

G-14(C) Early Disclosure Sample (Home-equity Plans)

Joe Smith & Jane Doe
1234 Main Street,
Anytown, ST 12345

December 20, 2011
XXX Bank
Loan Officer: 12345 1234

You have applied for a home equity line of credit.

Borrowing Guidelines	
Credit Limit	\$80,000
First Transaction	You must borrow at least \$10,000 when you open the account.
Minimum Transaction	After the initial transaction, each transaction you make must be at least \$300 .
Minimum Balance	You must keep a balance of at least \$500 .

Annual Percentage Rate	
Annual Percentage Rate (APR)	4.00% introductory APR for the first six months. After that, your APR will be 5.25% . This is a <u>variable rate</u> that will change monthly based on the Prime Rate plus 1.00%. There is no limit on how much the rate can change in one year.
Maximum APR	24.99%
Historical Changes to Prime Rate	Over the past 15 years, the Prime Rate has varied between 4.25% and 10.00%.

Fees	
Refundability of Fees	We will refund all fees you paid if you tell us that you do not want to open an account: <ul style="list-style-type: none">• for any reason within three business days after you receive this statement; or• any time before your account is opened if any of these terms (other than the APR) changes.
Total Account Opening Fees	Up to \$1,740 , for the following: <ul style="list-style-type: none">• \$350 for loan origination• \$800 for loan discount• \$295 for underwriting• \$200 - \$295 for appraisal
Annual Fee	\$50
Early Termination Fee	\$500 or .125% of the credit limit, whichever is greater, if you close your account within three years.
Other Fees	Other fees will apply, such as penalty fees and fees to make transactions on the account. Ask us for additional information about other fees.

Borrowing and Repayment Terms	
Length of Credit Plan	20 years, divided into two periods: <ul style="list-style-type: none">• Borrowing Period (Years 1-10): During this time you can borrow money.• Repayment Period (Years 11-20): During this time you cannot borrow money. You must make a minimum monthly payment during both periods.
Balloon Payment	Depending on the terms of your payment plan, if you make only the minimum monthly payment you may not pay off your entire balance by the end of the repayment period. If this happens, you will have to pay the remaining balance in a single payment, known as a "balloon payment."

Payment Plans	
This table shows how we determine minimum monthly payments for two plans that we offer. Other payment plans may be available. Ask us for details.	
Plan A	<ul style="list-style-type: none">• Borrowing Period (Years 1-10): Your minimum monthly payment would cover interest plus 1.5% of the balance.• Repayment Period (Years 11-20): Your minimum monthly payment would cover interest plus enough principal to pay off your entire balance by the end of the repayment period. You would not owe a balloon payment.
Plan B	<ul style="list-style-type: none">• Borrowing Period (Years 1-10): Your minimum monthly payment would cover only interest and you would not pay down your balance.• Repayment Period (Years 11-20): Your minimum monthly payment would cover interest plus 1% of the balance. You would owe a balloon payment.

Plan Comparison: Sample Payments on an \$80,000 Balance

The table shows examples of your first monthly payments at the current and maximum APRs under each plan if you borrow **\$80,000** when you open your account and do not borrow any more money.

These are not your actual payments. Your actual payment each month will depend on the amount that you have borrowed and the interest rate that month.

Sample Payments under Plan A

APR	Borrowing Period (Years 1-10) First Payment	Balance at Start of Repayment Period	Repayment Period (Years 11-20) First Payment
5.25% (current)	\$1,550.00	\$13,045.00	\$140.00
24.99% (max.)	\$2,866.00	\$13,045.00	\$297.00

Sample Payments under Plan B

APR	Borrowing Period (Years 1-10) First Payment	Balance at Start of Repayment Period	Repayment Period (Years 11-20) First Payment
5.25% (current)	\$350.00	\$80,000.00	\$1,150.00
24.99% (max.)	\$1,666.00	\$80,000.00	\$2,466.00

Plan A vs. Plan B

- Under Plan A, you would pay **less** over time and **would not** owe a balloon payment.
- Under Plan B, you would pay **more** over time and **would** owe a balloon payment if you make only the minimum monthly payments. In the example above, the balloon payment would be \$23,950.43.

Fixed Interest Rate Option

During the borrowing period under either payment plan, you have the option to borrow at a fixed interest rate an amount up to your available credit limit. Ask us for details.

Risks

You Could Lose Your Home	Your credit plan will be secured by your home. This means you could lose your home if you cannot repay the money you owe, or otherwise default.
You May Not Be Able to Borrow From Your Line of Credit	Under certain circumstances, we can: <ul style="list-style-type: none"> • Terminate your line of credit, make you pay the outstanding balance in one payment, and charge you fees upon termination; • Not allow you to borrow any more money, even if you have borrowed less than your credit limit; • Lower your credit limit; and • Make other changes to the plan. Ask us for more information about when we can take these actions.
The Interest You Pay May Not Be Tax-Deductible	If you borrow more than your home is worth, the interest on the extra amount may not be deductible for federal income tax purposes. Consult a tax advisor to find out whether the interest you pay is deductible.

- ➔ You have no obligation to accept these terms. These terms could change before we open your account.
- ➔ You may be entitled to a refund of all fees you paid if you decide not to open an account. See “Fees” section above for more details.
- ➔ Ask questions if you do not understand any part of this form.
- ➔ For more information, go to www.xxx.gov.

By signing below, I acknowledge receipt of this form.

Borrower’s Signature

Date