

## **IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT**

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**Retention of Information:** 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** as a result of fluctuations in the index value) 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.

**Right to Cancel Transaction:** You have a legal right under federal law to cancel this transaction, without cost, within three business days from whichever of the following occurs last: (1) the date of the transaction, which is normally the day of settlement; (2) the date you receive your Truth-in-Lending disclosures; or (3) the date you received the notice of your right to cancel. Therefore, the earliest that disbursement can occur will normally be the fourth (4) business day after settlement.

**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 and require you to pay us the entire outstanding balance in one payment and charge you certain fees if:

- o You engage in fraud or material misrepresentation in connection with the line.
- o You do not meet the repayment terms.
- o Your action or inaction adversely affects the collateral or our rights to the collateral.

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

- o The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- o We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- o You are in default of a material obligation in the agreement, mortgage or any other documents executed in conjunction with this loan.
- o 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.
- o A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- o The maximum **ANNUAL PERCENTAGE RATE** is reached.
- o 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.

**Term:** After opening this account you will be able to obtain advances for 360 months (the "draw period"). After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance on your line plus finance and other charges that accrued on the outstanding balance in a lump sum payment. Unless otherwise required by applicable law, we are under no obligation to refinance the balloon payment at that time. You may be required to make payments out of other assets you own or find a lender, which may be us, willing to lend you the money.

**Minimum Payment Requirements:** Your payments will be due monthly and will equal the greater of (1) \$50.00 which includes finance charges and other charges, or (2) 1/180th of the outstanding principal balance of your account as of the last day of the billing cycle, less any unpaid Finance Charges and unpaid Insurance Premiums, plus finance charges accrued at the end of the billing cycle and other unpaid charges. In no event will the minimum monthly payment due ever be greater than the entire balance on the account. A balloon payment results if paying the minimum periodic payments does not fully amortize the outstanding balance by the end of the draw period.

**Minimum Payment Example:** If you made only the minimum monthly payments and took no other credit advances, it would take 20 years and 10 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.25%. During that period, you would make 111 monthly payments varying between \$91.66 and \$50.13, followed by 139 payments of \$50.00 and a final payment of \$35.27.

**Minimum Draw Requirement:** The minimum credit advance that you can receive is \$100.00.

**Variable-Rate Feature:** The line 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 not other costs.

The **ANNUAL PERCENTAGE RATE** is based on the value of the index. The index is the highest prime rate published in the Wall Street Journal, "Money Rates" table on the first day of the month. To determine the **ANNUAL PERCENTAGE RATE** that will apply, we add a margin to the value of the index.

Ask us for the current index value, margin, discount or premium and **ANNUAL PERCENTAGE RATE**.

After you open a credit line, rate information will be provided on periodic statements that we send you.

**Finance Charges:** Finance charges begin to accrue on the day a draw is posted by the bank or when an applicable fee is charged to an account. There is no period where credit is extended that a finance charge will not apply.

**Rate Changes:** The **ANNUAL PERCENTAGE RATE** can change monthly. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.0%. The minimum **ANNUAL PERCENTAGE RATE** that can apply is 4.25%. Apart from this rate "cap" and rate "floor", there is no limit on the amount by which the rate can change during any one-year period.

**Maximum Rate and Payment Examples:** If you had an outstanding balance of \$10,000, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$208.43. This **ANNUAL PERCENTAGE RATE** could be reached on the first day of the first month following settlement.

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

**Fees and Charges:** To open and maintain an account, you must pay the following fees to us:

Application Fee: \_\_\_\_\_ (due at application)

Maintenance Fee: \_\_\_\_\_ (due annually)

Recapture Fee: **See Attached Rider**

The following are an estimate of third party fees:

Recording Fee: From \$85.00 to \$227.00 depending on the county (due at closing)

YOU AGREE THAT IF ANY OF THESE FEES SHOULD INCREASE DURING THE TERM OF THIS ACCOUNT THAT YOU WILL PAY THE APPLICABLE FEE AT THE THEN CURRENT AMOUNT.

We may impose the following additional charges, which will be charged as loans to your Account: \$25.00 whenever you exceed your maximum available credit, \$15.00 whenever you request that we stop payment of any special account check, \$5.00 for each copy you request of a special check or Statement (unless your request is made in connection with a proper written notice of a billing error), \$20.00 per hour plus costs (one hour minimum) for researching our files to find the documents you request, \$25.00 if your monthly payment is returned for insufficient funds or any other reason, \$10.00 if an advance is negotiated for less than the \$100.00 minimum. YOU AGREE THAT IF ANY OF THESE FEES SHOULD INCREASE DURING THE TERM OF THIS ACCOUNT THAT YOU WILL PAY THE APPLICABLE FEE AT THE THEN CURRENT AMOUNT.

**Property Insurance:** You must carry a homeowner insurance policy on the property that secures this account in an amount satisfactory to Huntingdon Valley Bank. The Mortgagee clause must read: Huntingdon Valley Bank, Its successor's and/or assigns as their interests may appear, 2005 S Easton Rd Suite 304, Doylestown, PA 18901.

