SECURITY CODE: Country2023

What to Expect when Applying for an Equity Line of Credit

Stage 1

- Submit your application (Online or at a Banking Center) and provide all the required documents listed on the "Information Needed at the Time of Application" form provided in the application packet.

Stage 2

- Country Bank will order the property valuation to arrive at the market value.
- Once the property valuation is in, the Bank will analyze your income, credit and appraisal to arrive at a loan decision.
- Once your loan application is approved, the Bank will issue the Commitment Letter.

Stage 3

- Once you have received your Commitment Letter, you must sign it and return it to the Bank with any pre-closing conditions.
- When all pre-closing conditions are met, you will be contacted to schedule an appointment to close loan.

Stage 4

- You will meet with a member of Country Bank's Banking Center team to sign the closing papers.
- After three (3) business days have passed (known as the Rescission Period), funds are accessible by check or Online transfer for easy access.. You can choose to have the checks mailed or you can pick them up at your local Country Bank Banking Center.

An Equity Line of Credit application will normally take 3-4 weeks from application to funding. Application times may vary based on individual situations.

HOME EQUITY LINE OF CREDIT
EARLY DISCLOSURE
COUNTRY BANK HOME EQUITY LINE OF CREDIT

countrybank
75 Main St, Ware, MA 01082-2003
800.322.8233
countrybank.com

NMLS Company Identifier: 405567
NMLS Originator Identifier: 618959

In this disclosure the words "you" and "your" mean the recipient of this disclosure, and the words "we," "us" and "our" mean Country Bank, the Lender listed above. "e" means an estimate.

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

RETENTION OF INFORMATION. This disclosure contains important information about our home equity line of credit, Home Equity Line of Credit ("Account"). You should read it carefully and keep a copy for your records.

AVAILABILITY OF TERMS. All of the terms described 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 you paid to us or anyone else in connection with your application.

SECURITY INTEREST. We will take a security interest in your home (collateral). You could lose your home if you do not meet the obligations in your Agreement with us.

POSSIBLE ACTIONS. We can terminate your Account and require you to pay us the entire outstanding balance in one payment if: you engage in fraud or material misrepresentation in connection with the Account; or you do not meet the repayment terms; and/or your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if: the value of the dwelling securing the Account declines significantly below its appraised value for purposes of the Account; or we reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances; or you are in default of a material obligation in the Agreement; or government action prevents us from imposing the Annual Percentage Rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line; or a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; and/or the maximum Annual Percentage Rate is reached. The initial Agreement permits us to make certain changes to the terms of the Agreement at specified times or upon the occurrence of specified events.

MINIMUM PAYMENT REQUIREMENTS. You can obtain advances of credit for 10 years (the "Draw Period"). During the Draw Period, payments will be due monthly. Your minimum periodic payment will be equal to the interest that has accrued on your Account as of the closing date of each billing statement.

After the Draw Period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance over 15 years (the "Repayment Period"). During the Repayment Period, payments will be due monthly. Your minimum periodic payment will be equal to 1/180 of the outstanding principal balance, determined and fixed as of the end of the Draw Period, plus accrued interest as of the closing date of each billing statement.

MINIMUM-PAYMENT EXAMPLE. If you made only the minimum monthly payments 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 8.250%. During the Draw Period, you would make 120 monthly payments of $68.75. During the Repayment Period, you would make 179 monthly payments varying between $124.31 and $56.32. This would be followed by one final payment of $55.14.

FEES AND CHARGES. To open and maintain your Account, you must carry insurance on the property securing your Account and pay us the following fees:

You must also pay certain fees to third parties. These fees generally total between $1,763.00 and $1,945.00. The following are the third party fees you must pay:

If you tell us you have decided not to enter into the Account within three business days of receiving this Disclosure and the Consumer Financial Protection Bureau brochure "What You Should Know About Home Equity Lines of Credit" in person, or within six business days after the day we mail them to you, as the case might be, any fees or charges you might have already paid will be refunded.

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

OTHER PRODUCTS. If you ask, we will provide you with information on our other available home equity products.

MINIMUM TRANSACTION REQUIREMENTS. The minimum ongoing credit advance for this Account is $500.00.

VARIABLE RATE FEATURE. The Account has a variable rate feature. The Annual Percentage Rate (corresponding to the periodic rate) and the minimum payment can change as a result. This Annual Percentage Rate does not include costs other than interest. The Annual Percentage Rate is based on the value of an index. The index is the Wall Street Journal Consumer Money Rates Table published Prime Rate ("Index") (if published in a range, the highest number in the range will be used) and is published in the Wall Street Journal Consumer Money Rates Table. To determine the Annual Percentage Rate that will apply to your Account, we add a margin to the value of the index. Ask us for the current index value, margin and Annual Percentage Rate. After you open an Account, rate information will be provided on periodic statements that we furnish to you.

