# Home Equity Advantage Credit Line

## IMPORTANT INFORMATION

Washington Trust Bank
Member FDIC

EQUAL HOUSING LENDER

TAC-0103-1612600 3/26

# HOME EQUITY TERMS

This disclosure contains important information about our Home Equity Advantage Credit Line Plan "The Plan." You should read it carefully and keep a copy for your records.

## AVAILABILITY OF TERMS

All of the terms of The Plan described herein are subject to change. If any of 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 paid to us or anyone else in connection with your application.

## SECURITY INTEREST

We will take a security interest in your home. You could lose your home if you do not meet the obligations in your agreement with us.

## POSSIBLE ACTIONS

### Termination and Acceleration

We can terminate The Plan and require you to pay us the entire outstanding balance in one payment and charge you certain fees if any of the following happens:

- You commit fraud or make a material misrepresentation at any time in connection with The Plan. This can include, for example, a false statement about your income, assets, liabilities, or any other aspect of your financial condition.
- You do not meet the repayment terms of The Plan.
- Your action or inaction adversely affects the collateral for The Plan or our rights in the collateral. This can include, for example, failure to maintain required insurance, waste or destructive use of the dwelling, failure to pay taxes, death of all persons liable on the account, transfer of title or sale of the dwelling, creation of a senior lien on the dwelling without our permission, foreclosure by the holder of another lien, dwelling being used for purposes other than as primary or secondary residence or the use of funds or the dwelling for prohibited purposes.

### Suspension or Reduction

In addition to any other rights we may have, we can suspend additional extensions of credit or reduce your credit limit during any period in which any of the following are in effect:

- The value of your dwelling declines significantly below the dwelling's appraised value for purposes of The Plan. This includes, for example, a decline such that the initial difference between the credit limit and the available equity is reduced by fifty percent and may include a smaller decline depending on the individual circumstances.
- We reasonably believe that you will be unable to fulfill your payment obligations under The Plan due to a material change in your financial circumstances.
- You are in default under any material obligation of The Plan. We consider all of your obligations to be material. Categories of material obligations include, but are not limited to, the events described under Termination and Acceleration, obligations to pay fees and charges, obligations and limitations on the receipt of credit advances, obligations concerning maintenance or use of the dwelling or proceeds, obligations to pay and perform the terms of any other deed of trust, mortgage or lease of the dwelling, obligations to notify us and to provide documents or information to us (such as updated financial information), obligations to comply with applicable laws (such as zoning restrictions). No default will occur until we mail or deliver a notice of default to you, so you can restore your right to credit advances.
- We are precluded by government action from imposing the annual percentage rate provided for under The Plan.
- The priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120% of the credit limit.
- We have been notified by governmental authority that continued advances may constitute an unsafe and unsound business practice.
- The maximum annual percentage rate under The Plan is reached.

### Change in Terms

We may make changes to the terms of this Plan if you agree to the change in writing at that time, if the change will unequivocally benefit you throughout the remainder of The Plan, or if the change is insignificant (such as changes relating to our data processing systems).

## PROPERTY INSURANCE

You must carry insurance on the property that secures The Plan.

## MINIMUM PAYMENT REQUIREMENTS

You can obtain advances of credit for 10 years. This time frame is called the "Draw Period". Your regular payment will equal the amount of FINANCE CHARGES that accrued on the outstanding balance during the preceding month. You will make 120 of these payments. Your payments will be due monthly. An increase in the variable ANNUAL PERCENTAGE RATE will increase the amount of your regular payment. The Minimum Payment during the First Payment Stream will not reduce the principal that is outstanding on your Credit Line.

After the Draw Period ends, the "Repayment Period" will begin. During the Repayment Period you will no longer be able to obtain credit advances and you must repay the outstanding balance. The length of the Repayment Period will depend on the interest rate and balance outstanding at the beginning of that period, but will not exceed 15 years. During the Repayment Period, payments will be due monthly. Your minimum payment will be amortized over 180 months. Your "Minimum Payment" will be the regular payment, plus any amount past due and all other charges.

A change in the variable ANNUAL PERCENTAGE RATE can cause the balance to be repaid more quickly or more slowly. When rates decrease, less interest is due, so more of the payment repays the principal balance. When rates increase, more interest is due, so less of the payment repays the principal balance. If this happens, your final payment may be increased by the amount necessary to repay the balance by the end of this payment stream. Each time the ANNUAL PERCENTAGE RATE increases, we will review the effect the increase has on your Credit Line Account to see if your payment is sufficient to pay the balance by the maturity date. If it is not, your payment will be increased by an amount necessary to repay the balance by the Maturity Date.

