

## **IMPORTANT TERMS of our HOME EQUITY LINES OF CREDIT**

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**THIS DISCLOSURE CONTAINS INFORMATION ABOUT OUR VARIABLE RATE HOME EQUITY LINES OF CREDIT. YOU SHOULD READ IT CAREFULLY AND KEEP THIS COPY FOR YOURSELF. ALL TERMS 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 applicable 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) the value of the Security Property declines significantly below the appraised value upon which we relied in approving your application; (6) we reasonably believe that your ability to meet your payment obligations is impaired because of a material change in your financial circumstances; (7) 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% of your maximum credit limit; (8) the maximum interest rate under the plan is reached; or (9) 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.

### **Minimum Payment Requirements**

During the draw period, the Standard Variable Rate Plan has a Fixed Rate advance feature that allows you to request an advance that will be subject to a fixed Annual Percentage Rate for the time that a balance for that advance is outstanding. Balances for each Fixed Rate advance are maintained separately from balances on any Variable Rate advance. The Annual Percentage Rate charged for each Fixed Rate advance is determined at the time the advance is taken. Your Minimum Periodic Payment for each Fixed Rate advance will be determined at the time of each advance based on your request and our underwriting criteria. See the section Minimum Draw and Balance Requirements for information about limitations on the number and amount of any Fixed Rate advances.

The Minimum Payment Requirements for each Plan is described below.

#### **Standard Variable Rate Plan**

You can obtain advances for 240 months (the draw period). During the draw period, payments will be due on a monthly basis. During the draw period, your Minimum Periodic Payment for Variable Rate advances will be established at the close of each billing cycle at an amount equal to a percentage of your then unpaid Variable Rate principal balance. Except for Variable Rate balances having a current Interest Rate greater than 12.01%, your periodic payment will be an amount equal to 1.00% of your then unpaid balance. For Variable Rate balances having a current Interest Rate greater than 12.00%, your periodic payment will be an amount equal to 1.50% of your then unpaid balance. In all cases, your periodic payment is subject to the lesser of \$50.00 or your account balance.

After the draw period ends, you will no longer be able to obtain credit advances and must pay your outstanding balance (the repayment period). The length of the repayment period will depend on the date and the amount of your last advance but in no event will exceed 240 months. During the repayment period your Minimum Periodic Payment will be established on the first day of the repayment period at an amount equal to 1/240 of your then outstanding Variable Rate balance, plus any accrued but unpaid Finance Charges owed on your Variable Rate balance at the close of each billing cycle, subject to the lesser of \$50.00 or your account balance.

#### **Standard Variable Rate Plan (Fixed Rate Advances)**

You can obtain credit advances for 240 months (the draw period). During the draw period, payments will be due on a monthly basis. During the draw period, your Minimum Periodic Payment for fixed rate advances will be established at the time of each such advance to the amount necessary to fully amortize your outstanding Fixed Rate balance over a term of 60-240 months, subject to the lesser of \$50 or your Fixed Rate balance. Your specific Minimum Periodic Payment for fixed rate advances will be disclosed to you at the time of each such advance on a separate page titled "Fixed Rate Open-End Home Equity Account Advance Request".

After the draw period ends, you will no longer be able to obtain credit advances and must pay your outstanding balance (the repayment period). The length of the repayment period will depend on the date and the amount of your last advance but in no event will exceed 240 months. During the repayment period your Minimum Periodic Payment will be calculated in the same manner as during the draw period.

#### **Standard Variable Rate Plans**

The sum of the minimum periodic payments due for both Variable Rate and Fixed Rate balance(s) is the amount you owe for the billing cycle being accounted for.

Paying only the minimum payment may not be sufficient to fully amortize your unpaid balance by the end of the repayment period in which case, you will be required to pay your entire remaining balance in a single balloon payment on the Agreement Maturity Date.

