

HOME EQUITY APPLICATION DISCLOSURE

Evans Bank, N.A.
14 North Main Street
Angola, NY 14006

IMPORTANT TERMS OF OUR HOME EQUITY APPLICATION DISCLOSURE

This disclosure contains important information about our Disclosure: Home Equity : \$15,000-\$250,000.00 (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. Under this Plan, we have the following rights:

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:

- (a) 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.
- (b) You do not meet the repayment terms of the Plan.

- (c) 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 or the use of funds or the use of 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:

- (a) 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.

- (b) 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.

- (c) 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 above 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).

- (d) We are precluded by government action from imposing the annual percentage rate provided for under the Plan.

- (e) 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 percent of the credit limit.

- (f) We have been notified by governmental authority that continued advances may constitute an unsafe and unsound business practice.

- (g) The maximum annual percentage rate under the Plan is reached.

Change in Terms. We may make changes to the terms of the 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). At any time before the expiration of the draw period, upon our discretion, we may extend or modify the term of the draw period.

Fees and Charges. In order to open and maintain an account, you must pay certain fees and charges.

Late Charge. Your payment will be late if it is not received by us within 15 days after the "Payment Due Date" shown on your periodic statement, if your payment is late we may charge you 2.000% of the payment.

Third Party Fees. You must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies.

These third party fees generally total between \$275.00 and \$2,475.00. We estimate the breakdown of these as follows:

Description	Amount	When Charged
Appraisal Fee:	\$25.00-\$275.00	If the loan is terminated within 3 years of origination.
Search Fee:	\$75.00	If the loan is terminated within 3 years of origination.
Title Insurance:	\$0-\$712.00	If the loan is terminated within 3 years of origination.
Filing Fees:	\$75.00 - \$86.00	If the loan is terminated within 3 years of origination.
Mortgage Tax:	\$87.50 - \$2,475.00	If the loan is terminated within 3 years of origination.
Flood Determination:	\$13.59	If the loan is terminated within 3 years of origination.
Title Exam:	\$0 - \$150.00	If the loan is terminated within 3 years of origination.

PROPERTY INSURANCE. You must carry insurance on the property that secures the Plan.

MINIMUM PAYMENT REQUIREMENTS. You can obtain advances of credit during the following period: for a period of five years (the "Draw Period"). After the Draw Period ends, the repayment period will begin. You will no longer be able to obtain credit advances. The length of the repayment period is as follows: for a period of 15 years. Your Regular Payment will equal the amount of your accrued FINANCE CHARGES ("First Payment Stream"). You will make 60 of these payments. Your payments will be due monthly. Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your Regular Payment.

After completion of the First Payment Stream, your Regular Payment will be based on a percentage of your balance at the start of this payment period plus all accrued FINANCE CHARGES as shown below or \$100.00, whichever is greater ("Second Payment Stream"). Your payments will be due monthly.

Range of Balances	Number of Payments	Regular Payment Calculation
All Balances	180	0.556% of your balance at the start of the repayment period plus all accrued FINANCE CHARGES

Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your Regular Payment.

MINIMUM PAYMENT EXAMPLE. If you made only the minimum payment and took no other credit advances, it would take 15 years and 8 months to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 4.750%. During that period, you would make 60 monthly payments ranging from \$36.44 to \$40.34. Then you would make 128 monthly payments ranging from \$57.40 to \$100.00.

TRANSACTION REQUIREMENTS. The following transaction limitations will apply to the use of your Credit Line:

Credit Line Home Equity check Limitations. The following transaction limitations will apply to your Credit Line and the writing of Home Equity checks.

Minimum Advance Amount. The minimum amount of any credit advance that can be made on your Credit Line is \$500.00. This

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means any Home Equity check must be written for at least the minimum advance amount.

Web Access Limitations. The following transaction limitations will apply to your Credit Line and accessing by other methods.

Minimum Advance Amount. The minimum amount of any credit advance that can be made on your Credit Line is \$500.00.

Other Transaction Requirements. Advances to this account may be obtained via Eas-E-Net Online banking after your account has been registered.

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

ADDITIONAL HOME EQUITY PROGRAMS. Please ask us about our other available Home Equity Line of Credit plans.

VARIABLE RATE FEATURE. The Plan has a variable rate feature. The ANNUAL PERCENTAGE RATE (corresponding to the periodic rate), 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 (referred to in this disclosure as the "Index"). The index is the the highest Wall Street Journal Prime Rate as of the last day of the calendar month, preceding the calendar month the billing cycle begins. Information about the index is available or published in the Wall Street Journal. We will use the most recent index value available to us as of 11 days prior to the rate change date 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 an 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 First Payment Stream, 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 for your First Payment Stream. To determine the Periodic Rate that will apply to your Second Payment Stream, 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 for your Second Payment Stream. A change in the index rate generally will result in a change in the ANNUAL PERCENTAGE RATE. The amount that your ANNUAL PERCENTAGE RATE may change also may be affected by the lifetime annual percentage rate limits, as discussed below.

