

# HOME EQUITY APPLICATION DISCLOSURE

Rollstone Bank & Trust  
780 Main Street  
Fitchburg, MA 01420

## IMPORTANT TERMS OF OUR HOME EQUITY APPLICATION DISCLOSURE

Originator NMLSR ID: 1224234  
Origination Co. NMLSR ID: 769125

This disclosure contains important information about our HECL 6 Month Fixed (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.

**Late Charge.** Your payment will be late if it is not received by us within **15 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 \$10.00, whichever is less.

**Scheduled Fee Changes.** Termination Fee if the loan is cancelled within three years: \$500.00.

**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: The draw period is 180 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: The length of the repayment period is 180 months. Your Regular Payment will equal the amount of your accrued FINANCE CHARGES ("First Payment Stream"). You will make 180 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

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period plus all accrued FINANCE CHARGES as shown below ("Second Payment Stream"). Your payments will be due monthly.

<u>Range of Balances</u>	<u>Number of Payments</u>	<u>Regular Payment Calculation</u>
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.

**MINIMUM PAYMENT EXAMPLE.** If you made only the minimum payment and took no other credit advances, it would take 30 years to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 4.500%. During that period, you would make 180 monthly payments ranging from \$34.52 to \$38.22. Then you would make 180 monthly payments ranging from \$47.78 to \$93.82.

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

**Credit Line Home Equity check, Request By Mail, In Person Request and Other Methods Limitations.** There are no transaction limitations for the writing of Home Equity checks, requesting an advance by mail, 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.

**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 The highest rate on corporate loans posted by at least 75% of the USA's 30 largest banks known as the Wall Street Journal Prime Rate. Information about the Index is available or published 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 subtract a margin from the value of the Index, then divide the value by the number of days in a year (366 during leap years). 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 subtract a margin from the value of the Index, then divide the value by the number of days in a year (366 during leap years). 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.

**Initial Annual Percentage Rate Discount.** The initial annual percentage rate is "discounted"--it is not based on the Index and margin used for later rate adjustments. The initial discounted rate will be in effect for 6 Months.

Please ask us for the current Index value, margin, discount and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we send you.

**Conversion Option.** This plan provides the option to convert all or part of the outstanding balance into a non-revolving loan with a fixed rate and term called a Partition. To be eligible for a Partition, the original Home Equity Line of Credit ("HELOC") must be in good standing at the time of your request, with no Delinquency, Withdrawal Locks, or other Holds. You may request a Partition at the time a new advance is made, or on an existing line of credit balance. During the term of the Partition, a hold equal to the balance of the Partition will be placed on your "HELOC". This hold will decrease as the Partition balance decreases. The fixed rate and term of the Partition will not be considered a new loan. Although the rate and term of the Partition may differ from the original Home Equity Line of Credit Agreement ("HELOCA"), all other terms and conditions, including security interest, will remain the same as detailed in the original "HELOCA". Partition Terms and Conditions - The specific terms and conditions of the Home Equity Line of Credit Partition "Partition Agreement" are as follows:

1. The "HELOC" must be in good standing at the time a Partition is requested. The account may not be delinquent. There may not be any Withdrawal Locks or other Holds on the "HELOC".
2. The available credit limit of the "HELOC" will be reduced by the amount of the Partition. The "HELOC" will be restored as principal payments are made to the Partition.
3. If the "HELOC" has joint owners, BOTH signatures will be required to establish a Partition.
4. No more than 3 (Three) Partitions will be permitted on a Credit Line at any time.
5. The minimum dollar amount of each Partition is \$5,000.00
6. The fee to initiate a Partition is n/a.
7. The Partition Modification fee will appear on the first billing statement and is due on the 1st payment due date of each new Partition.
8. The borrower may choose any day of the month as the Partition payment due date. The due date does not have to be the same as the due date of the "Home Equity Line of Credit" (30th of the month).
9. A monthly payment of principal and interest will be due on each Partition account. This amount will be in addition to, and appear on a separate statement from the interest payment on the "HELOC".
10. In order to close the "HELOC", the Borrower must payoff all outstanding Partitions.
11. If a Partition is paid in full before the maturity date, there will be no early termination fee or prepayment fee.
12. When a Partition is paid in full, Lender will send Borrower a copy of the Partition agreement, stamped "paid-in-full".
13. Each Partition will be reported separately on the account owner's credit report. The credit limit reported on the "HELOC" will be reduced by the combined balance of all Partitions.
14. At any time during the term of a Partition, the account holder may pay off the Partition using an advance from the original "HELOC". This may be done to reduce the monthly payments, cure delinquency, or for any other reason. Repayment will then be based on the original terms of the "HELOC". At any time during the term of a Partition the account holder may refinance the outstanding balance of the Partition by establishing a new Partition in order to modify the term, rate, or loan amount. The standard Partition Modification Fee will be charged.
15. All Partition monthly payments will consist of principal and interest sufficient to pay the balance in full by the Partition maturity date, even if the "HELOCA" allows interest only payments.
16. Credit Life and/or disability insurance are not available on Partitions

**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: You can exercise the option to convert to a fixed rate during the initial draw period.

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**Rate Determination.** The fixed rate will be determined as follows: The interest rates and terms available for a Partition will be the Bank's published rates and terms at the time a Partition is requested.

**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 4.500% 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 at the time of the 6th 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 2008 to 2022. The Index values are from the following reference period: as of the 1st business day in January. 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 the 1st business day in January)	Index (Percent)	Margin (1) (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2008.....	3.250.....	-0.500	4.500 (7)(8)	38.22
2009.....	3.250.....	-0.500	4.500 (8)	38.22
2010.....	3.250.....	-0.500	4.500 (8)	38.22
2011.....	3.250.....	-0.500	4.500 (8)	38.22
2012.....	3.250.....	-0.500	4.500 (8)	38.22
2013.....	3.250.....	-0.500	4.500 (8)	38.22
2014.....	3.250.....	-0.500	4.500 (8)	38.22
2015.....	3.500.....	-0.500	4.500 (8)	38.22
2016.....	3.750.....	-0.500	4.500 (8)	38.22
2017.....	4.500.....	-0.500	4.500 (8)	38.22
2018.....	5.000.....	-0.500	4.500	38.22
2019.....	5.500.....	-0.500	5.000	42.47
2020.....	3.250.....	-0.500	4.500 (8)	38.22
2021.....	3.250.....	-0.500	4.500 (8)	38.22
2022.....	3.250.....	-0.500	4.500 (8)	38.22

(1) This is a margin we have used recently; your margin may be different.

(7) This ANNUAL PERCENTAGE RATE reflects a discount that we have provided recently; your Plan may be discounted by a different amount.

(8) This A.P.R. reflects a 4.500 percent floor.