

# HOME EQUITY LINE OF CREDIT

MASCOMA BANK  
MAIN OFFICE  
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## IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about our HELOC 2018 New (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: We can terminate your account, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- (a) You engage in fraud or material misrepresentation in connection with the Plan.
- (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.

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

- (a) The value of the dwelling securing the Plan declines significantly below its appraised value for purposes of the Plan.
- (b) We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- (c) You are in default of a material obligation of the Plan.
- (d) Government action prevents us from imposing the annual percentage rate provided for under the Plan or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- (e) A government authority has notified us that continued advances would constitute an unsafe business practice.
- (f) The maximum annual percentage rate is reached.

The initial agreement permits us to make changes to the terms of the Plan at specified times or upon the occurrence of specified events.

**Fees and Charges.** In order to open and maintain an account, you must pay certain fees and charges.

**Lender Fees.** The following fees must be paid to us:

Description	Amount	When Charged
Annual Fee:	\$59.00	During the draw period, beginning on the first anniversary of the loan. If you are a member of Relationship Gold Checking, the annual fee is waived
Stop Payment Fee:	\$30.00	At the time you request a Stop Payment

**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 5.000% of the payment.

**Third Party Fees.** You must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies.

These third party fees generally total between \$0.00 and \$1,050.00. Upon request, we will provide you with an itemization of the fees you will have to pay to third parties.

**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: 10 years at an adjustable rate based on Wall Street Prime minus .25% (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: 15 years at a fixed rate based on Wall Street Journal Prime during conversion. Your Regular Payment will equal the amount of your accrued FINANCE CHARGES ("First Payment Stream"). Your payments will be due monthly. Your First Payment Stream will last for the first 120 months. 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 your outstanding balance as shown below ("Second Payment Stream"). Your payments will be due monthly.

<u>Range of Balances</u>	<u>Number of Payments</u>	<u>Amortization Period</u>
All Balances	180	180 payments

Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges.

A change in the ANNUAL PERCENTAGE RATE can cause the balance to be repaid more quickly or more slowly. When rates decrease, less interest is due, so more of the payment repays the principal balance. When rates increase, more interest is due, so less of the payment repays the principal balance. If this happens, we may adjust your payment as follows: your payment may be increased by the amount necessary to repay the balance by the end of this payment stream. Each time the ANNUAL PERCENTAGE RATE changes, we will review the effect the

## HOME EQUITY LINE OF CREDIT (Continued)

change has on your Credit Line Account to see if your payment is sufficient to pay the balance by the Maturity Date. If it is not, your payment will be increased by an amount necessary to repay the balance by the Maturity Date.

**MINIMUM PAYMENT EXAMPLE.** If you made only the minimum payment and took no other credit advances, it would take 25 years to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 4.750%. During that period, you would make 120 monthly payments of \$37.50. Then you would make 180 monthly payments of \$77.78.

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

**Credit Line Home Equity Check, Telephone Request, 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 telephone, 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.

**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 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. If the Index is no longer available, we will choose a new Index and margin. The new Index will have an historical movement substantially similar to the original Index, and the new Index and margin will result in an annual percentage rate that is substantially similar to the rate in effect at the time the original Index becomes unavailable.

**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 360 days. To obtain the ANNUAL PERCENTAGE RATE we multiply the Periodic Rate by 360 days. 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 add a margin to the value of the Index, then divide the value by 360 days. To obtain the ANNUAL PERCENTAGE RATE we multiply the Periodic Rate by 360 days. 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 9 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.

**FREQUENCY OF ANNUAL PERCENTAGE RATE ADJUSTMENTS.** Your ANNUAL PERCENTAGE RATE can change quarterly on the anniversary date of the beginning of the draw period. Rate during repayment period will be fixed based on Wall Street Journal Prime during conversion. 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, except for any initial discount period, go below 3.990% 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 \$150.00. This ANNUAL PERCENTAGE RATE could be reached immediately or prior to the 1st 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 \$161.04. 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 2004 to 2018. The Index values are from the following reference period: AS OF THE 1ST WEEK ENDING IN JUNE. 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.

**HOME EQUITY LINE OF CREDIT  
(Continued)**

**INDEX TABLE**

Year (AS OF THE 1ST WEEK ENDING IN JUNE)		Index (Percent)	Margin (1) (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
Draw Period	2004.....	4.250...	-0.250	2.990 (7)	24.92
	2005.....	6.250...	-0.250	6.000	50.00
	2006.....	8.250...	-0.250	8.000	66.67
	2007.....	8.250...	-0.250	8.000	66.67
	2008.....	5.250...	-0.250	5.000	41.67
	2009.....	3.250...	-0.250	3.990 (8)	33.25
	2010.....	3.250...	-0.250	3.990 (8)	33.25
	2011.....	3.250...	-0.250	3.990 (8)	33.25
	2012.....	3.250...	-0.250	3.990 (8)	33.25
	2013.....	3.250...	-0.250	3.990 (8)	33.25
Repayment Period	2014.....	3.250...	0.000	3.990 (8)	73.92
	2015.....	3.250...	0.000	3.990 (8)	73.92
	2016.....	3.500...	0.000	3.990 (8)	73.92
	2017.....	4.250...	0.000	4.250	74.99
	2018.....	4.750...	0.000	4.750	76.91

(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 3.990 percent floor.