

# BANK OF AMERICA EQUITY MAXIMIZER® INITIAL DISCLOSURE STATEMENT

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## Important Terms of Our Real Estate Secured Equity Maximizer ®

**This disclosure contains important information about Bank of America, N.A. (the "Bank"), and the Equity Maximizer® product (Home Equity Line of Credit). 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 (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 have paid to us or anyone else in connection with your application.

**Security Interest:** We will take a security interest (deed of trust, mortgage or deed to secure debt) in your home. You could lose your home if you do not meet the obligations in your agreement with us.

### Possible Actions:

**Termination and Default:** We can terminate your account, declare your agreement in default, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

1. You have made or make a fraudulent or material misrepresentation (including but not limited to a representation about the occupancy of the Property) at any time during the application process, draw period, or any repayment period in connection with your account or any other account with the Bank; please see occupancy type definitions at the bottom of this disclosure.
2. We do not receive the full amount of any minimum payment due by its due date or you fail to meet any of the other repayment terms of your agreement; or
3. Any action or inaction by you adversely affects the Bank's security for your agreement or the Bank's rights in such security.

**Suspension and Cancellation:** We can refuse to make additional extensions of credit or reduce your credit limit and change the payment terms if:

1. The value of any collateral you have mortgaged or conveyed to the Bank to secure repayment of your account balance declines significantly below the appraised value as relied upon by the Bank at the opening of your account;
2. The Bank reasonably believes that you will be unable to fulfill your repayment obligations under your agreement because of a material change in your financial circumstances;
3. You are in default of a material obligation set forth in your agreement or the mortgage or other security instrument securing your agreement or any extension or modification thereof including, without limitation, your failing to make a minimum payment on a date that it is due or your failure to perform any of your Important Obligations detailed in the agreement;
4. Governmental action prohibits imposition of the ANNUAL PERCENTAGE RATE provided for or impairs the Bank's security interest such that the value of the security interest is less than 120% of the credit limit;
5. A regulatory agency provides notice to the Bank that future advances would constitute an unsafe and unsound banking practice or jeopardize the solvency of the Bank;
6. The maximum ANNUAL PERCENTAGE RATE allowed under your agreement is reached; or
7. Any condition exists or occurs which would allow the Bank to terminate your agreement and declare your agreement in default.

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

You can obtain advances of credit for ten (10) years from the date of your agreement ("Draw Period") unless your rights to obtain advances of credit are otherwise suspended or canceled. After the Draw Period ends, you will no longer be able to obtain credit advances and you will be required to repay the outstanding balance ("Repayment Period"). The length of the Repayment Period will vary depending on the outstanding balance at the beginning of the Repayment Period and if any Property Expenses are incurred during the Repayment Period, but the period will not exceed 20 years.

During both the Draw Period and the Repayment Period, the Total Minimum Payment Due for each Billing Cycle is equal to the sum of: (1) the Variable Rate Balance Minimum Payment (described below); (2) the payment due, if any, for any outstanding Fixed Rate Loan Option; and (3) any past due amounts from prior Billing Cycles. Some Fixed Rate Loan Options may have a different due date and are not figured into the Total Minimum Payment Due. At any time you may pay more than the Total Minimum Payment Due, make additional payments or pay in full or in part the Outstanding Balance. You will be required to pay the Minimum Payment Due each month there is an Outstanding Balance on your Account.

The Variable Rate Balance Minimum Payment for each Billing Cycle is the greater of:

1. \$100.00, or
2. the amount calculated by determining fully amortizing principal and interest payments sufficient to repay the average of each daily Variable Rate Principal Balance for such Billing Cycle over the Remaining Term at the ANNUAL PERCENTAGE RATE in effect at the beginning of the Billing Cycle;

provided, however, that the Variable Rate Balance Minimum Payment will never be more than the sum of the outstanding principal and all accrued and unpaid Finance Charges on the Variable Rate Principal Balance.

**Minimum Payment Examples:** If you took a single advance of \$10,000 and the ANNUAL PERCENTAGE RATE was 9.00% and if you made only the minimum payments and took no other credit advances, it would take 15 years and 6 months to pay off your account. You would make 185 monthly payments of \$100 and a final payment of \$45.30.

**Fixed Rate Loan Option:** This Equity Maximizer account contains an option to request that a portion of the Variable Rate Principal Balances be transferred to a Fixed Rate Loan Option, under which such amount would be subject to a fixed rate and fixed payment amount. For any such balance advanced at the time your Home Equity Line of Credit is first established, the minimum amount that can be requested is \$5,000 and the maximum amount allowable is 90% of the total Home Equity Line of Credit line amount. For any balance transferred to a Fixed Rate Loan Option at a later date, the minimum amount that can be transferred is \$5,000 and the maximum amount is limited to the available credit under the line amount. There is a minimum 12 month repayment period on a Fixed Rate Loan Option. The term for any Fixed Rate Loan Option cannot exceed the repayment maturity date of the Equity Maximizer account. No transfer to a Fixed Rate Loan option is permitted if you are in default or your advance privileges have been suspended or terminated. You may not have more than three (3) Fixed Rate Loan Options open at any one time, or more than four (4) Fixed Rate Loan Options open during any one statement period.

