

# IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

Borrower(s):

Property Address:

Lender/Broker: **Choice Financial Group**

**NMLS #: 465995**

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:** The terms described below are subject to change at any time. If these terms change 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 have paid to us or anyone else in connection with your application.

**Security Interest:** We will take a mortgage, deed of trust or other security interest 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.
- The prospect of payment, performance, or realization of our rights in the collateral is significantly impaired by your action or inaction (including, for example, if you engage in fraud or material misrepresentation in connection with the line at any time).

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 security 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.

**Minimum Payment Requirements:** You can obtain advances of credit for 60 months (the "Draw Period"). Payments will be due monthly during the Draw Period, and will be determined as described below:

Monthly Payments that include Principal, Interest and Fees: The greater of **\$100.00** or **0.100%** of the ending balance plus the amount of finance charge accrued on outstanding advances each month, plus any fees and any amounts past due. This minimum payment may not fully repay the principal that is outstanding on your credit line.

We will round the dollar amount of the monthly payment described above to the nearest dollar.

The monthly payment described above will not be less than **\$100.00** unless the total outstanding balance on your credit line is less than **\$100.00**, in which case the minimum monthly payment will equal **\$100.00** or the outstanding balance on your credit line, whichever is less.

After the Draw Period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance in a **single balloon payment**.

**Minimum Payment Example:** If you made only the minimum monthly payments and took no other credit advances, it would take **60** months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of **7.500%**. During that period, you would make **59** monthly payments of **\$100.00** and a final balloon payment of **\$7,380.01**.

**Annual Percentage Rate:** The annual percentage rate is fixed. A recent **ANNUAL PERCENTAGE RATE** we have charged is **7.500%**. The annual percentage rate includes only interest and not other costs.

**Fees and Charges:** You must pay the following fees to open and maintain your line of credit:

<u>Closing Fees to Us.</u> You must pay the following to us to open your line of credit:	
<b>FEES</b>	<b>Amount</b>
<b>Loan Origination Fee</b>	<b>\$150.00</b>
<b>Document Preparation Fee</b>	<b>\$209.00</b>
<b>Total:</b>	<b>\$359.00</b>

Estimation of Third Party Closing Fees. You must pay certain fees at closing to third parties in order to open your line of credit. The third party fees you must pay at closing generally total between **\$150.00** and **\$2,000.00**. If you ask, we will give you a good faith estimation of the itemized fees you will have to pay to third parties to open your line of credit.

Fees to Use Your Account. You must pay us the following fees to use your account:

- **Release Fee: \$46.00 (due to cover recording or filing costs when we release the Security Instrument for this Credit Account - this is an estimate)**

Property Insurance. In addition to the fees and charges described above in this section, you must carry insurance (hazard and flood insurance, as applicable) on the property that secures the line of credit. **You may obtain all required property insurance from and through anyone you choose that is reasonably acceptable to us.**

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