IMPORTANT TERMS of our HOME EQUITY LINE OF CREDIT
(Equity Express℠ Account)

Retention of Information: This disclosure contains important information about our Equity Express Account 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 prior to opening your account. 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 mortgage on your home. 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 before the draw or repayment periods end if: 1) there is fraud or material misrepresentation by you in connection with your line; 2) you fail to make a payment when due or otherwise meet the repayment terms of your line for any outstanding balance; or 3) any action or inaction by you adversely affects our security interest for your line or any right we have in the collateral (your home). Examples of acts by you which may adversely affect our rights in the collateral including, but are not limited to, the following: if you transfer title to or sell the collateral in a manner not permitted by the mortgage; if you fail to maintain or acquire insurance on your home; if you commit waste or other destructive use or fail to maintain the collateral such that it adversely affects the value of the collateral; if you fail to pay property taxes or assessments resulting in the filing of a lien senior to that of the mortgage; if you die; if the collateral is taken by condemnation: or if a prior mortgage holder forecloses. We may suspend further advances or “freeze” your line or reduce your credit limit during the draw period if: 1) the value of any dwelling that is part of the collateral declines significantly below its appraised value for purposes of your line; 2) we reasonably believe that you will be unable to fulfill your repayment obligations under your line because of material change in your financial circumstances; 3) you are in default of any material obligations under the agreement; 4) we are prevented by government action from imposing the annual percentage rate provided for in the agreement; 5) the priority of the lien of the mortgage is adversely affected by government action to the extent that the value of our security is less than 120% of your balance under your line; or, 6) we are notified by our regulatory agency that continued advances constitute an unsafe or unsound practice.
Draw Period: You can obtain credit advances ten years from the date of your agreement unless your rights to obtain advances of credit are otherwise suspended or canceled. During the draw period, payments will be due monthly. Your minimum monthly payment during the draw period is described below. After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance as stated in the “Repayment Period” section of this disclosure.
Repayment Period: You will no longer be able to obtain credit advances ten years from the date of your agreement. The length of the repayment period will be twenty years and begins immediately after the draw period expires. During the repayment period, payments will be due monthly. Your minimum monthly payment during the repayment period is described below.
Minimum Payment Requirement Draw Period: Your minimum monthly payments will be equal to the sum of the finance charges, any credit insurance and any other charges that apply, including amounts past due, and late charges. The minimum payment will not fully repay the principal that is outstanding on your line. You will then be required to pay the entire balance during the repayment period.
Minimum Payment Requirement Repayment Period: Your minimum monthly payments will be equal to 1/240th of the outstanding principal balance, determined as of the first day of the repayment period, plus all accrued finance charges, any credit insurance and any other charges that apply, including amounts past due, and late charges.
Minimum Payment Example: If you made only the minimum payments and took no other credit advances, it would take thirty years to pay off a credit advance of $10,000.00 at an ANNUAL PERCENTAGE RATE OF 6.00%. Because the line of credit has a draw period of ten years plus a repayment period of twenty years, if your line was not renewed or extended and you make the minimum payments, you would make 120 monthly payments of $49.32 during the draw period, followed by 240 monthly principal plus interest payments ranging from $90.98 to $41.87. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your monthly payment. Monthly payments are approximations and vary due to minor variations in rounding.
Fees and Charges: To open and maintain a line of credit, you must pay certain fees to third parties. These fees generally total between $10.00 and $3,000.00 (American Savings Bank may waive any or all of these fees). If you ask, we will give you an itemization of the fees you will have to pay to third parties. In addition to any third party fees, you must also pay us the following: (a) hazard/fire/flood insurance premiums for the property if you do not obtain that insurance yourself and we elect at our option to obtain it for you as provided in the mortgage; (b) charges for taxes, lease rent, assessments and other advances made at our option to protect the property as provided in the mortgage; (c) a fee paid to each public official for the recordation of a release of mortgage of twenty-five dollars ($25.00) (there may be more than one public official); (d) Equity Express Card related charges such as statement reconciliation, research, replacement of lost, stolen, or damaged cards, ATM fees and Visa International Service Assessment Fees; (e) if your line amount is more than $25,000.00, a fee of five hundred ($500.00) will be charged if you request we close or reduce your credit limit within three years from the agreement date. This fee will not be charged if: [i] your line is $25,000 or less, [ii] you sell your home, or [iii] in the event of an American Savings Bank refinance; (f) a fee for notary service ($5.00 per signer); (g) a credit report fee ($2.48); (h) a recording of mortgage fee ($26.00 for land court/$31.00 for regular system/$57.00 for double-system); (i) a condo processing fee ($100.00); (j) a trust review and trust mortgage document preparation fee ($130.89 - $260.00); (k) a property valuation fee ($14.50) and property inspection report fee ($60.00 - $250.00). If a valuation is not available, the current tax assessed value and property inspection report or an appraisal may be used. For home equity credit line requests over $250,000.00, an appraisal is required. Appraisal cost may vary from $500.00 - $1,200.00 depending on the property; (l) flood certification fee ($9.00); (m) mortgage/document preparation fee ($104.71); (n) title insurance fees based on the amount of the line of credit requested. (For example, a credit limit of $100,000.00 will be charged approximately $125.00 in title insurance fees.); (o) Escrow fee ($125.00); (p) Subordination fee ($300.00). Late Payment fee: Balances less than $100.00 ($20.00), Balances of $100.00 to $999.00 ($30.00), Balances greater than $999.00 ($40.00). Returned Item Fee [due to insufficient funds] ($20.00). First replacement of Lost, Stolen, or Damaged Card (FREE). Additional Replacement Cards ($15.00 per card).
Escrow Payments: It is unlikely that we will require escrow payments. We may require escrow payments if they are not already collected by another lender. We have the right to collect 1/12th of the yearly taxes, assessments, mortgage insurance, insurance and lease rent for your property at the same time we collect your monthly payment. Collection of escrow payments allows us to make sure that these items are paid and do not become liens on your property. We do not pay you interest on the amount of money in escrow. If you fail to make your escrow payment, you will be in default and we can require immediate repayment of all money you owe us.
Property Insurance: You will be required to carry hazard insurance on the property that secures this plan. If your property is located in a special flood hazard area, you will be required to maintain adequate flood insurance coverage.
Appraisal Report Delivery: We may order an appraisal or valuation to determine the property’s value and charge you for this appraisal. If your application for credit is secured by a first lien on the property, we will promptly give you a copy of any appraisal/valuation, even if your loan does not close. You will not be required to pay an additional amount to us to receive a copy of the appraisal/valuation report. Any appraisal/valuation report used in connection with your loan application was prepared solely for our use in evaluating a request for an extension of credit. The appraisal should not be relied upon by any other person or entity. We make no express or implied representation or warranty of any kind, and we expressly disclaim any liability to any person or entity with respect to the property valuation. You can pay for an additional appraisal for your own use at your own cost.
Minimum Draw and Balance Requirement: There is no minimum credit advance requirement. No minimum balance is required.
Tax Deductibility: You should consult a tax advisor regarding the deductibility of interest and charges for the line.
Variable-Rate Feature: This line has a variable-rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum payment can change as a result. The variable-rate feature applies to both the draw and repayment periods. Rate information will be provided with each periodic statement. The annual percentage rate includes only interest and not other costs. The annual percentage rate is based on the value of an index and is subject to a minimum and maximum rate as described in Rate Change, below. The index is computed by us monthly as the highest prime rate on the last business day of the calendar month as published in the Money Rate section of the Wall Street Journal. This index is used for the billing cycle beginning the following month. For example, the highest prime rate value on the last business day of May would be used to determine the index for the billing cycle beginning in June and so on. To determine the annual percentage rate that will apply to your line, we add a margin to the value of the index. The result of this addition will then be rounded up to the nearest 1/8th of one percentage point (0.125%). Ask us for the current index value, margin, discount and annual percentage rate.
Rate Change: The annual percentage rate can change on the first day of each billing cycle. The ANNUAL PERCENTAGE RATE will never be less than 4.50%. The maximum ANNUAL PERCENTAGE RATE that can apply is 18.00%. Except for this 4.50% “floor” and 18.00% “cap,” there is no limit on the rate changes during any year.

