

**SCITUATE FEDERAL SAVINGS BANK  
72 FRONT STREET, SCITUATE, MA 02066**

**IMPORTANT TERMS OF OUR HOME EQUITY LINE  
(Variable Rate - Providing for Optional Conversion of Outstanding Balances to Fixed Rate Loans)  
March 2012**

THIS DISCLOSURE CONTAINS IMPORTANT INFORMATION ABOUT OUR PERFORMANCE HOME EQUITY LINE. 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** years (the "draw period"). During the draw period, payments will be due monthly. Your minimum monthly payment will equal the greatest of (1) **\$50.00** or (2) **the accrued finances charges** at the end of the preceding month, or (3) the full outstanding balance plus finance charges if their sum is less than \$50.00. Your minimum monthly payment will also include any past due amounts and any amount by which your principal balance exceeds your maximum 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 **15** years (the "repayment period"). During the repayment period, payments will be due monthly. Your minimum monthly payment will equal **1/180th** 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 **\$50.00** monthly, or the full outstanding balance plus finance charges if their sum is less than \$50.00. Your minimum monthly payment will also include any past due amounts.

**Minimum Payment Example** - If you made only the minimum monthly payments and took no other credit advances, it would take 23 years and 8 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of **3.25%** (which is the most recent annual percentage rate shown in the chart at the end of this disclosure). During the Draw Period, you would make **120** monthly payments of **\$50.00**. During the Repayment Period, you would make **163** monthly payments varying between **\$56.19** and **\$50.00**. This would be followed by **one** final payment of **\$21.00**.

**Fees and Charges**

*Fees Paid to Us:* In most cases, we waive all closing costs to open the Account. However, if the mortgaged property is held in trust, we may charge you \$50.00 to search property records, \$25.00 for recordation services, and a \$76 trustee's certificate recording fee. During the term, you must pay us a \$25.00 Annual Inactivity Fee for each year in which you do not have a balance on your line during the entire calendar year.

*Fees Paid to Third Parties:* You must carry insurance on the property that secures this line of credit (and pay the premium for that insurance). You may also be required to pay certain fees to third parties. These fees, if any, generally range between **\$0.00** and **\$810.56**. If you ask, we will give you an itemization of the fees you may be required to pay to third parties.

**Minimum Draw and Balance Requirements** - The minimum credit advance you can receive is **\$500.00**. There is no minimum balance that you must maintain.

**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 not other costs. The annual percentage rate is equal to the value of an index. The Index is the Prime Rate as published in the Money Rates section of *The Wall Street Journal* on the last business day of the month. If more than one prime rate is published, we will use the higher rate. Ask us for the current index value, annual percentage rate and the initial 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. If allowed by law, the maximum **ANNUAL PERCENTAGE RATE** that can apply will never be more than **18%** or less than **3.25%** (**2.99%** if you have an automatic payment authorization in effect for the Account) (the "Minimum Rate"). 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 the maximum **ANNUAL PERCENTAGE RATE** of **18.0%** would be **\$152.88**. This annual percentage rate could be reached during the **first** 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 **\$208.43**. This annual percentage rate could be reached during the first month of the repayment period.

**Fixed Rate Loan Option.** During the Draw Period, you may elect to convert some or all of the outstanding balance of your Account to a Fixed Rate Installment Loan. Conversions are subject to the following rules:

- The minimum conversion amount is \$2,000.00
- A \$25.00 Conversion Fee for each Fixed Rate Installment Loan conversion applies after the first conversion.
- The minimum term of Fixed Rate Installment Loan is 12 months. The maximum term is the shortest of: (i) 240 months; (ii) 1 year for each \$1,000 of the initial Installment Loan amount; or (iii) until the end of the Repayment Period for your Account.
- There can be no more than 5 Fixed Rate Installment Loans outstanding at any time.
- The Annual Percentage Rate for a Fixed Rate Installment Loan is determined at the time of conversion, and is equal to an index plus a margin, subject to a minimum **ANNUAL PERCENTAGE RATE** of **3.25%** (**2.99%** if you have an automatic payment authorization in effect for the Loan). The Index is the rate in effect for U.S. Treasury Notes having comparable periods of maturity to the term selected for the Fixed Rate Loan, as in effect on the 15th day of the month immediately preceding the month in which you request the conversion. The margin depends upon the repayment period you select for the Installment Loan. Ask us for information about current index values and margins.

**Historical Example** - The following table shows how the annual percentage rate and the minimum monthly payment 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 last business day in December 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.

YEAR	REPAYMENT PERIOD STARTS	*INDEX RATE	**MARGIN	ANNUAL PERCENTAGE RATE	MINIMUM MONTHLY PAYMENT
		(%)	(%)	(%)	(\$)
1998	[ ]	8.50	0.00	8.50	72.19
1999	[ ]	7.75	0.00	7.75	65.82
2000	[ ]	8.50	0.00	8.50	71.99
2001	[ ]	9.50	0.00	9.50	80.68
2002	[ ]	4.75	0.00	4.75	50.00
2003	[ ]	4.25	0.00	4.25	50.00
2004	[ ]	4.00	0.00	4.00	50.00
2005	[ ]	5.25	0.00	5.25	50.00
2006	[ ]	7.25	0.00	7.25	57.90
2007	[ ]	8.25	0.00	8.25	65.88
2008	[X]	7.25	0.00	7.25	109.98
2009	[ ]	3.25	0.00	3.25***	76.46
2010	[ ]	3.25	0.00	3.25***	74.73
2011	[ ]	3.25	0.00	3.25***	73.00
2012	[ ]	3.25	0.00	3.25***	71.22

\* As in effect on the last business day of the preceding December.

\*\* This is a margin we have used recently.

\*\*\* Capped at Minimum Rate