

# HOME EQUITY APPLICATION DISCLOSURE

THE FIRST NATIONAL BANK IN CARLYLE  
Carlyle Branch  
1350 12th St.  
Carlyle, IL 62231

## IMPORTANT TERMS OF OUR HOME EQUITY APPLICATION DISCLOSURE

This disclosure contains important information about our HOME EQUITY (the "Plan" or the "Credit Line"). You should read it carefully and keep a copy for your records.

**AVAILABILITY OF TERMS.** All of the terms of the Plan described herein are subject to change. If any of 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 paid 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.** Under this Plan, we have the following rights: We can terminate your account, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- (a) You engage in fraud or material misrepresentation in connection with the Plan.
- (b) You do not meet the repayment terms of the Plan.
- (c) Your action or inaction adversely affects the collateral for the Plan or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- (a) The value of the dwelling securing the Plan declines significantly below its appraised value for purposes of the Plan.
- (b) We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- (c) You are in default of a material obligation of the Plan.
- (d) Government action prevents us from imposing the annual percentage rate provided for under the Plan or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- (e) A government authority has notified us that continued advances would constitute an unsafe business practice.
- (f) The maximum annual percentage rate is reached.

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

**Fees and Charges.** In order to open and maintain an account, you must pay certain fees and charges.

**Lender Fees.** The following fees must be paid to us:

Description	Amount	When Charged
Origination Fee:	\$200.00	At Account Opening
Stop Payment Fee:	\$25.00	At the time you request a Stop Payment

**Late Charge.** Your payment will be late if it is not received by us within **10 days after the "Payment Due Date" shown on your periodic statement.** If your payment is late we may charge you 5.000% of the payment.

**Third Party Fees.** You must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies.

These third party fees generally total between \$100.00 and \$750.00. Upon request, we will provide you with an itemization of the fees you will have to pay to third parties.

**PROPERTY INSURANCE.** You must carry insurance on the property that secures the Plan.

**MINIMUM PAYMENT REQUIREMENTS.** You can obtain advances of credit during the following period: 120 Months (the "Draw Period"). Your Regular Payment will equal the amount of your accrued FINANCE CHARGES. You will make 119 of these payments. You will then be required to pay the entire balance owing in a single balloon payment. If you make only the minimum payments, you may not repay any of the principal balance by the end of this payment stream. Your payments will be due monthly. Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your Regular Payment.

**MINIMUM PAYMENT EXAMPLE.** If you made only the minimum payment and took no other credit advances, it would take 10 years to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 6.000%. During that period, you would make 119 monthly payments ranging from \$46.03 to \$50.96 and one final payment of \$10,050.96.

**TRANSACTION REQUIREMENTS.** The following transaction limitations will apply to the use of your Credit Line:

**Telephone Request and In Person Request Limitations.** The following transaction limitations will apply to your Credit Line and requesting an advance by telephone and requesting an advance in person.

**Minimum Advance Amount.** The minimum amount of any credit advance that can be made on your Credit Line is \$50.00.

**Credit Line Advance Check Limitations.** There are no transaction limitations for the writing of Advance Checks.

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

**VARIABLE RATE FEATURE.** The Plan has a variable rate feature. The ANNUAL PERCENTAGE RATE (corresponding to the periodic rate), and the minimum payment amount can change as a result. The ANNUAL PERCENTAGE RATE does not include costs other than interest.

## HOME EQUITY APPLICATION DISCLOSURE (Continued)

**THE INDEX.** The annual percentage rate is based on the value of an index (referred to in this disclosure as the "Index"). The Index is the Prime Rate. Information about the Index is available or published daily in the Wall Street Journal. We will use the most recent Index value available to us as of the first day of each month, for any annual percentage rate adjustment. If the Index is no longer available, we will choose a new Index and margin. The new Index will have an historical movement substantially similar to the original Index, and the new Index and margin will result in an annual percentage rate that is substantially similar to the rate in effect at the time the original Index becomes unavailable.

**ANNUAL PERCENTAGE RATE.** To determine the Periodic Rate that will apply to your account, we add a margin to the value of the Index, round that sum up to the nearest 0.125%, then divide the rounded value by 365 days. To obtain the ANNUAL PERCENTAGE RATE we multiply the Periodic Rate by the number of days in a year (366 during leap years). This result is the ANNUAL PERCENTAGE RATE. A change in the Index rate generally will result in a change in the ANNUAL PERCENTAGE RATE. However, if the Index rate change since the previous adjustment is less than 0.125%, the ANNUAL PERCENTAGE RATE will not change. The amount that your ANNUAL PERCENTAGE RATE may change also may be affected by the lifetime annual percentage rate limits, as discussed below.

Please ask us for the current Index value, margin and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we send you.

**FREQUENCY OF ANNUAL PERCENTAGE RATE ADJUSTMENTS.** Your ANNUAL PERCENTAGE RATE can change MONTHLY. There is no limit on the amount by which the annual percentage rate can change during any one year period. However, under no circumstances will your ANNUAL PERCENTAGE RATE exceed 15.000% per annum or, go below 3.990% per annum at any time during the term of the Plan.

**MAXIMUM RATE AND PAYMENT EXAMPLE.** If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 15.000% would be \$127.40. This ANNUAL PERCENTAGE RATE could be reached at the time of the 1st payment.

**PREPAYMENT.** You may prepay all or any amount owing under the Plan at any time without penalty.

**HISTORICAL EXAMPLE.** The example below shows how the ANNUAL PERCENTAGE RATE and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the Index from 2005 to 2019. The Index values are from the following reference period: 1st week in January. While only one payment per year is shown, payments may have varied during each year. Different outstanding principal balances could result in different payment amounts.

The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during the year. It does not necessarily indicate how the Index or your payments would change in the future.

**INDEX TABLE**

Year (1st week in January)	Index (Percent)	Margin (1) (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2005.....	5.250....	0.500	5.750	48.84
2006.....	7.250....	0.500	7.750	65.82
2007.....	8.250....	0.500	8.750	74.32
2008.....	7.250....	0.500	7.750	65.82
2009.....	3.250....	0.500	3.990 (8)	33.89
2010.....	3.250....	0.500	3.990 (8)	33.89
2011.....	3.250....	0.500	3.990 (8)	33.89
2012.....	3.250....	0.500	3.990 (8)	33.89
2013.....	3.250....	0.500	3.990 (8)	33.89
2014.....	3.250....	0.500	3.990 (8)	33.89
2015.....	3.250....	0.500	3.990 (8)	33.89
2016.....	3.500....	0.500	4.000	
2017.....	3.750....	0.500	4.250	
2018.....	4.500....	0.500	5.000	
2019.....	5.500....	0.500	6.000	

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

(8) This A.P.R. reflects a 3.990 percent floor.

### BORROWER ACKNOWLEDGMENT

The Borrower, after having read the contents of the above disclosure, acknowledges receipt of this Disclosure Statement and further acknowledges that this Disclosure was completed in full prior to its receipt. The Borrower also acknowledges receipt of the handbook entitled "What you should know about Home Equity Lines of Credit".

**HOME EQUITY APPLICATION DISCLOSURE  
(Continued)**

**BORROWER:**

X \_\_\_\_\_ Date  
Borrower

X \_\_\_\_\_ Date  
Borrower