

LOYALTY Banking CLIP-OUT REWARD COUPON
Our way of saying "thanks."

Skip Your Payment For One Month

Present this reward coupon to skip your loan payment, and extend your term, for one month on any new or existing monthly payment loan with our bank.

Skipped payment will be added to the term of your loan. Interest will continue to accrue on your outstanding principal balance during the skip payment month, and final loan payment will equal amount of skipped payment plus accrued interest.

If you have credit life or accident and health insurance, your coverage will expire with the original contract and will not be extended with this certificate.

One coupon per loan. Not valid if payments are past due or not current. Offer expires September 30, 2002.

Loyalty Banking
 Customer: _____
 Social Security Number: _____

See additional terms and conditions below.

LOYALTY Banking CLIP-OUT REWARD COUPON
Our way of saying "thanks."

Receive \$10 when open a new Savings Account

Present this reward coupon to receive an additional \$10.00 deposit when you open a new savings account with our bank.

Offer available for new savings accounts only.
 One coupon per account. Offer expires September 30, 2002.

Loyalty Banking
 Customer: _____
 Social Security Number: _____

See additional terms and conditions below.

Use Your Home Equity Credit to Pay Off Your High Interest Debts

If you're thinking about consolidating your debts, a home equity loan or line of credit can make good economic sense. You get lower rates than many other types of financing, no closing costs, and possible tax deductions.* You've worked hard

Example of Monthly Expenses:

| Before Debt Consolidation | | |
|----------------------------------|-----------------|--------------------|
| | Balance | Monthly Payment |
| Credit Card @ 19.8% APR | \$3,500 | \$140 |
| Credit Card @ 21 %APR | 2,500 | 100 |
| Dept. Store Card @ 19% APR | 1,500 | 75 |
| Dept. Store Card @ 19% APR | 1,200 | 48 |
| Credit Line @ 14% APR | 5,000 | 150 |
| Car Loan @ 11% APR | 15,000 | 350 |
| Total | \$28,700 | \$863 |
| Total Monthly Payments: | | \$863 |
| Annual Interest Expenses: | | \$3,458 APR |
| After-Tax Cost: | | \$3,458 * |

| After Debt Consolidation | | | |
|--|-----------|---|-----------|
| HOME EQUITY LOAN @ 12% APR* | | HOME EQUITY LINE @ 12% APR* | |
| Loan Amount | \$28,700 | Beginning balance: | \$28,700 |
| Monthly Payment: (15-year Fully Amortized Loan) | \$344 | Minimum Monthly Payment: (Interest Only Payment) | \$287 |
| Annual Interest Expenses: | \$3,405 | Annual Interest Expenses: | \$3,444 |
| After-Tax Cost: | \$2,077 * | After Tax Cost: | \$2,101 * |

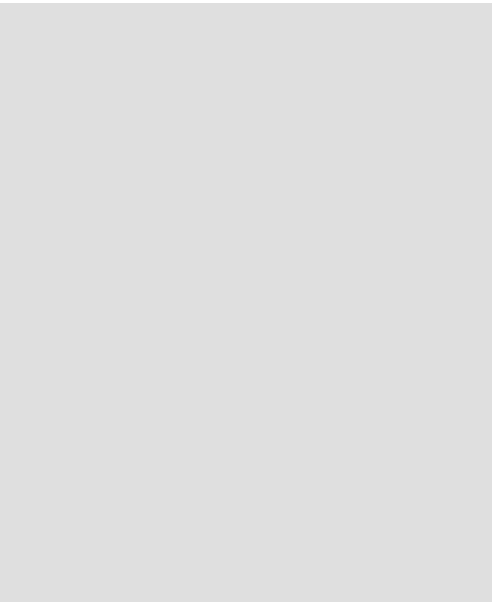
Please note: All interest rates shown above are examples only.
 * Certain limitations apply and the amounts you may qualify for will depend upon your individual situation. Consult your tax advisor to determine the interest deduction available to you.
 * Assumes a household with combined state/federal tax bracket of 39%. Consult your tax advisor for details.
 * Assumes a household with combined state/federal tax bracket of 39% and fully deductible interest payments. Consult your tax advisor for details.
 * Home equity loan has a fixed rate that remains constant over the life of the loan.
 * The home equity line has a variable rate feature. The annual percentage rate is based on the average Prime Rate of the three largest U.S. commercial banks, as published the second business day of each month in *The Wall Street Journal* plus 2%. The current annual percentage rate is 12.5% and the maximum annual percentage rate that can apply is 18%. \$100 annual membership fee is charged after the first 12 months and every anniversary thereafter.
 * The minimum monthly payment of interest only will not reduce the principal outstanding on the credit line. If monthly payments of interest only are made, there is a requirement to pay off the entire balance in a single "balloon" payment immediately after the 10-year draw period ends.

