

# First American Bank Home Equity Line of Credit Disclosure

P.O. Box 307 (201 S. State Street), Hampshire, IL 60140

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## Important Terms of First American Bank's 120 Month Variable Rate Home Equity Line of Credit Program

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First American Bank ("we", "us", "our" or "Lender") presently offers several home equity line of credit programs to its customers. This disclosure contains important information about our Variable Rate Home Equity Line of Credit (the "Credit Line" or the "Credit Line Account"). You should carefully read this disclosure and keep a copy for your records.

**AVAILABILITY OF TERMS.** All terms of the Credit Line are subject to change. If any terms of a Credit Line change and you decide, as a result, not to enter into a Credit Line 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 of your Credit Line.

**POSSIBLE ACTIONS.** Under each Credit Line, we have the following rights:

**Termination and Acceleration.** We can terminate the Credit Line and require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if any of the following happens:

- (a) You commit fraud or make a material misrepresentation at any time in connection with your Credit Line. This can include, for example, a false statement about your income, assets, liabilities, or any other aspect of your financial condition.
- (b) You do not meet the repayment terms of the Credit Line.
- (c) Your action or inaction adversely affects the collateral for the Credit Line or our rights in the collateral. This can include, for example, failure to maintain required insurance, waste or destructive use of the dwelling, failure to pay taxes, death of all persons liable on the account, transfer of title or sale of the dwelling, creation of a senior lien on the dwelling without our permission, foreclosure by the holder of another lien or the use of funds or the dwelling for prohibited purposes.

**Suspension or Reduction.** In addition to any other rights we may have, we can suspend additional extensions of credit or reduce your credit limit during any period in which any of the following are in effect:

- (a) The value of your dwelling declines significantly below the dwelling's appraised value for purposes of the Credit Line. This includes, for example, a decline such that the initial difference between the credit limit and the available equity is reduced by fifty percent and may include a smaller decline depending on the individual circumstances.
- (b) We reasonably believe that you will be unable to fulfill your payment obligations under the Credit Line due to a material change in your financial circumstances.
- (c) You are in default under any material obligation of the Credit Line. We consider all of your obligations to be material. Categories of material obligations include, but are not limited to, the events described above under Termination and Acceleration, obligations to pay fees and charges, obligations and limitations on the receipt of credit advances, obligations concerning maintenance or use of the dwelling or proceeds, obligations to pay and perform the terms of any other deed or trust, mortgage or lease of the dwelling, obligations to notify us and to provide documents or information to us (such as updated financial information), obligations to comply with applicable laws (such as zoning restrictions). No default will occur until we mail or deliver a notice of default to you, so you can restore your right to credit advances.
- (d) We are precluded by government action from imposing the Annual Percentage Rate provided for under the Credit Line.
- (e) The priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit limit.
- (f) We have been notified by governmental authority that continued advances may constitute an unsafe and unsound business practice.
- (g) The maximum Annual Percentage Rate under the Credit Line is reached.

**Change in Terms.** We may make changes to the terms of the Credit Line if you agree to the change in writing at that time, if the change will unequivocally benefit you throughout the remainder of the Credit Line, or if the change is insignificant (such as changes relating to our data processing systems).

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

**ADDITIONAL HOME EQUITY PROGRAMS.** Please ask us about our other available Home Equity Line of Credit programs.

**PROPERTY INSURANCE.** You must carry insurance by a carrier with an AM Best rating of B+, or better, on the property securing the Credit Line.

**CREDIT INFORMATION AND RELATED MATTERS.** You authorize us to release information about you to third parties as described in our privacy policy and our Fair Credit Reporting Act notice, provided you did not opt out of the applicable policy, or as permitted by law. You agree that, upon our request, you will provide us with a current financial statement, a new credit application, or both, on forms provided by us. You also agree we may obtain credit reports on you at any time, at our sole option and expense, for any reason, including but not limited to determining whether there has been an adverse change in your financial condition.

# First American Bank Home Equity Line of Credit Disclosure

**Fees and Charges.** In order to open and maintain a Credit Line, you must pay certain fees and charges. The fees and charges set forth in this disclosure may be subject to limitations under state law. We will only charge fees to the extent permitted by applicable state law.

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

Description	Amount	When Charged
<i>Subordination Fee:</i>	\$300.00	When the request is made for a senior lien on your home.
<i>Annual Fee:</i>	\$75.00	When the Credit Line has been open for one year, and on each anniversary date thereafter.
<i>Stop Payment Fee:</i>	\$50.00	When a Stop Payment is requested.
<i>Over Limit Charge:</i>	\$60.00	When the Credit Line balance exceeds your limit.
<i>Photocopying Charges (per document):</i>	\$5.00	When the request is made.
<i>Credit Line Advance/Balance Transfer Requests by Telephone:</i>	\$5.00	When the request is made.

**Third Party Fees and Charges:** You must pay certain fees and charges to third parties for appraisal, title, flood, credit report and recording fees (Third Party Fees and Charges). The total cost of these Third Party Fees and Charges generally ranges between \$500.00 and \$3,100.00, depending upon the loan amount and property location. Upon request, we will provide you with an itemization of the fees you will have to pay to third parties.

