

# HOME EQUITY LINE OF CREDIT APPLICATION DISCLOSURE

Meridian Bank  
9 Old Lincoln Highway  
Malvern, PA 19355

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

Originator NMLSR ID: 785866  
Origination Co. NMLSR ID: 462854

This disclosure contains important information about our HELOC - Master Note (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 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:

- (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, 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).
- (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 governmental 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 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 Processing Fee:	\$150.00	At Account Opening

**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 unpaid amount of the payment.

**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 \$411.95 and \$2,351.52. 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 Plan.

**MINIMUM PAYMENT REQUIREMENTS.** You can obtain advances of credit during the following period: up to 180 months from the Loan Date (the "Draw Period"). Your Regular Payment will equal the amount of your accrued FINANCE CHARGES. You will make 179 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

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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 15 years to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 7.000%. During that period, you would make 179 monthly payments ranging from \$53.70 to \$59.45 and one final payment of \$10,059.45.

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

**Credit Line HELOC Check, Request By Mail and In Person Request Limitations.** The following transaction limitations will apply to your Credit Line and the writing of HELOC Checks, requesting an advance by mail and requesting an advance in person.

**Minimum Advance Amount.** The minimum amount of any credit advance that can be made on your Credit Line is \$100.00. This means any HELOC Check must be written for at least the minimum advance amount.

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

**Minimum Advance Amount.** The minimum amount of any credit advance that can be made on your Credit Line is \$100.00.

**Other Transaction Requirements.** Advances initiated online may only be credited to a Meridian Bank deposit account.

**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 base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks as the Wall Street Journal U.S. Prime Rate. 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 day that the Index changes 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.

**ANNUAL PERCENTAGE RATE.** To determine the Periodic Rate that will apply to your account, we add a margin to the value of the Index, round that sum to the nearest 0.125%, then divide the rounded value by the number of days in a year (daily). To obtain the ANNUAL PERCENTAGE RATE we multiply the Periodic Rate by the number of days in a year (daily). 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.

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.** You can exercise the option to convert to a fixed rate only during the following period or periods. You can exercise the option to convert to a fixed ANNUAL PERCENTAGE RATE at any time during the Draw Period, and any extension of the Draw Period. After the Draw Period ends, or you do not meet the repayment terms of this Credit Agreement, you will not be able to exercise the option to convert to a fixed ANNUAL PERCENTAGE RATE.

**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: You can exercise the option to convert to a fixed ANNUAL PERCENTAGE RATE at any time during the Draw Period, and any extension of the Draw Period. After the Draw Period ends, or if you do not meet the repayment terms of this Credit Agreement, you will not be able to exercise the option to convert to a fixed ANNUAL PERCENTAGE RATE.

**Conversion Fees.** You will be required to pay the following fees at the time of conversion to a fixed rate: A rate lock fee of \$100.00 each time you exercise the option to convert to a fixed ANNUAL PERCENTAGE RATE, except we will not charge a lock-in fee for loans you request at closing.

**Rate Determination.** The fixed rate will be determined as follows: The fixed ANNUAL PERCENTAGE RATE will be lesser of (i) our published HELOC conversion rates for the applicable term of the conversion (ii) the index plus 3%. HELOC conversion rates may be posted to our branch offices, on our website, or in other media so long as rates are within our control.

**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) **Minimum and Maximum Term.** If you exercise the option to convert to a fixed ANNUAL PERCENTAGE RATE, the term of the Fixed Rate Advance can not be less than one (1) year or longer than one hundred eighty (180) months, provided the term does not exceed the maturity date of the credit agreement

(b) **Minimum Fixed Rate Advance.** The minimum fixed rate advance is \$5,000.00

(c) **Number of Fixed Rate Advances.** You can exercise the option to convert to a fixed ANNUAL PERCENTAGE RATE from time to time, but you may not have more than three (3) different Fixed Rate Advances outstanding under your Credit Line Account at any one time.

(d) **Ineligible for Promotional Rates.** In determining your interest rate and fixed ANNUAL PERCENTAGE RATE as described in the Rate Determination paragraph above, our published HELOC conversion interest rates and fixed ANNUAL PERCENTAGE RATE will not include any special, promotional or coupon interest rates and interest rates available only for newly opened accounts.

(e) **Complete Election Form.** In order to exercise the option to convert to a fixed ANNUAL PERCENTAGE RATE you must sign and return to us a HELOC conversion Election Form. The HELOC Conversion Election Form will set forth the principal amount, fixed ANNUAL PERCENTAGE RATE, term (in months), the number of monthly payments and the amount of each monthly payment applicable to the Fixed Rate Advance.

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(f) Minimum Monthly Payments. At the time you exercise the option to convert to a fixed ANNUAL PERCENTAGE RATE, we will determine a minimum monthly payment applicable to that Fixed Rate Advance. The minimum monthly payment will include both principal and interest and will be sufficient to repay the Fixed Rate Advance in equal monthly installments of principal and interest over the term of the Fixed Rate Advance. If you have more than one Fixed Rate Advance outstanding, you will have to make minimum monthly payments with respect to each Fixed Rate Advance. The minimum monthly payments due with respect to Fixed Rate Advances will be in addition to the Minimum Payment due with respect to any balance under your Credit Line subject to a variable ANNUAL PERCENTAGE RATE.

(g) How Payments are Applied if You have a Fixed Rate Advance Outstanding. Payments or other credits will be applied first to: Finance Charges related to the principal outstanding subject to a variable APR; then to Finance Charges related to Fixed Rate Advances, in contract date order (earliest Fixed Rate Advance first); then to Principal due, if any, related to the principal outstanding subject to a variable APR; then to Principal due related to Fixed Rate Advances, in contract date order; then to Late Charges and other charges; and then to any amounts that exceed the maximum amount of your Credit Line. Excess payments will be first applied to: Reduce any principal outstanding subject to a variable APR, then to Principal outstanding related to Fixed Rate Advances, in contract date order. Prepayments of principal will not reduce the amount of, or extend the due date for, any future minimum monthly payments.

**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 18.000% per annum or, go below 4.000% 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 immediately or prior to the 1st 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 2003 to 2017. The Index values are from the following reference period: as of the 1st business day of September. 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.

### INDEX TABLE

Year (as of the 1st business day of September)	Index (Percent)	Margin (1) (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2003.....	4.000....	2.750	6.750	57.33
2004.....	4.500....	2.750	7.250	61.58
2005.....	6.500....	2.750	9.250	78.56
2006.....	8.250....	2.750	11.000	93.42
2007.....	8.250....	2.750	11.000	93.42
2008.....	5.000....	2.750	7.750	65.82
2009.....	3.250....	2.750	6.000	50.96
2010.....	3.250....	2.750	6.000	50.96
2011.....	3.250....	2.750	6.000	50.96
2012.....	3.250....	2.750	6.000	50.96
2013.....	3.250....	2.750	6.000	50.96
2014.....	3.250....	2.750	6.000	50.96
2015.....	3.250....	2.750	6.000	50.96
2016.....	3.500....	2.750	6.250	53.08
2017.....	4.250....	2.750	7.000	59.45

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

**MINIMUM PAYMENT EXAMPLE.** This figure is based on payment periods representing a calendar month ranging from 28 to 31 days. However, sometimes a payment period may include more than 31 days or less than 28 for the bill following the 31+ day payment period. The maximum number of days in a payment period is 34.