



## IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about our Home Equity Line of Credit. You should keep a copy of this disclosure for your records.

**ACCEPTANCE OF FINAL TERMS:** All of the terms described below are subject to change. If the final terms change (other than a change due to fluctuations in the index in a variable-rate plan) 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 acquire a security interest in your home. You could lose your home if you default on 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:

- 1) You engage in fraud or make a material misrepresentation at any time in connection with your Account;
- 2) We do not receive the full amount of any Minimum Payment due or you fail to meet any of the other repayment terms of this Agreement;
- 3) Your action or inaction adversely affects the Property or our rights in it (for this purpose, the words "you," "your," and "yours" also refer to the owner of the Property, if different than you). Examples of these actions or inactions include, but are not limited to: a) Your death, if you are the sole borrower on the Account; or the death of all but one borrower which adversely affects our security; b) Illegal use of the Property, if such use subjects the Property to seizure; c) You transfer all or part of your interest in the Property without our written consent; d) All or part of the Property is taken by condemnation or eminent domain; e) Foreclosure of any senior lien on the Property; f) Failure to maintain required insurance on the Property; g) Waste or destructive use of the Property which adversely affects our security; h) Failure to pay taxes or assessments on the Property; i) Permitting the creation of a senior lien on the Property; j) Filing of a judgment against you, if the amount of the judgment and collateral subject to the judgment is such that our security is adversely affected.

**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:

- 1) The value of the Property declines significantly below the value as determined by us at the time you applied for your Account. This includes, for example, a decline such that the initial difference between the Credit Limit and the available equity in the Property is reduced by fifty percent (50%) or more, and may include a smaller decline depending on individual circumstances;
- 2) We reasonably believe you will not be able to meet the repayment requirements set forth in this Agreement due to a material change in your financial circumstances;
- 3) You are in default of a material obligation in this Agreement, including, without limitation, your failing to make a Minimum Payment on a date that it is due;
- 4) Government action prevents us from imposing the ANNUAL PERCENTAGE RATE provided for in this Agreement;
- 5) Government action impairs our security interest such that the value of our interest is less than 120 percent of your Credit Limit then in effect;
- 6) A regulatory agency which supervises us has notified us that continued Advances would constitute an unsafe and unsound practice;
- 7) The maximum ANNUAL PERCENTAGE RATE allowed under this Agreement 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).

**VARIABLE RATE INFORMATION:** This 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. The ANNUAL PERCENTAGE RATE is based on the value of an index plus a margin. The ANNUAL PERCENTAGE RATE may be "discounted". Any discounted rate is not based on the index and margin used for later rate adjustments. **The discounted initial rate will be in effect for the first 12 months your line is open.**

The index is the value of the "Prime Rate" as most recently published in the Money Rates section of the Wall Street Journal before the beginning of each billing cycle. If more than one Prime Rate is published, the higher rate will be used. **Ask us for the current index value and corresponding ANNUAL PERCENTAGE RATE.** After you open a credit line, rate information will be provided to you on periodic statements that we send you.

**RATE CHANGES:** The ANNUAL PERCENTAGE RATE can change monthly. There is no limit on the amount by which the rate can change in any one year period. The maximum ANNUAL PERCENTAGE RATE that can apply during the plan is 18.00%. Your rate will be based on the index at the time of closing. Thereafter, the ANNUAL PERCENTAGE RATE can change every month. The minimum ANNUAL PERCENTAGE RATE (the "floor rate") that can apply during the plan is 7.74%.

**TRANSACTION REQUIREMENTS:** The minimum initial advance is \$10,000.00. Subsequently, the minimum advance thereafter is \$500.00

**MINIMUM PAYMENT REQUIREMENTS:** You can obtain credit advances for 15 years (the "draw period"). During this period, payments will be due monthly. Your monthly payment will equal all accrued interest as of the closing date of the billing cycle. If the payment calculated is less than \$100, the minimum payment will equal \$100 or the outstanding balance of your line, whichever is less.

