

## HOME EQUITY LINE OF CREDIT APPLICATION DISCLOSURE

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### IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT APPLICATION DISCLOSURE

**Retention of Information:** This disclosure contains important information about our **Home Equity Line of Credit (the "Line")**. You should read it carefully and keep a copy for your records.

**AVAILABILITY OF TERMS.** The products outlined in this disclosure are only available for new Home Equity Line of Credit Lines. All of the terms defined below 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.**

We can terminate the Line and 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 "line;"
- (b) You do not meet the repayment terms;
- (c) 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:

- (a) The value of the dwelling securing the "line" declines significantly below the dwelling's appraised value for purposes of the "line;"
- (b) We reasonably believe you will not be able to meet the re-payment requirements due to a material change in your financial circumstances;
- (c) You are in default of a material obligation in the agreement;
- (d) 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% of the "line;"
- (e) A regulatory agency notifies us that continued advances may constitute an unsafe and unsound business practice;
- (f) The maximum annual percentage rate is reached.

**CHANGE IN TERMS:** 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.

**FEES AND CHARGES:** To open and maintain a "line", you must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These third party fees generally total between \$0.00 and \$999.99. Upon request, we will provide you with an itemization of the fees you will have to pay to third parties.

**PROPERTY INSURANCE:** You must carry insurance on the property that secures the "line."

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

**VARIABLE RATE FEATURE:** The "line" has a variable rate feature and 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 annual percentage rate is based on the value of an index (referred to in this disclosure as the "Index"). The Index is the Wall Street Journal Prime Rate; that is the base rate on corporate loans posted by at least 75% of the nation's 30 largest banks on the rate adjustment date. Information about the Index is available or published in the Wall Street Journal. We use the most recent Index value available to us as of the first day of each month to make any annual percentage rate adjustment. If the Index is no longer available, we will choose a new Index and margin. The new Index will have an historical movement substantially similar to the original Index, and the new Index and margin will result in an annual percentage rate that is substantially similar to the rate in effect at the time the original Index becomes unavailable. To determine the ANNUAL PERCENTAGE RATE that will apply to your "line," we add a margin to the value of the index.

**Plan V12.** The variable initial ANNUAL PERCENTAGE RATE is "Discounted" and based upon Wall Street Journal Prime Rate minus a "Margin" of 0.01% for twelve (12) months after establishment of the "Line." The discount may be greater based on the following:

<b>Additional Discount to Margin</b>	<b>Requirement to Obtain Margin Discount for Initial Twelve (12) Month Period</b>
<b>0.25%</b>	<b>Maintain auto-pay from an NBH Bank deposit account.</b>
<b>0.25%</b>	<b>Maintain Work Perks Checking with \$5k in deposits or Work Perks Checking with \$10k in loan balances with NBH Bank.</b>
<b>0.50%</b>	<b>Maintain a Premium, Work Perks Checking with \$10k in deposits or Work Perk Checking with \$20k in loan balances, or Associate Checking Account with NBH Bank.</b>

Based on the above table showing additional discounts, the maximum discount available is 0.76%.

The initial ANNUAL PERCENTAGE RATE is not based on an index and margin used to make later rate adjustments. After twelve (12) months, the ANNUAL PERCENTAGE RATE will adjust to the Wall Street Journal Prime plus a margin based on the following:

Margin	Requirement
0.50%	Member of Pipefitters Local 533 and maintain auto-pay from an NBH Bank deposit account
0.75%	Maintain auto-pay from an NBH Bank deposit account.
1.00%	Member of Pipefitters Local 533 and do not maintain auto-pay from an NBH deposit account
1.25%	Do not maintain auto-pay from an NBH Bank deposit account.

Prime may change at any time and is subject to change without notice. If Prime increases or decreases, the variable APR and minimum required payment will change. Rate information will be provided on each periodic statement you receive.

Please ask us for the current Index, Margin, Discount, and ANNUAL PERCENTAGE RATE. Once you open your "line", these details will be printed on the monthly statements you will receive.

RATE CHANGES: The 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.

The minimum ANNUAL PERCENTAGE RATE that can apply during this plan is 3.000%.

The maximum ANNUAL PERCENTAGE RATE that can apply during this plan is 17.600%.

