

# WINCHESTER SAVINGS BANK

## PRE-DISCLOSURE STATEMENT--HOME EQUITY 15/1 ARM

This disclosure describes the features of the Home Equity adjustable rate mortgage program you are considering. Information on other Home Equity products is available upon request.

### How Your Interest Rate and Payment Are Determined:

Your interest rate will be based on an index rate plus a margin.

Your payment will be based on the interest rate, loan balance, and loan term.

The interest rate will be based on the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one-year (your index), plus our margin. Ask us for our current interest rate and margin. Information about the index rate is published weekly in the *Wall Street Journal*.

Your interest rate will equal the index rate plus our margin unless your interest rate "caps" limits the amount of change in the interest rate. Your interest rate includes interest and no other costs.

The initial rate is not determined by the sum of the index plus the margin. The initial interest rate may reflect a figure lower than or equal to that sum. Ask us for the amount of the current interest rate discount. The initial monthly payment will be set at an amount sufficient to repay the original loan amount plus interest, in substantially equal payments over the original mortgage term at the initial interest rate.

### How Your Interest Rate Can Change:

Your interest rate can change annually.

Your interest rate cannot increase or decrease more than 2 percentage points per year.

Your interest rate cannot increase or decrease more than 6 percentage points over the term of the loan.

### How Your Monthly Payment Can Change:

Your monthly payment can change yearly based on changes in the interest rate.

You will be notified in writing at least 25 days but not more than 120 days before the annual payment adjustment will be made. This notice will contain information about your interest rate, payment amount, and loan balance.

### Maximum Interest Rate and Payment Examples:

The examples are based on the following assumptions:  
Index: is the weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year. Add to that our margin of 3.00%. **Amount:** \$10,000, **Interest Rate Adjustment Period:** annually after year 15, **Payment Adjustment Period:** annually after year 15 **Adjustment Caps:** 2 percentage points per adjustment period, 6 percentage points over the life of the loan.

**On a \$10,000 20-year loan** with an initial interest rate of 6.875%, which was in effect in July of 2009, the maximum amount that the interest rate can increase under this loan product is 6 percentage points to 12.875% and the monthly payment can increase from an initial payment of \$76.78 to a maximum of \$86.05 in the 18th year.

Your monthly payment can increase or decrease substantially depending on changes in the interest rate. To see what your payments would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. For example, the monthly payment for a mortgage amount of \$60,000 would be  $\$60,000 / \$10,000 = 6$ ;  $6 \times \$76.78 = \$460.68$  per month.

Historic index. \*first week in July

YEAR*	INDEX (%)	YEAR*	INDEX (%)
2000	6.080	2005	3.460
2001	3.700	2006	5.27
2002	2.060	2007	4.94
2003	1.070	2008	2.46
2004	2.140	2009	0.53

### OPTIONAL One Quarter of One Percentage Point Discount of Interest Rate

Your introductory interest rate will be reduced by one quarter of one percentage point if you (1) have arranged for the automatic direct deposit of your payroll, social security or retirement payments to a checking account with us and (2) you have authorized us in writing to charge your monthly loan payments to your checking account. If you revoke your direct deposit authorization or your authorization permitting us to charge your payments to your checking account or if you do not maintain a sufficient collected balance in your checking account so that we can make your monthly payments on their due date, your interest rate will increase by one quarter of one percentage point effective on the first day of the billing month following the billing month in which you closed said checking account, discontinued the direct deposit of your payroll, social security or retirement payments or failed to have sufficient collected balances in your checking account so that we were able to make the monthly payment on its due date. None of the terms and conditions set forth prior to this paragraph apply to any change in your interest rate pursuant to the terms of this paragraph.