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IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT - VARIABLE RATE

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 prior to the opening of your Home Equity account. 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 mortgage on 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 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 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 our security interest such that the value of the interest is less than 120 percent of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum **Annual Percentage Rate** is reached.

Minimum Payment Requirements: 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. The length of the repayment period will depend on the balance at the time of the last advance you obtain before the draw period ends. The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. Periodically, we will review the effect interest rate increases have had on your account. If the **Annual Percentage Rate** has increased so much that your payment is no longer sufficient to repay the balance within the payoff period, your payment will be increased by the amount necessary to repay the balance within the original payoff period. Your payment will remain the same unless you obtain another credit advance. The minimum payment is the scheduled periodic payment plus any past due amount plus any amount in excess of your credit limit and all other charges. You agree to always pay the minimum amount due on or before the due date.

Variable Rate Option: You can obtain loan advances for 5 years (the draw period). At our option we may extend or renew the draw period. After the draw period ends the repayment period will begin. The length of the repayment period will depend on the balance at the time of your last advance before the draw period ends, but will not be more than 15 years. You will be required to make monthly payments during both draw and repayment periods. During the draw period your minimum payment will equal the interest that accrued on the outstanding balance during the preceding month. If the interest rate increases your payment will be higher. At the beginning of the repayment period we will recalculate your payment based on a payoff period as follows at the current **Annual Percentage Rate**:

Range of balances	payoff period
Up to \$20,000.00	84 monthly payments
\$20,000.01 - \$75,000.00	144 monthly payments
\$75,000.01 and above	180 monthly payments

During the repayment period, each time the **Annual Percentage Rate** changes, we will amortize your payment to repay the balance with the time remaining to maturity. During the repayment period your payment will never be less than the smaller of \$50 or the full amount you owe.

During both draw and repayment period your minimum payment will include any amounts past due and any amounts in excess of your credit limit and all other charges.

Minimum Payment Example –

If you only made the minimum payment and took no other loan advances it would take 12 years to pay off a loan advance of \$10,000 at an **Annual Percentage Rate** of 3.75%. You would make 60 payments of \$50.00 during the draw period. You would make 84 monthly payments of \$118.80 during the repayment period.

Annual Percentage Rate: When Rates Change/Index: We will determine the Periodic Rate and corresponding **Annual Percentage Rate** as follows: We start with an independent index, (the "Index"), which is the Prime Rate as published in the Wall Street Journal and available to us as of the 21st day of the month preceding each rate adjustment. When a range of rates is published we will use the highest. To determine the Daily Periodic Rate that will apply to your account, we add a margin to the value of the index, then we divide this sum by the number of days in a year (365). To obtain the **Annual Percentage Rate** we multiply the Daily Periodic Rate by the number of days in a year (annual). This result is the **Annual Percentage Rate**.

The **Annual Percentage Rate** may change on the first day of each month. The **Annual Percentage Rate** may not increase or decrease by more than 4% each year. Minimum and maximum **Annual Percentage Rate** limitations are set forth above.