## MINIMUM PAYMENT EXAMPLE

If you made only the minimum payment 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 8.75%. During the Draw Period, you would make 120 monthly payments ranging from $67.12 to $74.32. Then you would make 179 monthly payments of $99.97 and one final payment of $101.27.

## FEES, CHARGES AND RATES

Fees and Charges WAIVED

At time of opening a Home Equity Advantage Credit Line, the LOAN ORIGINATION FEE, ANNUAL FEE, CREDIT REPORT FEE, FLOOD DETERMINATION FEE, EXTERIOR PROPERTY EVALUATION, LIMITED TITLE INSURANCE AND RECORDING FEES associated with your Home Equity Advantage credit line will be waived.

Third Party Fees

In order to open a Home Equity Advantage Credit Line you must pay certain fees and charges such as FULL INTERIOR APPRAISAL, STANDARD TITLE INSURANCE, when applicable. These third party fees generally total between $1,225.00 and $1,816.00. Upon request, we will provide you with an itemization of the fees you will have to pay to third parties.

The ANNUAL PERCENTAGE RATE (APR) will be determined by your credit worthiness and collateral lien position. You may be offered an APR that ranges from Index plus 0.00% to Index plus 2.00%.

## TRANSACTION REQUIREMENTS

You may access your Home Equity Advantage Credit Line by any of the following methods: using a Home Equity Advantage card, requesting an advance by telephone, writing a check in excess of your checking account balance (if used for overdraft protection), electronic transfers, requesting an advance in person or accessing by other methods. Regardless of which of these methods you use, transaction limitations will apply.

**Minimum Advance Amount.** The minimum amount of any credit advance that can be made on your Credit Line is $100.00.

## TAX DEDUCTIBILITY

You should consult a tax advisor regarding the deductibility of interest and charges for The Plan.

## VARIABLE RATE FEATURE

The Plan has a variable rate feature. The ANNUAL PERCENTAGE RATE (corresponding to the periodic rate), the amount of the final payment, and the minimum payment amount can change as a result. The ANNUAL PERCENTAGE RATE does not include costs other than interest.

## THE INDEX

The ANNUAL PERCENTAGE RATE is based on the value of an index. The Index rate is the WALL STREET JOURNAL PRIME RATE. Information about the Index is available in THE WALL STREET JOURNAL. We will use the most recent Index value available to us as of the FIRST CALENDAR DAY OF THE MONTH AFTER THE RATE CHANGE for any ANNUAL PERCENTAGE RATE adjustment. If the Index is no longer available, we will choose a new Index and margin. The new Index will have a historical movement substantially similar to the original Index, and the new Index and margin will result in an ANNUAL PERCENTAGE RATE that is substantially similar to the rate in effect at the time the original Index becomes unavailable.

## ANNUAL PERCENTAGE RATE

To determine the Periodic Rate that will apply to your Credit Line, we add a **margin** to the value of the Index, then divide the value by the number of days in a year (daily). To obtain the ANNUAL PERCENTAGE RATE we multiply the Periodic Rate by the number of days in a year (daily). This result is the ANNUAL PERCENTAGE RATE. A change in the Index rate generally will result in a change in the ANNUAL PERCENTAGE RATE.

## FREQUENCY OF ANNUAL PERCENTAGE RATE ADJUSTMENTS

Your ANNUAL PERCENTAGE RATE can change monthly. There is no limit on the amount by which the ANNUAL PERCENTAGE RATE can change during any one-year period. However, under no circumstances will your ANNUAL PERCENTAGE RATE exceed 18.00% per annum or go below 5.500% floor per annum at any time during the term of The Plan.

Forgo Rate Increases

If we forgo an ANNUAL PERCENTAGE RATE increase, at the time of a later adjustment we may return to the full Index value plus margin. Please ask us for the current Index value, margin and ANNUAL PERCENTAGE RATE. After you open a Home Equity Advantage Credit Line, rate information will be provided on periodic statements that we send you.

## RATE MARGIN

The margin that applies to your line of credit is determined by your credit worthiness or collateral lien position at the time the line of credit is approved by Washington Trust Bank. The margin can range from 0.00% to 2.00%. The maximum rate on the line, regardless of credit worthiness or collateral lien position will always be 18%. The minimum rate (floor) on the line regardless of credit worthiness or collateral lien position will always be 5.500% floor. An example of the payment at the maximum rate can be found below.

