

# HOME EQUITY LINE OF CREDIT - OPTION 1

Southern Bank of Tennessee  
Mt Juliet  
675 North Mt Juliet Rd  
Mt Juliet, TN 37122

## IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT - OPTION 1

This disclosure contains important information about our HELOC - Option 1 - 4.50% Intro Rate (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: We can terminate your account, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- (a) You engage in fraud or material misrepresentation in connection with the Plan.
- (b) You do not meet the repayment terms of the Plan.
- (c) Your action or inaction adversely affects the collateral for the Plan or our rights in the collateral.

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

- (a) The value of the dwelling securing the Plan declines significantly below its appraised value for purposes of the Plan.
- (b) We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- (c) You are in default of a material obligation of the Plan.
- (d) Government action prevents us from imposing the annual percentage rate provided for under the Plan or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- (e) A government authority has notified us that continued advances would constitute an unsafe business practice.
- (f) The maximum annual percentage rate is reached.

The initial agreement permits us to make changes to the terms of the Plan at specified times or upon the occurrence of specified events.

**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
NSF Handling Fee:	\$30.00	At the time a payment is returned to us for non-sufficient funds
Stop Payment Fee:	\$30.00	At the time you request a Stop Payment
Photocopying Charges:	1.00 per page	At the time of your request

**Late Charge.** Your payment will be late if it is not received by us within **15 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 \$100.00, whichever is less.

**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: Ten Years (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: After the draw period ends, you will be required to pay the entire balance in a single balloon payment. Your Regular Payment will equal the amount of your accrued FINANCE CHARGES. You will make 119 of these payments. You will then be required to pay the entire balance owing in a single balloon payment. If you make only the minimum payments, you may not repay any of the principal balance by the end of this payment stream. 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.

**MINIMUM PAYMENT EXAMPLE.** If you made only the minimum payment and took no other credit advances, it would take 10 years to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 4.750%. During that period, you would make 119 monthly payments ranging from \$36.44 to \$40.34 and one final payment of \$10,040.34.

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

**Credit Line Home Equity Credit Line Check, Telephone Request, Request By Mail, In Person Request and Other Methods Limitations.** There are no transaction limitations for the writing of Home Equity Credit Line Checks, requesting an advance by telephone, requesting an advance by mail, requesting an advance in person or accessing by other methods.

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

**ADDITIONAL HOME EQUITY PROGRAMS.** Please ask us about our other available Home Equity Line of Credit plans.

**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 New York Consensus Prime as quoted in the Wall Street Journal under Money Rates. Information about the Index is available or published Wall Street Journal under Money Rates. We will use the most recent Index value available to us as of 30 days prior any annual percentage rate adjustment.

**ANNUAL PERCENTAGE RATE.** To determine the Periodic Rate that will apply to your account, 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.** 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.

**Initial Annual Percentage Rate Discount.** The initial annual percentage rate is "discounted"--it is not based on the Index and margin used for later rate adjustments. The initial discounted rate will be in effect for 6 Payments.

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

**FREQUENCY OF ANNUAL PERCENTAGE RATE ADJUSTMENTS.** Your ANNUAL PERCENTAGE RATE can change on the 25th of each month. 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 18.000% per annum or, go below 4.750% per annum at any time during the term of the Plan.

**MAXIMUM RATE AND PAYMENT EXAMPLE.** If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 18.000% would be \$152.88. This ANNUAL PERCENTAGE RATE could be reached at the time of the 6th payment.

**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 2008 to 2022. The Index values are from the following reference period: January 1. While only one payment per year is shown, payments may have varied during each year. Different outstanding principal

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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.

**INDEX TABLE**

Year (January 1)	Index (Percent)	Margin (1) (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2008.....	7.250.....	0.000	4.750 (7)(8)	40.34
2009.....	3.250.....	0.000	4.750 (8)	40.34
2010.....	3.250.....	0.000	4.750 (8)	40.34
2011.....	3.250.....	0.000	4.750 (8)	40.34
2012.....	3.250.....	0.000	4.750 (8)	40.34
2013.....	3.250.....	0.000	4.750 (8)	40.34
2014.....	3.250.....	0.000	4.750 (8)	40.34
2015.....	3.250.....	0.000	4.750 (8)	40.34
2016.....	3.500.....	0.000	4.750 (8)	40.34
2017.....	3.750.....	0.000	4.750 (8)	40.34
2018.....	4.500.....	0.000	4.750 (8)	
2019.....	5.500.....	0.000	5.500	
2020.....	4.750.....	0.000	4.750	
2021.....	3.250.....	0.000	4.750 (8)	
2022.....	3.250.....	0.000	4.750 (8)	

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

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

(8) This A.P.R. reflects a 4.750 percent floor.

**AUTO DEBIT REQUIREMENT.** Automatic debt is required under this Plan.

**PAYMENT OF CLOSING COSTS.** All third party fees up to \$750.00 will be paid by Southern Bank of Tennessee on behalf of the borrower, outside of closing. The payment of 3rd party fees is only eligible to be paid with the initial opening of the Home Equity Line of Credit. All refinances of existing Home Equity Lines of Credit are subject to payment of closing costs.

**ELIGIBILITY.** Existing Southern Bank of Tennessee Home Equity Lines of Credit are not eligible for this Plan. .