The Fixed Rate Loan Option ANNUAL PERCENTAGE RATE for any amount initially advanced when your account is first established will be determined by the Lender when you lock in the rate. Any rate lock is good for 90 days from the date of your application (the "lock period"). If you are unable to close by the lock period expiration date, your Fixed Rate Loan Option ANNUAL PERCENTAGE RATE for the initial advance will be set at the Lender's then-current Fixed Rate Loan Option rate. The Fixed Rate Loan Option ANNUAL PERCENTAGE RATE for any other amounts will be determined at the time you transfer to a Fixed Rate Loan Option. Your Fixed Rate Loan Option interest rate and the related payment amount may increase if you are no longer eligible for one or more of the following discounts that may be reflected in your original Fixed Rate Loan Option rate: up to .25% discount for automatic payments; and up to .50% discount for owner-occupied property.

At any time you can elect to transfer your Fixed Rate Loan Option balance(s), along with any accrued interest, into your variable rate balance which will be subject to the variable ANNUAL PERCENTAGE RATE and minimum payment requirements as outlined in the Variable Rate Balance Minimum Payment section above.

#### **Fees and Charges:**

To open and maintain a line of credit, you must pay the Bank the following fees:

**Early Closure Fee:** If you terminate your Equity Maximizer account within 36 months of the opening date, you will be required to pay an Early Closure Fee of \$450 (to cover certain bona fide third party charges and other charges paid or waived by the Bank rather than assessed to you at closing, some portion of which may be considered a prepayment penalty). Early Closure Fees do not apply if your credit limit is less than \$25,000 or for loans secured by property located in the State of Maryland.

In some situations, you also must pay certain fees to third parties to open a line:

On lines up to and including \$1,000,000, the Bank pays all closing fees.

If you ask, we will give you an itemization of the fees you will have to pay to third parties.

**Property Insurance:** You must also carry insurance on the property that secures your agreement. If applicable, flood insurance may be required. You may obtain insurance through any person or company of your choice that is reasonably acceptable to the Bank.

**Minimum Draw Requirement/Overdraft Protection (Where Available):** No minimum credit advance is generally required. If you elect to have your Equity Maximizer® provide overdraft protection to another eligible Bank of America account, the terms and conditions of such overdraft protection (including but not limited to any minimum transfer amount and any fees for each such overdraft protection advance) will be as specified in the applicable Deposit Agreement and Disclosures and/or Personal Schedule of Fees, as amended from time to time. Overdraft protection is not available in all states or for all loan products.

**Tax Deductibility:** It is your sole and exclusive responsibility to determine any and all aspects of federal, state and local tax considerations related to interest deductibility. You should consult with your tax advisor regarding the deductibility of interest and charges for the line.

**Variable Rate Feature:** This Equity Maximizer account has a variable rate feature and the ANNUAL PERCENTAGE RATE (corresponding to the daily periodic rate) and the minimum payment can change as a result.

The ANNUAL PERCENTAGE RATE does not include costs other than interest.

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 by *The Wall Street Journal*. When a range of rates has been published, the higher of the rates will be used. Information about the Index is available or published at least weekly in *The Wall Street Journal's* Money Rates table. For your initial billing cycle, we will use the most recent Index value available in our system for that billing cycle. For each subsequent billing cycle, we will use the Index value available in our system as of the last business day prior to the first day of your next monthly billing cycle. 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. To determine the ANNUAL PERCENTAGE RATE that will apply to the variable rate portion of your account, we add a margin to the value of the Index. If you qualify for a reduced introductory rate or a discounted initial margin that may be offered from time to time, then the initial ANNUAL PERCENTAGE RATE is not based on the index and margin used to make later rate adjustments, and the duration of any such reduced rate or discounted margin will be determined by applicable contract terms.

The ANNUAL PERCENTAGE RATE may increase under the following preferred-rate situations: 1) If you receive a discounted margin for having your payments automatically debited from a Bank of America deposit account or an eligible Merrill Lynch, Pierce, Fenner & Smith investment account and either you or the Bank cancels automatic payment of the account; 2) If the occupancy status of the Property changes from owner-occupied to second home, investment property, or other non-owner occupied; and 3) If you received a discount for an initial Advance but fail to maintain the required balance on your Account for at least the first three full consecutive billing cycles (except to the extent that any reduction in the balance is attributable to required principal payments).

Ask us for the current Index value, margin, discount and ANNUAL PERCENTAGE RATE. After you open your account, rate information will be provided on periodic statements that we send to you.

