

# HOME EQUITY APPLICATION DISCLOSURE

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## IMPORTANT TERMS OF OUR HOME EQUITY APPLICATION DISCLOSURE

This disclosure contains important information about our HomeFlex FICO 750 And Up - Other Heloc Product (the "Plan" or the "Credit Line"). You should read it carefully and keep a copy for your records.

**AVAILABILITY OF TERMS.** All of the terms of the Plan described herein 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.** Under this Plan, we have the following rights:

**Termination and Acceleration.** We can terminate the Plan and require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if any of the following happens:

- You commit fraud or make a material misrepresentation at any time in connection with the Plan. This can include, for example, a false statement about your income, assets, liabilities, or any other aspect of your financial condition.
- You do not meet the repayment terms of the Plan.
- Your action or inaction adversely affects the collateral for the Plan or our rights in the collateral. This can include, for example, failure to maintain required insurance, waste or destructive use of the dwelling, failure to pay taxes, death of all persons liable on the account, transfer of title or sale of the dwelling, creation of a senior lien on the dwelling without our permission, foreclosure by the holder of another lien or the use of funds or the dwelling for prohibited purposes.

**Suspension or Reduction.** In addition to any other rights we may have, we can suspend additional extensions of credit or reduce your credit limit during any period in which any of the following are in effect:

- The value of your dwelling declines significantly below the dwelling's appraised value for purposes of the Plan. This includes, for example, a decline such that the initial difference between the credit limit and the available equity is reduced by fifty percent and may include a smaller decline depending on the individual circumstances.
- We reasonably believe that you will be unable to fulfill your payment obligations under the Plan due to a material change in your financial circumstances.
- You are in default under any material obligation of the Plan. We consider all of your obligations to be material. Categories of material obligations include, but are not limited to, the events described above under Termination and Acceleration, obligations to pay fees and charges, obligations and limitations on the receipt of credit advances, obligations concerning maintenance or use of the dwelling or proceeds, obligations to pay and perform the terms of any other deed of trust, mortgage or lease of the dwelling, obligations to notify us and to provide documents or information to us (such as updated financial information), obligations to comply with applicable laws (such as zoning restrictions).
- We are precluded by government action from imposing the annual percentage rate provided for under the Plan.
- 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 limit.
- We have been notified by governmental authority that continued advances may constitute an unsafe and unsound business practice.
- The maximum annual percentage rate under the Plan is reached.

**Change in Terms.** We may make changes to the terms of the Plan if you agree to the change in writing at that time, if the change will unequivocally benefit you throughout the remainder of the Plan, or if the change is insignificant (such as changes relating to our data processing systems).

**Fees and Charges.** In order to open and maintain an account, you must pay certain fees and charges.

**Lender Fees.** The following fees must be paid to us:

Description	Amount	When Charged
Loan Origination Fee:	\$250.00 or	At Account Opening
1/2 of 1%, whichever is greater:	.	At Account Opening
Flood Certification/Life of Loan:	\$5.00	At Account Opening
Annual Fee:	\$75.00	Annually
NSF Handling Fee:	\$33.00	At the time a payment is returned to us for non-sufficient funds
Overlimit Charge:	\$25.00	At the time your Credit Line balance exceeds your credit limit

**Late Charge.** Your payment will be late if it is not received by us within **5 days after the "Payment Due Date" shown on your periodic statement.** If your payment is late we may charge you 5.000% of the payment or \$500.00, whichever is less.

**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 \$97.00 and \$1,250.00. We estimate the breakdown of these as follows:

Description	Amount	When Charged
Recording Fees:	\$82.00	Upon Each Occurrence
Flood Cert/Determination:	\$10.00	At Account Opening

**PROPERTY INSURANCE.** You must carry insurance on the property that secures the Plan.

**MINIMUM PAYMENT REQUIREMENTS.** You can obtain advances of credit during the following period: from commencement of the term and ends upon (i) borrower's termination of the draw period, (ii) bank's termination of the agreement or (iii) the last day of the 120th billing cycle of the term whichever first occurs. (the "Draw Period"). After the Draw Period ends, the repayment period will begin. You will no longer be able to obtain credit advances. The length of the repayment period is as follows: One hundred eighty (180) months. Your Regular Payment will equal the amount of your accrued FINANCE CHARGES ("First Payment Stream"). You will make 120 of these payments. Your payments will be due monthly. Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your Regular Payment. The Minimum Payment during the First Payment Stream will not reduce the principal that is outstanding on your Credit Line.

