

APPLICATION DISCLOSURE

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

In this disclosure, the words “you” and “your” mean anyone who applies for a Webster Home Equity Credit Line. The words “we”, “us” and “our” mean Webster Bank, N.A. (“Lender”).

This disclosure contains important information about our Home Equity Credit Line. You should read this disclosure carefully and keep a copy for your records.

1. Availability of Terms: All of the terms describe below are subject to change by us. If any of these terms change (other than the **ANNUAL PERCENTAGE RATE**) and you decide, as a result, not to enter into the agreement with us, you are entitled to a refund of any fees you paid to us or anyone else in connection with your application.

2. 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.

3. Possible Actions: We can terminate your line, require you to pay us the entire outstanding balance in one payment and charge you certain fees if:

- You engage in fraud or material misrepresentation in connection with the line.
- You do not meet the repayment terms.
- 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 line declines significantly below its appraised value for purposes of the line.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the **ANNUAL PERCENTAGE RATE** provided for or impairs our security interest such that the value of interest is less than 120 percent of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- 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 occurrences of specified events.

4. Minimum Payment Requirements: You can obtain credit advances for 10 years (the “draw period”). During this period, the minimum payment each billing period (there will be 12 billing periods per year) shall equal interest and fees shown on the bill, plus any unpaid minimum payment from prior bills.

After the draw period ends you will no longer be able to obtain credit advances. During the repayment period, payments will be due each billing period. Your minimum payment will equal 1/240 of the balance that was outstanding at the end of the draw period, plus the finance charges that have accrued on the remaining balance and any unpaid fees billed during the previous period.

5. Minimum Payment: If you made only the minimum payments and took no other advances, it would take 30 years to pay off an advance of \$10,000.

At an **ANNUAL PERCENTAGE RATE** of 5.49% you would make 120 payments of \$46.63 followed by 240 payments varying between \$88.30 and \$41.06. (*Minimum payment assumes that your outstanding balance remained at exactly \$10,000 and that you paid on the due date. The **APR** shown reflects the smallest index plus margin used recently; however, your index plus margin may differ.)

6. Fees and Charges: In order to open and maintain an account, you must pay the following fees to us:

For All Lines:

- Annual Fee: \$50.00 - waived year one - charged on each anniversary date thereafter,
- Service Fees: There are service charges equal to those charges being imposed by Lender for regular type checking accounts, such as “return items”. Ask us for our current rate structure for such charges.

Fees to Third Parties*: If Applicable:

- Closing/Settlement Fee/Attorney Fee - \$175 to \$550;
- Appraisal Fee - \$125 to \$2,500;
- Additional Trip Fee to Appraiser - \$40 to \$150;
- Structural Engineering Assessment - up to \$6,100;
- Recording Fees - \$68 to \$675;
- Title Insurance - \$100 to \$5,000.

Third party fees you will pay are contingent upon the line amount, state where property is located and other line related costs and generally range between \$800 and \$4,500.

Investment Property:

- Appraisal Fee, Title Search, Insurance, and Closing Fees may apply that generally range between \$1,500 to \$3,000*.

N.Y. State Mortgage Tax:

- For lines equal to or less than \$500,000, Lender will pay up to 1.75% of the N.Y. state and other mortgage taxes/stamps.
- For lines from \$500,001, Lender will pay up to 1.00% of the N.Y. state and other mortgage taxes/stamps. For lines over \$1,000,000, Lender will pay up to 0.25% of the N.Y. state and other mortgage taxes/stamps.
- For lines greater than \$500,000 up to \$2,000,000 fees may apply that generally range between \$10,766 and \$56,000*. Amount of fees you will pay are contingent upon line amount, state where property is located and other line related costs such as title insurance, appraisals and N.Y. state mortgage tax, where applicable.
- For Investment Properties, Lender will pay up to 0.25% of the N.Y. Mortgage Tax. Customer pays all other fees.

* If you ask, we will give you an itemization of these fees.

7. Pre-Payment Penalty: For all states except New York, if the line is closed and paid in full within the first three years, the following penalties will be charged:

For all states except New York:

Prepayment Penalty Amount	Loan Amount
\$450	Lines ≤ \$500,000
\$1000	>\$500,000 and ≤ \$1,000,000
½ % of original line amount if paid in full in 1 st year ¼% in 2 nd year ⅛% in 3 rd year	Over \$1,000,000

For New York, if the line is closed and paid in full within the first three years, the following penalties will be charged.