RATE CHANGES. The Annual Percentage Rate can change monthly. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.000%. Apart from this rate cap, there is no limit on the amount by which the rate can change in any one-year period, except that under no circumstances will the rate ever be less than 0.000% per annum.

CONVERSION OPTION.
Fixed Rate Term Out Loans: The Borrower(s) may, until the termination of the Home Equity Line of Credit Agreement and Note, borrow all of the Credit Limit on a Fixed Rate Term Out Loan basis provided that the Home Equity Line of Credit is not in default or has not been in default within the past 12 months (over 30 days late). You may not have more than three (3) Fixed Rate Term Out Loan advances outstanding at any one time. Each Fixed Rate Term Out Loan advance must be for at least $5,000.00. You may request a Fixed Rate Term Out Loan advance only by requesting the advance from our loan department, 15 South Street, Suite C, Ware, MA 01082, 1-800-322-8233, or a Country Bank Banking Center, either verbally or in writing. Each borrower shall then receive and execute a Loan Note evidencing and disclosing all of the terms and provisions of each Fixed Rate Term Out Loan, including the Fixed **Annual Percentage Rate**. The amount of the Credit Limit shall be reduced by the principal amount of the Fixed Rate Term Out Loan. The Home Equity Line of Credit Limit shall be increased by the amount of the principal payments made to the Fixed Rate Term Out Loan(s). If you choose to convert any portion of your balance to a Fixed Rate Term Out Loan, the Interest Rate of the Fixed Rate Term Out Loan(s) shall be the highest Prime Rate established in the Wall Street Journal's Consumer Money Rates table that is in effect at the date of the conversion plus a Margin:

5 Year	3.00% Above Prime
10 Year	3.50% Above Prime
15 Year	4.00% Above Prime
20 Year	4.50% Above Prime

However, if the Bank is generally offering a lower advertised rate for a Fixed Rate Term Out Loan at the time of conversion, the lower rate will prevail.

The maturity date of a Fixed Rate Term Out Loan shall not exceed the maturity date of the Home Equity Line of Credit.

The monthly payments under a Fixed Rate Term Out Loan shall consist of equal monthly payments of principal and interest amortized over the term of the loan.

Each Fixed Rate Term Out Loan shall be secured by the Mortgage and shall be subject to and governed by the terms and provisions of the Home Equity Line of Credit Agreement and Note. The Interest Rate for a Fixed Rate Term Out Loan may exceed the **Annual Percentage Rate** as determined in the Home Equity Line of Credit Agreement and Note.

MAXIMUM-RATE AND PAYMENT EXAMPLE. If the **ANNUAL PERCENTAGE RATE** during the Draw Period equaled the 18.000% maximum and you had an outstanding balance of $10,000.00, your minimum payment would be $150.00. The maximum Annual Percentage Rate could be reached the first time your Annual Percentage Rate changes, unless your initial rate is equal to the maximum, in which case it would be reached immediately. If you had an outstanding balance of $10,000.00 at the beginning of the Repayment Period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.000% would be $205.56. This Annual Percentage Rate could be reached at the beginning of the Repayment Period.

HISTORICAL EXAMPLE. The following table 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 over the past 15 years. The index values are from the first business day of July 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, 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.

Year	Index	Margin*	ANNUAL PERCENTAGE RATE	Minimum Periodic Payment
2009	3.250%	0.000%	3.250%	$27.08
2010	3.250%	0.000%	3.250%	$27.08
2011	3.250%	0.000%	3.250%	$27.08
2012	3.250%	0.000%	3.250%	$27.08
2013	3.250%	0.000%	3.250%	$27.08
2014	3.250%	0.000%	3.250%	$27.08
2015	3.250%	0.000%	3.250%	$27.08
2016	3.500%	0.000%	3.500%	$29.17
2017	4.250%	0.000%	4.250%	$35.42
2018	5.000%	0.000%	5.000%	$41.67 [1/]
2019	5.500%	0.000%	5.500%	$101.39
2020	3.250%	0.000%	3.250%	$80.84
2021	3.250%	0.000%	3.250%	$79.03
2022	4.750%	0.000%	4.750%	$87.23
2023	8.250%	0.000%	8.250%	$105.98

* This is a margin we have used recently.
[1/] Draw period ends on the 10th year.

