



6915 SE Lake Road
Milwaukie, OR 97267

Home Equity Early Disclosure

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN

This disclosure contains important information about our Home Equity Line of Credit Plan. 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) 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 pay 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 your line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if (1) you engage in fraud or material misrepresentation in connection with the plan; (2) you do not meet the repayment terms of this plan, or (3) 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 (1) any reasons mentioned above exist; (2) the value of the dwelling securing the line declines significantly below its appraised value for purposes of the line; (3) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (4) you are in default of a material obligation of the agreement; (5) government action prevents us from imposing the annual percentage rate provided for in the agreement; (6) 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; (7) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (8) the maximum annual percentage rate is reached.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 5 years. This period is called the "draw period." At our option, we may renew or extend the draw period. After the draw period ends the repayment period will begin. The length of the repayment period will depend on the balance at the time of the last advance you obtain before the draw period ends. The total length of the plan will not exceed 30 years. You will be required to make monthly payments during both the draw and repayment periods. Your minimum monthly payment will be 1.00% of the outstanding balance each month or \$125.00, whichever is greater. Your payment will be rounded up to the nearest dollar. If the interest rate increases you will make more payments. Your payment will vary depending on whether the balance increases or decreases. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 10 years 3 months to pay off a credit advance of \$10,000 at an **ANNUAL**

PERCENTAGE RATE of 9.0%. During that period, you would make 122 payments of \$125.00 and one (1) final payment of \$83.93.

FEES AND CHARGES: In order to open, use and maintain a line of credit plan, you must pay the following fees to us:

Annual Fee: \$25.00 (Will be charged sometime in the first quarter of every year, between January 1st and March 31st.)

You may have to pay certain fees to third parties to open the plan. These fees generally total between \$300.00 and \$1,000.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

FEE REIMBURSEMENT: We may pay bona-fide third party fees on your behalf. If we do so, you will reimburse us if you close the plan within the first year. Any amounts owed will be added onto the principal balance.

PROPERTY INSURANCE: You must carry insurance on the property that secures this plan. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available.

REFUNDABILITY OF FEES: If you decide not to enter into this plan within three business days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

TRANSACTION REQUIREMENTS: The minimum credit advance that you can receive is \$2,500.00 for the first advance. The minimum subsequent advance that you can receive depends on how the advance is requested. If you come in person to our office, the minimum amount is \$250.00. If you make the request using electronic means or by calling us on the telephone, the minimum advance amount is \$5.00.

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

VARIABLE RATE FEATURE: This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the number of payments you will have to make may change as a result. The annual percentage rate includes only interest and no other costs.

The annual percentage rate is based on the value of an index. The index is the Prime Rate published in the Money Rates column of the *Wall Street Journal - Western Edition*. When a range of rates has been published the highest rate will be used. We will use the most recent index value available to us as of 1 day before the date of any annual percentage rate adjustment.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. If the rate is not already rounded we then round up to the next .25%. The initial annual percentage rate is "discounted" - it is not based on the index and margin used for later

rate adjustments. The initial rate will be in effect for 12 months. Ask us for the current index value, margin, discount and annual percentage rate.

RATE CHANGES: The annual percentage rate can change on the first day of each month after the expiration of any discount period. There is no limit on the amount by which the annual percentage rate can change during any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 9.0% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 3.5% at any time during the term of the plan.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 9.0% would be \$125.00. This annual percentage rate could be reached at the time of the 13th payment.

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 per year is shown, payments may have varied during each year.

The table assumes that no additional credit 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 or your payments will change in the future.

WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2010.....	3.250	0.50	2.490 ⁽²⁾	125.00 ⁽³⁾
2011.....	3.250	0.50	3.750	125.00 ⁽³⁾
2012.....	3.250	0.50	3.750	125.00 ⁽³⁾
2013.....	3.250	0.50	3.750	125.00 ⁽³⁾
2014.....	3.250	0.50	3.750	125.00 ⁽³⁾
2015.....	3.250	0.50	3.750	125.00 ⁽³⁾
2016.....	3.500	0.50	4.000	125.00 ⁽³⁾
2017.....	3.750	0.50	4.250	125.00 ⁽³⁾
2018.....	4.500	0.50	5.000	
2019.....	5.500	0.50	6.000	
2020.....	4.750	0.50	5.250	
2021.....	3.250	0.50	3.750	
2022.....	3.250	0.50	3.750	
2023.....	7.500	0.50	8.000	
2024.....	8.500	0.50	9.000	

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.

⁽³⁾ This payment reflects the minimum payment of \$125.00.