

**WATERTOWN SAVINGS BANK  
LOAN PRODUCTS  
GUIDELINE  
January 18, 2025**

**SEE DAILY RATE SHEET FOR SPECIFIC RATES**

**RESIDENTIAL MORTGAGES:**

- No up-front fees to be collected.
- Underwriting fee should be charged on all files and collected as regulations allow.
- Private Mortgage Insurance may be available under specific conditions. Contact Loan Department for additional information.
- Mortgage loans up to \$806,500 (Conforming Loan Amount effective January 1, 2025) without Board approval.

**JUMBO MORTGAGES:** Defined as any request above the “conforming loan amount” stated above and presented to the Board for approval. See each ARM Rate section for rate details.

**Fixed Rate:** serviced by WSB and sold to Federal Home Loan Bank. Primary residence and second homes (must be year-round) are eligible. Seasonal homes are ineligible.

These mortgages are underwritten to FHLB underwriting standards and may or may not be the same as WSB's. Construction loans can be converted to fixed rate loans at the prevailing rate when the construction project is completed.

As low as 5% down with PMI otherwise, 20% down payment.

Amortization: 30 years maximum.

Terms: Rate is fixed for life of loan. No “initial” rate, caps or floors. Full closing costs apply.

Interest Rate: Interest rates for the fixed rate mortgages are subject to change at any time without notice and may increase or decrease multiple times on a daily basis.

**5 / 1 ARM:**

As little as 3% down with PMI otherwise, 20% down payment.

Amortization: 30 years maximum

Terms: No commitment fee. Appraisal fee single family \$450.00/Duplex \$575.00  
Underwriting Fee of \$700.00.  
2.50% Yearly cap per re-price period. 6.0% lifetime cap above initial rate.  
Floor is equal to initial rate minus 1.00%.

Interest Rate: The initial interest rate will be based upon the current 5- year index adjusted each week based on the weekly average yield of the U.S. Treasury constant maturity of 5 years plus 2.00% and shall be fixed at that rate for 61 months. Thereafter, a fixed margin of **2.50%** above the U.S. Treasury constant maturity of 1 year will set the interest rate for subsequent 1-year rate changes on an annual basis throughout the life of the loan.

- See Manufactured Home section for information on mobile home secured mortgages.

**5/5 ARM:**

As little as 3% down with PMI otherwise, 20% down payment.

Amortization: 30 years maximum

Terms: No commitment fee. Appraisal fee single family \$450.00/Duplex \$575.00  
Underwriting fee of \$700.00.  
2.5% cap per re-price period. 6.0% lifetime cap above initial rate.  
Floor is equal to initial rate minus 1.00%.

Interest Rate: The initial interest rate will be based upon the current 5- year index adjusted each week based on the weekly average yield of the U.S. Treasury constant maturity of 5 years plus 2.00% and shall be fixed at that rate for 61 months. Thereafter, a fixed margin of **2.50%** above the U.S. Treasury constant maturity of 5 years will set the interest rate for subsequent 5-year rate changes throughout the life of the loan.

**10/5 ARM:**

As little as 3% down with PMI otherwise, 20% down payment.

Amortization: 30 years maximum

Terms: No commitment fee. Appraisal fee single family \$450.00/Duplex \$575.00  
Underwriting fee of \$700.00.  
2.5% cap per re-price period. 6.0% lifetime cap above initial rate.  
Floor is equal to initial rate minus 1.00%.

Interest Rate: The initial interest rate will be based upon the current 5- year index adjusted each week based on the weekly average yield of the U.S. Treasury constant maturity of 10 years plus 2.00% and shall be fixed at that rate for 10 years. Thereafter, a fixed margin of **2.50%** above the U.S. Treasury constant maturity of 5 years will set the interest rate for subsequent rate changes throughout the life of the loan.

