

HOME EQUITY APPLICATION DISCLOSURE

FNCB Bank
100 South Blakely St.
Dunmore, PA 18512

IMPORTANT TERMS OF OUR
HOME EQUITY APPLICATION DISCLOSURE

This disclosure contains important information about our Home Equity Credit Line with Carve Out Options (the "Plan" or the "Credit Line"). You should read it carefully and keep a copy for your records.

AVAILABILITY OF TERMS. All of the terms of the Plan described herein are subject to change. If any of 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 security interest in your home. You could lose your home if you do not meet the obligations in your agreement with us.

POSSIBLE ACTIONS. Under this Plan, we have the following rights:

Termination and Acceleration. We can terminate the Plan and require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if any of the following happens:

- (a) You commit fraud or make a material misrepresentation at any time in connection with the Plan. This can include, for example, a false statement about your income, assets, liabilities, or any other aspect of your financial condition.
- (b) You do not meet the repayment terms of the Plan.
- (c) Your action or inaction adversely affects the collateral for the Plan or our rights in the collateral. This can include, for example, failure to maintain required insurance, waste or destructive use of the dwelling, failure to pay taxes, death of all persons liable on the account, transfer of title or sale of the dwelling, creation of a senior lien on the dwelling without our permission, foreclosure by the holder of another lien or the use of funds or the dwelling for prohibited purposes.

Suspension or Reduction. In addition to any other rights we may have, we can suspend additional extensions of credit or reduce your credit limit during any period in which any of the following are in effect:

- (a) The value of your dwelling declines significantly below the dwelling's appraised value for purposes of the Plan. This includes, for example, a decline such that the initial difference between the credit limit and the available equity is reduced by fifty percent and may include a smaller decline depending on the individual circumstances.
- (b) We reasonably believe that you will be unable to fulfill your payment obligations under the Plan due to a material change in your financial circumstances.
- (c) You are in default under any material obligation of the Plan. We consider all of your obligations to be material. Categories of material obligations include, but are not limited to, the events described above under Termination and Acceleration, obligations to pay fees and charges, obligations and limitations on the receipt of credit advances, obligations concerning maintenance or use of the dwelling or proceeds, obligations to pay and perform the terms of any other deed of trust, mortgage or lease of the dwelling, obligations to notify us and to provide documents or information to us (such as updated financial information), obligations to comply with applicable laws (such as zoning restrictions).
- (d) We are precluded by government action from imposing the annual percentage rate provided for under the Plan.
- (e) The priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit limit.
- (f) We have been notified by governmental authority that continued advances may constitute an unsafe and unsound business practice.
- (g) The maximum annual percentage rate under the Plan is reached.

Change in Terms. We may make changes to the terms of the Plan if you agree to the change in writing at that time, if the change will unequivocally benefit you throughout the remainder of the Plan, or if the change is insignificant (such as changes relating to our data processing systems).

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

Lender Fees. The following fees must be paid to us:

Description	Amount	When Charged
Return Item Fee:	\$36.00	Upon Each Occurrence
Stop Payment Fee:	\$36.00	At the time you request a Stop Payment

Late Charge. Your payment will be late if it is not received by us within 16 days after the "Payment Due Date" shown on your periodic statement. If your payment is late we may charge you 10.000% of the unpaid amount of the payment or \$20.00, whichever is greater.

Third Party Fees. You must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies.

These third party fees generally total between \$515.00 and \$995.00. Upon request, we will provide you with an itemization of the fees you will have to pay to third parties.

PROPERTY INSURANCE. You must carry insurance on the property that secures the Plan.

MINIMUM PAYMENT REQUIREMENTS. You can obtain advances of credit during the following period: 120 months (the "Draw Period"). After the Draw Period ends, the repayment period will begin. You will no longer be able to obtain credit advances. The length of the repayment period is as follows: 180 months. Your Regular Payment will equal the amount of your accrued FINANCE CHARGES ("First Payment Stream"). You will make 120 of these payments. Your payments will be due monthly. Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your Regular Payment. The Minimum Payment during the First Payment Stream will not reduce the principal that is outstanding on your Credit Line.

