



HomeTrust Bank

P.O Box 10

Asheville, N.C. 28802-0010

## EQUITY LINE-OF-CREDIT

(Fixed Rate of Interest)

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 initial agreement permits us to make certain changes to the terms of the agreement at specified times or upon the occurrence of specified events.

**ANNUAL PERCENTAGE RATE (A.P.R.):** The A.P.R., which includes only interest and no other charges, will not change during the term of your loan. Examples in this disclosure are based on a recent A.P.R. of 6.00%, but this may not be the A.P.R. charged on your loan. Be sure to ask us what the A.P.R. will be on your credit line.

**Minimum Payment Requirements:** You can obtain advances of credit for five (5) 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 10 years (the "repayment period"). During the repayment period, payments will be due monthly. Your minimum monthly payment will equal 1/120<sup>th</sup> of the balance that was outstanding at the end of the draw period, plus the finance charges that accrue during each statement cycle.

Although the A.P.R. will not change during the term of the loan, your minimum monthly payment will vary based on the number of days in the billing cycle.

**Minimum Payment Example:** If you made only the minimum monthly payments and you took no other credit advances, it would take 15 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.00%. During that period, you would make 60 monthly "interest-only" payments of \$50.00 during the draw period, followed by 120 amortizing monthly payments ranging from \$88.33 to \$133.33 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 a line. These fees generally total between \$350 and \$750<sup>1</sup>. If you ask, we will give you an itemization of the specific third-party fees and charges we expect you to pay to incur in conjunction with your credit line.

<sup>1</sup> If 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:**

There is no minimum Advance requirement and Advances may be processed in any amount unless you elect to use the credit line 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.