

BLOOMFIELD STATE BANK

Home Equity Line of Credit Disclosure

This disclosure contains important information about our 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 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 of credit and require you to pay us the entire outstanding balance in one payment;(2) refuse to make additional extensions of credit; and (3) reduce your credit limit.

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;(2) you do not meet the repayment terms;(3) your action or inaction adversely affects the collateral or our rights in 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)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;(8) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice; or (9)the maximum annual percentage rate is reached.

Minimum payment requirements: You can obtain credit advances for 5 years (the "draw period"). During the draw period, payments will be due monthly. Your minimum monthly payment will equal 1.5% of the loan account balance (principal and interest) or \$50, whichever is greater.

After the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance over ten years (the "repayment period"). During the repayment period, payments will be due monthly. Your minimum monthly payment will equal 0.833% of the balance that was outstanding at the end of the draw period plus finance charges that have accrued on the remaining balance.

The minimum monthly payments may not be sufficient to fully repay the principal that is outstanding on your line at the end of the 5 year draw period plus the 10 year repayment period. If they are not, you will then be required to repay the entire outstanding balance in a single balloon payment.

Minimum payment example: If you made only the minimum monthly payment and took no other credit advances, it would take 15 years to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 4.5%. During that period, you would make 60 payments varying between \$150.00 and \$76.95, followed by 120 payments varying between \$70.73 and \$47.65.

Fees and charges: To open and maintain an account, you must pay the following fees to us:

Maintenance fee: \$50 (due annually)

You may also pay certain fees to third parties, such as appraisers, credit reporting firms, and government agencies. These fees generally total \$300 to \$500. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

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 \$100.

Tax Deductibility: You should consult a tax advisor regarding the deductibility of interest and charges for the 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 highest base rate on corporate loans posted by at least 75% of the USA's 30 largest banks known as The Wall Street Journal Prime Rate and is published in The Wall Street Journal. 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, and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we send you.

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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 maximum ANNUAL PERCENTAGE RATE that can apply during the plan is 18%. Except for this 18% "cap" there is no limit on the amount by which the rate can raise during any one-year period.

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 18% would be \$150.00. The maximum annual percentage rate could be reached in the first month following an initial hold of one month.

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 January. 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 were taken, that only the minimum payment was made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

Year	Index	Margin*	Annual Percentage	Minimum Monthly
	(%)	(%)	Rate (%)	Payment (\$)
Draw period:				
1990	11.50%	0.00%	11.50%	\$150.00
1991	10.00%	0.00%	10.00%	\$139.13
1992	9.00%	0.00%	9.00%	\$128.40
1993	6.50%	0.00%	6.50%	\$114.96
1994	6.00%	0.00%	6.00%	\$6,762.49
Repayment				
1995	6.75%	0.00%	6.75%	\$96.04
1996	9.00%	0.00%	9.00%	\$91.60
1997	8.25%	0.00%	8.25%	\$86.02
1998	8.50%	0.00%	8.50%	\$82.46
1999	8.50%	0.00%	8.50%	\$75.63
2000	7.75%	0.00%	7.75%	\$73.31
2001	9.00%	0.00%	9.00%	\$70.73
2002	7.75%	0.00%	7.75%	\$59.34
2003	4.75%	0.00%	6.00%	\$55.44
2004	4.00%	0.00%	4.00%	\$50.82

At the end of this year, a balloon payment of \$50.82 would occur. You would be required to pay the entire balance in one payment.
 · This is a margin we have used recently; your margin may be different.

This is not a commitment to make a loan. You hereby acknowledge receipt of this Home Equity Program Disclosure and a copy of the Home Equity Brochure on today's date.

Date _____

Borrower: _____

Coborrower: _____