



HomeTrust Bank

P.O Box 10

Asheville, N.C. 28802-0010

EQUITY LINE-OF-CREDIT

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.

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, and charge you certain fees 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.

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.

Minimum Payment Requirements: You can obtain advances of credit for 10 years (the "draw period"). During the draw period, payments will be due monthly. Your minimum monthly payment will be the finance charges that accrue during each statement cycle. This type of payment is commonly referred to as an "interest-only" payment. Paying only the minimum payment during the draw period 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 over 15 years (the "repayment period"). During the repayment period, payments will be due monthly. Your minimum monthly payment will equal 1/180th of the balance that was outstanding at the end of the draw period, plus the finance charges that accrue during each statement cycle.

Minimum Payment Example: If you made only the minimum monthly payments and you took no other credit advances, it would take 25 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.00%. During that period, you would make 120 monthly "interest-only" payments of \$41.67 during the draw period, followed by 180 amortizing monthly payments ranging from \$54.99 to \$97.23 during the repayment period.

Fees and Charges: No fees must be paid to the bank to open and maintain a line-of-credit. However, you must pay certain fees to third parties to open your credit line. These fees and charges generally total between \$350 and \$750¹.

From time-to-time, the bank offers special promotional programs that may reduce the total fees and charges payable to third parties in connection with your credit line. If you ask, we will give you an itemization estimating

the specific third-party fees and charges we expect you to incur in conjunction with your credit line.

¹If the property securing your line-of-credit is located in Virginia, an additional recordation tax is payable to the Commonwealth when you establish your credit line. This tax varies based on location, but approximates 25¢ on every \$100 borrowed. You will be responsible for the payment of all taxes and recordation fees in connection with your credit line. Taxes and fees related to recordation may not be deferred, and will not be forgiven.

Minimum Draw and Balance Requirements:

With our standard home equity Account, there is no minimum Advance requirement with your Account and you are not required to maintain an outstanding balance to maintain the Account.

From time-to-time, the bank will offer a promotional interest rate for the first year of the home equity Account. If you choose an Account with a reduced, promotional Initial Interest Rate for the first year, you must agree to receive an initial advance of \$10,000 or more at closing, and you must maintain this outstanding balance of \$10,000 or more for 12 months to keep the promotional Initial Interest Rate in effect for the first year.

Otherwise, advances may be processed in any amount unless you elect to use the account as overdraft protection on your checking account, in which case advances to checking will be processed in increments of \$100.

An outstanding balance is not required to maintain the Account.

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

Variable Rate Information: This account 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 initial annual percentage rate may not be equal to the current index value and margin used to make subsequent adjustments, and it may reflect an interest rate discount or an interest rate premium. Ask us to tell you the current index value, margin, annual percentage rate, and the

amount of any interest rate discount or premium that will apply to your loan.

If a promotional interest rate is available and you agree to receive an initial advance of \$10,000 or more at closing, your initial annual percentage rate will be "discounted" and locked for a period of 12 months or until your loan balance is reduced below the amount of the required initial advance, whichever should occur first. In all other cases, the initial annual percentage rate is not locked and subject to change daily.

After the initial rate expires, the annual percentage rate is based on the value of an index and subject to change daily. The index is the highest Prime Rate published in the "Money Rates" section of Eastern Edition of *The Wall Street Journal* on the prior business day. To determine the annual percentage rate that will apply to your account, we add a margin to the value of the index.

After you open your account, rate information will be provided on the periodic statements that we will send.

Rate Changes: As described earlier, the initial annual percentage rate can be locked, subject to conditions, for a period of up to 12 months. Otherwise, the annual percentage rate can change daily.

There is no limit on the amount by which the rate can change in any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 16%.

A minimum **ANNUAL PERCENTAGE RATE** will be required once the rate is subject to change. The minimum rate on your loan will be 5% or less. Ask us for the minimum interest rate 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 monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 16% would be \$133.33. This annual percentage rate could be reached the first day after your loan is originated unless your initial annual percentage rate is locked, in which case it could occur in the first month after your rate lock ceases to be in effect.

If you had an outstanding balance of \$10,000 at the beginning of the **repayment** period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 16% would be \$188.89. This **ANNUAL PERCENTAGE RATE** could be in effect on the first day of the repayment period.

Historical Example: The following table shows how the **ANNUAL PERCENTAGE RATE** and the minimum monthly 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 July each year. While only one payment amount per year is shown below, payments would have varied during each year. This example assumes an initial index rate of 4.75%, a margin of .500%, and an interest rate discount of 1.75% in effect for the first year. This is a discount we have used recently. Ask us to tell you the current index value, margin, annual percentage rate, and the amount of any interest rate discount or premium that applies to your credit line.

The table assumes that no additional credit advances were taken, that only the minimum payments were made each month, and 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 ¹	ANNUAL PERCENTAGE RATE	DRAW PERIOD MONTHLY PAYMENT
DRAW PERIOD – Interest-only Payments				
2002	4.750%	0.500%	3.500 ²	\$29.17
2003	4.000	0.500	5.000 ³	41.67
2004	4.250	0.500	5.000 ³	41.67
2005	6.250	0.500	6.750	56.25
2006	8.250	0.500	8.750	72.92
2007	8.250	0.500	8.750	72.92
2008	5.000	0.500	5.500	45.83
2009	3.250	0.500	5.000 ³	41.67
2010	3.250	0.500	5.000 ³	41.67
2011	3.250	0.500	5.000 ³	41.67
REPAYMENT PERIOD – Amortizing Payments				
2012	3.250%	0.500%	5.000 ³	\$97.23
2013	3.250	0.500	5.000 ³	94.45
2014	3.250	0.500	5.000 ³	91.67
2015	3.250	0.500	5.000 ³	88.89
2016	3.500	0.500	5.000 ³	86.11

¹This is a margin we have used recently.

²This rate reflects the interest rate discount.

³This rate reflects the minimum interest rate (“floor”). The floor takes effect after the initial interest rate expires. Ask us for the current floor.

⁴This rate reflects the maximum interest rate (“ceiling” or “lifetime rate cap”).