New York:

Prepayment Penalty Amount	Loan Amount
\$1,000	Less than and including \$150,000
\$2,000	>\$150,000 and ≤ \$250,000
\$3,500	>\$250,000 and ≤ \$500,000
\$5,000	>\$500,000 and ≤ \$1,000,000
½% of original line amount if paid in full within 1 st 3 years	Over \$1,000,000

8. Minimum Line of Credit: We offer accounts that require minimum line amounts of \$25,000.

9. Tax Deductibility: You should consult a tax advisor with questions regarding the deductibility of interest and charges under the plan.

10. Variable Rate Feature: The plan has a variable rate feature, the **ANNUAL PERCENTAGE RATE** (corresponding to the periodic rate) and the minimum monthly payment can change as a result. The **ANNUAL PERCENTAGE RATE** includes only interest and not other costs.

The initial **ANNUAL PERCENTAGE RATE** is based on the value of an index plus or minus a margin; the margin may be a positive or negative number. (Refer to #14. for information on an initial discount rate.) The index equals the highest U.S. Prime Rate published in the “Money Rates” section of “The Wall Street Journal”. The margin is determined by an underwriting process including combined loan to value ratio (“CLTV”), credit qualifications, occupancy and property type. Once your initial **ANNUAL PERCENTAGE RATE** is established, your interest rate will be based on the value of an index plus or minus your margin. If the index is no longer available, we will choose a comparable index to compute the **ANNUAL**

PERCENTAGE RATE. Ask us for the current index values, margin, discount and **ANNUAL PERCENTAGE RATE.** After you open a credit line, rate information will be provided on periodic statements that we will send you.

11. Rate Changes: The rate can change each time the index changes. This rate change may occur every business day. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the plan is 21.00%. This is called the “cap”. The minimum **ANNUAL PERCENTAGE RATE** that can apply during the plan is 3.00%. This is called the “floor”. (The Introductory Rate, if any, may drop below the “floor” during the Introductory Rate period.) Apart from the “cap” and the “floor”, there is no limit on the amount by which the rate can change during any billing cycle.

12. Maximum Rate and Payment Example: If you had an outstanding balance of \$10,000 during the draw period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 21.00% would be \$178.36*. This **ANNUAL PERCENTAGE RATE** could be reached during the first billing cycle of the repayment 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 21.00% would vary between \$220.03 and \$41.60*. This **ANNUAL PERCENTAGE RATE** could be reached during the first billing cycle of the repayment period.

(*The maximum rate reflects the highest rate that can be charged regardless of the initial index plus or minus the margin.)

13. Historical Example: The following tables show how the **ANNUAL PERCENTAGE RATE** and the minimum monthly payments for a single \$10,000 advance would be charged based on changes in the index over the last 15 years. The index values are from the first week in March 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 line advances were taken, that the balance did not exceed the \$10,000 credit limit at any time, that you paid exactly on the due date, that only the minimum payments were made, and that the interest rate remained constant during the year. It does not necessarily indicate how the index or your payments will change in the future. The attached table reflects the minimum index plus margin ranges. Your margin will depend on your line pricing (refer to #10. **Variable Rate Feature**).

INDEX TABLE					
10 year draw period (interest only)					
	YEAR	INDEX	MARGIN *	APR	MIN PMT
		(%)	(%)	(%)	(\$)
Draw Period	2004	4.000	0.99	4.990	42.38
	2005	5.500	0.99	6.490	55.12
	2006	7.500	0.99	8.490	72.11
	2007	8.250	0.99	9.240	78.48
	2008	6.000	0.99	6.990	59.37
	2009	3.250	0.99	4.240	36.01
	2010	3.250	0.99	4.240	36.01
	2011	3.250	0.99	4.240	36.01
	2012	3.250	0.99	4.240	36.01
	2013	3.250	0.99	4.240	36.01
Repay Period	2014	3.250	0.99	4.240	77.68
	2015	3.250	0.99	4.240	77.68
	2016	3.500	0.99	4.490	79.80
	2017	3.750	0.99	4.740	81.92
	2018	4.500	0.99	5.490	88.29

* This is a margin we have used recently.
** The draw period ends after 10 years.

14. Discounted Introductory Rate: (For all states except Connecticut and Massachusetts) The initial **ANNUAL PERCENTAGE RATE** may be discounted, and not based on the index and margin used for later rate adjustments. The initial rate may be discounted for a certain period of time. Thereafter, the **ANNUAL PERCENTAGE RATE** will be based on the value of an index plus or minus a margin as described in #10. Variable Rate Feature.

