# SILVER EQUITY APPLICATION DISCLOSURE

**PLUMAS BANK**
**35 S. LINDAN AVENUE**
**QUINCY, CA 95971**

## IMPORTANT TERMS OF OUR SILVER EQUITY APPLICATION DISCLOSURE

**This disclosure contains important information about our SILVER EQUITY LINE OF CREDIT (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 |
|---|---|---|
| Annual Fee: | $75.00 | Annually |
| NSF Handling Fee: | $34.00 | At the time a payment is returned to us for non-sufficient funds |
| Stop Payment Fee: | $30.00 | At the time you request a Stop Payment |
| Overlimit Charge: | $10.00 | At the time your Credit Line balance exceeds your credit limit |
| Advance Less Than Minimum Charge: | $10.00 | At the time of an advance below the required minimum amount |
| Charge for More Transactions Than Allowed: | $10.00 | When you exceed the maximum number of transactions allowed |
| Photocopying Charges: | $30.00 PER HOUR | At the time of your request |
| Deed of Reconveyance Fee: | 45.00 | At the time of payoff |

**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 5.000% of the unpaid amount of the payment or $5.00, whichever is greater.

**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 $0.00 and $10,825.00. We estimate the breakdown of these as follows:

| Description | Amount | When Charged |
|---|---|---|
| Appraisal Fee: | $0.00 to $5,000.00 | At time of your Application request |
| Title Company Title Insurance: | $0.00 to $2,000.00 | At Account Opening |
| Recording Fee: | $0.00 to $500.00 | At Account Opening |
| Title Company Endorsement Fees: | $0.00 to $500.00 | At Account Opening |
| Title Company Notary Fees: | $0.00 to $375.00 | At Account Opening |
| Courier Fees: | $0.00 to $150.00 | At Account Opening |
| Title Company Document Prep Fee: | $0.00 to $300.00 | At Account Opening |
| Title Company Settlement/Escrow Fee: | $0.00 to $2,000.00 | At Account Opening |

**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: FROM THE EFFECTIVE DISBURSEMENT DATE UNTIL TWENTY YEARS FROM DATE OF CREDIT AGREEMENT. (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: 15 YEARS FROM END OF DRAW PERIOD OR UPON WRITTEN NOTICE TO THE LENDER, YOU MAY TERMINATE THE DRAW PERIOD AND START THE REPAYMENT PERIOD BEFORE THE REGULARLY SCHEDULED DATE. SUCH AN ELECTION WILL BE IRREVOCABLE. CONTACT THE LENDER FOR THE DATE YOUR REPAYMENT PERIOD COULD BEGIN. Your Regular Payment will equal the amount of your accrued FINANCE CHARGES or $100.00, whichever is greater ("First Payment Stream"). You will make 240 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. 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 an amortization of your balance at the start of this payment period as shown below or $100.00, whichever is greater ("Second Payment Stream"). Your payments will be due monthly.

| Range of Balances | Number of Payments | Amortization Period |
|---|---|---|
| All Balances | 180 | 180 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 $100.00, 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 17 years and 4 months to pay off a credit advance of $10,000.00 at an ANNUAL PERCENTAGE RATE of 9.750%. During that period, you would make 208 monthly payments ranging from $4.88 to $100.00.

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

**Credit Line Silver Equity Line Check Limitations.** The following transaction limitations will apply to your Credit Line and the writing of Silver Equity Line Checks.

**Maximum Number of Advances Per Period.** The maximum number of advances that you may obtain per CYCLE is 5.

**Minimum Advance Amount.** The minimum amount of any credit advance that can be made on your Credit Line is $300.00. This means any Silver Equity Line Check must be written for at least the minimum advance amount.

**Other Transaction Requirements.** Checks Drawn on Equity Lines of Credit are not eligible source documents for conversion to ACH. The actual check must be processed to be honored.

**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 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 PRIME RATE AS PUBLISHED IN THE WALL STREET JOURNAL. WHEN A RANGE OF RATES IS PUBLISHED, THE HIGHER OF THE RATES WILL BE USED. Information about the Index is available or published at least weekly in the Wall Street Journals money rates table. We will use the most recent Index value available to us as of the date of any annual percentage rate adjustment.

**ANNUAL PERCENTAGE RATE.** To determine the Periodic Rate that will apply to your First Payment Stream, we add a margin to the value of the Index, then divide the value by 365 days. 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 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 365 days. 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 and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we send you.

**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 15.000% per annum 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 15.000% would be $127.40. This ANNUAL PERCENTAGE RATE could be reached immediately or prior to the 1st payment.

**Repayment Period.** If you had an outstanding balance of $10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 15.000% would be $140.01. This ANNUAL PERCENTAGE RATE could be reached at the time of the 1st payment during the repayment period.

**PREPAYMENT.** $500.00 or 2.000% of the total loan amount, whichever is less. This prepayment fee will be assessed if the line is closed within three (3) years from the date of this agreement.

**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 2010 to 2024. The Index values are from the following reference period: as of the last business day in 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, 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 last business day in January) | Index (Percent) | Margin (1) (Percent) | ANNUAL PERCENTAGE RATE | Monthly Payment (Dollars) |
|---|---|---|---|---|
| 2010 | 3.250 | 1.250 | 4.500 | 100.00 |
| 2011 | 3.250 | 1.250 | 4.500 | 100.00 |
| 2012 | 3.250 | 1.250 | 4.500 | 100.00 |
| 2013 | 3.250 | 1.250 | 4.500 | 100.00 |
| 2014 | 3.250 | 1.250 | 4.500 | 100.00 |
| 2015 | 3.250 | 1.250 | 4.500 | 100.00 |
| 2016 | 3.500 | 1.250 | 4.750 | 100.00 |
| 2017 | 3.750 | 1.250 | 5.000 | 100.00 |
| 2018 | 4.500 | 1.250 | 5.750 | 100.00 |
| 2019 | 5.500 | 1.250 | 6.750 | 100.00 |
| 2020 | 4.750 | 1.250 | 6.000 | 100.00 |
| 2021 | 3.250 | 1.250 | 4.500 | |
| 2022 | 8.500 | 1.250 | 9.750 | |
| 2023 | 7.750 | 1.250 | 9.000 | |
| 2024 | 8.500 | 1.250 | 9.750 | |

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

**SUSPENSION OF CREDIT.**

In addition to any other rights we may have, we can suspend any additional extension or advances on the line when Plumas Bank has received a demand for payoff of your Equity Line of Credit.

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