

**HOME EQUITY LINE OF CREDIT
EARLY DISCLOSURE**



In this disclosure the words "you" and "your" mean the recipient of this disclosure, and the words "we," "us" and "our" mean Peoples Bank, the Lender listed above. "e" means an estimate.

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

RETENTION OF INFORMATION. This disclosure contains important information about our home equity line of credit, PEOPLES EQUITYONE ("Account"). 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 you paid to us or anyone else in connection with your application.

SECURITY INTEREST. We will take a security interest in your home (collateral). You could lose your home if you do not meet the obligations in your Agreement with us.

POSSIBLE ACTIONS. We can terminate your Account and require you to pay us the entire outstanding balance in one payment if: you engage in fraud or material misrepresentation in connection with the Account; or you do not meet the repayment terms; and/or 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: the value of the dwelling securing the Account declines significantly below its appraised value for purposes of the Account; or we reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances; or you are in default of a material obligation in the Agreement; or 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 percent of the credit line; or a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; and/or the maximum Annual Percentage Rate is reached. 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 120 months (the "Draw Period"). During the Draw Period, payments will be due monthly. Your minimum periodic payment will be equal to the interest that has accrued on your Account as of the closing date of each billing statement.

After the Draw Period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance over 240 months (the "Repayment Period"). Your initial minimum periodic payment during the Repayment Period will be determined based on the outstanding balance of your Account at the beginning of the Repayment Period and using the interest rate in effect at the beginning of the Repayment Period to calculate monthly payments which will fully amortize your Account. Changes in the Annual Percentage Rate during the term of the Repayment Period will be reflected in changes to the amount of your Minimum Monthly Payment. After each change in the Annual Percentage Rate, Lender will calculate a new Minimum Monthly Payment amount that will Fully Amortize your Account over the then-remaining term of the Repayment Period.

MINIMUM-PAYMENT EXAMPLE. If you made only the minimum monthly payments and took no other credit advances, it would take 30 years to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 8.00%. During the Draw Period, you would make 120 monthly payments of \$66.67. During the Repayment Period, you would make 239 monthly payments of \$83.64. This would be followed by one final payment of \$85.89.

FEES AND CHARGES. To open and maintain your Account, you must carry insurance on the property securing your Account and pay us the following fees:

Annual Maintenance Fee	\$50.00	***
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*** Chargeable as a credit advance to your Account

You must also pay certain fees to third parties. These fees generally total between \$0.00 and \$2,500.00. If you ask, we will give you an itemization of the fees that you will have to pay to third parties.

If you tell us you have decided not to enter into the Account within three business days of receiving this Disclosure and the Consumer Financial Protection Bureau brochure "What You Should Know About Home Equity Lines of Credit" in person, or within six business days after the day we mail them to you, as the case might be, any fees or charges you might have already paid will be refunded.

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

VARIABLE RATE FEATURE. The Account has a variable rate feature. The Annual Percentage Rate (corresponding to the periodic rate) and the minimum payment can change as a result. This Annual Percentage Rate does not include costs other than interest. The Annual Percentage Rate is based on the value of an index. The index is Wall Street Journal Prime Rate and is published in the Wall Street Journal's Money Rate



Table and is which is published in the Wall Street Journal's Money Rate Table. To determine the Annual Percentage Rate that will apply to your Account, we add a margin to the value of the index. Ask us for the current index value, margin and Annual Percentage Rate. After you open an Account, rate information will be provided on periodic statements that we furnish to you.

RATE CHANGES. The Annual Percentage Rate can change monthly. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.000%. Apart from this rate cap, there is no limit on the amount by which the rate can change in any one-year period, except that under no circumstances will the rate ever be less than 4.000% per annum.

CONVERSION OPTION. This Account contains an option to convert the annual percentage rate from a variable rate with annual percentage rate limits to a fixed rate as determined below. The following information is representative of conversion option features recently offered by us:

ANNUAL PERCENTAGE RATE Increase. Your **ANNUAL PERCENTAGE RATE** may increase if you exercise this option to convert to a fixed rate.

Conversion Periods. You can exercise the option to convert to a fixed rate only during the following period or periods: You can exercise your option to convert any or all of the outstanding principal balance under your variable rate Peoples EquityOne Line of Credit account to one or more Peoples EquityOne Fixed Rate and Fixed Payment Term loans. This can be done anytime during the first 120 months, not to exceed your draw period. You may not exceed three fixed rate term loans outstanding at any one time.

Conversion Fees. You will be required to pay the following fees at the time of conversion to a fixed rate: There is currently no conversion fee charged to establish a fixed rate, and fixed payment term loan.

Rate Determination. The fixed rate will be determined as follows: The Periodic Rate and the corresponding Annual Percentage Rate will be determined by the Bank at the time you lock in the rate on your Peoples EquityOne Term loan. This will be based on the current going rates.

