

Home Equity Line of Credit Program Description

This disclosure contains important information about our Home Equity Line of Credit Program. 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 have 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

Under certain circumstances, we can:

- Terminate your line of credit and require you to pay us the entire outstanding balance in one payment, and charge you certain fees;
- Refuse to make additional extensions of credit; and
- Reduce your credit limit.

We can terminate your line of credit, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- You fail to make a payment as required by the agreement (except where the law governing the agreement is that of Iowa, in which case you fail to make a payment within 10 days of being due; or Wisconsin, in which case you fail to make a full payment when due on two or more occasions within any 12-month period);
- Your action or inaction adversely affects the collateral or our rights in the collateral;
- You engage in fraud or material misrepresentation in connection with the line of credit (except where the law governing the agreement is that of Idaho, Kansas, Maine, Missouri, or South Carolina); or
- You are an executive officer of us and you become indebted to us or another lender in an aggregate amount greater than the amount permitted under federal laws and regulations.

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

- You engage in fraud or material misrepresentation in connection with the line;
- Your action or inaction adversely affects the collateral or our rights in the collateral;
- 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 of 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 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 business practice;
- The maximum annual percentage rate is reached;
- You become an Executive Officer of U.S. Bank or a related company;



- Employee preferred rate agreements: The initial agreement permits us to make certain changes in the terms of the line of credit at specified times or upon the occurrence of specified events; or
- Your U.S. Bank Home Equity Line of Credit is in second lien position and you are currently past due on your primary mortgage (mortgage that is in first position).

Minimum Payment

You can obtain credit advances for 10 years (the “draw period”). During this period, payments will be due monthly.

On or before each payment date, you agree to make a payment of at least the minimum payment amount. Your minimum payment amount will be determined by one of up to three payment options listed below; the payment option(s) available to you will be determined during the processing of your application and the final minimum payment amount applicable to your account will be disclosed in your U.S. Bank Home Equity Line of Credit Agreement:

Option A: The amount of accrued finance charges on the last day of the billing cycle. This option is not available for all borrowers. This option may cause your monthly payment to increase, possibly substantially, once your account transitions into the repayment period.

Option B: The greater of (1) 1% of your account's principal balance outstanding on the last day of the billing cycle, (2) the accrued finance charges on the last day of the billing cycle, or (3) \$50.

Option C: The greater of (1) 2% of your account's principal balance outstanding on the last day of the billing cycle, (2) the accrued finance charges on the last day of the billing cycle, or (3) \$50.

After the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance on your line of credit (the “repayment period”). The length of the repayment period is 20 years. During the repayment period, payments will be due monthly.

Your minimum payment will equal the greater of (1) the amount of accrued finance charges plus 0.41167% of the principal balance outstanding on the last day of the draw period, or (2) \$50.

Rounding

The minimum payment will be rounded to the nearest \$0.01.

Balances of less than \$50.00 must be paid in full.

Principal Reduction

During the draw period, the minimum payment may not fully repay the principal balance outstanding on your line of credit.

Minimum Payment Example

If you took only a single \$10,000 credit advance and the ANNUAL PERCENTAGE RATE was 7.250%:

Under Option A. It would take 29 years and 9 months to pay off the advance if you made only the minimum payments. During that period, you would make 120 payments of \$60.42 followed by 236 payments varying between \$102.12 and \$50.00, with a final payment of \$49.95.

Under Option B. It would take 26 years and 4 months to pay off the advance if you made only the minimum payments. During that period, you would make 120 payments varying between \$100.00 and \$62.38 followed by 195 payments varying between \$63.45 and \$50.00, with a final payment of \$2.02.

Under Option C. It would take 13 years and 3 months to pay off the advance if you made only the minimum payments. During that period, you would make 120 payments varying between \$200 and \$50.00 followed by 38 payments of \$50.00, with a final payment of \$16.47.



Fees and Charges

To open and maintain a line of credit, you must pay the following fees to us:

Annual Fee: Our pricing policy on annual fees is subject to change. An annual fee of \$0.00 may apply. (For plans with an annual fee, we waive this fee for the first year of a plan and we charge the fee to the account on the first anniversary of the plan and each year thereafter. The annual fee will not be assessed during the repayment period.) Please ask us for our current annual fee plans.

