

## Important Terms of Our MasterLine Equity Loan Standard Program and Simultaneous Second Mortgage Program

**This disclosure contains important information about our MasterLine 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. To obtain the terms described below, you must submit your application within 30 days after the date appearing on this disclosure. 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 in/mortgage on your home. You could lose your home if you do not meet the obligations in your credit agreement with us. You must carry insurance on the property that secures this credit agreement.

**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:

- (a) You engage in fraud or material misrepresentation in connection with the line.
- (b) You do not meet the repayment terms.
- (c) 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:

- (a) You engage in fraud or material misrepresentation in connection with the line.
- (b) You do not meet the repayment terms.
- (c) Your action or inaction adversely affects the collateral or our rights in the collateral.
- (d) The value of the dwelling securing the line declines significantly below its appraised value for purpose of the line.
- (e) We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- (f) You are in default of a material obligation in the agreement.
- (g) Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- (h) A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- (i) The maximum annual percentage rate is reached.

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.

**MONTHLY INTEREST-ONLY PAYMENTS/MINIMUM PAYMENT REQUIREMENT:** You can obtain advances of credit for 10 years (the "draw period"). Your payments will be due monthly and will equal the finance charges that accrued on the outstanding balance during the preceding month. If the payment is determined to be less than \$50, the minimum payment will equal \$50 or the outstanding balance on your line, whichever is less. The minimum payment will not reduce the principal that is outstanding on your line. After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (the "repayment period"). The length of the repayment period will depend on the balance outstanding at the beginning of it. During the repayment period, payments will be due monthly and will equal 1.7% of the outstanding balance on your line including the finance charges that accrued on the outstanding balance or \$100, whichever is greater.

**MINIMUM PAYMENT EXAMPLE:** If you took a single \$10,000 advance and the ANNUAL PERCENTAGE RATE was 5.75%, it would take 19 years and 2 months to pay off the advance if you made only the minimum payments. During that period, you would make 120 monthly payments of \$50.00, followed by 110 monthly payments varying between \$164.35 and \$100.00 and one final payment of \$73.40.

**FEES AND CHARGES:** To open and maintain a line of credit, you may be required to pay the following fees to us:

- Appraisal: up to \$425.00
- Origination Fee: \$200.00 (due when account opened)

If you decide not to enter into this agreement, any fees that are collected at application are refundable for 3 business days from your receipt of this disclosure.

- You may also be required to pay fees to third parties to open a line. These fees generally do not exceed \$425. If you ask, we will give you an itemization of the fees you will have to pay to third parties.

Examples of additional fees which may be assessed during the term of the loan are as follows:

- Returned Check Charge: \$20.00
- Stop Payment Charge: \$20.00
- Late Payment Charge: 5% of the payment, not to exceed \$25.00, if payment is not received within 26 days after the statement end date on your statement.
- Over Credit Limit Fee: \$20.00

**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. 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 published daily in the Wall Street Journal's listing of "Money Rates" (the "Index"). If the Wall Street Journal ceases to publish the Index, we will choose a substitute index that is based upon comparable information and, if necessary, a substitute margin, so that the change in the index results in substantially the same rate as required under the previous index. Unless you qualified for the special introductory rate (see below), the annual percentage rate for the monthly billing period during which any advance (including the first advance) is made would be determined by adding a margin to the value of the index. You should ask us for the current index value, margin, discount or premium, and annual percentage rate. 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 monthly. The maximum ANNUAL PERCENTAGE RATE that can apply is 15% and the minimum ANNUAL PERCENTAGE RATE is 4.75%. Apart from this "cap" and "floor", there is no limit on the amount by which the rate can change during any one-year period.

**IMPORTANT TERMS OF OUR MASTERLINE EQUITY LOAN (continued)**

**MAXIMUM RATE AND PAYMENT EXAMPLE:** If you had an outstanding balance of \$10,000, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 15% would be \$170.00. This annual percentage rate could be reached during the first month of the loan term.

