

# OAK BANK

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

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 a fluctuation in the index) and you decide, as a result, not to enter into an agreement with us to implement the Line of Credit (the "Agreement"), you are entitled to a refund of any fees you paid to us or anyone else in connection with your application.

**SECURITY INTEREST:** We will take a mortgage on your home. The mortgage will secure all Loans and the interest that accrues on all Loans made to you under the Agreement. You could lose your home if you do not meet the obligations in your Agreement with us.

**POSSIBLE ACTION:** Under certain circumstances we can terminate the Agreement, and require you to pay us the entire outstanding balance due under the Agreement in one payment if:

- You engage in fraud or material misrepresentation in connection with the Agreement.
- You do not meet the repayment terms of the Agreement.
- Your action or inaction adversely affects the property you have given as collateral to secure your obligations under the Agreement (the "Collateral") or our rights in the Collateral.

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

- An extension of credit to you would cause you to exceed the maximum credit limit under the Agreement.
- The value of the property securing the Agreement declines significantly below its appraised value for purposes of the Agreement.
- We reasonably believe you will not be able to meet the repayment requirements under the Agreement due to a material change in your financial circumstance.
- You are in default of a material obligation in the Agreement.
- Government action prevents us from imposing the ANNUAL PERCENTAGE RATE provided for in the Agreement; or 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 line.
- A regulatory agency governing our lending practices has notified us that continued advances under the Agreement would constitute an unsafe and unsound practice.
- The maximum ANNUAL PERCENTAGE RATE under the Agreement is reached.

**MINIMUM PAYMENT REQUIREMENTS:** You can obtain advances of credit under the Agreement for one (1) year from the date of the Agreement (the "Draw Period"). After the Draw period ends, you will no longer be able to obtain credit advances and must repay any outstanding balance. Your payment will be due monthly and will equal the finance charges that accrue on the outstanding balance during the preceding month. The minimum payment will not reduce the principal that is outstanding on your line. You will then be required to pay the entire balance in a single final payment. However, if you exceed the Maximum Principal Loan Balance under your Agreement, you will also be required to pay an amount sufficient to reduce your Principal Loan Balance to the Maximum Principal Loan Balance allowed under the Agreement. After the Draw Period ends you will no longer be able to obtain credit advances and must repay the outstanding balance at that time.

**MINIMUM PAYMENT EXAMPLE:** If you make only the minimum monthly payments and took a single \$10,000.00 advance and the Annual Percentage Rate was 4.50%, it would take 12 months to pay off the balance if you made only the minimum payments and the single final payment. During that period, you would make 11 payments varying between \$34.52 and \$38.22 and one final payment of \$10,038.22 (includes interest).

**ANNUAL PERCENTAGE RATE:** A recent ANNUAL PERCENTAGE RATE imposed on similar lines of credit is 4.50%. The Annual Percentage Rate includes only interest and no other costs.

**FEES AND CHARGES:** To open and maintain a line of credit, you must pay us the following fees:

\_\_\_\_\_ None

\_\_\_\_\_ Annual maintenance fee: \$50.00 due each year

\_\_\_\_\_ You must pay certain fees to third parties to open a line. These fees generally total between \$152.00 and \$650.00. If you ask, we will give you an itemization of the fees you will have to pay the third parties. Finance Charges begin to accrue on the date loans are posted to the account.

You must carry insurance on the property that secures the Home Equity Credit Agreement.

**FLOOD PLAIN:** If your property is in a flood plain or becomes part of a flood plain at anytime, flood insurance is mandatory.

**MINIMUM DRAW REQUIREMENTS:** The minimum advance of credit you can receive is \$500.

**DEDUCTIBILITY OF INTEREST AND CHARGES:** You should consult your tax advisor for information regarding the deductibility for income tax purposes of interest and charges paid by you under the Agreement.

**VARIABLE RATE INFORMATION:** The Agreement has a variable rate feature. The ANNUAL PERCENTAGE RATE (corresponding to the periodic rate) and the amount of each payment or the final payment will change with an adjustment to the periodic rate. The ANNUAL PERCENTAGE RATE does not include costs other than interest. You may repay all of the Loan at any time without penalty.

The ANNUAL PERCENTAGE RATE includes only interest and not other costs. The ANNUAL PERCENTAGE RATE is based on the value of an index. The index is the highest prime rate published in the Wall Street Journal (Midwestern Edition) "Money Rates Table" (the "Index"). To determine the ANNUAL PERCENTAGE RATE that will apply to the Principal Loan Balance under the Agreement we add a margin to the value of the Index. However, periodically we may offer an initial discounted annual percentage rate generally for a period of time up to 6 months, which is not based on the index and margin used to make later adjustments as described in this document.

Ask for the current Index value, Margin and ANNUAL PERCENTAGE RATE. After you enter into the Agreement, rate information will be provided on periodic statements that we send you.

**RATE CHANGES:** The ANNUAL PERCENTAGE RATE can change monthly. The ANNUAL PERCENTAGE RATE is subject to change on the first of each month and is based on the highest prime rate as published in the *Wall Street Journal* (Midwestern Edition) plus a margin. The ANNUAL PERCENTAGE RATE will increase or decrease, respectively to equal the current Index plus the Margin. The maximum ANNUAL PERCENTAGE RATE that can apply is 18 percent. Except for this rate "cap" and a floor of 4.00%, there is no limit on the amount by which the ANNUAL PERCENTAGE RATE can change during any one-year period.

**MAXIMUM RATE AND PAYMENT EXAMPLE:** The rate of interest may increase or decrease substantially in accordance with the terms of this transaction and the maximum rate of interest that may be applied to this transaction is an ANNUAL PERCENTAGE RATE of 18%. At that maximum rate of interest, the monthly payment required on a loan balance of \$10,000 would be \$152.88. This annual percentage rate could be reached during the first month of the draw period.

**HISTORICAL EXAMPLE:** The following table shows how the ANNUAL PERCENTAGE RATE and the minimum payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 15 years. The index values are from the last business day of 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 advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. It does not necessarily indicate how the Index on your payments will change in the future.

YEAR	INDEX %	MARGIN * %	ANNUAL PERCENTAGE RATE %	MINIMUM PAYMENT \$
2007	8.25	0.00	8.25	70.07
2008	6.00	0.00	6.00	
2009	3.25	0.00	4.50**	
2010	3.25	0.00	4.50**	
2011	3.25	0.00	4.50**	
2012	3.25	0.00	4.50**	
2013	3.25	0.00	4.50**	
2014	3.25	0.00	4.50**	
2015	3.25	0.00	4.50 **	
2016	3.50	0.00	4.50 **	
2017	3.75	0.00	4.50 **	
2018	4.50	0.00	4.50**	
2019	5.50	0.00	5.50	
2020	4.75	0.00	4.75	
2021	3.25	0.00	4.50**	

\*This is a margin we have used recently.

\*\*Annual Percentage Rate includes a floor rate of 4.50%.

## YOUR BILLING RIGHTS

(KEEP THIS NOTICE FOR FUTURE USE)

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

### Notify Us In Case of Errors or Questions About Your Bill

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us (on a separate sheet) at P.O. Box 259404, Madison, WI 53725-9404. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

If you have authorized us to pay your line of credit bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us three business days before the automatic payment is scheduled to occur.

### Your Rights and Our Responsibilities After We Receive Your Written Notice

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount in question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payment on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, **if** our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone that we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can not collect the first \$50 of the questioned amount, even if your bill was correct.

I acknowledge receipt of a completed copy of this Information Notice and the brochure titled "When Your Home Is On The Line", on home equity lines of credit.

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Borrower

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Revised 3/21