Early Closure Fee - If you close your line of credit within the first 30 months after it is opened, you will pay an early closure fee equal to 1.000% of the credit limit, with a maximum of \$500.00.

Appraisal Fee: We will make an evaluation of your home at our expense and tell you what will be your maximum line of credit amount based on our evaluation.

You must carry insurance on the property that secures the line of credit.

Refundability of Fees

If you decide not to enter into this plan within three days of receiving this disclosure and the Home Equity Brochure, you are entitled to a refund of any fee you may have already paid.

Tax Deductibility

You should consult a tax advisor regarding the deductibility of interest and charges for the line of credit.

Variable Rate Features

This line of credit has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result. 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 base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks known as the Wall Street Journal U.S. Prime Rate and is published in the Wall Street Journal. To determine the annual percentage rate that will apply to your line of credit, we add a margin to the value of the index.

The most important factors that we currently use to determine the margin are:

- The loan-to-value ratio: the higher the ratio, the higher the margin.
- The amount of the line of credit: the higher the line amount, the lower the margin.
- The credit rating of the borrower(s): the better the credit rating, the lower the margin.
- Employment with U.S. Bank or our affiliates: qualifying employees receive a lower margin (refer to the provision entitled "Employee Preferred Rate Discount" below for additional information).

Ask us for the current index value, margin, discount, and annual percentage rate. After you open a line of credit, rate information will be provided on periodic statements that we send you.

Rate Changes

The annual percentage rate can change daily. There is no limit on the amount by which the rate can change in any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the line of credit is 18.000%. The minimum **ANNUAL PERCENTAGE RATE** that can apply during the line of credit is 3.250%.

Employee Preferred Rate Discount: We give people who are our employees or employees of our affiliates a "preferred" interest rate (a rate that is better than it would be given the other factors in the margin determination process). This "preference" is up to a 0.5% lower margin than would otherwise apply.



Preferred Rate for U.S. Bank Personal Checking Accounts: A preferred interest rate and annual percentage rate (a rate that is better than it would be, given the factors in the margin determination process) is available for having a U.S. Bank personal checking account. This "preference" is up to a 0.50% lower margin than would otherwise apply. Customers in certain states are eligible to receive the preferred rate without having a U.S. Bank personal checking account.

Introductory Rate: On some occasions in some markets we may offer "introductory" rates to qualifying customers. Such an introductory rate is lower than what would otherwise apply to that loan. We have chosen not to reflect such an introductory rate in the rate and payment examples. Such a feature would reduce the annual percentage rate during the introductory period, and, depending on the balance of the loan and the payment option, would probably lower the minimum monthly payment for that period. After the introductory period, the formula for the index and margins would go into effect.

Maximum Rate and Payment Examples

If you had an outstanding balance of \$10,000 at the beginning of the draw period, at the maximum ANNUAL PERCENTAGE RATE of 18%:

Under Option A. The minimum monthly payment would be \$150.00.

Under Option B. The minimum monthly payment would be \$150.00.

Under Option C. The minimum monthly payment would be \$200.00.

The maximum annual percentage rate during the draw period could be reached on the first day following the date of loan consummation (or, if there is an "introductory" rate, on the first day after the introductory rate expires). If you had an outstanding balance of \$10,000 at the beginning of the repayment period, at the maximum ANNUAL PERCENTAGE RATE of 18%:

Under Option A. The minimum monthly payment would be \$191.70.

Under Option B. The minimum monthly payment would be \$191.70.

Under Option C. The minimum monthly payment would be \$191.70.

The maximum annual percentage rate during the repayment period could be reached on the first day following the date of loan consummation.

