

**EARLY DISCLOSURE OF IMPORTANT TERMS  
OF PORT WASHINGTON STATE BANK**

**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 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 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 and require you to pay us the entire outstanding balance in one payment; (2) refuse to make additional extensions of credit; (3) reduce your credit limit; and (4) make specific changes that are set forth in your agreement with us.

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 one (1) year (the "draw period"). The minimum payment will not fully repay the principal that is outstanding on your line, and you would then be required to pay the entire balance in a single final payment. The line of credit shall be automatically extended from year to year after the draw period ends unless we give you notice to the contrary at least 30 days prior to the end of the draw period or termination date. We will establish your minimum monthly payments based on your maximum credit line balance compared to the value of your home (loan to value or LTV).

OPTION 1: Your minimum monthly payment will equal 1.00% of the outstanding principal balance on your line or \$50.00, whichever is more. This is based on a LTV ratio of 80% or less.

OPTION 2: Your minimum monthly payment will equal 1.00% of the outstanding principal balance on your line or \$50.00, whichever is more. This is based on a LTV ratio of over 80% but less than 85%.

OPTION 1: Minimum Payment Example: If you took a single \$10,000 advance and the **ANNUAL PERCENTAGE RATE** was 5.50%, it would take 12 months to payoff the balance if you made only the minimum payment and the single final payment. During that period you would make 11 payments varying between \$100.00 and \$94.71, and one final payment of \$9463.22 in unpaid principal and any remaining accrued interest. Information on other home equity line of credit program is available upon request.

OPTION 2: Minimum Payment Example: If you took a single \$10,000 advance and the **ANNUAL PERCENTAGE RATE** was 5.50%, it would take 12 months to payoff the balance if you made only the minimum payment and the single final payment. During that period you would make 11 payments varying between \$100.00 and \$94.71, and one final payment of \$9463.22 in unpaid principal and any remaining accrued interest.

Fees and Charges

To open and maintain a line of credit, you must pay us the following fees:

Nonrefundable Membership Fee: \$60.00 (due each year)  
(Waived the first year)

Check Charge of \$17.00 per order

\$300.00 Termination Fee assessed if account closed within 3 years of origination date.

You must also pay certain fees to third parties to open a line. These fees generally total between \$125.00 and \$550.00. If you ask, we will give you an itemization of the fees you will have to pay the third parties. You must carry insurance on the property that secures the home equity credit agreement. Finance Charges begin to accrue on the date loans are posted to the account.

Minimum Withdrawal Requirement: The minimum credit advance you can receive is \$250.00.

Tax deductibility: You should consult a tax advisor regarding the deductibility of interest and charges for the line.

Other Products: If you ask we will provide you with information on our other available home equity loans.

Variable Rate Feature: The line has a variable-rate feature, and the annual percentage rate (corresponding to the periodic rate) and the final 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 highest prime rate published in The Wall Street Journal "Money Rates" table on the third Tuesday of each month. To determine the annual percentage rate that will apply to your line, we add a margin to the value of the index.

**OPTION 1:** The initial annual percentage rate is discounted. It is not based on the index and the margin used for later rate adjustments. The initial rate will be in effect for a term of 6 months. The initial rate is fixed at 1.99% during the initial 6 month term. Finance Charges are computed during the initial 6 month term by applying a daily periodic rate of .0055% to the "daily balance" (corresponding **ANNUAL PERCENTAGE RATE** of 1.99%). After the initial 6 month term the interest rate will vary according to the variable Rate Feature described above.

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.

**OPTION 2:** The initial annual percentage rate is based on the index and margin used for later rate adjustments.

Ask us for the current index value, margin 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 monthly. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the term of your line of credit is 11.50% (cap). The minimum rate for **OPTION 1** is 4.50% (floor). The minimum rate for **OPTION 2** is 4.50% (floor). Apart from this rate "cap" and "floor", there is no limit on the amount by which the rate can change in any one-year period.

**OPTION 1: Maximum Rate and Payment Examples:** If the **ANNUAL PERCENTAGE RATE** equaled the 11.50% maximum and you had an outstanding balance of \$10,000.00 the minimum monthly payment would be \$100.00. This annual percentage rate could be reached in the first month following the initial six month fixed rate period.

**OPTION 2: Maximum Rate and Payment Examples:** If the **ANNUAL PERCENTAGE RATE** equaled the 11.50% maximum and you had an outstanding balance of \$10,000.00 the minimum monthly payment would be \$100.00. This annual percentage rate could be reached during the first month of the draw period.

**Historical Example:** The following tables show 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 first business day of July of each year. While only one payment amount per year is shown, the payments would have varied during each year.

**OPTION 1**

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 .

<b>YEAR</b>	<b>INDEX %</b>	<b>MARGIN*</b>	<b>ANNUAL PERCENTAGE RATE</b>	<b>MINIMUM MONTHLY PAYMENT BASED ON ONE YEAR PLAN**</b>
2005	6.25%	0.00%	6.25%	100.00
2006	8.25%	0.00%	8.25%	
2007	8.25%	0.00%	8.25%	
2008	5.00%	0.00%	5.00%	
2009	3.25%	0.00%	3.25%	
2010	3.25%	0.00%	3.25%	
2011	3.25%	0.00%	3.25%	
2012	3.25%	0.00%	3.25%	
2013	3.25%	0.00%	3.25%	
2014	3.25%	0.00%	3.25%	
2015	3.25%	0.00%	1.99%***	
2016	3.50%	0.00%	1.99%***	
2017	4.25%	0.00%	1.99%***	
2018	5.00%	0.00%	1.99%***	
2019	5.50%	0.00%	1.99%***	

\*This is a margin we have used recently

\*\*Minimum Monthly Payment (Based on 2005 Index) \$100.00

\*\*\*This rate reflects a discount we have used recently

OPTION 2

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 MONTHLY PAYMENT BASED ON ONE YEAR PLAN**
2005	6.25%	0.00%	6.25%	\$100.00
2006	8.25%	0.00%	8.25%	
2007	8.25%	0.00%	8.25%	
2008	5.00%	0.00%	5.00%	
2009	3.25%	0.00%	3.25%	
2010	3.25%	0.00%	3.25%	
2011	3.25%	0.00%	3.25%	
2012	3.25%	0.00%	3.25%	
2013	3.25%	0.00%	3.25%	
2014	3.25%	0.00%	3.99%***	
2015	3.25%	0.00%	3.99%***	
2016	3.50%	0.00%	4.24%***	
2017	4.25%	0.00%	4.25%	
2018	5.00%	0.00%	5.00%	
2019	5.50%	0.00%	5.50%	

\*This is a margin we have used recently.

\*\*Minimum Monthly Payment (Based on 2005 Index) \$100.00

\*\*\*This rate reflects a premium we have used recently..

I have received a completed copy of this disclosure statement and the booklet, What You Should Know About Home Equity Lines Of Credit.

Dated: \_\_\_\_\_ x \_\_\_\_\_

Dated: \_\_\_\_\_ x \_\_\_\_\_