**FIRST TIME HOMEBUYER MORTGAGE LOANS (FTHB):**

A “First Time Homebuyer” is someone who has never owned a home as well as someone that may have owned a home, yet the home was either owned with a spouse or companion (divorce/death) or unfit for living.

The First Time Homebuyer program is available for *fixed rate loans* at the current market rate and terms with the *Underwriting fee waived if a HUD approved course on Home Ownership is completed with certification provided. In addition, as long as they qualify for PMI, the first-time homebuyer is eligible for 5% down payment on FHLB loan.*

This program is also available for the in-house ARM products with the interest rate set lower than other applicants for the same program. Again, *the underwriting fee is waived if HUD approved course on Home Ownership is completed with certification provided.*

**First Time Homebuyer Only – eligible for 3% down with PMI on in-house loans**

Construction mortgages are ineligible for First Time Homebuyer exceptions.

**THE FOLLOWING ARE AVAILABLE FOR ALL ADJUSTABLE RATE MORTGAGES**

**SECOND HOMES:**

Second Homes are eligible for the same loan programs and pricing noted in ARM section, provided that:

- The property must be suitable for year-round occupancy.
- The property has full kitchen facilities.
- The property has separate bedrooms i.e. separate living and sleeping quarters.
- Must be a 1- unit property.

**SEASONAL HOMES:**

Seasonal Homes are eligible for the same ARM programs noted above.

- Seasonal Homes are essentially defined as homes not suitable for year-round occupancy. Likely determinants would be water, heat, access, etc.

**Pricing of Rate, Margins and Caps are the same as the “Primary Residence” products.**

**15% Down payment required on Purchases; Private Mortgage Insurance (PMI) not required.**

**80% Maximum Loan-to-Value on Refinances**

**LEASEHOLD PROPERTIES:**

The Bank will occasionally approve loans on properties under leasehold estates and will allow these types of liens on residential mortgages, HELOC's and HELOANS, and commercial loans.

- All leasehold mortgages must be prepared by the Bank's attorney.
- Attorney fee of \$1,050.00
- Loan Officer must obtain a copy of the executed lease agreement.
- Lease term must be at least 21 years including extensions.
- Loan **term** can be up to 75% of the **remaining lease term including extensions**.
- Loan Officer must check “Leasehold Properties” section on commitment letter and ensure the necessary “leasehold” language is in mortgage document prepared by attorney.
- All leasehold mortgagors must hire their own attorney for the purchase loan transactions.

**RESIDENTIAL MORTGAGES NON-OWNER OCCUPIED: {1-4 Family Investment}**

25% down payment

Amortization: 25 years maximum

Interest Rate: Initial rate will be established at 1.50% above any ARM product selected. A fixed margin of 4% above the applicable index will determine the interest rate for subsequent rate changes throughout the life of the loan.

Terms:

- No commitment fee. Appraisal fee to be determined based on # of units/Underwriting fee of \$700.00.
- 4.00% cap per re-price period.
- 8.00% lifetime cap above initial rate.
- Floor is equal to initial rate minus 1.00%.
- Late charge of 4% of amount of payment past due. NYS Law allows for non-owner occupied.

**No Absentee Landlords: If landlord does not reside in the property, they must reside in our lending area.**

**NO CLOSING COSTS RESIDENTIAL MORTGAGES:**

20% down payment. Eligible for PMI allowing for 3% down.

Amortization: 30 years maximum

Terms: Same as primary residence ARM's.  
Fees should not be collected on "No Closing Cost" mortgage applications.

Interest rate: Initial interest rate will be established at .75% above any ARM product selected.  
Floor is equal to initial rate minus 1.00%.

Fee Reimbursement Penalty:

If the loan is paid off within the first three (3) years, borrower must pay all closing costs associated with the closing of the loan.