#### **Minimum Payment Example**

##### **Standard Variable Rate Plan**

If you made only the minimum payments and took no other credit advances, it would take 227 months to pay off a Variable Rate credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.00%. During that period, you would make 226 monthly payments varying between \$100.00 and \$50.00, and a final payment of \$25.70.

##### **Standard Variable Rate Plan (Fixed Rate Advances)**

If you made only the minimum payments and took no other credit advances, it would take 60 months to pay off a fixed rate credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.50%\*. During that period, you would make 59 monthly payments of \$200.37 and a final payment of \$201.37.

\*This is an interest rate we have recently used and this rate does not include costs other than interest.

#### **Negative Amortization**

Under some circumstances, your payment will not cover the Finance Charges that accrue and Negative Amortization will occur. Negative Amortization will increase the amount that you owe us and reduce your equity in your home.

#### **Fees And Charges**

To open and maintain a line of credit, you may have to pay certain fees to third parties. These fees generally from \$400 to \$3,500. 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.

#### **Minimum Draw And Balance Requirements**

##### **Standard Variable Rate Plan (Fixed Rate Advances)**

The minimum fixed rate credit advance you can receive is \$5,000. The maximum number of fixed-rate advances you can receive in any 12-month period is two. The maximum number of fixed-rate advances outstanding at any given time is two.

#### **Tax Deductibility**

You should consult a tax advisor regarding the deductibility of interest and charges for the line of credit.

#### **Variable Rate Feature**

This plan has a Variable Rate feature. The Annual Percentage Rate (corresponding to the periodic rate), the number of your scheduled payments during the draw period, and the amount of your scheduled payments during the repayment period 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. The index is the highest Prime Rate as published in the Money Rates Section of The Wall Street Journal in effect on the last day of each billing cycle, rounded to the nearest .125 percentage point. If more than one rate is shown, we will use the higher rate. To determine the Annual Percentage Rate that will apply to your line of credit, 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 line of credit, rate information will be provided in periodic statements that we send you.

#### **Rate Changes**

Your Annual Percentage Rate can change monthly. There is no limit on the amount by which the interest rate can change during any one-year period other than the maximum and minimum Annual Percentage Rates that can apply at any time to this account.

The maximum **ANNUAL PERCENTAGE RATE** at any time is 18.00%. The minimum **ANNUAL PERCENTAGE RATE** at any time is 4.00%.

#### **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 18.00% would be \$150.00. This Annual Percentage Rate could be reached during the 1st month of the draw period.

If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$191.69. 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 credit advance would have changed based on changes in the index since 1996. The index is from The Wall Street Journal and is calculated on the first business day of September 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.

## STANDARD VARIABLE RATE

Year	Index	Margin <sup>(1)</sup>	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
1996	8.25	-0.25	8.00%	DRAW	\$100.00
1997	8.50	-0.25	8.25%	DRAW	\$96.07
1998	8.50	-0.25	8.25%	DRAW	\$92.53
1999	8.25	-0.25	8.00%	DRAW	\$89.12
2000	9.50	-0.25	9.25%	DRAW	\$85.62
2001	6.50	-0.25	6.25%	DRAW	\$83.30
2002	4.75	-0.25	4.50%	DRAW	\$78.63
2003	4.00	-0.25	4.00% <sup>(2)</sup>	DRAW	\$72.94
2004	4.50	-0.25	4.25%	DRAW	\$67.31
2005	6.50	-0.25	6.25%	DRAW	\$62.28
2006	8.25	-0.25	8.00%	DRAW	\$58.79
2007	8.25	-0.25	8.00%	DRAW	\$56.48
2008	5.00	-0.25	5.00%	DRAW	\$54.26
2009	3.25	-0.25	4.00% <sup>(2)</sup>	DRAW	\$50.58
2010	3.25	-0.25	4.00% <sup>(2)</sup>	DRAW	\$50.00 <sup>(3)</sup>

(1) This represents a margin we have recently used.

(2) This represents the 4.00% minimum interest rate.

(3) This represents the \$50.00 minimum payment.