

## IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PROGRAMS

Bay State Savings Bank is proud to offer the Home Equity Line of Credit solution that fits your needs. This disclosure contains important information about our various Home Equity Line of Credit programs. You should read this disclosure carefully and make or otherwise retain a copy for your records. The terms “borrower,” “you,” and “your,” refer to the recipient of this disclosure. The terms “lender,” “we,” “us,” and “our” refer to Bay State Savings Bank.

**Conditions for Disclosed Terms:** All of the terms of the programs described below are subject to their respective transaction requirements, and the terms of these programs are subject to change. In the event any of the terms change, other than a change due to fluctuations in the index or to 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 you paid to us or anyone else in connection with your application submitted to us. All programs described below are subject to credit approval, and programs may have loan-to-value ratio, draw, occupancy, and other requirements.

**Closing Costs:** The Bank will pay the closing costs on each of these home equity line of credit programs, however, you will be responsible for paying the following fees if they are assessed in connection with your loan: the fee for an appraisal if your loan amount exceeds \$250,000, discharge related fees, trust related fees, condominium related fees, and any other fees generally necessary to perfect title.

**Security Interest:** We will take a security interest in your home by recording a mortgage. You could lose your home if you default under your mortgage obligations.

**Possible Actions:** Under certain circumstances, we can: (1) terminate your line and require you to pay us the entire outstanding balance in a single payment and impose fees upon termination; (2) refuse to make any additional extensions of credit; (3) reduce your credit limit; and/or implement certain changes to the line as specified in the initial agreement. Please ask us for more specific information concerning the conditions under which such actions may occur.

**Payment Terms:** The total term of each line is **20 years**. You can obtain advances of credit for the first **10 years** (the “Draw Period”). During the Draw Period, payments will be made monthly and your minimum monthly payment will be equal to all accrued interest as of the closing date of the billing cycle, plus any amounts past due. Please note that your minimum monthly payment will 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 the remaining **10 years** of the term (the “Repayment Period”). During the Repayment Period, payments will be due monthly. Your minimum monthly payment will equal **1/120th** of the principal balance that was outstanding at the end of the Draw Period plus any finance charges that have accrued on the remaining balance using the average daily balance method, providing the principal payment is no less than **\$75.00**, plus any amounts past due.

**Tax Implications:** You should consult a tax advisor regarding the deductibility of interest and charges under this line of credit.

### OPTION 1: PROMOTIONAL VARIABLE RATE HOME EQUITY LINE OF CREDIT PROGRAM

**Variable Rate Information:** This line of credit has a variable-rate feature, and the ANNUAL PERCENTAGE RATE (corresponding to the periodic rate) and minimum payment may change as a result. The ANNUAL PERCENTAGE RATE does not include costs other than interest. Notwithstanding the features of any Introductory Rate, the ANNUAL PERCENTAGE RATE is equal to the value of the Prime Rate published in the Wall Street Journal, as most recently published on the last business day of the month prior to each monthly billing cycle (the “Index”), minus **0.25%** (the “Margin”). Please ask us for more information about the current index value, our **6-month** Introductory Interest Rate, the INITIAL ANNUAL PERCENTAGE RATE, and the ANNUAL PERCENTAGE RATE. After you open a credit line, rate information will be provided on periodic statements that we send you.

**Introductory Rate & Rate Changes:** The Introductory Rate is not based on the Index or the Margin that are to make later rate adjustments. The Introductory Rate shall be effective for **6 months** following the funding date. Thereafter, the ANNUAL PERCENTAGE RATE may change at the beginning of each monthly billing cycle. The maximum ANNUAL PERCENTAGE RATE that can apply is **18.00%**. The ANNUAL PERCENTAGE RATE will never be lower than **4.75%** (floor rate) after the expiration of the Introductory Rate. Other than as disclosed in this paragraph, there are no annual or more frequent periodic limitations on changes to the ANNUAL PERCENTAGE RATE.

**Examples of Payment Terms:** If you made only the minimum monthly payments and took no other credit advances, it would take **20 years** to pay off a credit advance of **\$10,000.00** at a variable ANNUAL PERCENTAGE RATE of **4.75%**. During that period, you would make **6** monthly interest only payments of **\$15.79** at the introductory ANNUAL PERCENTAGE RATE of **1.895%** followed by **114** monthly payments varying between **\$39.58** and **\$150.00** followed by 120 principal and interest payments varying between **\$122.92** and **\$233.33**. If you had an outstanding balance of **\$10,000.00** during the Draw Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of **18.00%** would be **\$150.00**. This maximum ANNUAL PERCENTAGE RATE could be reached during the first month of the draw period. If you had an outstanding balance of **\$10,000.00** at the beginning of the Repayment Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of **18.00%** would be **\$233.33**. This ANNUAL PERCENTAGE RATE could be reached during the first month of the Repayment Period.