**It should be noted, that a "no closing mortgage" will likely result in a Higher-Priced Mortgage Loan (HPML) according to the Rate Spread Calculator or a High-Cost Mortgage under NYS Law. See "Higher Priced Mortgage" section of this guideline for specific requirements.**

**CONSTRUCTION LOANS: Available on primary and second homes only.**

Construction loans will have two separate closings- the construction closing and the move to permanent financing.

Terms:

- Required construction underwriting fee of ½ of 1% of loan amount with a minimum of \$1,000
- Inspection fee of \$150 per inspection
- Appraisal fee of \$475.00
- Construction term limited to:
  - 6 months to permanent closing date for modular homes
  - 9 months to permanent closing date for stick-built homes\*\* Extensions may be granted however the permanent rate will not be guaranteed.
- Survey required
- Funds to be advanced as project progresses

**HIGHER PRICED MORTGAGE LOANS:** All closed-end consumer credit transactions secured by the consumer's principal dwelling with an annual percentage rate that exceeds the average prime offer rate {APOR} by 1.5%, 2.5% or 3.5%, depending on the loan, for a comparable transaction as of the date the interest rate is set.

Lending staff must underwrite the loan according to HPML standards when the Rate Spread Calculator/Encompass indicates the loan is Higher Priced. The following requirements pertain to all HPML's:

- Consumer's ability to repay – debt to income calculated on largest possible payment of P & I during the first seven (7) years following consummation.
- Income verification required.
- Fee Reimbursement penalty limited to two years.
- Mortgage will require escrow of taxes *and* insurance (including Flood if applicable) for a **minimum of 5 years**. See Mortgage section of the Lending Policy, Section M, for details on when the escrow can be eliminated.
- Appraisal must be ordered (internal evaluation prohibited) and must include interior inspection.
- If an HPML ever enters a foreclosure status, certain collection procedures apply. Contact VP/Lending Compliance Manager.

**\*\* It is likely that an HPML will also be High Cost under NYS law – please contact VP/Lending Compliance for further instructions.**

**For all HELOC/HELOANs the LTV will be limited to 70% if the “assessed value” is used with an internal evaluation. All loans with an appraisal used are up to 80% LTV.**

**Appraisal fee for HELOC's/HELOAN's is \$400**

**HOME EQUITY LINES OF CREDIT:**

- See below for maximum loan amount which is also limited to 80% of appraised value less consideration of first mortgage.
- Must be run through Rate Spread Calculator to determine HOEPA status.
- To be eligible, property must currently have or previously had an institutional mortgage.
- If a first mortgage is in place, it must be an institutional loan.
- Title Insurance is not required on loans where the property has or has had an institutional mortgage **to our borrower** regardless of lien position for the new loan. Any HELOC that has not had an institutional mortgage and the total loan request exceeds \$50,000 requires Title Insurance at the expense of the borrower. (Title Opinions are not acceptable).
- No closing costs (requires no closing costs product disclosure)
- Fee Reimbursement penalty for first three years applies.
- Must be owner occupied.
- Secured by primary residence or secondary/summer residence.
- Mobile Homes are ineligible.
- Doublewide homes eligible if permanently affixed to a foundation.
- Not available for purchase transactions due to title risk.
- Leasehold properties are eligible and may require title insurance (see above) and must have attorney prepared documents at borrower expense. See Leasehold section of this document.
- If the loan amount is >\$250,000 an internal appraisal evaluation is acceptable only if WSB has a previous appraisal on file. Loans <\$250,000 may use an internal evaluation w/o an appraisal as long as the assessed value supports the underwriting decision.
- Limited appraisal (“2055” form) in most cases will be acceptable.
- Allonge fee is waived at this time only 1 allonge per life of loan.

MINIMUM      \$ 15,000.00  
MAXIMUM      \$300,000.00 – above this requires LC approval  
TERM:          5 - 20 Years  
RATE:          See Below

**HELOC SPECIAL** – Until further notice.

MINIMUM      \$ 15,000.00  
MAXIMUM      \$300,000.00 – above this requires LC approval  
TERM:          5 - 20 Years  
RATE:          See Internal Rate Sheet

Rate is fixed for 3 years then adjusting to prime + 0 with a floor as noted on rate sheet.