The ANNUAL PERCENTAGE RATE will increase under the following preferred-rate situations:

If you receive a "discounted" rate for having your payments automatically debited from a NBH Bank deposit account and either you or NBH Bank cancels automatic payment of the account;

If you receive a "discounted" rate for having a qualifying relationship or relationship account (accounts defined on page 1) with NBH Bank (or one of its affiliates) and either you or NBH Bank (or its affiliate) terminates the relationship or account;

If the occupancy status of the Property changes from owner-occupied to second home, investment property, or other non-owner occupied, your ANNUAL PERCENTAGE RATE will increase by 1.00%.

MINIMUM PAYMENT REQUIREMENTS. You can obtain advances of credit during the following period: 120 months (the "Draw Period"). During the draw period, your Regular Payment will be due monthly. Your Regular Payment will equal the amount of your accrued FINANCE CHARGES. You will make 119 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. If you make only the minimum payments, you may not repay any of the principal balance by the end of this payment stream. You will then be required to pay the entire balance owing in a single balloon payment. 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 4.25%. During that period, you would make 119 payments of \$34.93 with a final balloon payment of \$10,034.93.

#### MAXIMUM RATE AND PAYMENT EXAMPLES.

Plan V12. If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 17.600% would be \$149.48. This ANNUAL PERCENTAGE RATE could be reached at any time.

If you had an outstanding balance of \$10,000.00 when the DRAW PERIOD ends, minimum balloon payment at the maximum ANNUAL PERCENTAGE RATE of 17.600% would be \$10,149.48.

HISTORICAL EXAMPLE: The following table shows how the annual percentage rate and the monthly payments for a single \$10,000 credit advance would have changed based on changes in the indices over the past 15 years. The index values are as of the first week ending in July. While only one payment amount per year is shown, payments under the "line" would have varied during each year. Different outstanding principal balances could result in different payment amounts.

This table assumes no additional credit advances were taken and only the minimum monthly payment was made each month. It does not necessarily indicate how the index or your payments will change in the future.

INDEX TABLE

Year (as of the first week ending in July)	Index (Percent)	Margin (Percent)	Plan V12 with 0.76% Discount		Plan V12 with 0.51% Discount		Plan V12 with 0.26% Discount		Plan V12 with 0.01% Discount	
			ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)						
2003	4.250	0.750 <sup>(1)</sup>	3.240 <sup>(2)</sup>	27.52	3.490 <sup>(2)</sup>	29.64	3.740 <sup>(2)</sup>	31.76	3.990 <sup>(2)</sup>	33.89
2004	4.000	0.750 <sup>(1)</sup>	4.750	40.34	4.750	40.34	4.750	40.34	4.750	40.34
2005	6.250	0.750 <sup>(1)</sup>	7.000	59.45	7.000	59.45	7.000	59.45	7.000	59.45
2006	8.250	0.750 <sup>(1)</sup>	9.000	76.44	9.000	76.44	9.000	76.44	9.000	76.44
2007	8.250	0.750 <sup>(1)</sup>	9.000	76.44	9.000	76.44	9.000	76.44	9.000	76.44
2008	5.000	0.750 <sup>(1)</sup>	5.750	48.84	5.750	48.84	5.750	48.84	5.750	48.84
2009	3.250	0.750 <sup>(1)</sup>	4.000	33.97	4.000	33.97	4.000	33.97	4.000	33.97
2010	3.250	0.750 <sup>(1)</sup>	4.000	33.97	4.000	33.97	4.000	33.97	4.000	33.97
2011	3.250	0.750 <sup>(1)</sup>	4.000	33.97	4.000	33.97	4.000	33.97	4.000	33.97
2012	3.250	0.750 <sup>(1)</sup>	4.000	33.97	4.000	33.97	4.000	33.97	4.000	33.97
2013	3.250	0.750 <sup>(1)</sup>	4.000	33.97	4.000	33.97	4.000	33.97	4.000	33.97
2014	3.250	0.750 <sup>(1)</sup>	4.000	33.97	4.000	33.97	4.000	33.97	4.000	33.97
2015	3.250	0.750 <sup>(1)</sup>	4.000	33.97	4.000	33.97	4.000	33.97	4.000	33.97
2016	3.500	0.750 <sup>(1)</sup>	4.250	36.10	4.250	36.10	4.250	36.10	4.250	36.10
2017	4.250	0.750 <sup>(1)</sup>	5.000	42.47	5.000	42.47	5.000	42.47	5.000	42.47

(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. Under the Plan, the rate caps are tied to the initial discounted annual percentage rate. As a result, under certain interest rate circumstances, conflicts may occur when applying both a rate cap and a discount. In these situations, the values in the Index Table reflect the application of the discount after determination of the rate cap.