Fixed Rate Option

This plan includes an option to convert the interest rate from a variable rate to a fixed rate ("*Fixed Rate Option*"). An exercised Fixed Rate Option results in a fixed rate term loan for the designated balance (a "*Lock*"). The Fixed Rate Option is subject to the following terms and conditions:

- 1. Balance.** You may exercise the Fixed Rate Option against the following portion of the loan account balance: the minimum amount is \$2,000.00 and a maximum of the total available line amount less any previously locked principal balance.
- 2. Fixed Rate Option Period.** You may exercise the Fixed Rate Option during the following period: at any time prior to the draw period end date.
- 3. Fixed Rate Option Number.** The number of Locks that you may create (or have outstanding) are subject to the following restrictions: you may not have more than three Locks in effect at any one time.
- 4. Fixed Rate Option Term.** The balance of a Lock will be paid over the following term: (A) in the case of repayments made on an interest-only basis (if this option is available), for a term that you select, with a minimum term of 1 year and a maximum term equal to the lesser of 5 years or the then-remaining term of the draw period; or (B) in the case of repayments made on a fully-amortizing basis, for a term that you select, with a minimum term of 1 year and a maximum term equal to the lesser of 20 years or the then-remaining term of both the draw period and the repayment period.
- 5. Fixed Rate Option Repayment Method.** Payments on a Lock will be determined as follows: you may have two choices of payment for a Lock: (A) interest-only payment amounts where each Lock will have its own payment amount equal to the amount of the accrued finance charges outstanding on the last day of the billing cycle. This repayment method is not available to all borrowers and is instead available at our discretion. Under this payment



method, the outstanding principal balance of the Lock will not be reduced and the entire principal balance will revert back to the variable portion of the line of credit at the end of the Lock term and remain subject to the terms and conditions listed in your U.S. Bank Home Equity Line of Credit Agreement; or (B) fixed payment amounts where each Lock will have its own payment amount determined by applying the appropriate interest rate to the outstanding principal balance of the Lock, and producing equal monthly payments of principal and interest for the entire Lock term.

6. **Fixed Rate Option Fees.** You will be required to pay the following fees at the time you exercise a Fixed Rate Option: \$0.00
7. **Fixed Rate Determination.** The fixed rate applicable to a Lock will be determined as follows: If you choose to convert any portion of your balance to a fixed rate, the rate will be the published 10-year Treasury Security Rate that is in effect at the date of conversion plus a margin. Lower interest rates may be available. Call us to find out what our current rates are for Fixed Rate Options.
8. **Additional Fixed Rate Option Rules.** You may not make additional advances to the balance of a Lock once it is established, nor may you request advances from a Lock. If you exercise the Fixed Rate Option your minimum payment amount will equal the sum of the Lock payment amount plus the regular minimum payment amount for any remaining balance on the line of credit that has not been converted to a fixed rate. Additional payments to a Lock may be made at any time, but shall not affect your obligation to pay succeeding Lock payments as long as any amount is still owing on the Lock. In addition, the following rules apply to the Fixed Rate Option: Method. You can exercise a Fixed Rate Option by contacting us. A full disclosure of all terms will be provided to you at the time the Fixed Rate Option is exercised. Further, the unpaid principal balance of a Lock is part of your credit limit, and a principal portion of each payment amount made during the draw period will replenish your credit limit as of the date a payment is posted.

Additional Terms

U.S. Bank Overdraft Protection: This section will be part of your U.S. Bank Home Equity Line of Credit Agreement only if you have specifically requested and have obtained an Overdraft Protection Plan by linking the line of credit with a designated U.S. Bank personal checking account ("checking account"). An "Overdraft Protection Advance" is an advance of funds to your designated checking account from the line of credit that will help cover overdrafts on your checking account. Any Overdraft Protection Advance will post and be charged interest as an advance drawn on the line of credit. Please refer to the U.S. Bank Deposit Account Agreement (entitled, "Your Deposit Account Agreement") for full Overdraft Protection Plan terms and the Consumer Pricing Information Brochure for fees that apply for Overdraft Protection Advances. We may cancel Overdraft Protection privileges under the line of credit, even if the line of credit remains open for other purposes.

Transaction Limitations: There are a few "indirect" limitations on the transactions you can make to the line of credit. These are not limitations on the line of credit, but limitations that are part of an access method. For example, if you attach the line of credit to your transaction account (overdraft protection) and if you have an ATM card or debit card that can access that transaction account, then the electronic funds transfer limitations that are part of your ATM or debit card are "indirect" limits on the number and dollar amount of your access to the line of credit per day by those methods. These are not really limits on the amount or number of advances you can get from the line of credit, but are limits inherent in ATM and debit card transactions.