Deposit account should be encouraged for non-customer.

**HOME EQUITY LOANS:                    *INELIGIBLE FOR LIFE AND DISABILITY INSURANCES***

- See below for maximum loan amount which is also limited to 80% of appraised value less consideration of first mortgage.
- No Closing Costs (requires no closing costs product disclosures).
- Accordingly, a fee reimbursement penalty will apply if the loan is paid off in the first three (3) years. Each loan must be run through Encompass for a full compliance check.
- Requires all 3-day disclosures associated with TRID.
- Must be owner occupied.
- Secured by primary residence or secondary/summer residence.
- Manufactured homes eligible if permanently affixed to a foundation.
- Not available for purchase transactions due to title risk.
- Leasehold properties are eligible and may require title insurance (see above) and must have attorney prepared documents at borrower expense. See Leasehold section of this document.
- Property must currently have or previously had an institutional mortgage.
- If a first mortgage is in place, it must be an institutional loan.
- Title Insurance is not required on loans where the property has or has had an institutional mortgage **to our borrower** regardless of lien position for the new loan. Any HELOAN that has not had an institutional mortgage and the total loan request exceeds \$50,000 requires Title Insurance at the expense of the borrower. (Title Opinions are unacceptable in these cases).
- If the loan amount is >\$250,000 an internal appraisal evaluation is acceptable only if WSB has a previous appraisal on file. Loans <\$250,000 may use an internal evaluation w/o an appraisal as long as the assessed value supports the underwriting decision.
- Limited appraisal (“2055” form) in most cases will be acceptable.

MINIMUM:	\$15,000.00	\$25,000 for 15-year term
MAXIMUM:	\$300,000.00 – above this requires LC approval	
RATE AND TERM:	See Daily Rate Sheet	

**Deposit account should be encouraged for non-customer**

***\*\*\* If a current WSB first lien mortgage holder applies for a 2<sup>nd</sup> lien HELOAN, the 1<sup>st</sup> lien rate applies***

**MORTGAGES FOR THE PURCHASE OF FORECLOSED PROPERTIES**

Requirements:

- 20% down payment or PMI
- Property Inspection acceptable to WSB
- No Commitment until appraisal is received and title is cleared by bank attorney
- Appraisal must indicate Quality = Q4 or higher and Condition = C4 or higher
- Borrower must have own attorney representing them

All terms and conditions of the individual mortgage product also applies. See ARM product.

**VACANT LAND LOANS:**

The Bank will offer this type of loan in our trade area on property limited to that which will eventually be used for construction of their primary or secondary residence. This product is **not** available for farmland, wood lots, speculation, or other such parcels.

MINIMUM:	\$15,000.00
MAXIMUM:	\$50,000.00

**TERM**

1-60 Months

- 65% LTV based on purchase price or appraised value, whichever is lower.
- Loan to be treated as a mortgage with full disclosures under Reg. Z and RESPA.
- Loan must follow Military Lending Act rules if borrower is a covered individual according to the credit report. Lender must go to MLA website (<https://mla.dmdc.osd.mil>) just prior to closing the loan for latest status. See lending policy, addendum L for details.
- Requires a Survey and Title Insurance.
- Property does not require prior land improvements such as well, septic, etc.

**PROPERTY IMPROVEMENT LOANS:**

**¼% DISCOUNT with DIRECT PAYMENT from WSB Checking Account for the life of the loan.**

MINIMUM:	\$ 1,000.00
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SECURED:	Loans may be secured or unsecured depending on underwriting standards. However, if the loan is to be secured, it must be secured by assets <u>other than real estate</u> .
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**TERM**

1-36 Months	See Daily Rate Sheet
37-60 Months	
61-72 Months	



**SEE DAILY RATE SHEET FOR RATES**

**AUTO LOANS-NEW: { PURCHASE OF MODELS UP TO 2 YEARS OF AGE}**

- ◆ ¼% DISCOUNT with DIRECT PAYMENT from WSB Checking Account for the life of the loan.