Maximum Rate and Payment Examples: If you had an outstanding balance of $10,000, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 18.00% would be $147.95 during the draw period, followed by 240 monthly principal plus interest payments ranging from $189.61 to $42.28. This annual percentage rate could be reached during the first month of the line.

Historical Example: The table below shows how the ANNUAL PERCENTAGE RATE and the minimum monthly payments (except for minor variations in rounding) 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 June 1st of each year. While only one payment amount per year is shown, payments would have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payments were made each month, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future. Payments during the first ten years are interest only (during draw period) while payments during years 11 – 15 are principal plus interest payments (during the repayment period).

Year	Index (%)	Margin* (%)	**Annual Percentage Rate (%)**	Minimum Monthly Payment ($)
1999	7.75%	1.00%	**8.75%**	$71.92
2000	9.50%	1.00%	**10.50%**	$86.30
2001	6.75%	1.00%	**7.75%**	$63.70
2002	4.75%	1.00%	**5.75%**	$47.26
2003	4.00%	1.00%	**5.00%**	$41.10
2004	4.00%	1.00%	**5.00%**	$41.10
2005	6.25%	1.00%	**7.25%**	$59.59
2006	8.25%	1.00%	**9.25%**	$76.03
2007	8.25%	1.00%	**9.25%**	$117.69
2008	5.00%	1.00%	**6.00%**	$49.32
Draw Period				
Repayment Period				
2009	3.25%	1.00%	**4.50%+**	$78.65
2010	3.25%	1.00%	**4.50%+**	$78.65
2011	3.25%	1.00%	**4.50%+**	$78.65
2012	3.25%	1.00%	**4.50%+**	$78.65
2013	3.25%	1.00%	**4.50%+**	$78.65

**This is a margin we have used recently.*
+4.50% Floor Rate applies

Fixed Rate Equity Loan Option (FRELO) Feature: Your line may include a fixed rate feature that applies to Fixed Rate Equity Loan Options. The Fixed Rate Equity Loan Options may be added upon your request and if you and all named borrowers on the Equity Express account executes the *American Savings Bank Conversion to Equity Express with Fixed Rate Equity Loan Options Addendum to Equity Express Agreement*. You may select Fixed Rate Equity Loan Options only during the Draw Period. You can request to convert all or a portion of your balance under your variable rate line of credit to one or more Fixed Rate Equity Loans (up to five options at any one time). Each Fixed Rate Equity Loan will have a fixed rate of interest and repayment term. The minimum amount to establish a Fixed Rate Equity Loan is based on the loan term selected and/or conditions established during a FRELO promotion. You may request a Fixed Rate Equity Loan by visiting any of our branches or by calling our Customer Banking Center at 627-6900 (Oahu) or 800-272-2566 (Neighbor Island and Mainland). We will offer you a selection of current terms (3 years to 15 years) from which you may select a Fixed Rate Equity Loan at prevailing rates. In order to establish a Fixed Rate Equity Loan, your account must meet all of the following requirements: 1) No default exists under the credit line account at the time you request the Fixed Rate Equity Loan; 2) There are no more than five Fixed Rate Equity Loans in effect after you have established a Fixed Rate Equity Loan; and, 3) You request the Fixed Rate Equity Loan during the Draw Period. Once established, the Fixed Rate Equity Loan will remain at a fixed rate of interest until it is paid in full or a new Variable Rate Line of Credit advance is used to pay off the Fixed Rate Equity Loan provided you have sufficient available credit. The ANNUAL PERCENTAGE RATE includes only interest and no other costs. Credit reporting bureaus may report the FRELO on its own trade line that is separated from your Equity Express account.