Expanded Account Access: If a line of credit is opened, we want you to be aware that a) any card or PIN issued to or selected by you under the line of credit will access multiple checking, savings, account and credit card accounts in your name at U.S. Bank or any of its affiliates; and b) any line of credit opened under this application may be accessed by any cards or PINs that you have selected or that has been issued to you or may in the future be selected by you or issued to you by U.S. Bank or any of its affiliates. "Access" means use of a card or account number and PIN to conduct a transaction or obtain information at ATMs or via telephone, personal computer banking, or any other available method. There are no additional fees or charges for Expanded Account Access. The fees and terms disclosed for each account apply. You understand that at our ATMs this expanded account access may be available for up to five checking, five savings, and five accounts or credit card accounts, and that at other ATMs and with other methods of access, other limitations may apply. You can restrict or eliminate Expanded Account Access if you want to.



- For customers at an ATM with a Debit or ATM card that have accessed a Home Equity Line of Credit through the expanded card access feature, cash withdrawals/advances and transferring from the Home Equity Line of Credit is not allowed.

Historical Examples

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 last 15 years. The index values are from the first business day of September. The table assumes that no additional credit advances were taken, that only the minimum payment was made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

Year	Index (%)	Margin* (%)	ANNUAL PERCENTAGE RATE (%)	A. Interest Only Payment (\$)	B. Greater of 1% of the Balance or \$50 or Interest Only Payment (\$)	C. Greater of 2% of the Balance or \$50 or Interest Only Payment (\$)
2005	6.500	2.000	8.500	70.83	100.00	200.00
2006	8.250	2.000	10.250	85.42	96.56	171.11
2007	8.250	2.000	10.250	85.42	94.88	149.01
2008	5.000	2.000	7.000	58.33	93.23	129.76
2009	3.250	2.000	5.250	43.75	88.68	109.34
2010	3.250	2.000	5.250	43.75	82.87	90.52
2011	3.250	2.000	5.250	43.75	77.45	74.93
2012	3.250	2.000	5.250	43.75	72.38	62.03
2013	3.250	2.000	5.250	43.75	67.64	51.35
2014	3.250	2.000	5.250	43.75	63.21	50.00
2015(O)	3.250	2.000	5.250	85.45	50.49	50.00
2016	3.500	2.000	5.500	85.24	50.35	50.00
2017	4.250	2.000	6.250	88.57	52.29	50.00
2018	5.000	2.000	7.000	91.28	53.89	N/A
2019	5.250	2.000	7.250	90.02	53.15	N/A

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

(O) The repayment period begins in this year.

Notices

FOR MASSACHUSETTS RESIDENTS ONLY: 1) The responsibility of the attorney for the mortgagee (lender) is to protect the interest of the mortgagee (lender); 2) the mortgagor (borrower) may, at their own expense, engage an attorney of their own selection to represent their own interests in the transaction.

FOR NEW YORK RESIDENTS ONLY: Hazard insurance is required if the loan is approved. If your loan is approved, the maximum coverage we may require may not exceed the replacement cost of the collateral securing the loan. Your interest rate will be set at the time of closing.

FOR WISCONSIN RESIDENTS ONLY: The terms of the agreement to make the residential mortgage loan including but not limited to the interest rate and any fees charged are not fixed through the loan's closing date.

FOR MINNESOTA RESIDENTS ONLY: This statement is not an offer to enter into an interest rate or discount point agreement. Such an offer may only be made pursuant to Minnesota Statutes 47.206, subd. 3 and 4.



YOU SHOULD CHECK WITH YOUR LEGAL ADVISOR AND WITH OTHER MORTGAGE LIEN HOLDERS AS TO WHETHER ANY PRIOR LIENS CONTAIN ACCELERATION CLAUSES WHICH WOULD BE ACTIVATED BY A JUNIOR ENCUMBRANCE.

This is not a commitment to make a loan.

