

THE ADIRONDACK TRUST COMPANY

473 Broadway, Saratoga Springs, NY 12866

TRUTH IN LENDING DISCLOSURE STATEMENT

IMPORTANT TERMS OF OUR HOME EQUITY PLAN AGREEMENT

This disclosure contains important information about our home equity line of credit (the "Line of Credit"), as set forth in the Home Equity Plan Agreement (the "Agreement") and the Mortgage. 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 (the "Mortgage") on your home ("Home"). You could lose your Home if you do not meet the obligations in your Agreement and Mortgage with us.

POSSIBLE ACTIONS: We can terminate your Line of Credit, require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if:

1. You engage in fraud or material misrepresentation in connection with the Line of Credit;
2. You do not meet the repayment terms; or
3. Your action or inaction adversely affects the collateral (your Home) or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your Line of Credit if:

- A. The value of your Home in which you gave us a Mortgage to secure the Line of Credit declines significantly below its appraised value for the purposes of the Line of Credit.
- B. We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- C. You are in default of a material obligation in the Agreement.
- D. Government action prevents us from imposing the Annual Percentage Rate provided for or impairs our security interest such that the value of our security interest is less than 120 percent of the maximum Line of Credit.
- E. A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- F. 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 occurrence of specified events.

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MINIMUM PAYMENT REQUIREMENTS: You can obtain advances of credit for 15 years (the "Draw Period") which consists of 15 years of interest only payments. During the Draw Period your minimum monthly payment will be an interest only payment to include Finance Charges and other charges, or the sum of accrued Finance Charges due at the end of your monthly statement period.

After the Draw Period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance over the remaining 15 years (the "Repayment Period"). During the Repayment Period, payments will be due monthly. Your minimum monthly payment will equal the sum of accrued Finance Charges due at the end of your monthly statement period plus a principal payment sufficient to ensure that the full principal balance is paid at the end of the 30th year of your Agreement.

MINIMUM-PAYMENT EXAMPLE: If you made only the minimum monthly payments and took no other credit advances, it would take 30 years to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 7.000%. During that period, you would make 180 monthly payments of \$58.33 followed by 180 monthly payments of \$89.88.

FEES AND CHARGES: To open and maintain a line of credit, The following fees are waived provided the line is open for a minimum of three years: All fees are estimates

You must pay certain fees to third parties to open a line. These fees are itemized as follows:

NYS MORTGAGE TAX: Percentage of the mortgage amount depending on the county location of property *Borrower(s) to pay mortgage tax on funds that exceed \$250,000.

NYS Mortgage Recording Fee: \$90.50-\$200

Title Searching: \$200-450

Appraisal Fee: \$350-\$800

You must carry insurance on the property that secures this plan.

MINIMUM DRAW REQUIREMENTS: None.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the Line of Credit.

HOMEOWNER'S INSURANCE: Required

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INITIAL RATE/ADJUSTMENTS: 3.99% Fixed Rate for twelve months from the later of the: (i) **the original** date of closing (not subsequent increases or modifications), or (ii) the first business day after your **original** right to cancel, if any, expires. **Thereafter 0% above the U.S. Prime Rate as published in the Wall Street Journal ("Prime Rate") on the 23rd day of the preceding month, however, the interest rate will not be less than 3.99%. The maximum rate will not exceed 24.99%.**

VARIABLE RATE FEATURE: The Line of Credit has a variable-rate feature that will go into effect twelve months from closing date and 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 no other costs.

The Annual Percentage Rate is based on the value of an index. The index is the U.S. Prime Rate as published in The Wall Street Journal on the 23rd day of the month. The rate will be adjusted monthly. To determine the Annual Percentage Rate that we will apply to your Line of Credit, we add a margin of zero percent (0%) to the value of the index.

The initial annual percentage rate is "discounted"- it is not based on the index and margin used for later rate adjustments. The initial rate will be in effect for the first twelve months your Line of Credit is open.

Ask us for the current index values, margin, and Annual Percentage Rate. After you open a Line of Credit, 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 is 24.99%. Apart from this rate "cap," there is no limit on the amount by which the rate can change during any one year period. The rate "floor" on the loan is 3.99%. The rate floor is the lowest rate you will pay over the life of the loan.

MAXIMUM RATE AND PAYMENT EXAMPLE: If you have an outstanding balance of \$10,000.00 during the Draw Period, and the interest rate increases to the maximum of 24.99% as rapidly as possible, your highest open-end minimum payment would be \$208.25. The maximum Annual Percentage Rate could be reached during the thirteenth 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 24.99% would be \$213.48. The maximum Annual Percentage Rate could be reached during the first month of the Repayment Period.

HISTORICAL EXAMPLE: The following table shows how the Annual Percentage Rate and the minimum monthly payments 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 for the U.S. Prime Rate as published in The Wall Street Journal are from the first week of July of each year. While only one payment amount per year is shown, payments would have varied during each year.

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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 indices or your payments will change in the future.

	YEAR	INDEX	MARGIN*	APR	PAYMENT
DRAW	2012	3.25%	0%	3.25%	\$27.08
PERIOD	2013	3.25%	0%	3.25%	\$27.08
	2014	3.25%	0%	3.25%	\$27.08
	2015	3.25%	0%	3.25%	\$27.08
	2016	3.50%	0%	3.50%	\$29.17
	2017	4.25%	0%*	4.25%	\$35.42
	2018	5.00%	0. %	5.00%	\$41.67
	2019	5.50%	0%	5.50%	\$45.83
	2020	3.25%	0%	3.25%	\$27.08
	2021	3.25%	0%	3.25%	\$27.08
	2022	4.75%	0%	4.75%	\$39.58
	2023	8.25%	0%	8.25%	\$68.75
	2024	8.50%	0%	8.50%	\$70.83
	2025	7.50%	0%	7.50%	\$62.50
	2026	6.75%	0%	6.75%	\$56.25

The lifetime maximum of 24.99% was never reached.

* This is a margin we have used recently

To see what your payments would have been, divide your loan amount by \$10,000 and multiply the result by the monthly payments shown above. Your loan will amortize in 180 months whatever the interest rate.

YOU SHOULD CHECK WITH YOUR LEGAL ADVISOR AND WITH OTHER MORTGAGE LIEN HOLDERS AS TO WHETHER ANY PRIOR LIENS CONTAIN ACCELERATION CLAUSES WHICH WOULD BE ACTIVATED BY A JUNIOR ENCUMBRANCE.

By signing this document, I acknowledge receipt of a copy of this disclosure and a booklet entitled "What You Should Know About Home Equity Lines of Credit."

Signature

Date

Signature

Date

PLEASE SEE ATTACHED SHEETS FOR IMPORTANT INFORMATION ABOUT YOUR RIGHT TO DISPUTE BILLING ERRORS.

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BILLING ERROR RIGHTS FORM

(Keep this notice for future use)

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

NOTIFY US IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR BILL.

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us on a separate sheet, at the address listed on your bill. Write to us as soon as possible. We must hear from you no later than 60 days after we send you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number;
- The dollar amount of the suspected error;
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the information you are not sure about.

If you have authorized us to pay your bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment, your letter must reach us three business days before the automatic payment is scheduled to occur.

YOUR RIGHTS AND OUR RESPONSIBILITIES

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect or report you as delinquent for any amount(s) in dispute. We may continue to bill you for the amount in question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on the bill, you will not have to pay any finance charges related to any questioned amount. If there was no error, you may have to pay finance charges, plus missed payments relating to the disputed amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we cannot collect the first \$50 of the disputed amount, even if your bill was correct.

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