After completion of the First Payment Stream, your Regular Payment will be based on a percentage of your outstanding balance plus all accrued FINANCE CHARGES as shown below or \$100.00, whichever is greater ("Second Payment Stream"). Your payments will be due monthly.

<u>Range of Balances</u>	<u>Number of Payments</u>	<u>Regular Payment Calculation</u>
All Balances	180	0.555% of your outstanding balance plus all accrued FINANCE CHARGES

Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. 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 24 years and 2

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months to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 10.000%. During that period, you would make 120 monthly payments ranging from \$76.71 to \$84.93. Then you would make 170 monthly payments ranging from \$43.61 to \$140.43.

**TRANSACTION REQUIREMENTS.** The following transaction limitations will apply to the use of your Credit Line:

**Credit Line HomeFlex Check and In Person Request Limitations.** The following transaction limitations will apply to your Credit Line and the writing of HomeFlex Checks and requesting an advance in person.

**Other Transaction Requirements.** During the draw period bank will extend credit to borrower in amounts which do not cause the account balance to exceed the credit limit.

**"BANK NOW ON LINE" and "BANK NOW BY PHONE" limitations:** During the draw period, bank will extend credit to borrower in amounts which do not cause the account balance to exceed the credit limit.

**Credit Line Debit Card Limitations.** The following transaction limitations will apply to your Credit Line and accessing by other methods.

**Other Transaction Requirements.** Limitations on the Use of Cards: We reserve the right not to honor "HomeFlex Equity Line Debit Card" in the following Circumstances:

**Credit Limit Violation.** Your Credit Limit has been or would be exceeded by paying the "HomeFlex Equity Line Debit Card" charge.

**Stolen Credit Cards.** Your "HomeFlex Equity Line Debit Card"(s) have been reported lost or stolen.

**Unauthorized Signatures.** Your "HomeFlex Equity Line Debit Card" is not used by an "Authorized Signer" as defined below.

**Termination or Suspension.** Your Credit Line has been terminated or suspended as provided in this Agreement or could be if we paid the Credit Line Charge.

If we pay any advance requested by use of the HomeFlex Equity Line Debit Card under these conditions, you must repay us, subject to applicable laws, for the amount of the advance. The advance itself will be evidence of your debt to us together with this Agreement. Our liability, if any, for wrongful dishonor of an advance is limited to your actual damages. Dishonor for any reason as provided in this Agreement is not wrongful dishonor. Your use of the "HomeFlex Equity Line Debit Card" will be reflected on your periodic statement as a credit advance. Transactions in which the country code of the merchant differ from that of the card issuing bank are assessed a MasterCard cross-border fee calculated by multiplying the settlement amount on the day the transaction is processed by 80 basis points. Additionally, transactions in currency different than the Cardholder's billing currency are assessed a MasterCard currency conversion fee calculated by multiplying the settlement amount the day of transaction processing by 20 basis points.

**Card Limitations.** The following transaction limitations will apply to your Credit Line and using a Card.

**Other Transaction Requirements.** Maximum point of sale limitation is the available balance on the line. Maximum point of sale limitation off-line is \$1,000.

**ATM Access Limitations.** The following transaction limitations will apply to your Credit Line and using the card: Daily ATM Cash Withdrawal Limit is \$500; Offline daily ATM Cash Withdrawal Limit is \$300.

Use of an ATM machine outside of the First National Bank Alaska system may incur additional use charges.

**"BANK NOW ON LINE" Internet Access and "BANK NOW BY PHONE" Access Limitations:** During the draw period bank will extend credit to borrower in amounts which do not cause the account balance to exceed the credit limit.

