

## EQUITY ACCESS LINE OF CREDIT APPLICATION DISCLOSURE

**First Merchants Bank  
200 East Jackson Street  
Muncie, IN 47305**

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

This disclosure contains important information about our Fixed Rate Conversion HELOC - End of Draw – 3/19/21 (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:

- (a) 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.
- (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. 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 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:

- (a) 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.
- (b) 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.
- (c) 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, mortgages 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).
- (d) We are precluded by government action from imposing the annual percentage rate provided for under the Plan.
- (e) 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.
- (f) We have been notified by government authority that continued advances may constitute an unsafe and unsound business practice.
- (g) 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 system).

**EQUITY ACCESS LINE OF CREDIT APPLICATION DISCLOSURE  
(CONTINUED)**

**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:

<b>Description</b>	<b>Amount</b>	<b>When Charged</b>
Annual Fee:	\$75.00	Annually
NSF Handling Fee:	\$25.00	At the time a payment is returned to us for Non-sufficient funds

**Late Charge.** Your payment will be late if it is not received by us within **10 days after the "Payment Due Date" shown on your periodic statement.** If your payment is late we may charge you \$18.00.

**Third Party Fees.** You may pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These third party fees generally total between \$344.00 to \$904.00. We estimate the breakdown of these as follows:

<b>Description</b>	<b>Amount</b>	<b>When Charged</b>
Recording:	\$38.00 to \$40.00	At Account Opening paid by Lender
Title Search/Insurance:	\$67.00 to \$500.00	At Account Opening paid by Lender
Appraisal:	\$225.00 to \$350.00	At Account Opening paid by Lender
Flood Determination & Life of Loan Coverage:	\$10.00	At Account Opening paid by Lender
Credit Report:	\$5.62	At Account Opening paid by Lender

**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: 10 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: 20 Years. Your Regular Payment will equal the amount of your accrued FINANCE CHARGES or \$100.00, whichever is greater ("First Payment Stream"). Your payments will be due monthly. Your First Payment Stream will last for the first 120 months. 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 may 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 your outstanding balance. Your payments will be due monthly.

<u>Range of Balances</u>	<u>Number of Payments</u>	<u>Amortization</u>
All Balances	240	240 Payments

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

A change in the ANNUAL PERCENTAGE RATE can cause the balance to be repaid more quickly or more slowly. When rates decrease, less interest is due, so more of the payment repays the principal balance. When rates increase, more interest is due, so less of the payment repays the principal balance. If this happens, we may adjust your payment as follows: your payment may be increased by the amount necessary to repay the balance by the end of this payment stream. Each time the ANNUAL PERCENTAGE RATE changes, we will review the effect the change has on your Credit Line Account to see if your payment is sufficient to pay the balance by the Maturity Date. If it is not, your payment will be increased by an amount necessary to repay the balance by the Maturity Date.

In any event, if your Credit Line balance falls below \$100, you agree to pay your balance in full.

**MINIMUM PAYMENT EXAMPLE.** If you made only the minimum payment and took no other credit advances, it would take 26 years and 2 months to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 4.250%. During the period, you would make 120 monthly payments of \$100.00. Then you would make 194 monthly payments ranging from \$2.25 to \$98.74.

**MINIMUM PAYMENT WITH DEBT CANCELLATION COVERAGE.** If your loan payment includes a Debt Cancellation Coverage premium, your Minimum Payment during the Draw Period will equal the amount of your accrued FINANCE CHARGES plus the amount of your Debt Cancellation Coverage premium or \$100, whichever is greater, plus any amount past due and all other charges.

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

**Credit Line Equity Access Check, Telephone Request, Request by Mail, In Person Request, Credit Card and Overdraft Limitations.**

The following transaction limitations will apply to your Credit Line and the writing of Equity Access Checks, requesting an advance by telephone, requesting an advance by mail, requesting an advance in person and using a Credit Card and overdrawing a designated deposit account.

**Other Transaction Requirements:**

- 1) Funds will be advanced in exactly the amount requested.
- 2) No minimum initial advance requirement.

# EQUITY ACCESS LINE OF CREDIT APPLICATION DISCLOSURE (CONTINUED)

Page 3

**Minimum Balance:** No minimum balance requirement.

**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 cost 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 rate identified as the "Prime Rate" in The Wall Street Journal "Money Rates" column on the date the interest rate is to be determined, or if the date is not a publication date, on the publication date immediately preceding. Information about the Index is available or published in the money section of the Wall Street Journal. We will use the most recent Index value available to us as of

1<sup>st</sup> business day of the rate change 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 a 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.