LATE CHARGES:
Draw and Repayment Period:
Late Charge: If the required monthly payment amount is received more than fifteen (15) days late, Borrower(s) will be charged a late charge of ten percent (10%) of the required monthly payment amount or $10.00, whichever is less. No more than one (1) late charge will be imposed on any single payment.

Term Out Loan:
Late Charge: In the event that any payment due hereunder is not paid in full within fifteen (15) days of its due date, Borrower must pay to Lender a late charge of three (3)% of such principal and interest portion of the unpaid payment with a maximum late charge of $5.00. Borrower will pay this late charge promptly but only once on each late payment.

EARLY CANCELLATION FEE. If you cancel your Account within 36 months after the date this Agreement is signed, you agree to pay an early cancellation fee of $500.00 to compensate Lender for the administrative costs incurred in creating the Account, unless Lender is prohibited from collecting such a fee.
The Early Termination Fee may be waived for those lines of credit that:
a) refinance with Country Bank; or
b) are terminated due to the sale of the property, provided the financing on the new primary residence is done through Country Bank and the closings on the new residence and the sale of the existing residence are occurring at the same time.

Fees & Charges:
Appraisal Costs: For loan requests less than $250,000.00, if the Bank is unable to determine a value using our standard method, you have the option to pay for a full appraisal. Please ask us for the current appraisal fees.

For loan requests equal to or greater than $250,000.00, the Bank requires a full appraisal be completed on your home to determine the value. Please ask us for the current appraisal fees.

Closing Costs: For loan requests less than $250,000.00, the standard closing and recording costs will be paid by the Bank. You will be responsible for any fee(s) associated with delivering clear, marketable, and insurable title, including but not limited to discharge fees and/or any fees to establish or maintain a Homestead Act.

For loan requests equal to or greater than $250,000 or for properties where title will be held in the name of a trust, the Bank requires a full title exam, title policy, and title certification at your expense. You will be responsible for any fee(s) associated with delivering clear, marketable, and insurable title, including but not limited to discharge fees and/or any fees to establish or maintain a Homestead Act.

WHAT YOU SHOULD KNOW ABOUT

Home Equity Lines of Credit (HELOC)

Borrowing from the value of your home

Consumer Financial Protection Bureau

An official publication of the U.S. government

How to use the booklet

When you and your lender discuss home equity lines of credit, often referred to as HELOCs, you receive a copy of this booklet. It helps you explore and understand your options when borrowing against the equity in your home.

You can find more information from the Consumer Financial Protection Bureau (CFPB) about home loans at cfpb.gov/mortgages. You'll also find other mortgage-related CFPB resources, facts, and tools to help you take control of your borrowing options.

About the CFPB

The CFPB is a 21st century agency that implements and enforces federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive.

This pamphlet, titled What you should know about home equity lines of credit, was created to comply with federal law pursuant to 15 U.S.C. 1637a(e) and 12 CFR 1026.40(e).

How can this booklet help you?

This booklet can help you decide whether home equity line of credit is the right choice for you, and help you shop for the best available option.

A home equity line of credit (HELOC) is a loan that allows you to borrow, spend, and repay as you go, using your home as collateral.

Typically, you can borrow up to a specified percentage of your equity. Equity is the value of your home minus the amount you owe on your mortgage.

Consider a HELOC if you are confident you can keep up with the loan payments. If you fall behind or can't repay the loan on schedule, you could lose your home.

After you finish this booklet:

- You'll understand the effect of borrowing against your home
- You'll think through your borrowing and financing options, besides a HELOC
- You'll see how to shop for your best HELOC offer
- You'll see what to do if the economy or your situation changes

Compare a HELOC to other money sources

Before you decide to take out a HELOC, it might make sense to consider other options that might be available to you, like the ones below.

TIP

Renting your home out to other people may be prohibited under the terms of your line of credit.

MONEY SOURCE	HOW MUCH CAN YOU BORROW	VARIABLE OR FIXED RATE	IS YOUR HOME AT RISK?	TYPICAL ADVANTAGES	TYPICAL DISADVANTAGES
HELOC *You borrow against the equity in your home*	Generally a percentage of the appraised value of your home, minus the amount you owe on your mortgage	Variable. typically	Yes	Continue repaying and borrowing for several years without additional approvals or paperwork	Repayment amount varies; repayment is often required when you sell your home
SECOND MORTGAGE OR HOME EQUITY LOAN *You borrow against the equity in your home*	Generally a percentage of the appraised value of your home, minus the amount you owe on your mortgage	Fixed	Yes	Equal payments that pay off the entire loan	If you need more money, you need to apply for a new loan; repayment is often required when you sell your home
CASH-OUT REFINANCE *You replace your existing mortgage with a bigger mortgage and take the difference in cash*	Generally a percentage of the appraised value of your home; the amount of your existing loan plus the amount you want to cash out	Variable or fixed	Yes	Continue to make just one mortgage payment	Closing costs are generally higher; it may take longer to pay off your mortgage; interest rate may be higher than your current mortgage
PERSONAL LINE OF CREDIT *You borrow based on your credit, without using your home as collateral*	Up to your credit limit, as determined by the lender	Variable, typically	No	Continue repaying and borrowing for several years without additional approvals or paperwork	Solid credit is required; you may need to pay the entire amount due once a year; higher interest rate than a loan that uses your home as collateral

