

Home Equity LOC & Home Equity Maximizer

Product Fact Sheet

1. **OPTION 1:** Home Equity Maximizer – includes a 12-month introductory rate on new HELOCs only
 - a. Refer to the most current rate sheet for discounted rate available at the time of application
 - b. Minimum balance required – see #8 below

OPTION 2: Home Equity Line of Credit – standard pricing (see #7 below)

2. Underwriting (Credit scores, Debt-to-Income, Loan-to-Value) exceptions are not allowed, permissible exceptions notated in Chapter 9: Consumer Lending do not apply to HELOCs.
3. The Debt-to-Income (DTI) calculation will be based on the non-introductory rate as dictated by the Loan-to-Value (LTV) categories in #7. A three percent (3%) stress test of the non-introductory rate is also required as part of the underwriting analysis. Loan requests that exceed 42% DTI in the STRESSED RATE scenario do NOT qualify for a HELOC.
4. Ten-year term
5. Payment structure: Interest only
6. Minimum Loan Amount: **\$10,000**, Maximum Loan Amount: **\$500,000**. Maximum HELOC limit plus 1st mortgage balance shall not exceed \$600,000.
7. After introductory rate expires, rates will be based on the LTV determined at origination (See below)

| | |
|---------------------|-----------|
| LTV of 60% or less | Prime + 0 |
| LTV > 60% up to 70% | Prime + ¼ |
| LTV > 70% up to 80% | Prime + ½ |

All HELOCs will have an interest rate Ceiling of 12% and no floor.

8. If the customer chooses to take advantage of our introductory rate, a minimum of \$10,000 must be drawn and maintained on the HELOC line for the first 12 months. If the outstanding balance of the any new HELOC line is found to be below the \$10,000 minimum on the first day of any of the first 12 months, then a **\$50.00 fee** will be assessed on the next billing cycle. The maximum fees assessed for the year will not exceed \$600.
9. Pinnacle Bank will subsidize 100% of the closing costs (including intangible taxes) for any HELOC line that is \$100,000 or less. If a HELOC line is greater than \$100,000 then PB will cover all closing costs associated with the loan except for the intangible taxes due for the line amount greater than \$100,000.
 - a. **NOTE: If the appraisal value does not allow for the amount requested but does allow for a lesser amount and the borrower withdraws the application or if the appraisal value does not allow for the minimum amount of \$10,000, then the borrower must reimburse the bank for all expenses related to the HELOC request.**
10. To guard against customers taking advantage of our closing costs subsidies, PB will implement a \$1,000 Early Termination Fee for lines that are closed within the first 24 months after origination.
11. Renewal of existing HELOCs:
 - All existing HELOCs will be renewed into the new product terms of 10 years, interest-only payment option
 - Maximum LTV on renewed HELOCs will be 90%
 - Pricing of renewed HELOCs with a LTV > 80% will be P+1%
 - Additional HELOC increases on any renewed HELOC with a LTV greater than 80% is prohibited