Term: Up to 72 Months

**AUTO LOANS-USED {PURCHASE OF MODELS 3-6 YEARS OF AGE}**

- ◆ ¼% DISCOUNT with DIRECT PAYMENT from WSB Checking Account for the life of the loan.

Term: Up to 66 Months

**AUTO LOANS – USED (PURCHASE OF OVER 6 YEARS OF AGE):**

- ◆ ¼% DISCOUNT with DIRECT PAYMENT from WSB Checking Account for the life of the loan.

Term Up to 60 Months

**RECREATION LOANS – Purchase of Boats, RV’s, Motorcycles, ATV’s, Snowmobiles, and Jet Skis.  
¼ % DISCOUNT with DIRECT PAYMENT from WSB Checking Account for life of loan.**

**New: {Models up to 2 years of age}**

- 10% Down Payment Required
- Term:

→Up to 66 Months

Minimum Loan Amount = \$5,000

→Up to 120 Months

Minimum Loan Amount = \$25,000

**Used: {Models 3 – 10 years of age}**

- Limited to “average trade value” from NADA
- Term:

→Up to 60 Months

Minimum Loan Amount = \$2,500

→Up to 120 Months

Minimum Loan Amount = \$25,000

Used: {Models over 10 years of age}

- Limited to “average trade value” from NADA
- Term:

→Up to 60 Months

Minimum Loan Amount = \$2,500

→Up to 120 Months

Minimum Loan Amount = \$25,000

**PERSONAL LOANS:**

- ♦ *New York State Law limits the term to a maximum of 37 months for loan amounts up to \$1,200.00 (NO EXCEPTIONS ALLOWED)*
- ♦ ¼% DISCOUNT with DIRECT PAYMENT from WSB Checking Account for life of the loan.

MINIMUM: \$ 1,000.00

SECURED: Loans greater than \$25,000.00 MUST be secured. Loans ≤ \$25,000.00 may be secured or unsecured depending on underwriting standards. However, if the loan is to be secured, it must be secured by assets *other* than real estate.

**TERM**

1-36 Months

SEE DAILY RATE SHEET

37 to 60 Months

61-72 Months

- ♦ Personal loans secured by a savings/certificate of deposit must follow the “Promissory Note” rules.

**PERSONAL DEMAND NOTES:**

MINIMUM : \$ 1,000.00

\* Loans can be renewed up to a total loan period of one (1) year. If balance remains at that point, loan should be termed out with P & I payments.

SECURED: Loans greater than \$25,000.00 should be secured however loan officers may approve loans according to the Consumer and Commercial Lending Authority matrixes. If the loan is to be secured, it must be secured by assets *other than real estate*. Bridge loans used to “bridge” a pending real estate transaction are an exception whereby real estate can be used as collateral.

**MANUFACTURED HOME LOANS – ALL LOANS MUST BE TREATED AS A MORTGAGE WITH FULL DISCLOSURES. LAND MUST BE OWNED BY BORROWER – NO PARK LEASES – HOME TIED TO PERMANENT FOUNDATION.**

**\*\* See In-House Real Estate categories for rates  
(ARM, HELOC, HELOAN)**

*\*\* Manufactured homes built prior to June 1976 are considered “mobile homes” are unacceptable for financing due to the construction of these homes with hazardous materials. In the event that one is presented for financing, a full home inspection will be required to determine if the hazardous materials have been removed. (asbestos, formaldehyde and other carcinogens, electrical hazards and wall studs less than 2 x 6).*

*Laws enacted by HUD prohibit the sale and/or lease of pre-1976 manufactured/mobile homes that do not comply with the new HUD standards.*

