

Lender:

Bank of Tennessee

301 E. Center Street

Kingsport, TN 37660

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HELOC PROGRAM DISCLOSURE

This disclosure contains important information about our Equity Line Interest Only. You should read it carefully and keep a copy for your records.

1. **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.
2. **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.
3. **POSSIBLE ACTIONS.** Under certain circumstances, we can:
 - A. Terminate your line of credit, require you to pay the entire outstanding balance in one payment
 - B. Refuse to make additional extensions of credit; and
 - C. Reduce your credit limit.

If you ask, we will give you more specific information about when we can take these actions.

4. **MINIMUM PAYMENT REQUIREMENTS.** You can obtain credit advances for 120 months (the "draw period"). During this period, payments will be due monthly. Your minimum monthly payment will equal the following:

- * The amount of accrued finance charges on the last day of the billing cycle; or
- * \$25.00

The minimum payment amount will be rounded to the nearest \$.01. Whenever a flat dollar amount is used to determine the minimum payment however, the minimum payment will be rounded to the nearest \$.01. The minimum monthly payments will not be sufficient to fully repay the principal that is outstanding on your line of credit at the end of 120 months. If they are not, you will then be required to pay the entire balance in a single payment.

5. **MINIMUM PAYMENT EXAMPLE.** If you made only the minimum monthly 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 4.250%. During that period, you would make 119 payments of \$35.41 with a final payment of \$10,035.41.

6. **FEES AND CHARGES.** To open and maintain a line of credit, you must pay the following fees to us:

- * Over the Limit Charge: \$30.00 (due per transaction)
- * Returned Check Charges: \$30.00 (due per transaction)
- * Stop Payment: \$30.00 (due per transaction)

Note that some fees may only apply upon the occurrence of an event and have been provided for information purposes only.

You must also pay certain fees to third parties, such as appraisers, attorneys and government agencies. These fees generally total \$955.70 for a \$100,000 line. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

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

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

8. **NEGATIVE AMORTIZATION.** Under some circumstances, your monthly payment will not cover the finance charges that accrue and "negative amortization" will occur. Negative amortization will increase the amount that you owe us and reduce your equity in your home.

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

10. **AVAILABILITY OF OTHER HOME EQUITY PLANS.** If you ask, we will provide you with information on our other available home equity lines of credit.

11. **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 nation's 10 largest banks known as the Wall Street Journal 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. Ask us for the current index value, margin, and annual percentage rate. After you open a line of credit, rate information will be provided on periodic statements that we send you.

12. RATE CHANGES. The annual percentage rate can change monthly. 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 21.000 percent. The annual percentage rate will never be less than the initial rate.

13. MAXIMUM RATE AND PAYMENT EXAMPLES. If you had an outstanding balance of \$10,000.00 at the beginning of the draw period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 21.00 percent would be \$175.00. The maximum annual percentage rate during the draw period, could be reached on the 11th day of any month.

14. HISTORICAL EXAMPLES. 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 last 15 years. The index values are from the first business day of August. While only one payment amount per year is shown, payments would have varied during each year. 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 (%)	Minimum Monthly Payment (\$)
1998	8.500	1.000	9.500	79.16
1999	8.000	1.000	9.000	75.00
2000	9.500	1.000	10.500	87.50
2001	6.750	1.000	7.750	64.58
2002	4.750	1.000	5.750	47.91
2003	4.000	1.000	5.000	41.66
2004	4.250	1.000	5.250	43.75
2005	6.250	1.000	7.250	60.41
2006	8.250	1.000	9.250	77.08
2007	8.250	1.000	9.250	77.08
2008	5.000	1.000	6.000	N/A
2009	3.250	1.000	4.250	N/A
2010	3.250	1.000	4.250	N/A
2011	3.250	1.000	4.250	N/A
2012	3.250	1.000	4.250	N/A

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

This is not a commitment to make a loan.

You hereby acknowledge receipt of this Home Equity Plan Disclosure and a copy of the Home Equity Brochure on today's date.