

**Southern Michigan Bank & Trust**  
51 West Chicago Street  
Coldwater MI 49036

In this disclosure the words "you" and "your" mean the recipient of this disclosure, and the words "we", "us" and "our" mean Southern Michigan Bank & Trust, the Lender listed above. "e" means an estimate.

**IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT**

**RETENTION OF INFORMATION**

This disclosure contains important information about our home equity line of credit, Home Equity Line of Credit - Fixed Rate ("Account"). You should read it carefully and keep a copy for your records.

**AVAILABILITY OF TERMS**

All of the terms described below are subject to change. If these terms change and you decide, as a result, not to enter into an Agreement with us, you are entitled to a refund of any fees you paid to us or anyone else in connection with your application.

**SECURITY INTEREST**

We will take a security interest in your home (collateral). You could lose your home if you do not meet the obligations in your Agreement with us.

**POSSIBLE ACTIONS**

We can terminate your Account, and require you to pay us the entire outstanding balance in one payment if: you engage in fraud or material misrepresentation in connection with the Account; or, you do not meet the repayment terms; and/or, 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: the value of the dwelling securing the Account declines significantly below its appraised value for purposes of the Account; or, we reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances; or, you are in default of a material obligation in the Agreement; or, government 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; or, a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; and/or, the maximum Annual Percentage Rate is reached.

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

**MINIMUM PAYMENT REQUIREMENTS**

You can obtain advances of credit for 60 months (the "Draw Period"). During the Draw Period, payments will be due monthly. Your minimum periodic payment will be equal to the interest that has accrued on your Account as of the closing date of each billing statement.

**BALLOON PAYMENT**

After the Draw Period ends you will no longer be able to obtain credit advances. Paying only your minimum payment may repay less than the outstanding balance at the end of the Draw Period. You will be required to pay the entire unpaid balance that you owe and any outstanding fees or charges at the end of the Draw Period in a single balloon payment.

**MINIMUM-PAYMENT EXAMPLE**

If you made only the minimum monthly payments and took no other credit advances, it would take 5.000 years to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 6.500 %. During the Draw Period, you would make 59 monthly payments of \$54.17. This would be followed by one final payment of \$10,054.17.

**FEES AND CHARGES**

To open and maintain your Account, you must carry insurance on the property securing your Account and pay us the following fees:

Our Origination Fee	\$100.00	***
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\* Payable at application

\*\*\* Chargeable as a credit advance to your Account

\*\*\*\*\* The fee will be billed to the consumer on the first billing statement after the anniversary date of the

account's opening.

You must also pay certain fees to third parties. These fees generally total between \$0.00 and \$650.00. If you ask, we will give you an itemization of the fees that you will have to pay to third parties.

If you tell us you have decided not to enter into the Account within three days of receiving this Disclosure and the brochure "When Your Home Is On The Line: What You Should Know About Home Equity Lines of Credit" in person, or within six days after the day we mail them to you, as the case might be, any fees or charges you might have already paid will be refunded.

**TAX DEDUCTIBILITY**

You should consult a tax advisor regarding the deductibility of interest and charges for the Account.

**OTHER PRODUCTS**

If you ask, we will provide you with information on our other available home equity products.

**FIXED RATE FEATURE**

This product is subject to a fixed Annual Percentage Rate. An **ANNUAL PERCENTAGE RATE** of 6.500% has recently been imposed under this product. The annual percentage rate includes only interest and no other costs.