Conversion Rules. You can convert to a fixed rate only during the period or periods described above. In addition, the following rules apply to the conversion option under this Agreement: To convert all or a portion of the outstanding balance on your Peoples EquityOne Line of Credit to a Peoples EquityOne Fixed Rate and Payment Term Loan contact Peoples Bank for the applicable rate and repayment information. You will be required to authorize this request by signing a Peoples EquityOne Modification Request form.

Following submission and approval of each request you will receive a confirmation letter that indicates the principal amount, annual percentage rate, and the term of your fixed rate loan. The term of your loan may not exceed 240 months or the repayment period in your Agreement whichever is earlier.

After a Peoples EquityOne Term Loan has been created your monthly statement will show a transfer of the loan amount from your line of credit to the term loan. As you pay down the principal balance on your term loan your available balance on your line of credit will be replenished by that amount.

EquityOne Term Loans. The terms and conditions applicable to your EquityOne Term Loan(s) are contained in: (i) this Agreement (which is incorporated herein by reference); and (ii) in the Confirmation Letter you receive when your fixed rate loan is processed. Those terms and conditions include, without limitation, the following:

The principal amount, annual percentage rate and loan term will be shown on the Confirmation Letter. You may select a loan term from the options Lender makes available to you for each EquityOne Term Loan. The minimum EquityOne Term Loan amount is \$5,000.00. The term options will be between 36 and 240 months, not to exceed the repayment period in your Agreement. The Lender may set the term options based upon the amount of your Credit Limit in relation to the value of the real estate securing this Agreement or such other criteria, as Lender deems appropriate. You will make payments of principal and interest in accordance with the payment schedule disclosed in the Confirmation Letter, with your final payment to include all principal and accrued interest not yet paid. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the annual interest rate over the number of days in a year, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. You may pay without penalty all or a portion of the amount owed earlier than it is due.

Monthly Billing Statement for Your Term Loan. The Lender will send a monthly billing statement showing the payment amount, payment due date, and balance, unless you choose another available method of payment processing.

Default. A default in the EquityOne Line of Credit or any EquityOne Term Loan made hereunder shall be considered a default in all related obligations, including the EquityOne Line of Credit and any EquityOne Term Loan.

Conversion Option Late Charge. Your payment will be late on your EquityOne Terms Loan(s) if it is not received by us within 15 days after the "Payment Due Date". If your payment is late, we may charge you 5.000% of the regularly scheduled payment or \$15.00 whichever is greater.



Defined Terms and Conditions. You agree that this Agreement and the EquityOne Confirmation Letter are intended as the final expression of the Peoples Bank EquityOne Term Loan and as a complete and exclusive statement of its terms, and such documents may not be supplemented or modified except in writing. The EquityOne Loan benefits the Lender, its successors and assigns and binds you and your heirs, personal representatives, successors and assigns.

MAXIMUM-RATE AND PAYMENT EXAMPLE. If the **ANNUAL PERCENTAGE RATE** during the Draw Period equaled the 18.000% maximum and you had an outstanding balance of \$10,000.00, your minimum payment would be \$150.00. The maximum Annual Percentage Rate could be reached the first time your Annual Percentage Rate changes, unless your initial rate is equal to the maximum, in which case it would be reached immediately. If you had an outstanding balance of \$10,000.00 at the beginning of the Repayment Period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.000% would be \$154.33. This Annual Percentage Rate could be reached at the beginning of the Repayment Period.

HISTORICAL EXAMPLE. The following table 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 over the past 15 years. The index values are from the rate in effect as of the first business day of January of each year. While only one payment amount per year is shown, payments would have varied during each year of the Draw Period. 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.

Year	Index	Margin*	ANNUAL PERCENTAGE RATE	Minimum Periodic Payment
2011	3.250%	0.750%	4.000%	\$33.33
2012	3.250%	0.750%	4.000%	\$33.33
2013	3.250%	0.750%	4.000%	\$33.33
2014	3.250%	0.750%	4.000%	\$33.33
2015	3.250%	0.750%	4.000%	\$33.33
2016	3.500%	0.750%	4.250%	\$35.42
2017	3.750%	0.750%	4.500%	\$37.50
2018	4.500%	0.750%	5.250%	\$43.75
2019	5.500%	0.750%	6.250%	\$52.08
2020	4.750%	0.750%	5.500%	\$45.83 ^{1/} ₋
2021	3.250%	0.750%	4.000%	\$60.60
2022	3.250%	0.750%	4.000%	\$60.60
2023	7.500%	0.750%	8.250%	\$82.96
2024	8.500%	0.750%	9.250%	\$88.50
2025	7.500%	0.750%	8.250%	\$83.19

* This is a margin we have used recently.
^{1/} Draw period ends on the 120th month.