Compare a HELOC to other money sources

MONEY SOURCE	HOW MUCH CAN YOU BORROW	VARIABLE OR FIXED RATE	IS YOUR HOME AT RISK?	TYPICAL ADVANTAGES	TYPICAL DISADVANTAGES
RETIREMENT PLAN LOAN *You borrow from your retirement savings in a 401(k) or similar plan through your current employer*	Generally, up to 50% of your vested balance or $50,000, whichever is less	Fixed	No	Repay through paycheck deductions; paperwork required but no credit check and no impact on your credit score	If you leave or lose your job, repay the whole amount at that time or pay taxes and penalties; spouse may need to consent
HOME EQUITY CONVERSION MORTGAGE (HECM) *You must be age 62 or older, and you borrow against the equity in your home*	Depends on your age, the interest rate on your loan, and the value of your home	Fixed or variable	Yes	You don't make monthly loan payments—instead, you typically repay the loan when you move out, or your survivors repay it after you die	The amount you owe grows over time; you might not have any value left in your home if you want to leave it to your heirs
CREDIT CARD *You borrow money from the credit card company and repay as you go*	Up to the amount of your credit limit, as determined by the credit card company	Fixed or variable	No	No minimum purchase; consumer protections in the case of fraud or lost or stolen card	Higher interest rate than a loan that uses your home as collateral
FRIENDS AND FAMILY *You borrow money from someone you are close to*	Agreed on by the borrower and lender	Variable, fixed or other	No	Reduced waiting time, fees, and paperwork compared to a formal loan	Forgiven loans and unreported or forgiven interest can complicate taxes, especially for large loans; can jeopardize important personal relationships if something goes wrong

How HELOCs work

PREPARE FOR UP-FRONT COSTS

Some lenders waive some or all of the up-front costs for a HELOC. Others may charge fees. For example, you might get charged:

- A fee for a property appraisal, which is a formal estimate of the value of your home
- An application fee, which might not be refunded if you are turned down
- Closing costs, including fees for attorneys, title search, mortgage preparation and filing, property and title insurance, and taxes

PULL MONEY FROM YOUR LINE OF CREDIT

Once approved for a HELOC, you can generally spend up to your credit limit whenever you want. When your line of credit is open for spending, you are in the you are in the borrowing period, also called the draw period. Typically, you use special checks or a credit card to draw on your line. Some plans require you to borrow a minimum amount each time (for example, $300) or keep a minimum amount outstanding. Some plans require you to take an initial amount when the credit line is set up.

MAKE REPAYMENTS DURING THE "DRAW PERIOD"

Some plans set a minimum monthly payment that includes a portion of the principal (the amount you borrow) plus accrued interest. The portion of your payment that goes toward principal typically does not repay the principal by the end of the term. Other plans may allow payment of the interest only, during the draw period, which means that you pay nothing toward the principal.

If your plan has a variable interest rate, your monthly payments may change even if you don't draw more money.

ENTER THE "REPAYMENT PERIOD"

Whatever your payment arrangements during the draw period—whether you pay some, a little, or none of the principal amount of the loan—when the draw period ends you enter a repayment period. Your lender may set a schedule so that you repay the full amount, often over ten or 15 years.

Or, you may have to pay the entire balance owed, all at once, which might be a large amount called a balloon payment. You must be prepared to make this balloon payment by refinancing it with the lender, getting a loan from another lender, or some other means. If you are unable to pay the balloon payment in full, you could lose your home.

RENEW OR CLOSE OUT THE LINE OF CREDIT

At the end of the repayment period, your lender might encourage you to leave the line of credit open. This way you don't have to go through the cost and expense of a new loan, if you expect to borrow again. Be sure you understand if annual maintenance fees or other fees apply, even if you are not actively using the credit line.

TIP

If you sell your home, you are generally required to pay off your HELOC in full immediately. If you are likely to sell your home in the near future, consider whether or not to pay the up-front costs of setting up a line of credit.