**Fees and Charges:** If you terminate the agreement and request a discharge of the mortgage within **36 months** from the date of the Note, you shall then be obligated to pay us a **Prepayment Charge** of **\$500.00**. If the principal balance falls below **\$25,000.00** within **180** days of account opening, you will be obligated to pay Lender a one-time **Balance Fee** of **\$250.00**. The **Balance Fee** will not be assessed if the principal balance falls below **\$25,000** simultaneous with termination of the line. You may be required to pay certain fees to third parties to open a credit line. These fees generally total between **\$0-** and **\$680.00**. If you ask, we will give you a good faith itemization of the fees that you will have to pay to third parties.

**Transaction Requirements:** The minimum initial credit advance required at account opening is **\$25,000.00**. Thereafter, there is no minimum credit advance at any particular time. You must carry property insurance on the property that secures this credit line. The loan-to-value ratio must not exceed **80%**, and the secured property must be owner-occupied as a primary residence for a period of at least 12 months following execution of the security instrument. An existing line of credit may only be eligible for this offer if converted to a new line of credit having a balance at least **\$25,000.00** greater than the final balance of the existing line. The maximum line amount available is **\$500,000**.

**Historical Example:** The following table shows how the ANNUAL PERCENTAGE RATE and minimum monthly payments for a single **\$10,000.00** credit advance would have changed based on changes to the index over the past **15 years**. The index values are from the last business day of 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 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.

Historical Table  
(Option 1)

YEAR	REPAYMENT / DRAW PERIOD	JANUARY INDEX RATE	MARGIN	ANNUAL PERCENTAGE RATE <sup>1</sup> (Rounded, if applicable)	MINIMUM MONTHLY PAYMENT
2005	INTRODUCTORY PERIOD (FIRST 6-MONTHS)	5.25%	0.00%	1.895%	\$15.79
2005	DRAW PERIOD	5.25%	-0.25%	5.00%	\$41.67
2006		7.50%	-0.25%	7.25%	\$60.42
2007		8.25%	-0.25%	8.00%	\$66.67
2008		6.00%	-0.25%	5.75%	\$47.92
2009		3.25%	-0.25%	4.75%	\$39.58
2010		3.25%	-0.25%	4.75%	\$39.58
2011		3.25%	-0.25%	4.75%	\$39.58
2012		3.25%	-0.25%	4.75%	\$39.58
2013		3.25%	-0.25%	4.75%	\$39.58
2014		3.25%	-0.25%	4.75%	\$39.58
2015	REPAYMENT PERIOD	3.25%	-0.25%	4.75%	\$122.92
2016		3.50%	-0.25%	4.75%	\$118.96
2017		3.75%	-0.25%	4.75%	\$115.00
2018		4.50%	-0.25%	4.75%	\$111.04
2019		5.50%	-0.25%	5.25%	\$109.58

<sup>1</sup>Except for the first year wherein the introductory APR of **1.895%** applies for the first 6-months, the Annual Percentage Rate is equal to the index rounded to the nearest one-quarter of one percent (0.25%) available on the last business day in January of each year plus the margin. This table presumes a minimum rate of **4.75% (floor rate)** following the introductory period.

**OPTION 2: VARIABLE RATE HOME EQUITY LINE OF CREDIT PROGRAM**

**Variable Rate Information:** This line of credit has a variable-rate feature, and the ANNUAL PERCENTAGE RATE (corresponding to the periodic rate) and minimum payment may change as a result. The ANNUAL PERCENTAGE RATE does not include costs other than interest. The ANNUAL PERCENTAGE RATE is equal to the value of the Prime Rate published in the Wall Street Journal as most recently published on the last business day of the month prior to each monthly billing cycle (the “Index”), minus **0.25%** (the “Margin”). Please ask us for more information about the current index value and the 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 may change at the beginning of each monthly billing cycle. The maximum ANNUAL PERCENTAGE RATE that can apply is **18.00%**. The ANNUAL PERCENTAGE RATE will never be lower than **4.75% (floor rate)**. Other than as disclosed in this paragraph, there are no annual or more frequent periodic limitations on changes to the ANNUAL PERCENTAGE RATE.

