

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about your Home Equity Open-End Credit Plan. 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 any of 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 paid to us or anyone else in connection with your application.

Security Interest: We will take a Security Interest on your home. You could lose your home if you do not meet the obligations in your agreement with us.

Possible Actions:

Termination and Acceleration

We can terminate the Home Equity Open-end Credit Plan and require you to pay us the entire outstanding balance in one payment and charge you certain fees if:

- (a) you commit fraud or material misrepresentation at any time in connection with this Plan;
- (b) you do not meet the repayment terms of this Plan;
- (c) your action or inaction adversely affects the collateral for the Plan or our rights in the collateral.

Suspension or Reduction

We can refuse to make additional extensions of credit or reduce your credit line if:

- (a) any reasons mentioned above exist;
- (b) the value of your dwelling declines significantly below its appraised value for purposes of this Plan;
- (c) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances;
- (d) you are in default of a material obligation of this Plan;
- (e) government action prevents us from imposing the **ANNUAL PERCENTAGE RATE** provided for under this Plan or impairs our security interest such that the value of the interest is less than 120 percent of the credit line;
- (f) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice;
- (g) the maximum **ANNUAL PERCENTAGE RATE** under this Plan is reached.

Change in Terms

Our home equity credit agreement permits us to make certain changes to the terms of this Plan at specified times or upon the occurrence of specified events.

Types of Plan/Annual Percentage Rate: We offer 2 different Home Equity Plans, as follows:

Fixed Rate Plan: The Fixed Rate Plan has a fixed Annual Percentage Rate for the term of the Plan. A recent fixed **ANNUAL PERCENTAGE RATE** that we have offered is 4.50%. Your rate may be different and will be disclosed to you at or before loan closing.

Variable Rate Plan: The Variable Rate Plan has a variable Annual Percentage Rate for the term of the Plan, and the rate will vary as the Index varies. See the Variable Rate Feature provision below for complete details.

Minimum Payment Requirements:

Fixed Rate: You can obtain advances of credit for 5 year(s) (the "draw period"). At our option, we may renew or extend the draw period. After the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance on your account (the "repayment period"). The length of the repayment period is 10 year(s). During the draw and repayment periods, payments will be due monthly.

During the draw period, your minimum monthly required payment will be equal to that amount required to repay the outstanding balance, after each advance, in 120 equal monthly payments. This payment will be recalculated every month in which you take an advance. At the start of the repayment period we will recalculate your payment to repay the entire outstanding balance in 120 equal monthly installments. Your monthly payment during the repayment period will not change. Your minimum required payment will also include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than the smaller of \$50.00, or the full amount that you owe.

Variable Rate: You can obtain advances of credit for 12 year(s) (the "draw period"). At our option, we may renew or extend the draw period. After the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance on your account (the "repayment period"). The length of the repayment period is 15 year(s). During the draw and repayment periods, payments will be due monthly.

During the draw period, your minimum monthly required payment will be equal to that amount required to repay the outstanding balance, after each advance, in 180 equal monthly payments. This payment will be recalculated every month in which you take an advance or the annual percentage rate changes. At the start of the repayment period we will recalculate your payment to repay the entire outstanding balance in 180 equal monthly installments. Your monthly payment during the repayment period will not change unless the annual percentage rate changes. If the annual percentage rate changes during the repayment period, we will adjust your payment to repay the balance by the end of the 180-month repayment period. Your minimum required payment will also include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than the smaller of \$50.00, or the full amount that you owe.

Balloon Payment: The minimum payment may not reduce the principal that is outstanding on your line by the final payment date. You will then be required to pay the entire balance in a single "balloon" payment. You will also be required to immediately pay the entire balance in a balloon payment if you terminate your Plan. 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 money. If you refinance the balloon, you may have to pay some or all of the closing costs normally associated with a new loan.

