followed by monthly payments of \$77.53 during the 20 year Repayment Period.

**FEES AND CHARGES:** To open and maintain an account, you must pay the following fees:

**REFUNDABILITY OF FEES:** If you decide not to enter into this plan within 3 days of receiving this disclosure and the Home Equity Booklet, you are entitled to a refund of any fee you may have already paid.

**THIRD PARTY FEES:** You may also be required to pay certain fees to third parties (such as appraisers, credit reporting firms, and government agencies) to open a line. These fees generally total between **\$1,200** and **\$2,800**. If you ask, we will give you an itemization of the fees you will have to pay to third parties. In New York, the title insurance premium (if applicable) and mortgage recording tax will be based on the maximum amount of the credit line available to you, regardless of how much is advanced to you at any time. If you engage a broker to arrange a line of credit for you, you may be charged fees by the broker for his/her services.

**PREPAYMENT/TERMINATION FEES:** N/A

**PROPERTY INSURANCE:** In addition to these fees and charges, you must carry insurance (including, without limitation, flood insurance if required) on the property that secures the line. You may select the insurance company or agent of your choice, provided the insurance company and coverage meet our requirements.

**MINIMUM CREDIT LINE REQUIREMENT:** The minimum credit line you can receive is generally **\$10,000.00**.

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

**VARIABLE-RATE FEATURE:** The line has a variable-rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result.

**APR:** A recent Annual Percentage Rate imposed on similar lines of credit is **7.000** %. The Annual Percentage Rate includes only interest and not other costs.

The annual percentage rate is based on the value of an index. The index is the highest **Prime Rate** as published in the "Money Rates" table of *The Wall Street Journal* as of the first business day of the calendar month. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your line, we add a margin to the value of the index and then round to the nearest 0.125%.

The initial rate has a "premium" and is not based on the index and margin used for later rate adjustments. The initial rate will be set at the minimum Annual Percentage Rate that may apply to your line.

The initial rate will be in effect for one (1) month.

☐ The initial annual percentage rate is "discounted" - it is not based on the index and margin used for later rate adjustments. The initial, discounted rate will be in effect during the first \_\_\_\_\_ months (approximately \_\_\_\_\_ months) after your line is open.

☒ The initial annual percentage rate is not discounted.

Ask us for the current index value, margins, discount and annual percentage rates. Margins vary depending on combined loan to value ratios, underwriting criteria and certain account features. After you open a credit line, rate information will be provided on periodic statements that we send you.

**RATE CHANGES:** The **ANNUAL PERCENTAGE RATE** can change monthly. The **ANNUAL PERCENTAGE RATE** that can apply is 10.000% and the Minimum rate is 5.000%. Apart from this rate "cap", there is no limit on the amount by which the rate can change during any one-year period.

**MAXIMUM-RATE AND PAYMENT EXAMPLES:** If the **ANNUAL PERCENTAGE RATE** during the draw period equaled the **10.000%** maximum and you had an outstanding balance of \$10,000.00, the minimum monthly payment would be **\$82.19**. If the initial rate is "discounted," this maximum **ANNUAL PERCENTAGE RATE** could be reached during the N/A billing cycle (approximately the N/A month) of the draw period. If the initial rate is not "discounted," this maximum **ANNUAL PERCENTAGE RATE** could be reached during the 1st month of the draw period, based on an initial rate of 10.000%.

If you had an outstanding balance of \$10,000.00 at the beginning of the repayment period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of **10.000%** would be **\$96.50**. This maximum annual percentage rate could be reached during the first month of the repayment period.

**HISTORICAL EXAMPLE:** The following table shows how the **ANNUAL PERCENTAGE RATE** and the minimum monthly payments for a \$10,000.00 outstanding balance would have changed based on changes in the index over the past 15 years. The index values are from the first business day of June of each year. While only one payment amount per year is shown, payments would have varied during each year.

The table assumes an outstanding balance of \$10,000, that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

|         | <b>Year</b> | <b>Index (%)</b> | <b>Margin (%) (1)</b> | <b>ANNUAL<br/>PERCENTAGE<br/>RATE (%)</b> | <b>Monthly<br/>Minimum<br/>Payment (\$)</b> |
|---------|-------------|------------------|-----------------------|-------------------------------------------|---------------------------------------------|
| (3)     | 2012        | 3.250            | 0.250                 | 5.000                                     | 41.10                                       |
| (3)     | 2013        | 3.250            | 0.250                 | 5.000                                     | 41.10                                       |
| (3)     | 2014        | 3.250            | 0.250                 | 5.000                                     | 41.10                                       |
| (3)     | 2015        | 3.250            | 0.250                 | 5.000                                     | 41.10                                       |
| (3)     | 2016        | 3.500            | 0.250                 | 5.000                                     | 41.10                                       |
| (3)     | 2017        | 4.000            | 0.250                 | 5.000                                     | 41.10                                       |
| (3)     | 2018        | 4.750            | 0.250                 | 5.000                                     | 41.10                                       |
|         | 2019        | 5.500            | 0.250                 | 5.750                                     | 47.26                                       |
| (3)     | 2020        | 3.250            | 0.250                 | 5.000                                     | 41.10                                       |
| (3)     | 2021        | 3.250            | 0.250                 | 5.000                                     | 41.10                                       |
| (2) (3) | 2022        | 4.000            | 0.250                 | 5.000                                     | 66.00                                       |
|         | 2023        | 8.250            | 0.250                 | 8.500                                     | 85.90                                       |
|         | 2024        | 8.500            | 0.250                 | 8.750                                     | 87.36                                       |
|         | 2025        | 7.500            | 0.250                 | 7.750                                     | 81.80                                       |
|         | 2026        | 6.750            | 0.250                 | 7.000                                     | 77.93                                       |

- (1) This is a margin we have used recently. Your margin may be different.  
(2) The loan repayment period begins in this year.  
(3) This is the minimum rate that can be applied (floor).