

# HOME EQUITY LINE OF CREDIT APPLICATION DISCLOSURE

Hillcrest Bank, a division of NBH Bank  
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## IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT APPLICATION DISCLOSURE (\$10,000 to \$250,000)

**Retention of Information:** This disclosure contains important information about our **Home Equity Line of Credit (the "Line")**. You should read it carefully and keep a copy for your records.

**AVAILABILITY OF TERMS. HELOCs are not available to clients living in Texas. The products outlined in this disclosure are only available for new Home Equity Line of Credit Lines. All of the terms defined below 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.

We can terminate the Line and 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 "line;"
- (b) You do not meet the repayment terms;
- (c) 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:

- (a) The value of the dwelling securing the "line" declines significantly below the dwelling's appraised value for purposes of the "line;"
- (b) We reasonably believe you will not be able to meet the re-payment requirements due to a material change in your financial circumstances;
- (c) You are in default of a material obligation in the agreement;
- (d) 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% of the "line;"
- (e) A regulatory agency notifies us that continued advances may constitute an unsafe and unsound business practice;
- (f) The maximum annual percentage rate is reached.

**CHANGE IN TERMS:** 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.

**FEES AND CHARGES:** To open and maintain a "line", you must pay certain fees and charges.

**LENDER FEES.** The following fees must be paid by you to us.

Description	Amount	When Charged
<b>Subordination Fee</b>	\$100.00	When a request is made for a senior lien on your home
<b>Annual Fee</b>	\$50.00	When a credit line has been open for one year, and on each anniversary date after. Waived with auto pay from an NBH Bank account
<b>Processing Fee</b>	\$200.00	Only charged on HELOCs closed in conjunction with a purchase mortgage
<b>Wire Fee</b>	\$35.00	If loan proceeds are wired

**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 \$0.00 and \$3,169.00. The Bank will pay up to \$500 of these fees for primary residence only. We estimate the breakdown of these as follows:

Description	Amount	When Charged
<b>Recording Fees</b>	\$41.00 - \$191.00	At Account Opening
<b>Title Fee</b>	\$125.00 - \$1555.00	At Account Opening
<b>Flood Determination</b>	\$12.00	At Account Opening
<b>Title Closing or Settlement Fee</b>	\$300.00 - \$350.00	At Account Opening
<b>Tax Certification</b>	\$25.00	At Account Opening
<b>Credit Bureau</b>	\$7.00 - \$36.00	At Account Opening
<b>Appraisal</b>	\$30.00 - \$2500.00	At Account Opening

**Late Charge:** Your payment will be late if it is not received by us within 15 days after the "Payment Due Date" Shown on your periodic statement. If your payment is late we may charge you the lesser of 5.000% of the unpaid amount of the payment or \$25.00 for loans in Missouri, Kansas and New Mexico, \$15.00 in Colorado and Utah, \$10.00 in Wyoming and Idaho.

**PROPERTY INSURANCE:** You must carry insurance on the property that secures the "Line."

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

**VARIABLE RATE FEATURE:** The "line" has a variable rate feature and 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.

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; that is the base rate on corporate loans posted by at least 75% of the nation's 30 largest banks on the rate adjustment date. Information about the Index is available or published in the Wall Street Journal. We use the most recent Index value available to us as of the first day of each month to make 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. To determine the ANNUAL PERCENTAGE RATE that will apply to your "line," we add a margin to the value of the index.

**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 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 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, discount or premium, and ANNUAL PERCENTAGE RATE. After you open a Credit Line, rate information will be provided on periodic statements that we send to you.

**The initial ANNUAL PERCENTAGE RATE is "Discounted" and based upon the index plus a qualifying margin minus a promotion discount of 0.25% for the first (6) months. The initial rate will be in effect for the six (6) months after the establishment of the "Line." Ask us for the current index values, margin, discount and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we send to you. After six (6) months, the ANNUAL PERCENTAGE RATE will adjust to the Wall Street Journal Prime plus a margin. Members of Pipefitters Local 533 and associates of NBH Bank or one of its affiliates, and Private or Premier Clients will receive a discount on the qualifying margin in addition to any discounted 6-month promotional rate but will not be eligible for any other discounts on the qualifying margin.**

**RATE CHANGES:** The 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.

**The minimum ANNUAL PERCENTAGE RATE that can apply during this plan is the introductory rate when the Line was opened.**

**The maximum ANNUAL PERCENTAGE RATE that can apply during this plan is 17.60% or maximum permitted by law, whichever is less.**

**MINIMUM PAYMENT REQUIREMENTS.** You can obtain advances of credit during the following period: 120 months (the "Draw Period"). During the draw period, your Regular Payment will be due monthly. Your Regular Payment will equal the amount of your accrued FINANCE CHARGES. You will make 119 of these payments. Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. If you make only the minimum payments, you may not repay any of the principal balance by the end of this payment stream. You will then be required to pay the entire balance owing in a single balloon payment. 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 5.00%. During that period, you would make 119 payments of \$42.47 with a final balloon payment of \$10,042.47.**

**MAXIMUM RATE AND PAYMENT EXAMPLES.**

**If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 17.60% would be \$149.48. This ANNUAL PERCENTAGE RATE could be reached at any time.**

**If you had an outstanding balance of \$10,000.00 when the DRAW PERIOD ends, minimum balloon payment at the maximum ANNUAL PERCENTAGE RATE of 17.60% would be \$10,149.48**

**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 to another lender, your Credit Line will be charged a non-refundable processing fee of \$100.00. 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.