Interest Rate Determination for Fixed Rate Equity Loan: The fixed rate will be determined as follows: The ANNUAL PERCENTAGE RATE on each Fixed Rate Equity Loan that you establish is based on the value of an index plus a margin. The index and margin that applies to the Fixed Rate Equity Loan Option depends on the repayment term for each Fixed Rate Equity Loan Option. Each index is determined weekly on the first business day of each week using the Federal Home Loan Bank of Seattle's Daily Advances Rate Sheet for Fixed Rate Amortizer Rates published on the Federal Home Loan Bank of Seattle's website, http://www.fhlbsea.com/, based on the selected term. The margin is from 3.00% to 4.00% based on the selected term. The rate is calculated as the sum of the index plus margin rounded up to the nearest 0.25% with an established floor of 4.75%.

Term	Index Description	Floor (%)	Index (%)	Margin (%)	**ANNUAL PERCENTAGE RATE (%)**
3-Year Term	Federal Home Loan Bank of Seattle Advance Rates for 3-Year Fixed Rate Amortizer	4.75%	0.88%	3.00%	4.75%
5-Year Term	Federal Home Loan Bank of Seattle Advance Rates for 5-Year Fixed Rate Amortizer	4.75%	1.47%	3.00%	4.75%
7-Year Term	Federal Home Loan Bank of Seattle Advance Rates for 7-Year Fixed Rate Amortizer	4.75%	2.04%	3.25%	5.50%
10-Year Term	Federal Home Loan Bank of Seattle Advance Rates for 10-Year Fixed Rate Amortizer	4.75%	2.75%	3.50%	6.25%
15-Year Term	Federal Home Loan Bank of Seattle Advance Rates for 15-Year Fixed Rate Amortizer	4.75%	3.46%	3.75%	7.25%

The table shows the ANNUAL PERCENTAGE RATES in effect on 01/21/14. Other terms, rates and conditions apply for Investor loan. Contact American Savings Bank for current APRs.

Minimum Payment Requirements for Fixed Rate Equity Loan: You will receive separate monthly billing statements for your Variable Rate Line of Credit and any Fixed Rate Equity Loans that you establish. You will make monthly payments for each outstanding Fixed Rate Equity Loan Option in addition to the monthly payments for the Variable Rate Line of Credit portion. Your total monthly minimum payment will equal the sum of (i) the minimum payment due on your Variable Rate Line of Credit described in the applicable sections above, plus (ii) the minimum payments due on all Fixed Rate Equity Loans you established. The minimum payment will include principal and interest based on an amortization of the loan amount at the rate for the term you select when establishing the Fixed Rate Equity Loan. The following table shows the number and amount of the payment for each repayment term at the ANNUAL PERCENTAGE RATE indicated if you converted a $10,000.00 portion of the Variable Rate Line of Credit to the Fixed Rate Equity Loan Option and you made only the minimum payments.

Term	Number of Payments	**ANNUAL PERCENTAGE RATE (%)**	Minimum Payment ($)
3-Year Term	36	4.75%	$298.59
5-Year Term	60	4.75%	$187.57
7-Year Term	84	5.50%	$143.70
10-Year Term	120	6.25%	$112.28
15-Year Term	180	7.25%	$ 91.29

The table shows the ANNUAL PERCENTAGE RATES in effect on 01/21/14. Contact ASB for current APRs and monthly payment calculations for your specific situation.

EQUAL HOUSING LENDER

AMERICAN Savings Bank

What you should know about home equity lines of credit

Consumer Financial
Protection Bureau

January 2014

This booklet was initially prepared by the Board of Governors of the Federal Reserve System. The Consumer Financial Protection Bureau (CFPB) has made technical updates to the booklet to reflect new mortgage rules under Title XIV of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). A larger update of this booklet is planned in the future to reflect other changes under the Dodd-Frank Act and to align with other CFPB resources and tools for consumers as part of the CFPB's broader mission to educate consumers. Consumers are encouraged to visit the CPFB's website at consumerfinance.gov/owning-a-home to access interactive tools and resources for mortgage shoppers, which are expected to be available beginning in 2014.

Table of contents

1. Introduction

If you are in the market for credit, a home equity plan is one of several options that might be right for you. Before making a decision, however, you should weigh carefully the costs of a home equity line against the benefits. Shop for the credit terms that best meet your borrowing needs without posing undue financial risks. And remember, failure to repay the amounts you've borrowed, plus interest, could mean the loss of your home.

1.1 Home equity plan checklist

Ask your lender to help you fill out this worksheet.

Basic features for comparison	Plan A	Plan B
Fixed annual percentage rate	%	%
Variable annual percentage rate	%	%
▪ Index used and current value	%	%
▪ Amount of margin		
▪ Frequency of rate adjustments		
▪ Amount/length of discount (if any)		
▪ Interest rate cap and floor		
Length of plan		
Draw period		

Basic features for comparison (continued)	Plan A	Plan B
Repayment period		
Initial fees		
Appraisal fee		
Application fee		
Up-front charges, including points		
Closing costs		
Repayment terms		
During the draw period		
Interest and principal payments		
Interest-only payments		
Fully amortizing payments		
When the draw period ends		
Balloon payment?		
Renewal available?		
Refinancing of balance by lender?		

2. What is a home equity line of credit?

A home equity line of credit is a form of revolving credit in which your home serves as collateral. Because a home often is a consumer's most valuable asset, many homeowners use home equity credit lines only for major items, such as education, home improvements, or medical bills, and choose not to use them for day-to-day expenses.