Historical Example: The following table shows how the **ANNUAL PERCENTAGE RATE** and the minimum monthly payments for a single \$10,000 advance would be charged based on the discount rate and changes in the index over the last 15 years. The index values are from the first week in March of each year. The table below illustrates a discount

ANNUAL PERCENTAGE RATE for the first 6 months. While only one payment amount is shown thereafter, payments would have varied during each year.

The table assumes that no additional line advances were taken, that the balance did not exceed the \$10,000 credit limit at any time, that you paid exactly on the due date, that only the minimum payments were made, and that the interest rate remained constant during each year after the discount period. It does not necessarily indicate how the index or your payments will change in the future. After the discount period, the table reflects the minimum index plus margin ranges. Your margin will depend on your line pricing (refer to #10 Variable Rate Feature).

DISCOUNTED INITIAL RATE INDEX TABLE					
10 year draw period (Interest Only)					
	<u>YEAR</u>	<u>INDEX</u>	<u>MARGIN *</u>	<u>APR</u>	<u>MIN PMT</u>
		(%)	(%)	(%)	(\$)
Draw Period	2004	4.000	-1.01	2.990	** 25.39
	2005	5.500	0.99	6.490	55.12
	2006	7.500	0.99	8.490	72.11
	2007	8.250	0.99	9.240	78.48
	2008	6.000	0.99	6.990	59.37
	2009	3.250	0.99	4.240	36.01
	2010	3.250	0.99	4.240	36.01
	2011	3.250	0.99	4.240	36.01
	2012	3.250	0.99	4.240	36.01
	2013	3.250	0.99	4.240	36.01
Repay Period	2014	3.250	0.99	4.240	77.68
	2015	3.250	0.99	4.240	77.68
	2016	3.500	0.99	4.490	79.80
	2017	3.750	0.99	4.740	81.92
	2018	4.500	0.99	5.490	88.29

* This is a margin we have used recently.
 ** This APR includes a discount for 6 months
 *** The draw period ends after 10 years.

Ask us for the current discount, index value, margin and ANNUAL PERCENTAGE RATE.

15. Discounted Introductory Rate: (For Massachusetts) The initial **ANNUAL PERCENTAGE RATE** may be discounted, and not based on the index and margin used for later rate adjustments. The initial rate may be discounted for a certain period of time. Thereafter, the **ANNUAL PERCENTAGE RATE** will be based on the value of an index plus or minus a margin as described in #10. Variable Rate Feature.

Historical Example: The following table shows how the **ANNUAL PERCENTAGE RATE** and the minimum monthly payments for a single \$10,000 advance would be charged based on the discount rate and changes in the index over the last 15 years. The index values are from the first week in March of each year. The table below illustrates a discount

ANNUAL PERCENTAGE RATE for the first 12 months. While only one payment amount is shown thereafter, payments would have varied during each year.

The table assumes that no additional line advances were taken, that the balance did not exceed the \$10,000 credit limit at any time, that you paid exactly on the due date, that only the minimum payments were made, and that the interest rate remained constant during each year after the discount period. It does not necessarily indicate how the index or your payments will change in the future. After the discount period, the table reflects the minimum index plus margin ranges. Your margin will depend on your line pricing (refer to #10 Variable Rate Feature).

DISCOUNTED INITIAL RATE INDEX TABLE

10 year draw period (Interest Only)

	YEAR	INDEX (%)	MARGIN * (%)	APR (%)	MIN PMT (\$)
Draw Period	2004	4.000	-1.26	2.740 **	23.27
	2005	5.500	0.99	6.490	55.12
	2006	7.500	0.99	8.490	72.11
	2007	8.250	0.99	9.240	78.48
	2008	6.000	0.99	6.990	59.37
	2009	3.250	0.99	4.240	36.01
	2010	3.250	0.99	4.240	36.01
	2011	3.250	0.99	4.240	36.01
	2012	3.250	0.99	4.240	36.01
	2013	3.250	0.99	4.240	36.01 ***
Repay Period	2014	3.250	0.99	4.240	77.68
	2015	3.250	0.99	4.240	77.68
	2016	3.500	0.99	4.490	79.80
	2017	3.750	0.99	4.740	81.92
	2018	4.500	0.99	5.490	88.29

* This is a margin we have used recently.
 ** This APR includes a discount for 12 months
 *** The draw period ends after 10 years.

Ask us for the current discount, index value, margin and ANNUAL PERCENTAGE RATE.