After the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance on your account (the "repayment period"). The length of the repayment period is 10 years. During the repayment period payments will be due monthly. Your minimum monthly payment will equal the amount of accrued interest plus 1/120<sup>th</sup> of the principal loan account balance at the end of the draw period, but no less than \$100.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 13 years and 10 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 7.99%. During that period, you would make 165 equal payments of \$100.00 followed by 1 payment of \$22.95

**INSURANCE ON YOUR RESIDENCE:** To the extent permitted by applicable law, you shall maintain property damage insurance on the home in which you have granted us a security interest. The amount of the insurance shall be equal to or greater than the amount of your first mortgage (if any) plus the amount of your maximum credit line under this Agreement provided, however, you shall not be required to maintain insurance in an amount in excess of the replacement cost of the buildings or appurtenances on the property. We shall be named as a loss payee with respect to such insurance. You may obtain such insurance from any company that is reasonably acceptable to us and you agree to provide us with a certificate of such insurance at any time we request such a certificate.

**FEES AND CHARGES:** To open and maintain a line of credit, you may have to pay certain fees:

**Fees to Third Parties:** You may pay certain fees to third parties (such as appraisers, credit reporting firms, and government agencies) to open a line. These fees generally total between \$0.00 and \$2,500.00. If you ask, we will give you an itemization of the fees you may have to pay to third parties. Unless otherwise noted, all fees will be paid at closing.

**Fee to Us:** You will be required to pay a \$50.00 Annual Fee. This amount will be billed on the anniversary date of the line. The annual fee may be waived, upon request, if you open a checking account and maintain a minimum \$3,500.00 balance. If you close your Home Equity Line of Credit for any reason during the first 18 months, you will pay to Wakefield Co-operative Bank a \$350.00 early termination fee.

**LATE CHARGE:** If your payment is more than 15 days late, we will charge a late fee of 10.00% of the outstanding balance or \$10.00, whichever is less.

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

**MAXIMUM RATE AND PAYMENT EXAMPLES:** If you had an outstanding balance of \$10,000 at the beginning of the draw period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18.00% would be \$152.88 per month. The maximum ANNUAL PERCENTAGE RATE could be reached in the first month following an initial hold of one month. If you had an outstanding balance of \$10,000 at the beginning of the repayment period, the monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$236.21. The maximum ANNUAL PERCENTAGE RATE during the repayment period could be reached in the first month of the repayment period.

**HISTORICAL EXAMPLES:** The following table shows how the ANNUAL PERCENTAGE RATE and the minimum payment for a single \$10,000 credit advance would have changed based on changes in the index over the last 15 years. The index values are from the first business day of January. While only one payment amount per year is shown, payments may have varied during each year. The table assumes no additional credit advances were taken, that only the minimum payment was made and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

PERIOD	YEAR	INDEX (%)	MARGIN(1) (%)	ANNUAL PERCENTAGE RATE	MINIMUM MONTHLY PAYMENT
DRAW	2010	3.25	-.51	2.74	100.00
DRAW	2011	3.25	-.51	2.74	100.00
DRAW	2012	3.25	-.51	2.74	100.00
DRAW	2013	3.25	-.51	2.74	100.00
DRAW	2014	3.25	-.51	2.74	100.00
DRAW	2015	3.25	-.51	2.74	100.00
DRAW	2016	3.50	-.51	2.99	100.00
DRAW	2017	3.75	-.51	3.24	100.00
DRAW	2018	4.50	-.51	3.99	100.00(3)
DRAW	2019	5.50	-.51	4.99	100.00(3)
DRAW	2020	4.75	-.51	4.24	100.00(3)
DRAW	2021	3.25	-.51	2.74	100.00(3)
DRAW	2022	3.25	-.51	2.74	100.00(3)
DRAW	2023	7.50	-.51	6.99	100.00(3)
DRAW	2024	8.50	-.51	7.99	100.00(3)

- (1) This is a Margin we have used recently. Your Margin may be different.
- (2) The initial **ANNUAL PERCENTAGE RATE** shown is discounted. If your Home Equity Line of Credit provides for an initial discounted rate, your initial discounted rate may be different.
- (3) Final minimum payment of \$79.16 is made in May 2018

By signing below, you acknowledge receipt of a copy of this disclosure statement and a copy of the Consumer Financial Protection Bureau Handbook entitled "What You Should Know About Home Equity Lines of Credit".

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