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

**VARIABLE RATE FEATURE.** The Plan has a variable rate feature. 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 INDEX.** The annual percentage rate is based on the value of an index (referred to in this disclosure as the "Index"). The Index is the highest domestic bank Prime Rate as quoted in the last edition of the Wall Street Journal to quote a domestic prime rate during the preceding billing cycle. When a range of rates has been published the higher of the rates will be used. Information about the Index is available or published in the Wall Street Journal. We will use the most recent Index value available to us as of the first calendar day of each month to establish any annual percentage rate adjustment.

**ANNUAL PERCENTAGE RATE.** To determine the Periodic Rate that will apply to your First Payment Stream, 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 for your First Payment Stream. To determine the Periodic Rate that will apply to your Second Payment Stream, 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 for your Second Payment Stream. A change in the Index rate 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 lifetime annual percentage rate limits, as discussed below.

**Forgo Rate Increases.** If we forgo an annual percentage rate increase, at the time of a later adjustment we may return to the full Index value plus margin.

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

**Conversion Option.** The Plan contains an option to convert the annual percentage rate under the Plan 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: During the Ten (10) year Draw Period.

**Rate Determination.** The fixed rate will be determined as follows: the Index Rate on the day of the advance plus a margin as stated in the Second Payment Stream. In no event will the corresponding Annual Percentage Rate be less than 6.50% per annum or more than the lesser of 17.000% or the maximum rate allowed by applicable law.

**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 for the Plan: A fixed term advance will be made to convert outstanding revolving credit to fixed-term credit on amounts of \$5,000.00 or more and for terms of not more than 180 months. They are requested by borrower's signed request, in a form satisfactory to bank, specifying the amount of revolving credit to be converted and the term and interest rate requested. No fixed term advance will be made (a) within the one year period following the making of a previous fixed term advance or (b) which would cause more than three fixed term advances to be outstanding.

**FREQUENCY OF ANNUAL PERCENTAGE RATE ADJUSTMENTS.** Your 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. However, under no circumstances will your ANNUAL PERCENTAGE RATE exceed 17.000% per annum or, go below 5.500% per annum at any time during the term of the Plan.

## MAXIMUM RATE AND PAYMENT EXAMPLE.

**Draw Period.** If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 17.000% would be \$144.38. This ANNUAL PERCENTAGE RATE could be reached immediately or prior to the 1st payment.

**Repayment Period.** If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 17.000% would be \$199.88. This ANNUAL PERCENTAGE RATE could be reached at the time of the 1st payment during the repayment period.

**PREPAYMENT.** You may prepay all or any amount owing under the Plan at any time without penalty.

**HISTORICAL EXAMPLE.** The example below 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 from 2010 to 2024. The Index values are from the following reference period: annually as of July 1. While only one payment per year is shown, payments may have varied during each year. Different outstanding principal balances could result in different payment amounts.

The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during the year. It does not necessarily indicate how the Index or your payments would change in the future.

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(Continued)**

**INDEX TABLE**

Year (annually as of July 1)		Index (Percent)	Margin (1) (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
Draw Period	2010.....	3.250...	1.500	5.500 (8)	46.71
	2011.....	3.250...	1.500	5.500 (8)	46.71
	2012.....	3.250...	1.500	5.500 (8)	46.71
	2013.....	3.250...	1.500	5.500 (8)	46.71
	2014.....	3.250...	1.500	5.500 (8)	46.71
	2015.....	3.250...	1.500	5.500 (8)	46.71
	2016.....	3.500...	1.500	5.500 (8)	46.71
	2017.....	4.250...	1.500	5.750	48.84
	2018.....	5.000...	1.500	6.500	55.21
	2019.....	5.500...	1.500	7.000	59.45
Repayment Period	2020.....	3.250...	1.500	5.500 (8)	102.21
	2021.....	3.250...	1.500	5.500 (8)	100.00
	2022.....	4.750...	1.500	6.250	100.00
	2023.....	8.250...	1.500	9.750	109.90
	2024.....	8.500...	1.500	10.000	104.38

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

(8) This A.P.R. reflects a 5.500 percent floor.