With a home equity line, you will be approved for a specific amount of credit. Many lenders set the credit limit on a home equity line by taking a percentage (say, 75 percent) of the home's appraised value and subtracting from that the balance owed on the existing mortgage. For example:

Appraised value of home	$100,000
Percentage	x 75%
Percentage of appraised value	= $75,000
Less balance owed on mortgage	– $40,000
Potential line of credit	**$35,000**

In determining your actual credit limit, the lender will also consider your ability to repay the loan (principal and interest) by looking at your income, debts, and other financial obligations as well as your credit history.

Many home equity plans set a fixed period during which you can borrow money, such as 10 years. At the end of this "draw period," you may be allowed to renew the credit line. If your plan

does not allow renewals, you will not be able to borrow additional money once the period has ended. Some plans may call for payment in full of any outstanding balance at the end of the period. Others may allow repayment over a fixed period (the "repayment period"), for example, 10 years.

Once approved for a home equity line of credit, you will most likely be able to borrow up to your credit limit whenever you want. Typically, you will use special checks to draw on your line. Under some plans, borrowers can use a credit card or other means to draw on the line.

There may be other limitations on how you use the line. Some plans may require you to borrow a minimum amount each time you draw on the line (for example, $300) or keep a minimum amount outstanding. Some plans may also require that you take an initial advance when the line is set up.

2.1 What should you look for when shopping for a plan?

If you decide to apply for a home equity line of credit, look for the plan that best meets your particular needs. Read the credit agreement carefully, and examine the terms and conditions of various plans, including the annual percentage rate (APR) and the costs of establishing the plan. Remember, though, that the APR for a home equity line is based on the interest rate alone and will not reflect closing costs and other fees and charges, so you'll need to compare these costs, as well as the APRs, among lenders.

2.1.1 Variable interest rates

Home equity lines of credit typically involve variable rather than fixed interest rates. The variable rate must be based on a publicly available index (such as the prime rate published in some major daily newspapers or a U.S. Treasury bill rate). In such cases, the interest rate you pay for the line of credit will change, mirroring changes in the value of the index. Most lenders cite the interest rate you will pay as the value of the index at a particular time, plus a "margin," such as 2 percentage points. Because the cost of borrowing is tied directly to the value of the index, it is important to find out which index is used, how often the value of the index changes, and how high it has risen in the past. It is also important to note the amount of the margin.

Lenders sometimes offer a temporarily discounted interest rate for home equity lines—an "introductory" rate that is unusually low for a short period, such as six months.

Variable-rate plans secured by a dwelling must, by law, have a ceiling (or cap) on how much your interest rate may increase over the life of the plan. Some variable-rate plans limit how much your payment may increase and how low your interest rate may fall if the index drops.

Some lenders allow you to convert from a variable interest rate to a fixed rate during the life of the plan, or let you convert all or a portion of your line to a fixed-term installment loan.

2.2 Costs of establishing and maintaining a home equity line

Many of the costs of setting up a home equity line of credit are similar to those you pay when you get a mortgage. For example:

- A fee for a property appraisal to estimate the value of your home;
- An application fee, which may not be refunded if you are turned down for credit;
- Up-front charges, such as one or more "points" (one point equals 1 percent of the credit limit); and
- Closing costs, including fees for attorneys, title search, mortgage preparation and filing, property and title insurance, and taxes.

In addition, you may be subject to certain fees during the plan period, such as annual membership or maintenance fees and a transaction fee every time you draw on the credit line.

You could find yourself paying hundreds of dollars to establish the plan. And if you were to draw only a small amount against your credit line, those initial charges would substantially increase the cost of the funds borrowed. On the other hand, because the lender's risk is lower than for other forms of credit, as your home serves as collateral, annual percentage rates for home equity lines are generally lower than rates for other types of credit. The interest you save could offset the costs of establishing and maintaining the line. Moreover, some lenders waive some or all of the closing costs.

2.3 How will you repay your home equity plan?

Before entering into a plan, consider how you will pay back the money you borrow. Some plans set a minimum monthly payment that includes a portion of the principal (the amount you borrow) plus accrued interest. But, unlike with typical installment loan agreements, the portion of your payment that goes toward principal may not be enough to repay the principal by the end of the term. Other plans may allow payment of only the interest during the life of the plan, which means that you pay nothing toward the principal. If you borrow $10,000, you will owe that amount when the payment plan ends.

Regardless of the minimum required payment on your home equity line, you may choose to pay more, and many lenders offer a choice of payment options. However, some lenders may require you to pay special fees or penalties if you choose to pay more, so check with your lender. Many consumers choose to pay down the principal regularly as they do with other loans. For example, if you use your line to buy a boat, you may want to pay it off as you would a typical boat loan.

Whatever your payment arrangements during the life of the plan—whether you pay some, a little, or none of the principal amount of the loan—when the plan ends, you may have to pay the entire balance owed, all at once. You must be prepared to make this "balloon payment" by refinancing it with the lender, by obtaining a loan from another lender, or by some other means. If you are unable to make the balloon payment, you could lose your home.

If your plan has a variable interest rate, your monthly payments may change. Assume, for example, that you borrow $10,000 under a plan that calls for interest-only payments. At a 10 percent interest rate, your monthly payments would be $83. If the rate rises over time to 15 percent, your monthly payments will increase to $125. Similarly, if you are making payments that cover interest plus some portion of the principal, your monthly payments may increase, unless your agreement calls for keeping payments the same throughout the plan period.

If you sell your home, you will probably be required to pay off your home equity line in full immediately. If you are likely to sell your home in the near future, consider whether it makes sense to pay the up-front costs of setting up a line of credit. Also keep in mind that renting your home may be prohibited under the terms of your agreement.

