

GRAND VALLEY BANK

HOME EQUITY LINE OF CREDIT PROGRAM

This disclosure contains important information about our Home Equity Line of Credit. Please keep this copy.

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 paid to us or anyone else in connection with your application.

Security Interest: We will take a mortgage on your home. You could lose your home if you do not meet the obligations in your agreement with us.

Possible Actions: Under certain circumstances, we can (1) terminate your line and require you to pay us the entire outstanding balance in one payment, (2) refuse to make additional extensions of credit, (3) reduce your credit limit, and (4) make specific changes that are set forth in your agreement with us.

We can terminate your account and require you to pay us the entire outstanding balance in one payment if:

(1) you engage in fraud or material misrepresentation in connection with the plan; (2) you do not meet the repayment terms; (3) 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:

(1) you engage in fraud or material misrepresentation in connection with the line, (2) you do not meet the repayment terms; (3) your action or inaction adversely affects the collateral or our rights to the collateral; (4) the value of the dwelling securing the line declines significantly below its appraised value for purposes of the line; (5) we reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (6) you are in default of a material obligation of the agreement; (7) governmental 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 percent of the credit line; (8) a regulatory agency has notified us that continued advances would constitute unsafe and unsound business practice; or (9) the maximum annual percentage rate is reached.

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

Minimum Payment Requirements: You can obtain credit advances for 5 years. During this period, payments will be due monthly. Your minimum monthly payment will equal the amount of accrued interest due at the end of the billing cycle.

The minimum monthly payments will not repay the principal that is outstanding on your line at the end of 5 years. You will then be required to pay the entire balance in a single payment.

Minimum Payment Example: If you made only the minimum monthly payment (*of interest only*) and took no other credit advances, it would take 5 years to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 5.25%. During the period, you would make 59 payments varying from \$44.59 to \$40.27 of accrued finance charges only with a *final payment* of **\$10,044.59**.

Note: You can always pay additional principal during the 5 year draw period to reduce the final payment shown here. For example, on a balance of \$10,000 if you paid \$190.00 a month for 59 months, your final payment would be \$178.92.

Fees and Charges: *To open and maintain an account, you must pay the following fees with us:*

Points: .50% of the amount of the line of credit, due at opening.
 Document Preparation Fee: \$50.00 - \$200 (based on loan amount)
 Maintenance Fee: \$50 (due annually)
 Over-line Advance Request: \$29.00

The following are estimates of third party fees:

Appraisal: \$350.00 - \$475.00
 Recording Fees: \$52.00 - \$104.00

Flood Zone Determination: \$18.50 - \$37.00
 Title Search or Insurance: \$85.00 - \$575.00 (& up depending on loan amount)

You must carry insurance on the property that secures this plan.

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.

Minimum Draw Requirements: The minimum credit advance that you can receive is \$250.00. Minimum line of credit amount is \$5,000.00.

Tax Deductibility: You should consult a tax advisor regarding the deductibility of interest and charges for this plan.

Variable Rate Features: This plan 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 "U.S. Prime rate published in the Wall Street Journal Money Rates column, or if more than one exists then the average". To determine the annual percentage rate that will apply to your account, we add a margin to the value of the index.

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.

Rate Changes: The annual percentage rate can change daily. There is no limit on the amount by which the rate can change in any one-year period. The minimum rate that can apply during the plan is 5.25%. The maximum ANNUAL PERCENTAGE RATE that can apply during the plan is 21%.

This credit line has a "preferred rate" provision. This means that if you cancel your automatic payment with us, your annual percentage rate may increase. Your new annual percentage rate will be determined by adding 0.25 percentage points to the index value plus the margin value normally used to calculate your annual percentage rate. Rate caps may affect this new annual percentage rate.

Minimum Rate and Payment Examples: If you had an outstanding balance of \$10,000, the minimum monthly payment at the minimum ANNUAL PERCENTAGE RATE of 5.75% would be \$49. The minimum annual percentage rate could be reached in the first day following an initial hold of one day.

Maximum Rate and Payment Examples: If you had an outstanding balance of \$10,000, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 21% would be \$175. The maximum annual percentage rate could be reached in the first day following an initial hold of one day.

Historical Examples: The following table shows how the annual percentage rate and the minimum payments for a single \$10,000 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 February. While only one payment amount per year is shown, payments would have varied during each year of the draw period. The table assumes that no additional credit advances are taken, that only the minimum payment was made, and that the rate remained constant during the year. It does not necessarily indicate how the index of your payments would change in the future.

Year	Index (%)	Margin (%)	ANNUAL PERCENTAGE RATE (%)	Minimum Monthly Payment (\$)
1997	8.250	1.500	9.750	200.00
1998	8.500	1.500	10.000	200.00
1999	8.500	1.500	10.000	200.00
2000	8.500	.500	9.000	200.00
2001	8.500	1.000	9.500	24.77(P)
2002	4.750	1.000	5.500	N/A
2003	4.250	1.500	5.500	N/A
2004	4.000	1.500	5.250	N/A
2005	5.250	1.500	6.500	N/A
2006	7.500	1.500	8.750	N/A
2007	8.250	1.500 (M)	9.500 (1)	N/A
2008	6.000	*	6.000	N/A
2009	6.000	*	6.000	N/A
2010	5.750	*	5.750	N/A
2011	5.250	*	5.250	N/A

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

(1) This is a 0.25 percentage point discount that we had used previously; your loan may have a different discount amount. See * below.

(P) This is an interest only payment amount. At the end of this year a balloon payment of \$3,094.40 would occur.

You would be required to pay the entire balance in one payment.

* This indicates that the index is currently equal to the minimum applicable rate (floor) for home equity lines of credit.

This is not a commitment to make a loan.