

**THE PROVIDENT BANK**  
**UNDERSTANDING HOME EQUITY LINES AND LOANS**

**HOME EQUITY LINE OF CREDIT**

- Revolving line of credit; allows you to borrow, repay and borrow again.
- Draw period, followed by a set repayment period.
- Floating interest rate for the life of the loan (discounts may apply).
- You will be issued a book of checks from which you can access your line. (\$500.00 minimum per check).
- Interest only payments due monthly, based on the balance outstanding.
- You may make payments towards principal at any time. When you make principal payments, that money is again available for you to borrow; just like a credit card.
- You will receive a monthly statement, which details advances and payments that occurred during the prior month.

**HOME EQUITY LOAN**

- The home equity loan is advanced to you in a lump sum.
- Various terms are available based on eligibility and property type.
- Low fixed rate for the full term of the loan.
- Fixed principal and interest payments for the life of the loan.
- You will receive a monthly statement that details your payment history and amounts owed.

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- ½% rate discount available if the loan is on auto pay from a Provident checking account
  - We will lend up to 80% loan-to-value (LTV) less the first mortgage balance; limitations may apply based on loan amount, property type, lien position and borrower credit rating.
  - Loan amounts \$25,000 and above, Bank pays appraisal fee (if required) plus customary legal and recording costs. If the loan is paid off within three (3) years of opening, an early termination fee of \$350 will be assessed.
  - Loan amounts less than \$25,000, borrower pays appraisal fee (if required) plus legal and recording costs with no early termination fee assessed. Minimum loan amount \$10,000.
  - Non-customary legal fees required to clear title issues or dealing with properties held in a trust are paid by the borrower
  - Home equity loans are limited to 2<sup>nd</sup> lien position; home equity lines greater than \$100,000 in a 1<sup>st</sup> lien position will require title insurance, the cost of which to be paid by the borrower.
  - If the line of credit is not used during each 12-month period, a \$50 inactivity fee will be assessed.
  - Subject to credit approval and clear title; posted rates limited to owner occupied properties not listed for sale; property insurance required; other conditions may apply.

*The interest on your Home Equity Loan may be tax deductible. Please consult your tax advisor regarding the deductibility of interest.*

*3/22/10*