2.4 Line of credit vs. traditional second mortgage loans

If you are thinking about a home equity line of credit, you might also want to consider a traditional second mortgage loan. This type of loan provides you with a fixed amount of money, repayable over a fixed period. In most cases, the payment schedule calls for equal payments that pay off the entire loan within the loan period. You might consider a second mortgage instead of a home equity line if, for example, you need a set amount for a specific purpose, such as an addition to your home.

In deciding which type of loan best suits your needs, consider the costs under the two alternatives. Look at both the APR and other charges. Do not, however, simply compare the APRs, because the APRs on the two types of loans are figured differently:

- The APR for a traditional second mortgage loan takes into account the interest rate charged plus points and other finance charges.
- The APR for a home equity line of credit is based on the periodic interest rate alone. It does not include points or other charges.

2.4.1 Disclosures from lenders

The federal Truth in Lending Act requires lenders to disclose the important terms and costs of their home equity plans, including the APR, miscellaneous charges, the payment terms, and information about any variable-rate feature. And in general, neither the lender nor anyone else may charge a fee until after you have received this information. You usually get these disclosures when you receive an application form, and you will get additional disclosures before the plan is opened. If any term (other than a variable-rate feature) changes before the plan is opened, the lender must return all fees if you decide not to enter into the plan because of the change. Lenders are also required to provide you with a list of homeownership counseling organizations in your area.

When you open a home equity line, the transaction puts your home at risk. If the home involved is your principal dwelling, the Truth in Lending Act gives you three days from the day the account was opened to cancel the credit line. This right allows you to change your mind for any reason. You simply inform the lender in writing within the three-day period. The lender must

then cancel its security interest in your home and return all fees— including any application and appraisal fees—paid to open the account.

The Home Ownership and Equity Protection Act of 1994 (HOEPA) addresses certain unfair practices and establishes requirements for certain loans with high rates and fees, including certain additional disclosures. HOEPA now covers some HELOCs. You can find out more information by contacting the CFPB at the website address and phone number listed in the Contact information appendix, below.

2.5 What if the lender freezes or reduces your line of credit?

Plans generally permit lenders to freeze or reduce a credit line if the value of the home "declines significantly" or when the lender "reasonably believes" that you will be unable to make your payments due to a "material change" in your financial circumstances. If this happens, you may want to:

- **Talk with your lender**. Find out what caused the lender to freeze or reduce your credit line and what, if anything, you can do to restore it. You may be able to provide additional information to restore your line of credit, such as documentation showing that your house has retained its value or that there has not been a "material change" in your financial circumstances. You may want to get copies of your credit reports (go to the CFPB's website at consumerfinance.gov/askcfpb/5/can-i-review-my-credit-report.html for information about how to get free copies of your credit reports) to make sure all the information in them is correct. If your lender suggests getting a new appraisal, be sure you discuss appraisal firms in advance so that you know they will accept the new appraisal as valid.
- **Shop around for another line of credit.** If your lender does not want to restore your line of credit, shop around to see what other lenders have to offer. If another lender is willing to offer you a line of credit, you may be able to pay off your original line of credit and take out another one. Keep in mind, however, that you may need to pay some of the same application fees you paid for your original line of credit.

APPENDIX A:

Defined terms

This glossary provides general definitions for terms commonly used in the real estate market. They may have different legal meanings depending on the context.

DEFINED TERM	
ANNUAL MEMBERSHIP OR MAINTENANCE FEE	An annual charge for access to a financial product such as a line of credit, credit card, or account. The fee is charged regardless of whether or not the product is used
ANNUAL PERCENTAGE RATE (APR)	The cost of credit, expressed as a yearly rate. For closed-end credit, such as car loans or mortgages, the APR includes the interest rate, points, broker fees, and other credit charges that the borrower is required to pay. An APR, or an equivalent rate, is not used in leasing agreements.
APPLICATION FEE	Fees charged when you apply for a loan or other credit. These fees may include charges for property appraisal and a credit report.
BALLOON PAYMENT	A large extra payment that may be charged at the end of a mortgage loan or lease.
CAP (INTEREST RATE)	A limit on the amount that your interest rate can increase. Two types of interest-rate caps exist. *Periodic adjustment caps* limit the interest-rate increase from one adjustment period to the next. *Lifetime caps* limit the interest-rate increase over the life of the loan. By law, all adjustable-rate mortgages have an overall cap.

CLOSING OR SETTLEMENT COSTS	Fees paid when you close (or settle) on a loan. These fees may include application fees; title examination, abstract of title, title insurance, and property survey fees; fees for preparing deeds, mortgages, and settlement documents; attorneys' fees; recording fees; estimated costs of taxes and insurance; and notary, appraisal, and credit report fees. Under the Real Estate Settlement Procedures Act, the borrower receives a good faith estimate of closing costs within three days of application. The good faith estimate lists each expected cost as an amount or a range.
CREDIT LIMIT	The maximum amount that may be borrowed on a credit card or under a home equity line of credit plan.
EQUITY	The difference between the fair market value of the home and the outstanding balance on your mortgage plus any outstanding home equity loans.
INDEX	The economic indicator used to calculate interest-rate adjustments for adjustable-rate mortgages or other adjustable-rate loans. The index rate can increase or decrease at any time. See also Selected index rates for ARMs over an 11-year period (consumerfinance.gov/f/201204_CFPB_ARMs-brochure.pdf) for examples of common indexes that have changed in the past.
INTEREST RATE	The percentage rate used to determine the cost of borrowing money, stated usually as a percentage of the principal loan amount and as an annual rate.
MARGIN	The number of percentage points the lender adds to the index rate to calculate the adjustable-rate-mortgage interest rate at each adjustment.
MINIMUM PAYMENT	The lowest amount that you must pay (usually monthly) to keep your account in good standing. Under some plans, the minimum payment may cover interest only; under others, it may include both principal and interest.