Please ask us for the current index value, margin, discount and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we send you.

Conversion Option. The Plan contains an option to convert the annual percentage rate under the Plan from a variable rate with annual percentage rate limits to a fixed rate as determined below. The following information is representative of conversion option features recently offered by us:

ANNUAL PERCENTAGE RATE Increase. Your ANNUAL PERCENTAGE RATE may increase if you exercise this option to convert to a fixed rate.

Conversion Periods. You can exercise the option to convert to a fixed rate only during the following period or periods: During the draw or repayment period.

Conversion Fees. You will be required to pay the following fees at the time of conversion to a fixed rate: We reserve the right to charge a conversion fee of up to \$50.00 for each Loan. This fee, if applicable, will be charged to your line of credit.

Rate Determination. The fixed rate will be determined as follows: If you choose to convert any portion of your outstanding balance on your line of credit to a fixed rate Loan, the periodic Finance Charge rate (interest rate) will equal the value of the applicable Index plus a Margin. The Loan "Index" is the Fixed Rate Advance of the Federal Home Bank Loan of Boston for three (3), seven (7), or ten (10) years (based on the maturity of each Loan) that is in effect at the time of the conversion. These indices are available on the federal Home Loan Bank of Boston's (FHLBBO) website at the following link: <http://www.fhlbboston.com> and search for "rates". The Table below shows the indices that we will apply based on the term of your Loan. It also shows the Margins that we have recently used. Your Margin may be different. Ask us about our current margins for this Loan conversion option. Once the Loan rate (Index + Margin) is determined it will remain fixed for the entire term of that Loan.

Table: Loan Conversion Option Rate Formula

Loan Term	Index + Margin
1-5 yrs (12 to 60 mos.)	FHLBBO 3 Year fixed rate advance + 2.75%
>5 yrs up to 10 yrs (61 to 120 mos.)	FHLBBO 7 Year fixed rate advance + 2.75%
> 10 yrs up to 15 yrs (121 to 180 mos.)	FHLBBO 10 Year fixed rate advance + 2.75%

Conversion Rules. You can convert to a fixed rate only during the period or periods described above. In addition, the following rules apply to the conversion option for the Plan: Provided that you are not in default, you may have up to 4 Loans. You may exercise this conversion option during the Draw Period or the Repayment Period. The term of any Loan may range from 1 to 15 years provided that the maturity date of any Loan may not exceed the maturity date of the Home Equity Line of Credit Agreement. Your available credit limit on your line will be replenished during the Draw Period as you repay a Loan. For example if you have repaid \$100 of the principal amount of a Loan, your available credit limit on the line of credit will be increased by \$100. Loan payments received during the Repayment Period will not replenish your credit limit but will reduce your outstanding balance. You may not transfer any outstanding balances from any Loan to your line of credit. The minimum amount you may convert to a fixed rate Loan is \$5,000.

Note: The other examples in the Important Terms disclosure do not reflect this Fixed Rate Loan Conversion Option.

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 16.900% per annum at any time during the term of the Plan.

MAXIMUM RATE AND PAYMENT EXAMPLE.

Draw Period. If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 16.900% would be \$143.53. This ANNUAL PERCENTAGE RATE could be reached at the time of the 1st payment.

Repayment Period. If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 16.900% would be \$199.93. This ANNUAL PERCENTAGE RATE could be reached at the time of the 1st payment during the repayment period.

PREPAYMENT. You may prepay all or any amount owing under the Plan at any time without penalty.

HISTORICAL EXAMPLE. The example below 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 from 1997 to 2011. The index values are from the following reference period: as of 1st week ending in July. 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, that only the minimum payments were made, and that the rate remained constant during the year. It does not necessarily indicate how the index or your payments would change in the future.

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INDEX TABLE

Year (as of 1st week ending in July)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
1997	8.500	1.500	10.000	84.93
1998	8.500	1.500	10.000	84.93
1999	8.000	1.500	9.500	80.68
2000	9.500	1.500	11.000	93.42
2001	6.750	1.500	8.250	70.07
2002	4.750	1.500	6.250	108.98
2003	4.000	1.500	5.500	100.00
2004	4.250	1.500	5.750	100.00
2005	6.250	1.500	7.750	107.98
2006	8.250	1.500	9.750	115.93
2007	8.250	1.500	9.750	110.36
2008	5.000	1.500	6.500	100.00
2009	3.250	1.500	4.750	100.00
2010	3.250	1.500	4.750	100.00
2011	3.250	1.500	4.750	100.00

⁽¹⁾ This is a margin we have used recently; your margin may be different.

EARLY TERMINATION FEE. If the Home Equity Line of Credit Agreement is terminated by either Borrower or Lender for any reason within the first three (3) years from the date of this Agreement, Borrower agrees to reimburse Lender for the total cost of the third-party fees shown in the HUD 1-A Settlement Statement which were paid by Lender in connection with the opening of your Account. These fees will be payable, in full, upon demand by Lender.