

Home Equity Early Disclosure Texas

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN

This disclosure contains important information about our Home Equity Line of 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 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 pay to us or anyone else in connection with your application.

SECURITY INTEREST: We will take a security interest in 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, and charge you certain fees, if (1) you engage in fraud or material misrepresentation in connection with the Plan; (2) you do not meet the repayment terms of this Plan, or (3) 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 (1) any reasons mentioned above exist; (2) the value of the dwelling securing the line declines significantly below its appraised value for purposes of the line; (3) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (4) you are in default of a material obligation of the agreement; (5) government action prevents us from imposing the annual percentage rate provided for in the agreement; (6) the priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit line; (7) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (8) the maximum annual percentage rate is reached.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 10 years. This period is called the "draw period." At our option, we may renew or extend the draw period. After the draw period ends the repayment period will begin. The length of the repayment period will be 10 years. You will be required to make monthly payments during both the draw and repayment periods. During the draw period, your minimum monthly payment will be equal to 1.25% of your outstanding balance each month or \$100.00, whichever is greater. Any increase in the rate will result in more payments. If the interest rate increases so much that the minimum payment is not adequate to pay the accrued finance charges (interest), we will increase your payment to the amount necessary to cover the interest that is due.

At the beginning of the repayment period, an amortization period of 120 months will be used to recalculate your payment. Your payment will change if the annual percentage rate increases or decreases. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the time remaining to maturity. Your payment will never be less than the smaller of \$100.00, or the full amount that you owe.

During both the draw and repayment periods, your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 12 years 3 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.5%. During that period, you would make 120 payments of \$100.00 to \$125.00, followed by 26 payments of \$100.00 and one (1) final payment of \$86.34.

FEES AND CHARGES: You may be required to pay certain fees to third parties to open the Plan. These fees generally total between \$300.00 and \$1000.00. If you ask, we will provide you with an itemization of the fees you may be required 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.

REFUNDABILITY OF FEES: If you decide not to enter into this Plan within three business days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

TRANSACTION REQUIREMENTS: The minimum credit advance that you can receive is \$4,000.00 for the first advance and \$4,000.00 for each subsequent advance.

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

VARIABLE RATE FEATURE: This Plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum payment may 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 Prime Rate published in the Wall Street Journal. When a range of rates has been published, the highest rate is used. We will use the most recent index value available to us as of the 10th day of the month preceding any annual percentage rate adjustment unless no index values are published on such date, in which case we will look at the index value available to us on the next business day.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the index. If the rate is not already rounded we then round up to the next .25%. Ask us for the current index value, margin and annual percentage rate. After you open a Plan, rate information will be provided on periodic statements that we send you.

RATE CHANGES: The annual percentage rate can change on the first day of each month. 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 law, whichever is less.

A minimum annual percentage rate will apply to this Plan herein referred to as the "Minimum Rate". Under no circumstances will your **ANNUAL PERCENTAGE RATE** go below the minimum rate at any time during the term of this Plan. This disclosure's loan examples assume a minimum **ANNUAL PERCENTAGE RATE** of 3.5%. The minimum rate that will apply to your Plan will be disclosed to you at the time you establish a Plan on the Home Equity Addendum. Ask us for the specific rate limitations that will apply to your credit line.

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% would be \$152.88. This annual percentage rate could be reached at the time of the 1st payment during 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% would be \$180.17. This annual percentage rate could be reached at the time of the 1st payment during the repayment period.

FIXED RATE OPTION: This Plan has a fixed rate option (the "option"). At any time during the draw period you may convert the interest rate on an advance/balance to a fixed rate until it is repaid. You may exercise the option for up to two amounts at any one time. Each option must be exercised for an amount of at least \$2,500.00.

When you exercise the option, the fixed rate will be based on the Wall Street Journal Prime Rate in effect on the date you elect the fixed rate option, plus a margin. The margin will be disclosed at the time you elect the option. You may contact us for the current prime rate value, margin and fixed annual percentage rate.

When you exercise the option, you will elect a payoff period of 60, 120 or 180 months. Your payment will be set to repay the amount, at the applicable fixed rate, within the payoff period selected or the number of months remaining to the maturity date of your Plan, whichever is sooner. Your minimum payment will be calculated separately from the minimum payment on your variable rate, and the other fixed rate options you may have. Your payment will include all amounts past due and all other charges.

You may not exercise the option if your credit limit will be exceeded. Your credit limit will apply to the combined total of all amounts owing under the Plan. All future advances will be at the current variable rate according to the terms disclosed above, unless another option is exercised.

MARGIN: The margin you receive will be based on your credit score and Loan to Value (LTV) when the Plan is established. Please ask us for the margin that you qualify for. You may receive a different margin than what appears in the Historical Example.

HISTORICAL EXAMPLE: The following table shows how the annual 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 business day of January of each year. While only one payment per year is shown, payments may 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.

WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2011	3.250	0.000	3.500 ⁽²⁾	\$125.00
2012	3.250	0.000	3.500 ⁽²⁾	\$111.36
2013	3.250	0.000	3.500 ⁽²⁾	\$100.00 ⁽³⁾
2014	3.250	0.000	3.500 ⁽²⁾	\$100.00 ⁽³⁾
2015	3.250	0.000	3.500 ⁽²⁾	\$100.00 ⁽³⁾
2016	3.500	0.000	3.500	\$100.00 ⁽³⁾
2017	3.750	0.000	3.750	\$100.00 ⁽³⁾
2018	4.500	0.000	4.500	\$100.00 ⁽³⁾
2019	5.500	0.000	5.500	\$100.00 ⁽³⁾
2020	4.750	0.000	4.750	\$100.00 ⁽³⁾
2021	3.250	0.000	3.500 ⁽²⁾	
2022	3.250	0.000	3.500 ⁽²⁾	
2023	7.500	0.000	7.500	
2024	8.500	0.000	8.500	
2025.....	7.500	0.000	7.500	

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a 3.500% floor.

⁽³⁾ This payment reflects the minimum payment of \$100.00.