GET THREE HELOC ESTIMATES

Shopping around lets you compare costs and features, so you can feel confident you're making the best choice for your situation.

		OFFER A	OFFER B	OFFER C
Initiating the HELOC				
Credit limit	$			
First transaction	$			
Minimum transaction	$			
Minimum balance	$			
Fixed annual percentage rate	%			
Variable annual percentage rate	%			
» Index used and current value				
» Amount of margin				
» Frequency of rate adjustments				
» Amount/length of discount rate (if any)				
» Interest rate cap and floor				
Length of plan				
» Draw period				
» Repayment period				
Initial fees				
» Appraisal fee	$			
» Application fee	$			

GET THREE HELOC ESTIMATES

Shopping around lets you compare costs and features, so you can feel confident you're making the best choice for your situation.

		OFFER A	OFFER B	OFFER C
» Up-front charges, including points	$			
» Early termination fee	$			
» Closing costs				
During the draw period				
» Interest and principal payments	$			
» Interest-only payments?	$			
» Fully amortizing payments	$			
» Annual fee (if applicable)	$			
» Transaction fee (if applicable)	$			
» Inactivity fee	$			
» Prepayment and other penalty fees	$			
During the repayment period				
» Penalty for overpayments?				
» Fully amortizing payment amount?				
» Balloon repayment of full balance owed?				
» Renewal available?				
» Refinancing of balance by lender?				
» Conversion to fixed-term loan?				

My best HELOC offer is: ____________________

How variable interest rates work

Home equity lines of credit typically involve variable rather than fixed interest rates.

A variable interest rate generally has two parts: the index and the margin.

An index is a measure of interest rates generally that reflects trends in the overall economy Different lenders use different indexes in their loans. Common indexes include the U.S. prime rate and the Constant Maturity Treasury (CMT) rate. Talk with your lender to find out more about the index they use.

The margin is an extra percentage that the lender adds to the index.

Lenders sometimes offer a temporarily discounted interest rate for home equity lines—an introductory or teaser rate that is unusually low for a short period, such as six months.

Rights and responsibilities

Lenders are required to disclose the terms and costs of their home equity lines of credit. They need to tell you:

- Annual percentage rate (APR)
- Information about variable rates
- Payment terms
- Requirements on transactions, such as minimum draw amounts and number of draws allowed per year
- Annual fees
- Miscellaneous charges

You usually get these disclosures when you receive a loan application, and you get additional disclosures before the line of credit is opened. In general, the lender cannot charge a nonrefundable fee as part of your application until three days after you have received the disclosures.

If the lender changes the terms before the loan is made, you can decide not to go forward with it, and the lender must return all fees. There is one exception: the variable interest rate might change, and in that case if you decide not to go ahead with the loan, your fees are not refunded.

Lenders must give you a list of HUD-approved housing counselors in your area. You can talk to counselor about how HELOCs work and get free or low-cost help with budgeting and money management.

Right to cancel (also called right to rescind)
If you change your mind for any reason, under federal law, you can cancel the credit line in the first three days. Notify the lender in writing within the first three days after the account was opened. The lender must then cancel the loan and return the fees you paid, including application and appraisal fees.

TIP

Some HELOCs let you convert some of your balance to a fixed interest rate. The fixed interest rate is typically higher than the variable rate, but it means more predictable payments.

If something changes during the course of the loan

HELOCs generally permit the lender to freeze or reduce your credit line if the value of your home falls or if they see a change for the worse in your financial situation. If this happens, you can:

- **Talk with your lender.** Find out the reason for the freeze or reduction. You might need to check your credit reports for errors that might have caused a downgrade in your credit. Or, you might need to talk with your lender about a new appraisal on your home and make sure the lender agrees to accept a new appraisal as valid.

- **Shop for another line of credit.** If another lender offers you a line of credit, you may be able to use that to pay off your original line of credit. Application fees and other fees may apply for the new loan.

WELL DONE!

For most people, a home is their most valuable asset. A HELOC can help you make the most of this asset, when you understand the ins and outs and know what to expect.

In this booklet:

? ASK YOURSELF

Have I considered other sources of money and loans, besides a HELOC?

Have I shopped around for HELOC features and fees?

Am I comfortable with the worst-case scenario, where I could lose my home?

ONLINE TOOLS

CFPB website
cfpb.gov

Answers to common questions
cfpb.gov/askcfpb

Tools and resources for home buyers
cfpb.gov/owning-a-home

Talk to a HUD-approved housing counselor
cfpb.gov/find-a-housing-counselor

Submit a complaint
cfpb.gov/complaint

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