**EARLY CANCELLATION FEE.** Your Credit Line Account will be charged an "Early Cancellation Fee" of two percent (2.00%) of your credit limit or \$500.00, whichever is less, if you refinance, close or terminate your Credit Line Account for any reason within thirty-six (36) months of opening your Credit Line Account. You will not be charged an Early Cancellation Fee if we suspend or terminate your Credit Line Account. You may pay all or any amount owing under this Credit Line Account at any time without incurring an Early Cancellation Fee, provided that you do not refinance, close or terminate your Credit Line Account within thirty-six (36) months of opening your Credit Line. Early Cancellation Fee is not applicable when prohibited by state law.

**HISTORICAL EXAMPLE:** The following table shows how the annual percentage rate and the monthly payments for a single \$10,000 credit advance would have changed based on changes in the indices over the past 15 years. The index values are as of the first week ending in July. While only one payment amount per year is shown, payments under the "line" would have varied during each year. Different outstanding principal balances could result in different payment amounts.

This table assumes no additional credit advances were taken and only the minimum monthly payment was made each month. It does not necessarily indicate how the index or your payments will change in the future.

General Historical Examples								Introductory Rate / NBH Employee / Pipefitters Local 533 Discount Example									
Margin 0.00%					Margin 2.00%			Margin 0.00%						Margin 2.00%			
Year	Index	Margin*	Annual Percentage Rate	Monthly Payment (Dollars)	Margin*	Annual Percentage Rate	Monthly Payment (Dollars)	Year	Index	Discount	Margin*	Annual Percentage Rate	Monthly Payment (Dollars)	Discount	Margin*	Annual Percentage Rate	Monthly Payment (Dollars)
2011	3.250%	0.000%	3.250%	27.60	2.000%	5.250%	44.59	2011	3.250%	0.250%	0.000%	3.000%	25.48	0.250%	2.000%	5.000%	42.47
2012	3.250%	0.000%	3.250%	27.60	2.000%	5.250%	44.59	2012	3.250%	0.250%	0.000%	3.000%	25.48	0.250%	2.000%	5.000%	42.47
2013	3.250%	0.000%	3.250%	27.60	2.000%	5.250%	44.59	2013	3.250%	0.250%	0.000%	3.000%	25.48	0.250%	2.000%	5.000%	42.47
2014	3.250%	0.000%	3.250%	27.60	2.000%	5.250%	44.59	2014	3.250%	0.250%	0.000%	3.000%	25.48	0.250%	2.000%	5.000%	42.47
2015	3.250%	0.000%	3.250%	27.60	2.000%	5.250%	44.59	2015	3.250%	0.250%	0.000%	3.000%	25.48	0.250%	2.000%	5.000%	42.47
2016	3.500%	0.000%	3.500%	29.73	2.000%	5.500%	46.71	2016	3.500%	0.250%	0.000%	3.250%	27.60	0.250%	2.000%	5.250%	44.59
2017	4.250%	0.000%	4.250%	36.10	2.000%	6.250%	53.08	2017	4.250%	0.250%	0.000%	4.000%	33.97	0.250%	2.000%	6.000%	50.96
2018	5.000%	0.000%	5.000%	42.57	2.000%	7.000%	58.34	2018	5.000%	0.250%	0.000%	4.750%	39.58	0.250%	2.000%	6.750%	56.25
2019	5.500%	0.000%	5.500%	46.71	2.000%	7.500%	62.50	2019	5.500%	0.250%	0.000%	5.250%	43.75	0.250%	2.000%	7.250%	60.42
2020	3.250%	0.000%	3.250%	27.60	2.000%	5.250%	44.59	2020	3.250%	0.250%	0.000%	3.000%	25.48	0.250%	2.000%	5.000%	42.47
2021	3.250%	0.000%	3.250%		2.000%	5.250%		2021	3.250%	0.250%	0.000%	3.000%		0.250%	2.000%	5.000%	
2022	4.750%	0.000%	4.750%		2.000%	6.750%		2022	4.750%	0.250%	0.000%	4.500%		0.250%	2.000%	6.250%	
2023	8.250%	0.000%	8.250%		2.000%	10.250%		2023	8.250%	0.250%	0.000%	8.000%		0.250%	2.000%	10.250%	
2024	8.250%	0.000%	8.250%		2.000%	10.250%		2024	8.250%	0.250%	0.000%	8.000%		0.250%	2.000%	10.250%	
2025	7.500%	0.000%	7.500%					2025	7.500%	0.250%	0.000%	7.250%		0.250%	2.000%	9.250%	

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

\*\* This ANNUAL PERCENTAGE RATE **will not go below the introductory rate when the Line is opened**.