POINTS (ALSO CALLED DISCOUNT POINTS)	One point is equal to 1 percent of the principal amount of a mortgage loan. For example, if a mortgage is $200,000, one point equals $2,000. Lenders frequently charge points in both fixed-rate and adjustable-rate mortgages to cover loan origination costs or to provide additional compensation to the lender or broker. These points usually are paid at closing and may be paid by the borrower or the home seller, or may be split between them. In some cases, the money needed to pay points can be borrowed (incorporated in the loan amount), but doing so will increase the loan amount and the total costs. Discount points (also called discount fees) are points that you voluntarily choose to pay in return for a lower interest rate.
SECURITY INTEREST	If stated in your credit agreement, a creditor, lessor, or assignee's legal right to your property (such as your home, stocks, or bonds) that secures payment of your obligation under the credit agreement. The property that secures payment of your obligation is referred to as "collateral."
TRANSACTION FEE	Fee charged each time a withdrawal or other specified transaction is made on a line of credit, such as a balance transfer fee or a cash advance fee.
VARIABLE RATE	An interest rate that changes periodically in relation to an index, such as the prime rate. Payments may increase or decrease accordingly.

APPENDIX B:

More information

For more information about mortgages, including home equity lines of credit, visit consumerfinance.gov/mortgage. For answers to questions about mortgages and other financial topics, visit consumerfinance.gov/askcfpb. You may also visit the CFPB's website at consumerfinance.gov/owning-a-home to access interactive tools and resources for mortgage shoppers, which are expected to be available beginning in 2014.

Housing counselors can be very helpful, especially for first-time home buyers or if you're having trouble paying your mortgage. The U.S. Department of Housing and Urban Development (HUD) supports housing counseling agencies throughout the country that can provide free or low-cost advice. You can search for HUD-approved housing counseling agencies in your area on the CFPB's web site at consumerfinance.gov/find-a-housing-counselor or by calling HUD's interactive toll-free number at 800-569-4287.

The company that collects your mortgage payments is your loan servicer. This may not be the same company as your lender. If you have concerns about how your loan is being serviced or another aspect of your mortgage, you may wish to submit a complaint to the CFPB at consumerfinance.gov/complaint or by calling (855) 411-CFPB (2372).

When you submit a complaint to the CFPB, the CFPB will forward your complaint to the company and work to get a response. Companies have 15 days to respond to you and the CFPB. You can review the company's response and give feedback to the CFPB.

APPENDIX C:

Contact information

For additional information or to submit a complaint, you can contact the CFPB or one of the other federal agencies listed below, depending on the type of institution. If you are not sure which agency to contact, you can submit a complaint to the CFPB and if the CFPB determines that another agency would be better able to assist you, the CFPB will refer your complaint to that agency and let you know.

Regulatory agency	Regulated entities	Contact information
Consumer Financial Protection Bureau (CFPB) P.O. Box 4503 Iowa City, IA 52244	Insured depository institutions and credit unions with assets greater than $10 billion (and their affiliates), and non-bank providers of consumer financial products and services, including mortgages, credit cards, debt collection, consumer reports, prepaid cards, private education loans, and payday lending	(855) 411-CFPB (2372) consumerfinance.gov consumerfinance.gov/ complaint
Board of Governors of the Federal Reserve System (FRB) Consumer Help P.O. Box 1200 Minneapolis, MN 55480	Federally insured state-chartered bank members of the Federal Reserve System	(888) 851-1920 federalreserveconsumerhelp.gov

Regulatory agency	Regulated entities	Contact information
Office of the Comptroller of the Currency (OCC) Customer Assistance Group 1301 McKinney Street Suite 3450 Houston, TX 77010	National banks and federally chartered savings banks/associations	(800) 613-6743 occ.treas.gov helpwithmybank.gov
Federal Deposit Insurance Corporation (FDIC) Consumer Response Center 1100 Walnut Street, Box #11 Kansas City, MO 64106	Federally insured state-chartered banks that are not members of the Federal Reserve System	(877) ASK-FDIC or (877) 275-3342 fdic.gov fdic.gov/consumers
Federal Housing Finance Agency (FHFA) Consumer Communications Constitution Center 400 7th Street, S.W. Washington, DC 20024	Fannie Mae, Freddie Mac, and the Federal Home Loan Banks	Consumer Helpline (202) 649-3811 fhfa.gov fhfa.gov/Default.aspx?Page=3 69 ConsumerHelp@fhfa.gov
National Credit Union Administration (NCUA) Consumer Assistance 1775 Duke Street Alexandria, VA 22314	Federally chartered credit unions	(800) 755-1030 ncua.gov mycreditunion.gov
Federal Trade Commission (FTC) Consumer Response Center 600 Pennsylvania Ave, N.W. Washington, DC 20580	Finance companies, retail stores, auto dealers, mortgage companies and other lenders, and credit bureaus	(877) FTC-HELP or (877) 382-4357 ftc.gov ftc.gov/bcp

Regulatory agency	Regulated entities	Contact information
Securities and Exchange Commission (SEC) Complaint Center 100 F Street, N.E. Washington, DC 20549	Brokerage firms, mutual fund companies, and investment advisers	(202) 551-6551 sec.gov sec.gov/complaint/select.shtml
Farm Credit Administration Office of Congressional and Public Affairs 1501 Farm Credit Drive McLean, VA 22102	Agricultural lenders	(703) 883-4056 fca.gov
Small Business Administration (SBA) Consumer Affairs 409 3rd Street, S.W. Washington, DC 20416	Small business lenders	(800) U-ASK-SBA or (800) 827-5722 sba.gov
Commodity Futures Trading Commission (CFTC) 1155 21st Street, N.W. Washington, DC 20581	Commodity brokers, commodity trading advisers, commodity pols, and introducing brokers	(866) 366-2382 cftc.gov/consumer-protection

Regulatory agency	Regulated entities	Contact information
U.S. Department of Justice (DOJ) Civil Rights Division 950 Pennsylvania Ave, N.W. Housing and Civil Enforcement Section Washington DC 20530	Fair lending and housing issues	(202) 514-4713 TTY–(202) 305-1882 FAX–(202) 514-1116 To report an incident of housing discrimination: 1-800-896-7743 fairhousing@usdoj.gov
Department of Housing and Urban Development (HUD) Office of Fair Housing/Equal Opportunity 451 7th Street, S.W. Washington, DC 20410	Fair lending and housing issues	(800) 669-9777 hud.gov/complaints

PUBLIC INFORMATION NOTICE PURSUANT TO
HAWAII REVISED STATUTES SECTION 667-41
WHAT IS FORECLOSURE?

