

# WINCHESTER SAVINGS BANK

## IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT INTEREST ONLY

This disclosure contains important information about our 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. 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 line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- You engage in fraud or material misrepresentation in connection with the line.
- You do not meet the repayment terms.
- Your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.

### Minimum Payment Requirements:

1. You can obtain advances of credit for 15 years (the "draw period"). During the draw period payments will be due monthly. Each month you must pay the entire amount of the finance charges, which have been charged, to your account, which will be your minimum monthly payment. - Your minimum monthly payment will also include any past due amount and any amount by which your principal balance exceeds your credit limit. If you pay only the minimum monthly payment you will not repay any of the outstanding principal balance.

2. Payments greater than the minimum may be made on the Line. Extra payments will first be applied to billed finance charges and then to the principal balance. The balance may be paid off at any time.

3. After the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance over 5 years (the "repayment period"). During the repayment period, payments will be due monthly. Your minimum monthly payment will equal 1/60th of the balance that was outstanding at the end of the draw period plus the finance charges that have accrued on the remaining balance. This payment would change if the *Wall Street Journal* Prime Rate changes as indicated in the section titled: Money Rates.

**Monthly Payment Example based on the current discount, with Prime rate at 3.25%:** If you made only the minimum monthly payments and took no other credit advances; it would take 20 years to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 2.75%. During that period, you would make 180 monthly interest payments of approx. \$22.92 followed by 60 monthly payments of approx. \$178.58.

**Fees and Charges:** To open and maintain a line of credit, we will waive the closing costs (except the Appraisal Fee or applicable Trust Fees). Appraisal fees range from \$375.00 to \$575.00. Trust fees range from \$75.00 to \$1,500.00. An itemization of all closing costs paid to third parties, which may range from \$75.00 to \$2,000.00, will be reflected on the Home Equity Line Agreement and Disclosure Statement.

### OTHER FEES APPLICABLE IN SECOND POSITION ONLY:

- **FEE FOR EARLY DISCHARGE:** If you pay off all of your obligations under, and request a Discharge of, your Home Equity Line of Credit within 24 months of the date of your Agreement and Disclosure Statement-Consumer Note you must pay us an amount equal to 1.00% of your credit limit.
- **THE FEE FOR EARLY DISCHARGE shall not apply** if you take a mortgage loan through our Residential Lending Department at the time that you request the Discharge of your mortgage.

**Minimum Draw and Balance Requirements:** The minimum credit advance you can receive is \$500.00. There is no minimum balance.

**Tax Deductibility:** You should consult a tax advisor regarding the deductibility of interest and charges for the line.

**Variable-Rate Information:** The 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 **ANNUAL PERCENTAGE RATE** includes only interest and no other costs

Ask us for the current index value, discount, and **ANNUAL PERCENTAGE RATE**. After you open a credit line, rate information will be provided on periodic statements that we send you.

### INTEREST RATE

#### Variable periodic rate

To determine the **ANNUAL PERCENTAGE RATE**, we use a base rate. The base rate for the term of this loan is the Prime Rate as published in The Wall Street Journal in its money rate section on the last business day of the month.

In the event that more than one rate is published by The Wall Street Journal as the "Prime Rate", we will use the highest rate so published. The **ANNUAL PERCENTAGE RATE** will be the "Prime Rate" minus one half of one percentage point. Your rate may change monthly effective on the first day of each month and will remain in effect until the first day of the following month. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 15.50%. The minimum **ANNUAL PERCENTAGE RATE** that can apply is 4.00%. Except for these maximum and minimum lifetime "caps", there is no limit on the amount by which the rate can change. The **ANNUAL PERCENTAGE RATE** includes interest and not other costs.

**Maximum Rate and Payment Examples:** If you had an outstanding balance of \$10,000.00 during the draw period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 15.50% would be approximately \$129.17.

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum monthly payment at the minimum **ANNUAL PERCENTAGE RATE** of 4.00% would be approximately \$33.33.

### HISTORICAL EXAMPLE

The example below shows how your payments would have changed under this Home Equity Loan Program based on actual changes in the index from 1994 to 2009. This does not necessarily indicate how your index will change in the future. The example is based on the following assumptions:

**Amount:** \$10,000.00    **Term:** Monthly Variable; Interest Only 15 Year Draw Period

**Margin:** Prime Rate minus .50%

**Minimum Annual Percentage Rate:** 4.00%

**Maximum Annual Percentage Rate:** 15.50%

**Index:** Prime Rate as Published in the Wall Street Journal on the Last Business Day of the Previous Year.

Year	Index (%)	Margin* (%)	ANNUAL PERCENTAGE RATE (%)	Minimum Payment (\$)
1994	7.75	-.50	7.25	60.42
1995	8.75	-.50	8.25	68.75
1996	8.25	-.50	7.75	64.58
1997	8.50	-.50	8.00	66.67
1998	8.50	-.50	8.00	66.67
1999	7.75	-.50	7.25	60.42
2000	8.75	-.50	8.25	68.75
2001	6.50	-.50	6.00	50.00
2002	4.75	-.50	4.25	35.42
2003	4.25	-.50	3.75	31.25
2004	4.00	-.50	3.50	29.17
2005	5.25	-.50	4.75	39.58
2006	7.25	-.50	6.75	56.25
2007	8.25	-.50	7.75	64.58
2008	7.25	-.50	6.75	56.25
2009	3.25	-.50	2.75	22.92

\*This reflects a .50% discount (our current offering)