Minimum Payment Examples:

Fixed Rate: 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 4.50%. During that period, you would make 60 monthly payments of \$103.64 followed by 119 monthly payments of \$57.61, with a final payment of \$57.89.

Variable Rate: If you made only the minimum monthly payment and took no other credit advances, it would take 17 years and 3 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.50%. During that period, you would make 144 monthly payments of \$81.71 followed by 62 monthly payments of \$50.00, with a final payment of \$16.73.

Fees and Charges: To open and maintain an account, you must pay the following fees to us:

Application Fee: \$400.00 due at loan closing.

Late Charges: If your payment is 31 days past due, you will be charged 1% of the accrued interest or \$20.00, whichever is greater.

You must also pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These fees generally total \$400-1,200.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

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.

Access to the Plan: You may obtain advances under this Plan in person, by mail, by telephone, or by online banking.

Overdraft Protection: Upon your request and our approval, we may allow you to advance funds under this Plan to pay overdrafts.

Transaction Requirements: The minimum initial credit advance must be at least \$500.00. There is no minimum requirement for subsequent advances.

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

Refundability of Fees: If you decide not to enter into this Plan within three business days of receiving this disclosure and the handbook entitled "What You Should Know About Home Equity Lines of Credit," you are entitled to a refund of any fees you may have already paid.

Variable Rate Feature: This Plan has a variable rate feature, and the **ANNUAL PERCENTAGE RATE** and corresponding periodic rate and minimum payment can change as a result. The **ANNUAL PERCENTAGE RATE** may include costs other than interest.

The **ANNUAL PERCENTAGE RATE** is based on the value of an index. The index is the highest rate of interest identified as the 'Prime Rate' in the 'Money Rates' section of the Wall Street Journal. We will use the most recent index value available to us as of the last Friday of the previous month. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account, we add a margin to the value of the index and then round up to the nearest 0.25%.

Ask us for the current index value, margins and **ANNUAL PERCENTAGE RATES**. After you open an account, rate information will be provided on periodic statements that we send you.

Rate Changes: The **ANNUAL PERCENTAGE RATE** can change semi-annually on the first of January and July. There is no limit on the amount by which the **ANNUAL PERCENTAGE RATE** can change during any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18% or the maximum permitted by applicable law. The **ANNUAL PERCENTAGE RATE** will not fall below 5.50% during the Plan for 2nd liens and 4.50% for 1st liens.

Maximum Rate and Payment Example: If you had an outstanding balance of \$10,000, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$161.04. The maximum annual percentage rate could be reached in the 1st month following an initial hold of 30 days.

Prepayment: You may prepay all or any amounts owing under this Plan without penalty.

Historical Example: The following table shows how the 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 Friday of January.

The table assumes that no additional credit advances were taken and that only the minimum payment was made. It does not necessarily indicate how the index or your payments would change in the future.

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
2003	4.25	0.00	5.50 (2)	\$81.71
2004	4.00	0.00	5.50 (2)	\$81.71
2005	5.25	0.00	5.50 (2)	\$81.71
2006	7.25	0.00	7.25	\$89.58
2007	8.25	0.00	8.25	\$93.93
2008	6.50	0.00	6.50	\$86.96
2009	3.25	0.00	5.50 (2)	\$83.45
2010	3.25	0.00	5.50 (2)	\$83.45
2011	3.25	0.00	5.50 (2)	\$83.45
2012	3.25	0.00	5.50 (2)	\$83.45
2013	3.25	0.00	5.50 (2)	\$83.45
2014	3.25	0.00	5.50 (2)	\$83.45
2015 (3)	3.25	0.00	5.50 (2)	\$50.00
2016	3.50	0.00	5.50 (2)	\$50.00
2017	3.75	0.00	5.50 (2)	\$50.00

1. This is a margin we have used recently; your margin may be different.
2. This rate reflects a lifetime floor of 5.50% for 2nd liens. A first-lien loan would have a floor of 4.50% and would apply in years 2003, 2004, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017.
3. The repayment period begins in this year.