This notice informs you regarding a lender's right to foreclose in the event of a default on the loan you have applied for or are considering if your home is used to secure its repayment.

The mortgage agreement or contract that you may enter into states that in the event the amounts due under the loan are not paid when they are due, or for other reasons you do not perform your promises in the note and mortgage, all of which are known as defaults, the lender shall have the option to foreclose the mortgage, which will result in a sale of your home.

The entity or person who holds your mortgage ("Mortgagee") may send you a notice informing you that the Mortgagee is starting foreclosure proceedings. You should not wait for that to happen; take steps to prevent a foreclosure as soon as you are having trouble paying your mortgage. You should contact your lender or your lender's loan servicer, or you may contact a budget and credit counselor or housing counselor, to discuss your situation.

STEP ONE: NOTICE OF DEFAULT. The first step in the foreclosure process is the Mortgagee usually sends you a written notice of default, which occurs after you are past due on your mortgage payment. The Mortgagee will tell you in the notice how much time you have to pay the required amount that is past due and, by paying, will return your loan to good standing.

STEP TWO: PROCEEDING TO FORECLOSURE. If you do not pay the required amount past due by the deadline in the notice of default, the Mortgagee may elect to proceed to collect the balance due on your loan through foreclosure. In Hawaii, there are two types of foreclosures: judicial and nonjudicial.

In a JUDICIAL FORECLOSURE, the Mortgagee files a lawsuit against you in order to obtain a court judgment that you owe the balance due under your loan and to obtain an order to sell the property. The initial legal document you will receive in the lawsuit is called the complaint. You should consult an attorney of your choice who can advise you as to the steps needed to protect your rights. Judicial foreclosure involves the sale of the mortgaged property under the supervision of the court. You will receive notice of the foreclosure case hearings and the sale date and the judicial decision is announced after a hearing in court. The sale of the property must be approved by the court before it can be completed.

In a NONJUDICIAL FORECLOSURE, the process follows the procedures spelled out in Chapter 667 of the Hawaii Revised Statutes and in your mortgage. The nonjudicial procedures allow a Mortgagee to foreclose on and sell the property identified in the mortgage without filing a lawsuit or court supervision. This nonjudicial foreclosure is also called a power of sale foreclosure. The Mortgagee starts the process by giving you a written notice of default and of the Mortgagee's intent to sell the property.

After the required time has elapsed, you will be sent a notice of nonjudicial foreclosure sale, which will tell you the date and location of the sale.

In a NONJUDICIAL foreclosure, if you own an interest in the property you may have the right to participate in the Mortgage Foreclosure Dispute Resolution Program or to convert the nonjudicial foreclosure into a judicial foreclosure. The non-judicial foreclosure may not proceed during the dispute resolution process or after it has been converted to a judicial foreclosure.

PLEASE NOTE: Even if a judicial or nonjudicial foreclosure has commenced, you may be able to reinstate the loan and keep your home if you pay the delinquent amount then due and the foreclosure expenses that your Mortgagee has incurred. You must contact the Mortgagee as soon as possible to determine whether reinstatement is possible.

STEP THREE: PUBLIC SALE. The sale of a foreclosed home is usually made through a public auction, where the highest bidder who can make a cash deposit of up to 10% of the bid can buy the property. In a judicial foreclosure, the court appoints a third party commissioner to advertise and conduct the sale. In a nonjudicial foreclosure, the Mortgagee advertises and conducts the sale. In both types of sales, the Mortgagee has the right to buy the property by submitting a credit bid based upon the balance owed on the mortgage, so long as its bid is higher than any other bids. If the Mortgagee buys the property, the Mortgagee has the right to re-sell it in a private sale at a later date.

STEP FOUR: DISBURSEMENT OF PROCEEDS; POTENTIAL DEFICIENCY JUDGMENT. After the foreclosure sale is completed, the proceeds are paid out to lien holders, including the Mortgagee, in the order set by law and lastly to you if there are any proceeds left.

In a JUDICIAL FORECLOSURE, the court tells the commissioner whom to pay and how much. If the property did not sell for enough to pay off the balance due under your loan, the Mortgagee has the right to ask the court for a deficiency judgment against you for the difference.

In a NONJUDICIAL FORECLOSURE, the Mortgagee distributes the proceeds from the sale. If you are an owner-occupant, the law prohibits a deficiency judgment against you unless the debt is secured by other collateral.

READ THE NOTE AND MORTGAGE CAREFULLY TO UNDERSTAND WHAT IS REQUIRED AND HOW TO AVOID FORECLOSURE, AND CONSULT WITH AN ATTORNEY REGARDING YOUR LEGAL RIGHTS.

AMERICAN
Savings Bank

HOMEOWNERSHIP COUNSELING NOTICE

Housing counseling agencies approved by the U.S. Department of Housing and Urban Development (HUD) can offer independent advice about whether a particular set of mortgage loan terms is a good fit based on your objectives and circumstances, often at little or no cost.

