Home Equity Line of Credit

THE Village Bank™

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

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 disclosed 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 – Under certain circumstances, we can (1) terminate your line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees; (2) refuse to make additional extensions of credit; (3) reduce your credit limit, and (4) as specified in the initial agreement, implement certain changes in the plan. If you ask, we will give you more specific information concerning when we can take these actions.

Minimum Payment Requirements – You can obtain advances of credit for **10 (ten)** years (the "draw period"). During the draw period, payments will be due monthly. Your minimum monthly payment will equal all accrued interest as of the closing date of the billing cycle, provided the payment shall not be less than **$100.00**, plus any amounts past due. **Note:** your minimum monthly payment during the draw period may not reduce the amount of principal outstanding on this line of credit. After the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance over **10 (ten)** years (the "repayment period"). Payments will be due monthly. Your minimum payment will equal **1/120th** of the principal balance that was outstanding at the end of the draw period, plus the **finance charges** that have accrued on the remaining balance, however, in no event shall the principal and interest payment be less than **$100.00** monthly. Your payment will vary as the Prime Rate varies.

<u>Prime -0.50 Program</u>
Minimum Payment Example - If you made only the minimum monthly payments and took no other credit advances, it would take **9 years** and 8 **months** to pay off a credit advance of $10,000 at an **ANNUAL PERCENTAGE RATE** of **3.0%.** During that period, you would make **115** monthly payments of **$100.00*****, followed by **1** payment of **$22.28**.

<u>Prime Only Program</u>
Minimum Payment Example - If you made only the minimum monthly payments and took no other credit advances, it would take **9 years** and **11 months** to pay off a credit advance of $10,000 at an **ANNUAL PERCENTAGE RATE** of **3.50%.** During that period, you make **118** monthly payments of **$100.00*****, followed by **1** payment of **$41.13.**

<u>Prime +0.50 Program</u>
Minimum Payment Example - If you made only the minimum monthly payments and took no other credit advances, it would take **10 years** and **2 months** to pay off a credit advance of $10,000 at an **ANNUAL PERCENTAGE RATE** of **4.00%.** During that period, you make **120** monthly payments of **$100.00*****, followed by **1** payment of **$100.00** and **1** payment of $**85.10.**

Fees and Charges – Third Party Fees to Open the Account. In order to open, use, or maintain your account, you may have to pay certain fees to third parties in connection with opening the account. These fees generally range between $0.00 and $3,000.00, depending upon the line amount, how the property is titled, property location or if a full appraisal is needed. Upon request or within three business days from date you submit your application, we will provide you with an itemization of the fees that you will have to pay to third parties.

Processing Fee – We may charge a Processing Fee of $100.00.

Early Termination Fee – An Early Termination Fee will apply if you close the HELOC within 36 months after the date the Agreement is signed

Late Charge – The Borrower shall pay a late charge equal to ten percent (10%) of the outstanding payment or ten dollars ($10.00), whichever is less, in the event any installment of principal and/or interest is not paid within fifteen (15) days of the due date.

Property Insurance – You must carry insurance on the property that secures this line of credit.

Minimum Draw Requirements – None.

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. The **annual percentage rate** is based on the value of an index. The index is the Prime Rate published in the Money Rates section of The Wall Street Journal (if more than one Prime Rate is published, the higher rate shall be used), as most recently published on the last business day of the prior monthly billing cycle. Ask us for the current index value, margin, discount or premium if applicable and **annual percentage rate**. After you open a credit line, rate information will be provided on periodic statements that we send you.

Rate Changes – The **annual percentage rate** can change at the beginningof each monthly billing cycle. The maximum **ANNUAL PERCENTAGE RATE** that can apply is **18.0%. Rate Floor –** The minimum **ANNUAL PERCENTAGE RATE** will be **3.0%**. Other than as disclosed in this paragraph, there are no annual or more frequent periodic limitations on changes in the **ANNUAL PERCENTAGE RATE**.

Maximum Rate and Payment Examples – If you had an outstanding balance of $10,000 during the draw period, the minimum monthly payment at themaximum **ANNUAL PERCENTAGE RATE** of **18.0%** would be **$152.88**. This **annual percentage rate** could be reached during the **1st** month of the draw period. If you had an outstanding balance of $10,000 at the beginning of the repayment period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of **18.0%** would be **$236.21**. This **annual percentage rate** could be reached at the start of the **1st** month of the repayment period.