**Flood Insurance:** If, at any time during the life of your loan, it is determined that the premises is located within a flood plain as defined by the Federal Emergency Management Agency, we will notify you that you must obtain flood insurance in an amount at least equal to the approved line amount due under the Note plus any superior liens. If you fail to purchase flood insurance, or fail to purchase an adequate amount of flood insurance within 45 days after our notification to you that the premises is located in a flood plain, we will purchase flood insurance on your behalf in an amount that will cover the approved line amount due under the Note. In that event, we will charge you for the cost of premiums and fees incurred by us in securing flood insurance for the premises.

**Credit Reports and Appraisals:** Each year we may review your Account to determine whether, in our reasonable opinion, a material change has occurred in your financial circumstances that would leave you unable to fulfill the repayment obligations under this Agreement. As part of such annual reviews, we may obtain additional credit reports on you, inspect or reappraise the Premises, and/or request additional financial information from you. You agree to cooperate with us in performing such reviews and to promptly provide satisfactory financial information to us.

**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 the changes in the index over the past 15 years. The index values are from the first day in January of each year. While only one payment amount per year is shown, payments would have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payments were made each month, 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.

<u>YEAR</u>	<u>INDEX (%)</u>	<u>MARGIN (%)*</u>	<u>ANNUAL PERCENTAGE RATE (%)</u>	<u>MINIMUM** MONTHLY PAYMENT (\$)</u>
2006	7.25	0.00	7.25	117.13
2007	8.25	0.00	8.25	117.50
2008	7.25	0.00	7.25	102.47
2009	3.25	0.00	4.25***	68.05
2010	3.25	0.00	4.25***	63.65
2011	3.25	0.00	4.25***	59.53
2012	3.25	0.00	4.25***	55.68
2013	3.25	0.00	4.25***	52.08
2014	3.25	0.00	4.25***	50.00 **
2015	3.25	0.00	4.25***	50.00 **
2015	3.25	0.00	4.25***	50.00 **
2016	3.50	0.00	4.25***	50.00 **
2017	3.75	0.00	4.25***	50.00 **
2018	4.50	0.00	4.50	50.00 **
2019	5.50	0.00	5.50	50.00 **
2020	4.75	0.00	4.75	50.00 **

- \* This is a margin we have used recently for lines with a CLTV up to 80.0%; your margin may be different. If you ask, we will provide you with information including the current index value, margin, discount or premium, and ANNUAL PERCENTAGE RATE on our other available home equity lines.
- \*\* This payment reflects the minimum monthly payment. A balloon payment results if paying the minimum periodic payments does not fully amortize the outstanding balance by the end of the draw period.
- \*\*\* This rate represents the imposition of the Floor Rate of 4.25%.

**Automatic Payment Margin Discount:**

You have an option, at the time of application only, to authorize us to have your monthly loan payment automatically withdrawn from a Huntingdon Valley Bank deposit account. As long as this authorization is in effect and all terms and conditions of the aforementioned deposit account and loan account are satisfied, Huntingdon Valley Bank agrees to discount the margin -0.25%. You may terminate this Agreement at any time provided you give sixty (60) days prior written notification to HUNTINGDON VALLEY BANK. The discounted margin will discontinue with said cancellation of automatic loan payment.

**CUSTOMER'S ACKNOWLEDGEMENT OF RECEIPT**

This is not a commitment to make a loan. You hereby acknowledge receipt of a completed copy of this disclosure, the disclosure rider-recapture fee and the brochure titled "What you should know about Home Equity Lines of Credit".

( ) I DO select the automatic payment margin discount option.

( ) I DO NOT select the automatic payment margin discount option.

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

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

# IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT DISCLOSURE RIDER - RECAPTURE FEE

**1. The Closing Cost Recapture Fee:**

You may pay the outstanding balance of your account in whole or in part at any time, and borrow again at any time, up to your Credit Limit. However, in the event that this account is closed and satisfied within three (3) years after the settlement date, we will impose a closing cost recapture fee equal to the total closing costs PAID BY US ON YOUR BEHALF, if any as shown below, which will be advanced by us as a loan on your account and shall become due and payable prior to the satisfaction of said account and mortgage. \*Please note the recapture fee is an average fee and may not reflect the actual fees incurred with your loan. If at any time during the first three (3) years after settlement, the loan is refinanced by Huntington Valley Bank, the closing cost recapture fee will be waived.

**2. Closing Costs:**

We impose the following closing costs on your account:

	PAID BY YOU	PAID BY US ON YOUR BEHALF
a. Application Fee	\$ _____	\$ _____
b. Appraisal	\$ _____	\$ 215.00
c. Credit Report	\$ _____	\$ 70.00
d. Flood Certification	\$ _____	\$ 20.00
e. Title Search	\$ _____	\$ 38.00
f. Title Insurance	\$ _____	\$ _____
g. Documentation Fee	\$ _____	\$ _____
h. Recording Fee	\$85.00 to \$227.00**	\$ _____
i. Verification of Recording	\$ _____	\$ _____
j. Notary Fee	\$ _____	\$ _____
k. Stationery & Supplies	\$ _____	\$ 20.00
<b>TOTAL CLOSING COSTS =</b>	<b>\$85.00 to \$227.00**</b>	<b>\$ 363.00*</b>
	**(depending on the county)	**(depending on the county)

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

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