**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, or \$25.00, whichever is greater.

**SUBORDINATION FEE.** The creation of a senior lien on the dwelling requires our permission. If you request that we subordinate our security interest in the Mortgage or other Collateral that secures this Credit Line, your Credit Line will be charged a non-refundable processing fee of \$300.00. However, we have no obligation to honor any request for the creation of a senior lien on your dwelling or to subordinate the Mortgage or other Collateral that secures the Credit Line to a third-party lender. In addition to the processing fee, we may charge third party fees such as, but not limited to, appraisal, title, and credit report costs incurred by us to determine your eligibility for a subordination. We reserve the right to engage our approved third party vendors to process any subordination request.

**LIMITED CLOSING COSTS.** If, at the time of closing, you set up an Automatic Funds Transfer (AFT) or Automatic Clearing House (ACH) to make the monthly payment on your Credit Line Account and elect electronic statements within the first statement cycle, we will pay up to \$2,000.00 of the third party fees and charges associated with closing on your Credit Line Account, including, but not limited to, appraisal, title, flood, credit report, stamp & tax, and recording fees (collectively, "Third Party Fees and Charges"). If at any time during the term of your Credit Line Account (i) you discontinue the AFT, ACH or an electronic statement election, or (ii) your Credit Line Account is paid in full and closed within thirty-six (36) months of the closing date (this subsection (ii) does not apply to loans secured by collateral located in Illinois), you agree to reimburse us for the Third Party Fees and Charges that we previously paid which may be added to the outstanding balance of your Credit Line Account as a recapture fee. If, at the time of closing, you do not set up an AFT or ACH to make the monthly payment on your Credit Line Account, then you agree to pay the Third Party Fees and Charges at closing. This provision does not apply to loans secured by investment properties or to loans that fall outside our standard product, rate, term and underwriting guidelines.

**PREPAYMENT PENALTY.** If you pay your Credit Line balance in full, you may have to pay a prepayment penalty of either (i) two percent (2.00%) of your credit limit, or (ii) \$500.00, whichever is less (the "Early Cancellation Fee"), if you refinance, close, or terminate your Credit Line Account for any reason within thirty-six (36) months of opening your Credit Line. You will not be charged an Early Cancellation Fee if your Credit Line Account is suspended or terminated by us through no fault of your own. You may prepay all or any portion of your Credit Line at any time without incurring this fee, provided that you do not refinance, close, or terminate your Credit Line Account within thirty-six (36) months of opening it. **This provision applies only to loans secured by collateral located in Illinois.**

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

**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 Wall Street Journal Prime Rate as published in the Money Rates section on the first business day of each month. When a range of rates has been published, the highest of the rates will be used. Information about the Index is available or published at least weekly in the Wall Street Journal's Money Rates table. We will use the most recent Index value available to us as of the date of 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 a 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 become unavailable.

**ANNUAL PERCENTAGE RATE.** To determine the Periodic Rate that will apply to your Credit Line, we add a margin to the value of the Index, then divide the value by the number of days in a year (366 during leap years). 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 generally will result in a change in the ANNUAL PERCENTAGE RATE. The amount that your ANNUAL PERCENTAGE RATE may change also may be affected by the maximum 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 to 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 18% per annum. A rate floor of 4.25% shall apply throughout the term of the Credit Line.

**MINIMUM PAYMENT REQUIREMENTS.** You can obtain advances of credit during the following period: The draw period will extend throughout the term of the loan (the "Draw Period"). Your Regular Payment will equal the amount of your accrued FINANCE CHARGES. You will make these payments monthly throughout the term of the loan. 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 by the end of this payment stream. Your "minimum payment" will be the Regular Payment, plus any and all other charges. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your Regular Payment.

**MINIMUM RATE AND PAYMENT EXAMPLE.** If you had an outstanding balance of \$10,000, and only made the minimum payment at the minimum ANNUAL PERCENTAGE RATE of 4.25% and took no other credit advances, it would take 10 years and 1 month to pay off a credit advance of \$10,000.00. During that period, you would make 120 monthly payments ranging from \$32.60 to \$36.09 and one final payment of \$10,036.09.

**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 18% would be \$152.88. This ANNUAL PERCENTAGE RATE could be reached at the time of the 1st payment.

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**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 2010 to 2024. The Index values are from the following reference period: as of the last business day in July. 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 and that only the minimum payment was made. It does not necessarily indicate how the Index or your payments would change in the future.

INDEX TABLE				
Year (as of the last business day in July)	Index (Percent)	Margin* (Percent)	Annual Percentage Rate**	Monthly Payment (Dollars)
2010.....	3.250	0.990	4.500	\$38.22
2011.....	3.250	0.990	4.500	\$38.22
2012.....	3.250	0.990	4.500	\$38.22
2013.....	3.250	0.990	4.500	\$38.22
2014.....	3.250	0.990	4.500	\$38.22
2015.....	3.250	0.990	4.500	\$38.22
2016.....	3.500	0.990	4.500	\$38.22
2017.....	4.250	0.990	5.240	\$44.50
2018.....	5.000	0.990	5.990	\$50.87
2019.....	5.500	0.990	6.490	\$55.12
2020.....	3.250	0.990	4.500	\$38.22
2021.....	3.250	0.990	4.240	\$36.01
2022.....	4.750	0.990	5.740	\$48.75
2023.....	8.500	0.990	9.490	\$80.60
2024.....	8.500	0.990	9.490	\$80.60

*\*This is a margin we have used recently; your margin may be different.*

*\*\*The Annual Percentage Rate will not go below 4.250% at any time during the Standard Variable Rate Period.*

## Borrower Acknowledgement

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".

**Borrower(s):**

**FOR YOUR RECORDS ONLY**

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