

Watertown Savings Bank
111 Clinton Street
Watertown, NY 13601
NMLSR ID: 519199

ADJUSTABLE-RATE MORTGAGE LOAN PROGRAM DISCLOSURE

If you wish to apply for an Adjustable Rate Mortgage loan (referred to in this disclosure as an "ARM") with Watertown Savings Bank (referred to in this disclosure as "we", "us", "our", or "Lender"), you should read the information below concerning the differences between our ARM programs and other mortgage loan programs with which you may be familiar. This disclosure describes features of specific ARMs that you are considering. Upon your request, we will provide you with information about any other Adjustable Rate Mortgage programs we may offer.

GENERAL DESCRIPTION OF AN ADJUSTABLE RATE MORTGAGE. This loan is an Adjustable Rate Mortgage (ARM) loan. The applicable interest rate may change from time to time based upon the movements of an interest rate index. Our ARM programs are based on the terms and conditions set forth in this disclosure and in the loan documents. We have based this disclosure on recent interest rates, index and margin values, and fees. Ask us for our current interest rate and margin.

INFORMATION APPLICABLE TO ALL ARM LOANS

HOW YOUR INTEREST RATE IS DETERMINED. Your interest rate will be determined by means of an index that may change from time to time.

The Index. The interest rate charged under these ARM programs will be based on an interest rate index (referred to in this disclosure as the "Index"). The Index is the weekly average yield on United States Treasury securities adjusted to a constant maturity of one or five years as made available by the Federal Reserve Board. Information about this index is available in the Federal Reserve Statistical Release H-15 (<https://www.federalreserve.gov/releases/h15/>).

Interest Rate. The interest rate is based on the Index value, plus a margin, rounded to the nearest 0.125%. A change in the Index generally will result in a change in the interest rate. The amount that your interest rate may change also may be affected by periodic interest rate change limitations and lifetime interest rate limits, as discussed below.

Initial Interest Rate Discount. Your initial interest rate will be discounted and will not be based on the Index used to make later adjustments. You should note, however, that because your initial interest rate will be discounted, your interest rate may increase on the first Change Date even if the Index remains the same or decreases. Ask us for the amount for the current interest rate discount.

Demand Feature: This loan **does not** include a demand feature.

ADDITIONAL INFORMATION FOR 5/1 ARM LOANS

INTEREST RATE ADJUSTMENTS. Your interest rate under this ARM program can change after 60 months and every 12 months thereafter. Your interest rate cannot increase or decrease more than 2.50 percentage points at the first adjustment and 2.50 percentage points per subsequent adjustment from the initial interest rate excluding any buy down. Your interest rate will never be greater than 6.00 percentage points above the initial rate or lower than the initial rate.

HOW YOUR PAYMENTS ARE DETERMINED. Your initial monthly payment of principal and interest will be determined based on the interest rate, loan term, and balance when your loan is closed. If your interest rate changes, your payment will be adjusted to fully amortize the loan by the end of the loan term.

Frequency of Payment Changes. Based on increases or decreases in the Index, payment amounts under this ARM loan can change after 60 month(s) and every 12 Months thereafter. However, your monthly payment amount could change more frequently if there is a change in the taxes, assessments, insurance premiums, or other charges required to be made into an escrow or impound account.

Payment Example.

5/1 ARM EXAMPLE: A \$10,000.00 5/1 ARM financed for 30 years at an interest rate of 4.00% would yield an APR* (Annual Percentage Rate) of 5.315% and a monthly payment of \$47.74.

Note: To see what your payment would be, divide your mortgage amount by \$10,000, then multiply the monthly payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be divided by \$10,000 = 6; 6 X \$47.74=\$286.44 monthly)

Adjustment Notice. You will be notified at least annually if interest rate changes occur. When an interest rate change will also involve a change in your monthly payment you will be notified in writing (at least 25 calendar days, but not more than 120 calendar days) before the payment at the new level is due. The notice will indicate the adjusted payment amount, interest rate value, and the outstanding loan balance at the time.

ADDITIONAL INFORMATION FOR 5/5 ARM LOANS

INTEREST RATE ADJUSTMENTS. Your interest rate under this ARM program can change after 60 months and every 60 months thereafter. Your interest rate cannot increase or decrease more than 2.50 percentage points at the first adjustment and 2.50 percentage points per subsequent adjustment from the initial interest rate excluding any buy down. Your interest rate will never be greater than 6.00 percentage points above the initial rate or lower than the initial rate.

HOW YOUR PAYMENTS ARE DETERMINED. Your initial monthly payment of principal and interest will be determined based on the interest rate, loan term, and balance when your loan is closed. If your interest rate changes, your payment will be adjusted to fully amortize the loan by the end of the loan term.

Frequency of Payment Changes. Based on increases or decreases in the Index, payment amounts under this ARM loan can change after 60 month(s) and every 60 Months thereafter. However, your monthly payment amount could change more frequently if there is a change in the taxes, assessments, insurance premiums, or other charges required to be made into an escrow or impound account.

Payment Example.

5/5 ARM Example: A \$10,000.00 5/5 ARM financed for 30 years at an interest rate of 4.25% would yield an APR* (Annual Percentage Rate) of 5.414% and a monthly payment of \$49.19.

Note: To see what your payment would be, divide your mortgage amount by \$10,000, then multiply the monthly payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be divided by \$10,000 = 6; 6 X \$49.19=\$295.14 monthly)

Adjustment Notice. You will be notified at least annually if interest rate changes occur. When an interest rate change will also involve a change in your monthly payment you will be notified in writing (at least 25 calendar days, but not more than 120 calendar days) before the payment at the new level is due. The notice will indicate the adjusted payment amount, interest rate value, and the outstanding loan balance at the time.

ADDITIONAL INFORMATION FOR 7/1 ARM LOANS

INTEREST RATE ADJUSTMENTS. Your interest rate under this ARM program can change after 84 months and every 12 months thereafter. Your interest rate cannot increase or decrease more than 2.50 percentage points at the first adjustment and 2.50 percentage points per subsequent adjustment from the initial interest rate excluding any buy down. Your interest rate will never be greater than 6.00 percentage points above the initial rate or lower than the initial rate.

HOW YOUR PAYMENTS ARE DETERMINED. Your initial monthly payment of principal and interest will be determined based on the interest rate, loan term, and balance when your loan is closed. If your interest rate changes, your payment will be adjusted to fully amortize the loan by the end of the loan term.

Frequency of Payment Changes. Based on increases or decreases in the Index, payment amounts under this ARM loan can change after 84 month(s) and every 12 Months thereafter. However, your monthly payment amount could change more frequently if there is a change in the taxes, assessments, insurance premiums, or other charges required to be made into an escrow or impound account.

Payment Example.

7/1 ARM Example: A \$10,000.00 7/1 ARM financed for 30 years at an interest rate of 4.50% would yield an APR* (Annual Percentage Rate) of 5.437% and a monthly payment of \$50.67.

Note: To see what your payment would be, divide your mortgage amount by \$10,000, then multiply the monthly payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be divided by \$10,000 = 6; 6 X \$50.67 = \$304.02 monthly)

Adjustment Notice. You will be notified at least annually if interest rate changes occur. When an interest rate change will also involve a change in your monthly payment you will be notified in writing (at least 25 calendar days, but not more than 120 calendar days) before the payment at the new level is due. The notice will indicate the adjusted payment amount, interest rate value, and the outstanding loan balance at the time.