**Examples of Payment Terms:** If you made only the minimum monthly payments and took no other credit advances, it would take **20 years** to pay off a credit advance of **\$10,000.00** at a variable ANNUAL PERCENTAGE RATE of **4.75%**. During that period, you would make 120 monthly payments varying between **\$39.58** and **\$150.00** followed by 120 principal and interest payments varying between **\$122.92** and **\$233.33**. If you had an outstanding balance of **\$10,000.00** during the Draw Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of **18.00%** would be **\$150.00**. This maximum ANNUAL PERCENTAGE RATE could be reached during the first month of the draw period. If you had an outstanding balance of **\$10,000.00** at the beginning of the Repayment Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of **18.00%** would be **\$233.33**. This ANNUAL PERCENTAGE RATE could be reached during the first month of the Repayment Period.

**Fees and Charges:** If you terminate the agreement and request a discharge of the mortgage within **36 months** from the date of the Note, you shall then be obligated to pay us a **Prepayment Charge of \$500.00**. You may be required to pay certain fees to third parties to open a credit line. These fees generally total between **\$-0-** and **\$680.00**. If you ask, we will give you a good faith itemization of the fees that you will have to pay to third parties.

**Transaction Requirements:** There is no minimum credit advance at any particular time, however, the minimum line amount is **\$25,000**. The maximum line amount is **\$500,000**. You must carry property insurance on the property that secures this credit line. The secured property must be **owner-occupied as a primary residence or second home**, and the loan-to-value ratio must not exceed **80%**.

**Historical Example:** The following table shows how the ANNUAL PERCENTAGE RATE and minimum monthly payments for a single **\$10,000.00** credit advance would have changed based on changes to the index over the past 15 years. The index values are from the last business day of 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 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.

Historical Table  
(Option 2)

YEAR	REPAYMENT / DRAW PERIOD	JANUARY INDEX RATE	MARGIN	ANNUAL PERCENTAGE RATE <sup>1</sup> (Rounded, if applicable)	MINIMUM MONTHLY PAYMENT
2005	DRAW PERIOD	5.25%	-0.25%	5.00%	\$41.67
2006		7.50%	-0.25%	7.25%	\$60.42
2007		8.25%	-0.25%	8.00%	\$66.67
2008		6.00%	-0.25%	5.75%	\$47.92
2009		3.25%	-0.25%	4.75%	\$39.58
2010		3.25%	-0.25%	4.75%	\$39.58
2011		3.25%	-0.25%	4.75%	\$39.58
2012		3.25%	-0.25%	4.75%	\$39.58
2013		3.25%	-0.25%	4.75%	\$39.58
2014		3.25%	-0.25%	4.75%	\$39.58
2015	REPAYMENT PERIOD	3.25%	-0.25%	4.75%	\$122.92
2016		3.50%	-0.25%	4.75%	\$118.96
2017		3.75%	-0.25%	4.75%	\$115.00
2018		4.50%	-0.25%	4.75%	\$111.04
2019		5.50%	-0.25%	5.25%	\$109.58

<sup>1</sup>The Annual Percentage Rate is equal to the index rounded to the nearest one-quarter of one percent (0.25%) available on the last business day in January of each year plus the margin. This table presumes a minimum floor rate of 4.75%.

### **OPTION 3: 100% EQUITY VARIABLE RATE HOME EQUITY LINE OF CREDIT**

**Variable Rate Information:** This line of credit has a variable-rate feature, and the ANNUAL PERCENTAGE RATE (corresponding to the periodic rate) and minimum payment may change as a result. The ANNUAL PERCENTAGE RATE does not include costs other than interest. The ANNUAL PERCENTAGE RATE is equal to the value of the Prime Rate published in the Wall Street Journal as most recently published on the last business day of the month prior to each monthly billing cycle (the "Index") plus 1.00% (the "Margin"). Please ask us for more information about the current Index and Margin values and the 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 may change at the beginning of each monthly billing cycle. The maximum ANNUAL PERCENTAGE RATE that can apply is 18.00%. The ANNUAL PERCENTAGE RATE will never be lower than 6.00% (floor rate). Other than as disclosed in this paragraph, there are no annual or more frequent periodic limitations on changes to the ANNUAL PERCENTAGE RATE.