## MAXIMUM RATE AND PAYMENT EXAMPLE

Draw Period

Under the monthly interest-only portion of The Plan: If you had an outstanding balance of $10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 18.00% would be $152.88. This ANNUAL PERCENTAGE RATE could be reached by the time of the first payment.

Repayment Period

Under the amortized payment portion of The Plan: If you had an outstanding balance of $10,000.00, the minimum payment at the maximum Annual Percentage Rate of 18.00% would be $161.11. This ANNUAL PERCENTAGE RATE could be reached by the time of the first payment during the repayment period.

## HISTORICAL EXAMPLE

The example following 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 fifteen years. The Index values are as of December 31 of the prior year. While only one payment per year is shown, payments may have varied during each year. Different outstanding principal balances could result in different payment amounts.

The table assumes that no additional credit advances were taken and that only the minimum payment was made. It does not indicate how the Index or your payments would change.

| Year (As of December 31, of prior year) | | Index (Percent) | Margin[1] (Percent) | APR | Monthly Payment (Dollars) |
|---|---|---|---|---|---|
| Draw Period | 2012 | 3.250 | 2.000 | 5.500[8] | 46.71 |
| | 2013 | 3.250 | 2.000 | 5.500[8] | 46.71 |
| | 2014 | 3.250 | 2.000 | 5.500[8] | 46.71 |
| | 2015 | 3.250 | 2.000 | 5.500[8] | 46.71 |
| | 2016 | 3.500 | 2.000 | 5.500 | 46.71 |
| | 2017 | 3.750 | 2.000 | 5.750 | 48.84 |
| | 2018 | 4.500 | 2.000 | 6.500 | 55.21 |
| | 2019 | 5.500 | 2.000 | 7.500 | 63.70 |
| | 2020 | 4.750 | 2.000 | 6.750 | 57.33 |
| | 2021 | 3.250 | 2.000 | 5.500[8] | 81.72 |
| Repayment Period | 2022 | 3.250 | 2.000 | 5.500[8] | 81.72 |
| | 2023 | 7.500 | 2.000 | 9.500 | 101.72 |
| | 2024 | 8.500 | 2.000 | 10.500 | 106.76 |
| | 2025 | 7.500 | 2.000 | 9.500 | 102.04 |
| | 2026 | 6.750 | 2.000 | 8.750 | 99.89 |

[1]This is a margin that we have recently used; your margin may be different.
[8]This A.P.R. reflects a 5.500 percent floor.

## OPTIONAL FIXED-RATE FEATURE: HOME EQUITY ADVANTAGE LOAN

Under The Plan you may choose our fixed-rate loan option. Below is important disclosure information about this option:

- Your ANNUAL PERCENTAGE RATE may increase if your exercise this option to convert to a fixed rate.
- During the Draw Period, you may convert all or a portion of the existing outstanding balance of your Credit Line to a Home Equity Advantage Loan (Loan).
  - Loans will be offered at a fixed rate.
  - Minimum loan amount is $2,000.
  - You may select a term minimum term of 12 months but no more than 180 months.
- You may convert up to a maximum of five Loans per Credit Line.
- All unpaid balances of Home Equity Advantage Loans will reduce the available credit balance under your Credit Line.
- We may charge you a $50 loan origination fee each time a Home Equity Advantage Loan option is exercised.
- Rate will be based on your credit score at the time of the request, the amount of the fixed-rate loan you request and the term selected.
- You will be required to execute an agreement for the Home Equity Advantage Loan option, if you agree to the rate and term offered.
- Your monthly payment for each Home Equity Advantage Loan option shall be of equal monthly payments sufficient to amortize the loan over the term established at the time you exercise the Home Equity Advantage Loan option.
- The monthly payment(s) under each Home Equity Advantage Loan option is in addition to the minimum monthly payment required for the balance on the revolving portion of the your Credit Line.
- Any principal of a Home Equity Advantage Loan repaid during the Draw Period will be made available for you to reborrow; subject to limitations contained elsewhere in this disclosure and agreement.
- The maturity date of a Home Equity Advantage Loan may extend beyond the Draw Period; however, no Home Equity Advantage Loan shall extend beyond the term of the Credit Line.
- To convert to a Home Equity Advantage Loan, your account must be in good standing.

## ADDITIONAL HOME EQUITY ADVANTAGE PROGRAMS

Please ask us about our other available Home Equity Advantage Credit Line plans.