Welcome to Bank Notes...

Bank Notes is our new bi-annual newsletter. We hope you'll come to depend on it for valuable tips about managing your finances and preparing for life events like a college education, buying a home, or retirement - from the practical side. As your bank, we know we can help make a difference in the things that matter in your life.

We understand what's important to you because we're your neighbors. Our only focus is you. We work right beside you on local projects and, when we reinvest deposits, we do it right here in this community with the same goal you have - to help make our community healthy.

Sometimes we forget in our busy, hectic world that there really are things we can do that make a difference, things like providing



friendly, personal service and quick decisions when you need a loan. At Home State bank, we understand how important it is to support our neighbors and friends here at home. We are so much more than a place to have

your checking account. We are here to provide you with a wide range of financial services and advice that help you reach your personal goals. *Bank Notes* is just another way we show our commitment to maximizing your banking relationships.

Best regards,
 [SIGNATURE]
 President of your bank

John Doe
 President
 Home State Bank

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ADDITIONAL TERMS AND CONDITIONS
 • Reward coupons are non-transferable and may be used only by participating Harrison State Bank Loyalty Banking® customers.
 • Reward coupons must be presented at the bank for validation to receive reward for bank services.
 • Reward coupons good only through expiration date given.
 • Reward coupons may not be used in combination with other Loyalty Banking® offers, including "standard" benefits.
 • Credit offers subject to approval.
 • Substantial interest penalty required for early withdrawal on CDs and other time deposits.
 • For additional information, call The Harrison State Bank at (303) 824-0550.

THREE Smart Money Strategies

1: Manage Your Money.

It's not easy to stretch a paycheck. But if you can put just a small amount away each month, you'll be surprised how fast it will grow in a few years. You won't miss one less dinner out or one less movie a month. But those little sacrifices can help get you the down payment on a new home...the start of a new business...the freedom to look for a new job...or anything else that seems out of reach now. Saving is the start of smart money management.

3: Invest Well.

Take a broad view of investments. Your home is probably the most important investment you'll make, providing significant tax deductions*, equity gains, and a hedge against inflation. Opening an IRA can also provide tax savings* now and help secure your future as well. And when you invest in the stock market, try investing at regular intervals that will allow you to take better advantage of market changes. Many investment options are available at the bank. When making an investment, consider the added safety of FDIC insurance for many investment options.

*Talk to your tax advisor about the tax advantages available to you.

What Does It Mean?

Every industry has its acronyms these days. Here are some we use in banking. How many do you know?

| | |
|------|-------|
| APR | _____ |
| ARM | _____ |
| ATM | _____ |
| CD | _____ |
| FDIC | _____ |
| FHA | _____ |
| VA | _____ |
| PIN | _____ |
| APY | _____ |

ANSWERS: annual percentage rate mortgage; automated teller machine; certificate of deposit; Federal Deposit Insurance Corporation; Federal Housing Authority; Veterans' Administration; personal identification number; annual percentage yield.

2: Borrow Wisely.

There are about as many ways to structure a loan as there are things to buy. A loan can be secured by the equity in your home and provide tax savings.* It can be a revolving line of credit that allows you to borrow, repay, and reborrow and pay interest only on the amount you use. Rates can be fixed or variable.

"The holy passion of Friendship is of so sweet and steady and loyal and enduring a nature that it will last through a whole lifetime, if not asked to lend money."

– Mark Twain

(Lesson: save your friendships and borrow from the bank!)

You can consolidate debt or refinance. Choosing the right kind of loan for your individual needs and circumstances can be the difference between borrowing wisely and paying too much. Choose your loan thoughtfully.

Look How Fast Your Money Grows with a Simple But Regular Savings Plan!