**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 the number of days in a year (366 during leap years). To obtain the ANNUAL PERCENTAGE RATE we multiply the Period 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 the number of days in a year (366 during leap years). 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.

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.

**Conversion Option.** This 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. The conversion option may be exercised at any time prior to the end of draw as long as no more than five (5) fixed rate options are active at any given point in time.

**Conversion Fees.** You will be required to pay the following fees at the time of conversion to a fixed rate. A \$50.00 fee per conversion due on the date of conversion to lock in a fixed rate.

In addition a \$50.00 fee will be due at the time of request to revert a previously locked portion of the line of credit back to the variable interest rate and payment terms disclosed above.

These fees are finance charges and will have the effect of increasing the APR in the month that they are charged.

**Rate Determination.** The fixed rate will be determined as follows:

- 1) If you choose to convert any portion of your balance to a fixed rate, the rate will be the highest prime rate identified as the "Prime Rate" in the Wall Street Journal "Money Rates" column that is in effect at the date of conversion plus a margin.
- 2) Your fixed rate will be determined on the date the rate lock option is approved.
- 3) The maximum APR that can apply to a lock option is 25.00%

**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. You may only ask us to convert outstanding unpaid principal that is subject to a daily variable rate of interest at the time of your request. If we agree to allow you to exercise a lock option, you will sign a fixed rate request form detailing the specific terms of the lock option. For joint accounts, either borrower may exercise the lock option.

If you do not exercise the rate lock option within ten (10) days of approval by signing the fixed rate request form we may, at our discretion, withdraw our approval of your lock option and re-determine the fixed rate applicable to your request.

- 1) You may have up to 5 fixed rate options outstanding at one time during the Draw Period.
- 2) The minimum lock amount is \$1,000.00.
- 3) You may ask for a fixed rate repayment term of up to 60 months (5 years) for amounts up to and including \$14,999.99.
- 4) You may ask for a fixed rate repayment term of up to 120 months (10 years) for amounts \$15,000.00 and above
- 5) The fixed rate repayment period may not surpass the end of draw period date. All fixed rate options will end on the end of the draw period date.
- 6) Your payment amount for each rate lock option will be an amount of principal and interest sufficient to amortize the rate lock option over the term selected by you at the time you exercised the Option. This amount is in addition to the minimum amount due, if any, for the variable rate line portion of your account.

**EQUITY ACCESS LINE OF CREDIT APPLICATION DISCLOSURE  
(CONTINUED)**

- 7) You may not exercise a lock option if your credit limit will be exceeded.
- 8) You may not exercise a lock option if at the time of the request, or on the date of the lock option, we may take action as described in the Termination and Acceleration or Suspend or Reduction paragraphs as provided in this agreement.
- 9) You may not exercise a lock option on or after the end of the draw period date.

**FREQUENCY OF ANNUAL PERCENTAGE RATE ADJUSTMENTS.** Your ANNUAL PERCENTAGE RATE can change daily. 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 25.000% per annum or go below 3.250% 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 25.000% would be \$212.33. This ANNUAL PERCENTAGE RATE could be reached immediately or prior to the 1<sup>st</sup> payment.

**Repayment Period.** If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 25.000% would be \$209.86. This ANNUAL PERCENTAGE RATE could be reached at the time of the 1<sup>st</sup> 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 2007 to 2021. The Index values are from the following reference period: As of the first business day of January. 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, 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 (as of the first business day of January)	Index (Percent)	Margin <sup>(1)</sup> (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	
Draw Period	2007.....	8.250...	1.000	9.250	100.00
	2008.....	7.250...	1.000	8.250	100.00
	2009.....	3.250...	1.000	4.250	100.00
	2010.....	3.250...	1.000	4.250	100.00
	2011.....	3.250...	1.000	4.250	100.00
	2012.....	3.250...	1.000	4.250	100.00
	2013.....	3.250...	1.000	4.250	100.00
	2014.....	3.250...	1.000	4.250	100.00
	2015.....	3.250...	1.000	4.250	100.00
	2016.....	3.500...	1.000	4.500	100.00
Repayment Period	2017.....	3.750...	1.000	4.750	10.68
	2018.....	4.500...	1.000	5.500	11.35
	2019.....	5.500...	1.000	6.500	12.22
	2020.....	4.750...	1.000	5.750	11.59
	2021.....	3.250...	1.000	4.250	10.44

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