Historic Example – The following table shows how the **annual percentage rate** and the minimum monthly payments for a single $10,000 credit advance would have changed based on changes in the index over the past 15 years. The index values are from the last business day in the Index month of each year. While only one payment amount per year is shown, payments would have varied during each year.The table assumes that no additional credit advances were taken, that only the minimum payments were made each month, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

Prime -0.50 Program

YEAR	RE-PAYMENT STARTS	MARCH INDEX MONTH	MARGIN This is a margin we have used recently	*ANNUAL PERCENTAGE RATE	MINIMUM MONTHLY PAYMENT
2008	☐	5.25%	– 0.50	4.75%	100.00***
2009	☐	3.25%	– 0.50	3.00%*	100.00***
2010	☐	3.25%	– 0.50	3.00%*	100.00***
2011	☐	3.25%	– 0.50	3.00%*	100.00***
2012	☐	3.25%	– 0.50	3.00%*	100.00***
2013	☐	3.25%	– 0.50	3.00%*	100.00***
2014	☐	3.25%	– 0.50	3.00%*	100.00***
2015	☐	3.25%	– 0.50	3.00%*	100.00***
2016	☐	3.50%	– 0.50	3.00%	100.00***
2017	☐	4.00%	– 0.50	3.50%	100.00***
2018	☒	4.75%	– 0.50	4.25%	100.00***
2019	☐	5.50%	– 0.50	5.00%	—0—
2020	☐	3.25%	– 0.50	3.00%*	—0—
2021	☐	3.25%	– 0.50	3.00%*	—0—
2022	☐	3.50%	– 0.50	3.00%	—0—

Prime +0.50

YEAR	RE-PAYMENT STARTS	MARCH INDEX MONTH	MARGIN This is a margin we have used recently	*ANNUAL PERCENTAGE RATE	MINIMUM MONTHLY PAYMENT
2008	☐	5.25%	+0.50	5.75%	100.00***
2009	☐	3.25%	+0.50	3.75%	100.00***
2010	☐	3.25%	+0.50	3.75%	100.00***
2011	☐	3.25%	+0.50	3.75%	100.00***
2012	☐	3.25%	+0.50	3.75%	100.00***
2013	☐	3.25%	+0.50	3.75%	100.00***
2014	☐	3.25%	+0.50	3.75%	100.00***
2015	☐	3.25%	+0.50	3.75%	100.00***
2016	☐	3.50%	+0.50	4.00%	100.00***
2017	☐	4.00%	+0.50	4.50%	100.00***
2018	☒	4.75%	+0.50	5.25%	100.00***
2019	☐	5.50%	+0.50	6.00%	—0—
2020	☐	3.25%	+0.50	3.75%	—0—
2021	☐	3.25%	+0.50	3.75%	—0—
2022	☐	3.50%	+0.50	4.00%	—0—

Prime Only Program

YEAR	RE-PAYMENT STARTS	MARCH INDEX MONTH	MARGIN This is a margin we have used recently	*ANNUAL PERCENTAGE RATE	MINIMUM MONTHLY PAYMENT
2008	☐	5.25%	0.00	5.25%	100.00***
2009	☐	3.25%	0.00	3.25%	100.00***
2010	☐	3.25%	0.00	3.25%	100.00***
2011	☐	3.25%	0.00	3.25%	100.00***
2012	☐	3.25%	0.00	3.25%	100.00***
2013	☐	3.25%	0.00	3.25%	100.00***
2014	☐	3.25%	0.00	3.25%	100.00***
2015	☐	3.25%	0.00	3.25%	100.00***
2016	☐	3.50%	0.00	3.50%	100.00***
2017	☐	4.00%	0.00	4.00%	100.00***
2018	☒	4.75%	0.00	4.75%	—0—
2019	☐	5.50%	0.00	5.50%	—0—
2020	☐	3.25%	0.00	3.25%	—0—
2021	☐	3.25%	0.00	3.25%	—0—
2022	☐	3.50%	0.00	3.50%	—0—

* The Annual Percentage Rate has been adjusted to reflect any applicable interest rate caps.
** The Annual Percentage Rate reflects a discount we have used recently.
*** Minimum Payment Amount.

THE Village Bank™
The Village Loan Center
320 Needham Street, Suite 200 • Newton, MA 02464
Phone 617-964-0117 • Fax 617-527-1887
www.village-bank.com
NMLS# 408536
Member FDIC
Member DIF
EQUAL HOUSING LENDER
Local and proud of it.