Provident Bank
Consumer Lending
P.O. Box 1001
Iselin, New Jersey 08830-1001
732-590-9200

IMPORTANT TERMS OF OUR HOME EQUITY PLAN
(the "Plan")

This disclosure contains important information about our Home Equity Plan 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 as a result you decide not to enter into an agreement with us, you are entitled to a refund of any fees that you paid 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.

Property and Flood Insurance:

You must carry insurance on the property that secures this Plan.
Flood insurance will only be required by us if it is necessary under law.

If the subject property is located or be located in an area determined to have special flood hazards, Congress has mandated that flood insurance is required. An areas risk for flooding is determined by the Federal Emergency Management Agency (FEMA), which issues Standard Flood Insurance Policies (SFIP) under the National Flood Insurance Program (NFIP) to help recovery efforts after severe flooding has occurred. Provident Bank accepts flood insurance policies issued under the NFIP and policies issued by private insurers provided that they meet certain specified requirements as required by law, including but not limited to:

- the definition of "flood" meets the definition of "flood" as defined in the SFIP;
- is written by an insurance company licensed, admitted or otherwise approved to engage in the insurance business of the state in which the property securing the loan is located;
- the coverage provided is at least as broad as the coverage provided under the SFIP and includes provisions and notifications similar to policies under the NFIP.

Possible Actions:

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

1. You engage in fraud or material misrepresentation in connection with the Plan.
1. You do not meet the repayment terms of the Plan.
2. Your action or inaction adversely affects the collateral for the Plan or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit during any period that:
1. You exceed your Credit Limit;
1. The value of the dwelling securing the Plan declines significantly below the appraised value we used for purposes of establishing both your credit line and credit limit;
2. We reasonably believe that you will not be able to meet the repayment requirements, due to a material change in your financial circumstances;
3. You are in default of a material obligation under this Plan or of any provision set forth in the mortgage;
4. Government action prevents us from imposing the ANNUAL PERCENTAGE RATE provided for under the Plan or impairs our security interest such that the value of the interest is less than 120 percent of the credit line;
5. A government authority has notified us that continued advances would constitute an unsafe and unsound banking practice;
6. The maximum ANNUAL PERCENTAGE RATE is reached.

Change of Terms:

The Home Equity Plan Agreement permits us to make certain changes to the terms of the Plan at specified times or upon the occurrence of specified events. In addition, we may change, with your written consent, any terms or condition of your Home Equity Plan Agreement. Also, we may make, without your consent: (i) insignificant changes to your Plan; (ii) any changes which unequivocally benefit you; and/or (iii) any changes to the index and margin used under your Plan if the original index is no longer available and if both the new index has historical movement substantially similar to that of the original index and the new index margin would have resulted in an annual percent rate substantially similar to the rate in effect at the time the original index became unavailable.

Fees and Charges

Fees and Charges. In order to open and maintain an account, you must pay certain fees and charges.

Late Charge: Your payment will be late it is not received by us within 15 days after the "Payment Due Date" shown on your periodic statement. If your payment is late, we may charge you 5% of the payment.

Estimation of Third-Party Fees. The following is a good faith estimation of the fees you will have to pay at closing to third parties to open line of credit.

FEES:	Amount:
Recording:	\$60.00 - \$250.00
Appraisal Lines over \$500,000.00	\$410.00 - \$2,500.00
Lender Titles Insurance	
Lines over \$500,000.00	\$2,500.00 - \$7,000.00

If you cancel your Home Equity Plan Line Agreement within the first 24 months from the date the note is signed, you may be required to pay a cancellation fee of \$250.00.

A \$50.00 Annual Maintenance Fee will be charged during the draw period. Unless you terminate your Credit Account and pay the outstanding balance, the Annual Fee will be charged to your Credit Account annually during the Draw Period in the Monthly Statement Period ending in your anniversary month which we assign to your credit Account.

You will be required to keep the building(s) that are part of the real property mortgaged to us insured at all times against loss by fire and any other hazard that we may specify. You will choose the insurer, subject to our reasonable approval, and pay all premiums.

Minimum Payment Requirements:

You can obtain advances of credit under your Home Equity Plan for 10 years (the “draw period”). During the draw period, your payments will be due monthly, and your minimum monthly payment will equal the sum of (i) a principal payment of the greater of $50 or 1/180th of the total outstanding principal balance, plus (ii) any finance charges that have accrued on the outstanding balance and the amount of any past payment(s) due. After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance over the next 15 years or less (the “repayment period”). During the repayment period, payments will be due monthly. Your minimum monthly payment will equal the sum of (i) a principal payment of the greater of $50 or 1/180th of the total principal balance outstanding on your loan, plus (ii) any finance charges that have accrued on the outstanding balance and the amount of any past payment(s) due.

Minimum Payment Example:

If you made only the minimum monthly payment and took no other credit advances, it would take 16 years and 7 months to pay off a credit advance of $10,000 at an ANNUAL PERCENTAGE RATE of 7.50%. During that period, you would make 198 payments varying between $ 118.06 and $ 50.60, and one final payment of $ 45.80.