After completion of the First Payment Stream, your Regular Payment will be based on a percentage of your balance at the start of this payment period plus all accrued FINANCE CHARGES as shown below ("Second Payment Stream"). Your payments will be due monthly.

Range of Balances	Number of Payments	Regular Payment Calculation
All Balances	180	0.556% of your balance at the start of the repayment period plus all accrued FINANCE CHARGES

Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your Regular Payment.

In any event, if your Credit Line balance falls below \$50.00, you agree to pay your balance in full.

MINIMUM PAYMENT EXAMPLE. If you made only the minimum payment and took no other credit advances, it would take 25 years to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 8.250%. During that period, you would make 120 monthly payments ranging from \$63.29 to \$70.07. Then you would make 180 monthly payments ranging from \$47.93 to \$125.67.

TRANSACTION REQUIREMENTS. The following transaction limitations will apply to the use of your Credit Line:

Credit Line Home Equity Line of Credit Check, In Person Request and Online Banking Limitations. There are no transaction limitations for the writing of Home Equity Line of Credit Checks, requesting an advance in person or accessing by other methods.

TAX DEDUCTIBILITY. You should consult a tax advisor regarding the deductibility of interest and charges for the Plan.

ADDITIONAL HOME EQUITY PROGRAMS. Please ask us about our other available Home Equity Line of Credit plans.

HOME EQUITY APPLICATION DISCLOSURE
(Continued)

VARIABLE RATE FEATURE. The Plan has a variable rate feature. The ANNUAL PERCENTAGE RATE (corresponding to the periodic rate), and the minimum payment amount can change as a result. The ANNUAL PERCENTAGE RATE does not include costs other than interest.

THE INDEX. The annual percentage rate is based on the value of an index (referred to in this disclosure as the "Index"). The Index is the National Prime rate of interest as published in the Wall Street Journal. Information about the Index is available or published daily in the Wall Street Journal. We will use the most recent Index value available to us as of the date of any annual percentage rate adjustment.

ANNUAL PERCENTAGE RATE. To determine the Periodic Rate that will apply to your First Payment Stream, we add a margin to the value of the Index, then divide the value by 365 days. To obtain the ANNUAL PERCENTAGE RATE we multiply the Periodic Rate by the number of days in a year (366 during leap years). This result is the ANNUAL PERCENTAGE RATE for your First Payment Stream. To determine the Periodic Rate that will apply to your Second Payment Stream, we add a margin to the value of the Index, then divide the value by 365 days. To obtain the ANNUAL PERCENTAGE RATE we multiply the Periodic Rate by the number of days in a year (366 during leap years). This result is the ANNUAL PERCENTAGE RATE for your Second Payment Stream. A change in the Index rate generally will result in a change in the ANNUAL PERCENTAGE RATE. The amount that your ANNUAL PERCENTAGE RATE may change also may be affected by the lifetime annual percentage rate limits, as discussed below.

Please 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.

Conversion Option. The Plan contains an option to convert the annual percentage rate under the Plan from a variable rate with annual percentage rate limits to a fixed rate as determined below. The following information is representative of conversion option (Fixed Rate Carve Out Loan) features recently offered by us:

ANNUAL PERCENTAGE RATE Increase. Your ANNUAL PERCENTAGE RATE may increase if you exercise this option to convert to a fixed rate.

Conversion Periods. You can exercise the option to convert to a fixed rate only during the following period or periods: during the ten year draw period as long as the loan is not in default of any payment, fee, or other obligation under Credit Agreement and Supplement thereto.

Conversion Fees. You will be required to pay the following fees at the time of conversion to a fixed rate: non-refundable Carve Out Loan Lock Fee of \$50.00 for each Fixed Rate Carve Out Loan borrower creates.