The margin provided is based on your current loan characteristics and is locked in for a period of 90 days from the date of your application, known as your "lock period". If you are unable to close by the lock period expiration date, your margin will expire and your margin will be re-set based on our current market margin as of the next business day following the expiration of your prior lock period. Please note that your margin may change if your loan characteristics (including property value, line amount, or other factors) change. Also note that your ANNUAL PERCENTAGE RATE is not locked, since it is the sum of the Index plus the margin, and the Index may change at any time.

**Rate Changes:** The ANNUAL PERCENTAGE RATE can change monthly. There is no limit on the amount by which the rate can change; however, under no circumstances will your ANNUAL PERCENTAGE RATE exceed 24.000% or go below 1.990% at any time during the term of your account (except to the extent that we may temporarily forgo enforcement of the Minimum Interest Rate of 1.990% in which case we may later enforce the Minimum Interest Rate at the time of any monthly adjustment).

**Maximum Rate and Payment Examples:**

If the ANNUAL PERCENTAGE RATE during the Draw Period equaled the 24.000% maximum and you had an outstanding balance of \$10,000, then the initial minimum monthly payment would be \$203.98.

This ANNUAL PERCENTAGE RATE could be reached during the first month of the Draw Period.

If you had an outstanding balance of \$10,000 at the beginning of the Repayment Period, the initial minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 24.000% would be \$205.46.

This ANNUAL PERCENTAGE RATE could be reached during the first month of the Repayment Period.

**Historical Example:** The following table shows how the ANNUAL PERCENTAGE RATE and the minimum monthly payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 15 years. The index values are from the last business day of January of each year. While only one payment amount per year is shown, payments may have varied during each year.

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 will change in the future. The table does not reflect any promotional or introductory rate or margin that might be available from time to time.

Year	Index (%)	Margin * (%)	ANNUAL PERCENTAGE RATE	Minimum Payment Amount**
<b>Draw Period</b>				
2011	3.25	1.50	4.75	\$100.00
2012	3.25	1.50	4.75	\$100.00
2013	3.25	1.50	4.75	\$100.00
2014	3.25	1.50	4.75	\$100.00
2015	3.25	1.50	4.75	\$100.00
2016	3.50	1.50	5.00	\$100.00
2017	3.75	1.50	5.25	\$100.00
2018	4.50	1.50	6.00	\$100.00
2019	5.50	1.50	7.00	\$100.00
2020	4.75	1.50	6.25	\$100.00
<b>Repayment Period</b>				
2021	3.25	1.50	4.75	\$100.00
2022	3.25	1.50	4.75	\$100.00
2023	7.50	1.50	9.00	\$100.00
2024	8.50	1.50	10.00	\$100.00
2025	7.50	1.50	9.00	\$100.00

\* This is a margin we have used recently and does not reflect any promotional or introductory rate that may be in place at the time the account is opened. Your margin may be different.

\*\*Reflects \$100.00 minimum payment. If you make only the minimum payment under the assumptions used above, during the Draw Period you would pay 120 payments of \$100, and during the Repayment Period you would pay 9 payments of \$100 and one final payment of \$40.13.

**Occupancy Types** - The following Bank of America occupancy definitions are intended to be used as a guideline for determining the appropriate occupancy classification. Other regulatory requirements, such as those in Regulation Z, may also apply. Please discuss this information with your Lending Officer to determine the correct occupancy type for your individual situation.

**Primary Residence:** A property that is occupied and designated by the borrower as the primary principal residence for the borrower's exclusive use and enjoyment. Borrowers can only have ONE primary principal residence at a time. To be classified as a primary residence:

- Borrowers must currently use the property as their principal dwelling.

**Second Home:** A property that is, or will be, physically occupied by the borrower on a less-than-full-time or seasonal residency basis for the borrower's exclusive use and enjoyment. The property is in addition to where the borrower principally resides. To be classified as a second home:

- Property CANNOT produce income more than 120 days per year (e.g. incidental seasonal rental), and that incidental income may NOT be used to qualify for the loan, and
- Property is geographically located in a resort / vacation home area.

**Investment Property:** A property that is not, or will not be, occupied by the borrower as the primary principal residence or second home. The property is, or will be, income producing (tenant rental occupied), occupied by a non-borrower family member (or other party), or held for future resale (investment).

- When financing an investment property, the applicant must also meet the requirements for maximum number of financed properties.

**THIS DISCLOSURE STATEMENT AND THE HANDBOOK ENTITLED "WHAT YOU SHOULD KNOW ABOUT HOME EQUITY LINES of CREDIT" ARE PROVIDED TO YOU AS REQUIRED BY LAW.**

**PLEASE PRINT OR DOWNLOAD AND RETAIN A COPY FOR YOUR RECORDS**