Open a simple savings account that pays a constant annual percentage yield of 5 1/2% or 6% and compounds interest daily. Deposit just \$100 a month and watch your savings grow. (For deposits of \$200 a month, the figures double. For deposits of \$50 per month, the figures are cut in half.)

| Number of Years Contributions Are Made | Interest Rate | |
|--|---------------|--------|
| | 5 1/2% | 6% |
| 1 | \$1,237 | 1,241 |
| 2 | 2,545 | 2,559 |
| 3 | 3,928 | 3,960 |
| 4 | 5,391 | 5,449 |
| 5 | 6,937 | 7,031 |
| 10 | 16,104 | 16,562 |
| 15 | 28,219 | 29,480 |

Looking at the figures, you can see that a simple savings plan can just about pay for your child's college education by the time he or she is 18. Or, you can save enough to take a dream vacation almost anywhere in the world in just a few years. The possibilities are endless. What do you want to save for?

"Behold the turtle. He makes progress only when he sticks his neck out."

– James Bryant Conant

(Lesson: Start saving today and you'll reach your goal.)

Convenient One-Stop Shopping

Surprisingly, 82% of bank customers don't realize that banks offer more than checking and savings accounts, a recent survey showed. We'd like to point out that we offer a wide range of products and services that can help you manage your finances. And when you do all your banking in one place, you'll save time and enjoy the convenience of one-stop shopping. Look to us for financial advice and all your banking needs.

We offer:

- Checking accounts
- Savings accounts
- CDs
- Investments
- Retirement plans
- Home mortgages
- Home equity loans
- Personal loans
- Car loans
- Lines of credit
- Credit cards
- Personal trust services
- Travelers checks, money orders, cashiers checks
- Safe deposit boxes

How Much Is Your Net Worth?

Take a minute to fill out the chart below. You may be surprised at how much you're really worth. You've worked hard. Congratulations!

| Assets | Current Estimated Value |
|--|-------------------------|
| Home | \$ _____ |
| Other Real Estate | \$ _____ |
| Cash in Checking & Savings | \$ _____ |
| CDs | \$ _____ |
| Stocks, Bonds, & Other Investments | \$ _____ |
| Life Insurance Benefits | \$ _____ |
| Pension, Profit Sharing Benefits | \$ _____ |
| Ownership in Business | \$ _____ |
| Cars, Boats, Planes | \$ _____ |
| Collections, Art, Jewelry | \$ _____ |
| Other Personal Property or Investments | \$ _____ |
| Total | \$ _____ |
| Subtract Balances of: | |
| Mortgages | \$ _____ |
| Other loans | \$ _____ |
| Total Net Worth = | \$ _____ |

Tips for Home Buyers and Sellers

Your home is probably the largest single investment you'll make. There are several things you can do to get the most out of your purchase or sale.

Buyers Sellers

- | | |
|--|---|
| <ol style="list-style-type: none"> Get pre-approved for your mortgage from the bank before you start house hunting. That way you know in advance how much money you can afford. You'll save time, money, and possible embarrassment with pre-approval. Realtors usually represent the seller. Make sure you know who is representing <u>you</u> in the transaction if your real estate agent represents the seller. It's possible to get a buyer agent. Be sure you understand the long-term impact of your mortgage options before you choose the one that best meets your needs and circumstances. All types are available through the bank, from fixed-rate and adjustable-rate mortgages to FHA and VA loans. Get a professional pre-closing home inspection before you close the sale. It can save you thousands of dollars in unexpected expenses. | <ol style="list-style-type: none"> Price your home based on market value rather than emotion. Overpriced homes take much longer to sell. Even though it may be hard to hear a realistic appraisal of your home, try to be objective if you really want to sell it. Positive first impressions of your home can mean money in your pocket. Studies show that for every \$100 in repairs you need to do, buyers deduct \$300 to \$500. So don't put off what you know needs to be done; get a higher price by doing those repairs before you put your home on the market. Don't necessarily choose the realtor who suggests the highest asking price for your home. Choose the one who works for your best interests. Turn on all the lights in the house when prospective buyers are looking. And do everything possible to make your home environment appealing to buyers. Things like placing fresh flowers around the house and baking chocolate chip cookies actually increase the likelihood of a sale. |
|--|---|

How to Get Your Mortgage Faster

Bring these records with you when you apply for your mortgage to speed the approval process:

- Contract of sale
- Recent tax returns
- List of current monthly expenses
- Listing of your assets (e.g., savings and checking balances, real estate holdings, stocks and other securities, furnishings, cars, boat, and other personal property)
- Listing of debts (outstanding balances on your monthly bills and loans)