**HISTORICAL EXAMPLE:** The following table shows how the annual percentage rate and 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 the month of July of each year. While only one payment amount per year is shown, payments would have varied during each 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 each year. It does not necessarily indicate how the index or your payments will change in the future.

YEAR	INDEX (%)	MARGIN (%) <sup>1</sup>	ANNUAL PERCENTAGE	MINIMUM	PAYMENTS (\$)
			RATE (%) <sup>2</sup>	Monthly Interest Only	Monthly 1.7% of Balance Or \$100.00
				Draw Period	Repayment Period
1999	8.00	2.50	10.50	\$ 87.50	
2000	9.50	2.50	12.00	\$100.00	
2001	6.75	2.50	9.25	\$ 77.08	
2002	4.75	2.50	7.25	\$ 60.42	
2003	4.00	2.50	6.50	\$ 54.17	
2004	4.25	2.50	6.75	\$ 56.25	
2005	6.25	2.50	8.75	\$ 72.92	
2006	8.25	2.50	10.75	\$ 89.58	
2007	8.25	2.50	10.75	\$ 89.58	
2008	5.00	2.50	7.50	\$ 62.50	
2009	3.25	2.50	5.75		\$170.00
2010	3.25	2.50	5.75		\$146.70
2011	3.25	2.50	5.75		\$126.60
2012	3.25	2.50	5.75		\$109.26
2013	3.25	2.50	5.75		\$100.00 <sup>3</sup>

<sup>1</sup> This is a margin we have used recently; your margin may be different.  
<sup>2</sup> The minimum lifetime annual percentage rate will never be lower than 4.75%.  
<sup>3</sup> \$100 minimum payment is required.

**RATE LOCK OPTION:** At any time during the 10-year Draw Period, you may convert the interest rate and repayment schedule, for up to the amount of the then outstanding credit line balance (not including any previously locked principal balance), subject to the following conditions:

- The Rate Lock Option repayment period will be either 5, 10 or 15 years and any Rate Lock Option that is established with a maturity date that exceeds the end of the "Draw period" for the line of credit will remain in effect and continue to be secured by the Mortgage/Deed of Trust/Security Agreement until all balances, accrued interest and fees have been paid in full.
- You can exercise the conversion option for the entire outstanding balance of your line of credit, or any portion of at least \$7,500.00.
- Your line of credit and all Rate Lock Options in effect at the time that your request is received must be current and up to date.
- You can have no more than 5 Rate Lock Options in effect at any one time. The fee for each will be \$50.
- The unpaid principal balance is part of your maximum credit limit, and a principal portion of each payment amount will replenish your credit limit as of the date a payment is posted.
- You cannot add an amount or modify the rate or term on a Rate Lock Option after it is established; each is a separate event.

**Rate Determination:** the annual percentage rate will be based upon our standard simple interest fixed rate home equity loan rates for the amount and repayment term requested that are in effect as of the date that the Rate Lock Option Modification is received at the bank. Your rate may not be the same as your current line of credit rate.

**Payment:** Each Rate Lock Option will have its own payment amount and maturity schedule, determined by applying the rate to the Rate Lock Option amount for the term of the lock, and producing equal monthly payments over the term of the Rate Lock Option. The final payment will be the remaining amount of principal and interest due and this amount may be different from the regular monthly payment.

**Minimum Payment:** The minimum monthly payment due for the MasterLine will be the sum of the fixed monthly payments for all Rate Lock Options in effect, plus the minimum monthly payment due for balances outstanding on the line of credit.

**Method:** You can establish a Rate Lock Option by contacting us. A full disclosure of all terms will be provided to you at the time the Rate Lock Option is established.

***This is not a commitment to make a loan. You hereby acknowledge receipt of this MasterLine Home Equity Line of Credit disclosure and a copy of the Home Equity booklet.***

\_\_\_\_\_  
Applicant Signature Date Applicant Signature Date

\_\_\_\_\_  
Lender's Signature Date