Minimum Draw Requirement:

The minimum credit advanced that you can receive is $500.

Tax Deductibility:

You should consult a tax advisor regarding the deductibility of interest and charges under the Plan.

Variable-Rate Feature:

Your Home Equity 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 no other costs of your loan.

The ANNUAL PERCENTAGE RATE is based on the value of what is called an “index”. The index throughout the duration of your Plan is the Prime Rate on the last day of the month as 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.

PROMOTIONS: If your Plan was approved as part of a product promotion, the initial ANNUAL PERCENTAGE RATE on your Plan is “discounted”. The discounted rate is not based on the index and margin used for later rate adjustments. The initial discounted rate for your Plan will be “introductory ANNUAL PERCENTAGE RATE which will apply to the first twelve (12) full billing cycles, after the date the credit line is opened, regardless of any outstanding balances”. When the initial discounted rate expires, the ANNUAL PERCENTAGE RATE applicable to your Plan will increase or decrease on a monthly basis in accordance with the index and margin provided in you Plan

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.

Rate Changes:

The ANNUAL PERCENTAGE RATE can change monthly. The maximum ANNUAL PERCENTAGE RATE that can apply during the Plan is 16.5%. The minimum ANNUAL PERCENTAGE RATE that can be applied to your Plan is 3.00% (the “Rate Floor”). Apart from this Rate Cap and Rate Floor, there is no limit on the amount by which the interest rate under your Plan can change from each Billing Cycle to the next.

Maximum Rate and Payment Examples:

If during the draw period the ANNUAL PERCENTAGE RATE equaled the 16.5% maximum and you had an outstanding balance of $10,000, the minimum monthly payment would be $193.06.
If you had an outstanding balance of $10,000 at the beginning of the repayment period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 16.5% would be $193.06. This maximum ANNUAL PERCENTAGE RATE could be reached during the first month of the repayment period.

Rate Information:

The current ANNUAL PERCENTAGE RATE in place for any given month will be set forth on each monthly Home Equity Plan account statement.

Fixed Loan Option (Home Equity Line of Credit):

You have the option at any time of converting part of your outstanding Provident home equity line to a fixed rate loan. You can have no more than three (3) fixed term, fixed rate loans under your credit line at any one time. The minimum amount, which you can convert to a fixed loan, is $5000. Your line of credit is replenished by an amount equal to the principal reduction on your fixed rate loan(s). Fixed rates are based on the rate and term for a comparable Provident home equity loan at the time of conversion. The ability to convert to a fixed rate is available only during the draw period.

HISTORICAL EXAMPLE:

The following table shows how the ANNUAL PERCENTAGE RATE and the monthly payments for a single $10,000 cash advance would have changed based on changes in the indices over the past 15 years. The index values are from January 1st of each year. While only one payment amount per year is shown, payment amounts would have varied during each year.
The table assumes that no additional credit advances were taken and that only the minimum payment was made. It does not necessarily indicate how the index or your payment would change in the future.

	Year	Index	Annual Margin*	Percentage Rate**	Monthly Payment	
RAW PERIOD	2011	3.25%	-0.25%	3.00%	$	$80.56
	2012	3.25%	0.00	3.25%	$	$77.29
	2013	3.25%	0.00	3.25%	$	$73.69
	2014	3.25%	0.00	3.25%	$	$72.06
	2015	3.25%	0.00	3.25%	$	$70.44
	2016	3.50%	0.00	3.50%	$	$70.26
	2017	3.75%	0.00	3.75%	$	$69.83
	2018	4.50%	0.00	4.50%	$	$71.55
	2019	5.50%	0.00	5.50%	$	$73.58
	2020	4.75%	0.00	4.75%	$	$67.99
REPAYMENT PERIOD	2021	3.25%	0.00	3.25%	$	$60.69
	2022	3.25%	0.00	3.25%	$	$59.06
	2023	7.50%	0.00	7.50%	$	$67.16
	2024	8.50%	0.00	8.50%	$	$65.20
	2025	7.50%	0.00	7.50%		$59.66

*This is a margin we have used recently.
**This ANNUAL PERCENTAGE RATE reflects a discount that we have provided recently; your Plan may be discounted by a different amount.

NOTICE OF RIGHT TO RECEIVE APPRAISAL COPY

We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

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1. You do not meet the repayment terms of the Plan.
2. Your action or inaction adversely affects the collateral for the Plan or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit during any period that:

1. You exceed your Credit Limit;
1. The value of the dwelling securing the Plan declines significantly below the appraised value we used for purposes of establishing both your credit line and credit limit;
2. We reasonably believe that you will not be able to meet the repayment requirements, due to a material change in your financial circumstances;
3. You are in default of a material obligation under this Plan or of any provision set forth in the mortgage;
4. Government action prevents us from imposing the ANNUAL PERCENTAGE RATE provided for under the Plan or impairs our security interest such that the value of the interest is less than 120 percent of the credit line;
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Late Charge: Your payment will be late it is not received by us within 15 days after the "Payment Due Date" shown on your periodic statement. If your payment is late, we may charge you 2% of the payment.

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