Rate Determination. The fixed rate will be determined as follows: the Bank must first calculate the "Fully Indexed Rate". The Fully Indexed Rate is equal to the highest prime rate published in the "Wall Street Journal" that is in effect on the Effective Date of the Unit (the Index), plus a margin. Next, we add a "Premium Rate" to the Fully Indexed Rate. The Premium Rate increases as the repayment term Borrower selects increases. The following table discloses the Premium Rate that will be used for a Fixed Rate Unit, based on the repayment term in months:

Term of unit you select	Premium Rate
12-60 months	0.25%
61-120 months	0.50%
121-180 months	0.75%.

Conversion Rules. You can convert to a fixed rate only during the period or periods described above. In addition, the following rules apply to the conversion option for the Plan: the line of credit may have no more than three (3) Fixed Rate Carve Out Loans at any one time. In other words, if there are three Fixed Rate Carve Out Loans for the line of credit, one of the Carve Out Loans must be paid in full before a new Carve Out Loan can be created. The minimum dollar amount for a Carve Out Loan is \$10,000.00. The minimum term for a Carve Out Loan is twelve (12) months. The maximum term for a Carve Out Loan is one hundred and eighty (180) months.

FREQUENCY OF ANNUAL PERCENTAGE RATE ADJUSTMENTS. Your ANNUAL PERCENTAGE RATE can change monthly. There is no limit on the amount by which the annual percentage rate can change during any one year period. However, under no circumstances will your ANNUAL PERCENTAGE RATE exceed 18.000% per annum or, go below 3.750% per annum at any time during the term of the Plan.

MAXIMUM RATE AND PAYMENT EXAMPLE.

Draw Period. If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 18.000% would be \$152.88. This ANNUAL PERCENTAGE RATE could be reached immediately or prior to the 1st payment.

Repayment Period. If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 18.000% would be \$208.48. This ANNUAL PERCENTAGE RATE could be reached at the time of the 1st payment during the repayment period.

PREPAYMENT. You may prepay all or any amount owing under the Plan at any time without penalty.

HISTORICAL EXAMPLE. The example below shows how the ANNUAL PERCENTAGE RATE and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the Index from 2009 to 2023. The Index values are from the following reference period: as of 1st week ending in July. While only one payment per year is shown, payments may have varied during each year. Different outstanding principal balances could result in different payment amounts.

The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during the year. It does not necessarily indicate how the Index or your payments would change in the future.

INDEX TABLE

Year (as of 1st week ending in July)		Index (Percent)	Margin (1) (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
Draw Period	2009.....	3.250...	0.000	3.750 (8)	31.85
	2010.....	3.250...	0.000	3.750 (8)	31.85
	2011.....	3.250...	0.000	3.750 (8)	31.85
	2012.....	3.250...	0.000	3.750 (8)	31.85
	2013.....	3.250...	0.000	3.750 (8)	31.85
	2014.....	3.250...	0.000	3.750 (8)	31.85
	2015.....	3.250...	0.000	3.750 (8)	31.85
	2016.....	3.500...	0.000	3.750 (8)	31.85
	2017.....	4.250...	0.000	4.250	36.10
	2018.....	5.000...	0.000	5.000	42.47
Repayment Period	2019.....	5.500...	0.000	5.500	102.31
	2020.....	3.250...	0.000	3.750 (8)	85.32
	2021.....	3.250...	0.000	3.750 (8)	83.20
	2022.....	4.750...	0.000	4.750	87.87
	2023.....	8.250...	0.000	8.250	106.97

(1) This is a margin we have used recently; your margin may be different.
(8) This A.P.R. reflects a 3.750 percent floor.

NO CLOSING COST. No closing cost offer waives credit report fee, property report fee, flood determination fee, property evaluation fee, including an automated valuation model report and/or drive by appraisal, tax monitoring fee and Pennsylvania mortgage fees. Borrower(s) will be responsible for the cost of a full appraisal if requested, and any additional fees for properties located outside of Pennsylvania. FNCB's waiver of closing costs is contingent upon the loan remaining open for at least thirty six (36) months. If the loan is paid off and closed at thirty six (36) months or sooner, the borrower agrees to repay FNCB all third party closing costs which can be up to \$5,000, depending on property location.