If you are interested in contacting a HUD-approved housing counseling agency in your area, you can visit the Consumer Financial Protection Bureau's (CFPB) website, www.consumerfinance.gov/find-a-housing-counselor, and enter your zip code.

You can also access HUD's housing counseling agency website via www.consumerfinance.gov/mortgagehelp.

For additional assistance with locating a housing counseling agency, call the CFPB at 1-855-411-CFPB (2372).

EQUAL HOUSING
LENDER

FACTS — WHAT DOES AMERICAN SAVINGS BANK, F.S.B., DO WITH YOUR PERSONAL INFORMATION?

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: ▪ Social Security number and income ▪ Account balances and account transactions ▪ Payment history and wire transfer instructions When you are *no longer* our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons American Savings Bank chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does American Savings Bank share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates' everyday business purposes – information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?	Call: 808-627-6900 (Oahu) or 1-800-272-2566 (Neighbor Islands and Mainland)

AMERICAN
Savings Bank

What we do

How does American Savings Bank protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does American Savings Bank collect my personal information?	We collect your personal information, for example, when you ▪ Open an account or give us your income information ▪ Apply for a loan or give us your contact information ▪ Make deposits or withdrawals from your account We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only ▪ Sharing for affiliates' everyday business purposes – information about your creditworthiness ▪ Affiliates from using your information to market to you ▪ Sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. ▪ *American Savings Bank does not share with our affiliates.*
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. ▪ *American Savings Bank does not share with nonaffiliates so they can market to you.*
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. ▪ *Our joint marketing partners include insurance companies and financial services companies.*

AMERICAN
Savings Bank

CONSUMER LOAN FEE SCHEDULE

Effective February 1, 2014

PREFERRED CREDITLINE[SM]

Annual Fee	$25
Late Payment Fee	5% of minimum amount due
Overlimit Fee	$29
Stop Payment Fee	$30
Returned Item (due to insufficient funds)	$25
Statement Reconciliation	$10 per half hour
Research Request	$10 per half hour

INSTALLMENT LOAN

Personal Unsecured Loan, Savings Secured Loan,
Equity PowerLoan[SM] and Auto Loan

Late Payment Fee	5% of minimum amount due
Returned Item (due to insufficient funds)	$25
Statement Reconciliation	$10 per half hour
Research Request	$10 per half hour

6-MONTH CLEAN ENERGY LOAN

For new accounts opened November 22, 2013

Early Loan Payoff Fee (if loan is paid off within the first 12 months of the Agreement Date)	$500

EQUITY EXPRESS[SM]

For new accounts opened February 1, 2014

Late Payment Fee	
Balances less than $100	$20
Balances between $100 to $999	$30
Balances greater than $999	$40
Overlimit Fee	$29
Stop Payment Fee	$30
Returned Item (due to insufficient funds)	$25
Statement Reconciliation	$10 per half hour
Research Request	$10 per half hour
First Replacement of Lost, Stolen or Damaged Card	FREE
Additional Replacement Cards	$15 per card
Early Closing Fee (if your line is more than $25,000.00 and you close or reduce the credit limit within 3 years of Agreement Date)	$500 The fee is not charged if your line is (i) $25,000 or less, (ii) you sell your home, or (iii) in the event of an American Savings Bank refinance.
Subordination Fee	$300

ADDENDUM TO IMPORTANT TERMS of our
HOME EQUITY LINE OF CREDIT (Equity Express Account)
24-Month Fixed Interest Rate Promotion

American Savings Bank is offering a twenty-four (24) month fixed rate of interest to approved applicants who: (i) submit their application for a new Equity Express account between February 1, 2014, and May 31, 2014, (ii) hold title to Hawaii property in fee simple, (iii) fund their loan by June 30, 2014, and (iv) establish automatic payment from an American Savings Bank checking account for Equity Express account. If you have not closed your loan and a new promotion begins with a different rate, you may opt for the new promotion. This offer is not available to anyone with any American Savings Bank home equity line of credit that is open prior to February 1, 2014, and may not be used to pay down or pay off any existing American Savings Bank home equity line of credit or mortgage loan balance or may not be used in a simultaneous closing with a residential first mortgage to purchase real property and the combined loan to value is greater than 80%, and is subject to change or discontinuance without notice. If the applicants meet the foregoing conditions, then the following applies:

FIXED RATE AND DAILY PERIODIC RATE DURING THE INITIAL TWELVE (12) MONTHS (INITIAL 12-MONTH PERIOD): Your Equity Express will feature a fixed rate of interest from the day the loan is funded through the end of the statement cycle after twelve (12) months. Based on your credit score, the INITIAL TWELVE (12) MONTH ANNUAL PERCENTAGE RATE may be discounted to 1.00% APR, which is an initial daily periodic rate of 0.0027% (subject to minor variations due to rounding); or, 2.00% APR, which is an initial daily periodic rate of 0.0055% (subject to minor variations due to rounding); or 3.00 APR%, which is an initial daily periodic rate of 0.0082% (subject to minor variations due to rounding).

FIXED RATE AND DAILY PERIODIC RATE DURING MONTHS 13 THROUGH 24: Your Equity Express will feature a fixed rate of interest for twelve (12) months after the initial 12-month period beginning in month thirteen (13) through month twenty-four (24). Based on your credit score, the ANNUAL PERCENTAGE RATE in months thirteen (13) through twenty-four (24) may be discounted to 2.00% APR, which is an initial daily periodic rate of 0.0055% (subject to minor variations due to rounding); or, 3.00% APR, which is an initial daily periodic rate of 0.0082% (subject to minor variations due to rounding); or 4.00% APR, which is an initial daily periodic rate of 0.0110% (subject to minor variations due to rounding).

After month twenty-four (24), the terms and conditions of your Equity Express will revert to those in the Agreement as if it was not modified by this Addendum.