**Examples of Payment Terms:** If you made only the minimum monthly payments and took no other credit advances, it would take 20 years to pay off a credit advance of \$10,000.00 at a variable ANNUAL PERCENTAGE RATE of 6.00%. During that period, you would make 120 monthly interest only payments varying between \$50.00 and \$150.00 followed by 120 monthly principal and interest payments varying between \$133.33 and \$233.33. If you had an outstanding balance of \$10,000.00 during the Draw Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18.00% would be \$150.00. This maximum ANNUAL PERCENTAGE RATE could be reached during the first month of the draw period. If you had an outstanding balance of \$10,000.00 at the beginning of the Repayment Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18.00% would be \$233.33. This ANNUAL PERCENTAGE RATE could be reached during the first month of the Repayment Period.

**Fees and Charges:** If you terminate the agreement and request a discharge of the mortgage within 36 months from the date of the Note, you shall then be obligated to pay us a Prepayment Charge of \$500.00. You may be required to pay certain fees to third parties to open a credit line. These fees generally total between \$-0- and \$680.00. If you ask, we will give you a good faith itemization of the fees that you will have to pay to third parties.

**Transaction Requirements:** The combined loan-to-value ratio must not exceed 100%, and the secured property must be a one-to-two family owner-occupied as a primary residence for a period of at least 12 months following execution of the security instrument. You must carry property insurance on the property that secures this credit line. There is no minimum credit advance at any particular time, however, the minimum line amount is \$25,000. The maximum line amount is \$250,000.

**Historical Example:** The following table shows how the ANNUAL PERCENTAGE RATE and minimum monthly payments for a single **\$10,000.00** credit advance would have changed based on changes to the index over the past 15 years. The index values are from the last business day of 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 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.

Historical Table  
(Option 3)

YEAR	REPAYMENT / DRAW PERIOD	JANUARY INDEX RATE	MARGIN	ANNUAL PERCENTAGE RATE <sup>1</sup> (Rounded, if applicable)	MINIMUM MONTHLY PAYMENT
2005	DRAW PERIOD	5.25%	1.00%	6.25%	\$52.08
2006		7.50%	1.00%	8.50%	\$70.83
2007		8.25%	1.00%	9.25%	\$77.08
2008		6.00%	1.00%	7.00%	\$58.33
2009		3.25%	1.00%	6.00%	\$50.00
2010		3.25%	1.00%	6.00%	\$50.00
2011		3.25%	1.00%	6.00%	\$50.00
2012		3.25%	1.00%	6.00%	\$50.00
2013		3.25%	1.00%	6.00%	\$50.00
2014		3.25%	1.00%	6.00%	\$50.00
2015	REPAYMENT PERIOD	3.25%	1.00%	6.00%	\$133.33
2016		3.50%	1.00%	6.00%	\$128.33
2017		3.75%	1.00%	6.00%	\$123.33
2018		4.50%	1.00%	6.00%	\$118.33
2019		5.50%	1.00%	6.50%	\$115.83

<sup>1</sup>The Annual Percentage Rate is equal to the index rounded to the nearest one-quarter of one percent (0.25%) available on the last business day in January of each year plus the margin. This table presumes a minimum floor rate of 6.00%.

#### OPTION 4: FIXED RATE HOME EQUITY LINE OF CREDIT

**Fixed Rate Information:** This line of credit has a fixed ANNUAL PERCENTAGE rate. As of **September 19, 2019**, the ANNUAL PERCENTAGE RATE was **6.99%** but is subject to change. Please ask us for more information about our current fixed ANNUAL PERCENTAGE RATE.

**Examples of Payment Terms:** If you made only the minimum monthly payments and took no other credit advances, it would take **20 years** to pay off a credit advance of **\$10,000.00** at a fixed ANNUAL PERCENTAGE RATE of **6.99%**. During that period, you would make 120 monthly interest only payments of **\$58.25** during the Draw Period followed by 120 monthly principal and interest payments during the Repayment Period. The highest minimum principal and interest payment during the Repayment Period with a starting balance of **\$10,000.00** is **\$141.58** and would decrease each month if payments were made timely and in full.

**Fees and Charges:** If you terminate the agreement and request a discharge of the mortgage within **36 months** from the date of the Note, you shall then be obligated to pay us a **Prepayment Charge** of **\$500.00**. You may be required to pay certain fees to third parties to open a credit line. These fees generally total between **\$-0-** and **\$680.00**. If you ask, we will give you a good faith itemization of the fees that you will have to pay to third parties.

**Transaction Requirements:** The loan-to-value ratio of the secured property may not exceed **80%**, and the secured property must be owner-occupied as a primary residence or second home. You must carry property insurance on the property that secures this credit line. There is no minimum credit advance at any particular time, however, the minimum line amount is **\$25,000**. The maximum line amount is **\$500,000**.