**MORTGAGE ALLONGES:**

The use of an Allonge to modify an interest rate is acceptable in certain conditions. Both loan and depository relationship, good credit, appropriate debt to income ratios, acceptable history, etc. (i.e. could they re-finance somewhere else). If the answer is yes, and the bank may lose the loan, then the use of an Allonge to reduce the rate may represent an acceptable alternative. The fee will be at **1% for mortgages with a minimum of \$500.**

**PROMISSORY LOANS/PERSONAL LOANS/SAVINGS SECURED/CERTIFICATE OF DEPOSIT:**

The interest rates on passbook loans will be based on a 2.0% spread over the interest rate paid on a Certificate of Deposit and a 3.0% spread over the interest rate paid on a savings or money market account. In no event will the interest rate charges on a loan be less than the floor rate of 3.00%.

**Individual Retirement Accounts are ineligible for pledging as collateral on all loans.**

**EXCEPTIONS:**

Rate and term exceptions may be approved by the President or Executive Vice President. Under no circumstances will exceptions be approved in violation of NYS Law or Federal Regulations.

REFER TO THE LENDING POLICY FOR EXCEPTIONS TO THE INTEREST RATES AND TERMS SET FORTH HEREIN.

REVISED 01MAY06	REVISED 26 NOV 10	REVISED 15 JULY 15	REVISED 6 DEC 18
REVISED 13JULY06	REVISED 4 MAR 11	REVISED 1 AUG 15	REVISED 21 DEC 18
REVISED 02OCT06	REVISED 5 OCT 11	REVISED 18 SEPT 15	REVISED 1 FEB 19
REVISED 11DEC06	REVISED 16 FEB 12	REVISED 1 MAR 16	REVISED 25 JUN 19
REVISED 18JAN07	REVISED 23 JULY 12	REVISED 19 APR 16	REVISED 18 JUL 19
REVISED 22FEB07	REVISED 1 OCT 12	REVISED 15 AUG 16	REVISED 1 AUG 19
REVISED 01MAY07	REVISED 31 JAN 13	REVISED 3 APR 17	REVISED 16 AUG 19
REVISED 13FEB08	REVISED 2 DEC 13	REVISED 21 APR 17	REVISED 20 AUG 19
REVISED 11MAR08	REVISED 12 DEC 13	REVISED 8 MAY 17	REVISED 26 AUG 19
REVISED 23APR08	REVISED 16 JAN 14	REVISED 1 JULY 17	REVISED 19 SEPT 19
REVISED 22SEPT08	REVISED 1 MAR 14	REVISED 13 OCT 17	REVISED 23 SEPT 19
REVISED 04DEC08	REVISED 1 JUN 14	REVISED 2 JAN 18	REVISED 31 OCT 19
REVISED 06JAN09	REVISED 19 JUN 14	REVISED 1 MAR 18	REVISED 10 JAN 20
REVISED 13APR09	REVISED 7 JULY 14	REVISED 1 APR 18	REVISED 3 MAR 20
REVISED 01AUG09	REVISED 16 OCT 14	REVISED 11MAY 18	REVISED 16 MAR 20
REVISED 28 OCT 09	REVISED 5 NOV 14	REVISED 13 JUN 18	REVISED 2 JUN 20
REVISED 13 JULY 10	REVISED 1 APRIL 15	REVISED 1 AUG 18	REVISED 26 JUN 20
REVISED 22 JULY 10	REVISED 29 JUNE 15	REVISED 1 OCT 18	REVISED 3 NOV 20
REVISED 1 JAN 21	REVISED 1 MAR 21	REVISED 13 MAY 21	REVISED 27 JUL 21
REVISED 31 DEC 21	REVISED 16 MAR 22	REVISED 21 MAR 22	REVISED 1 APR 22
REVISED 25 APR 22	REVISED 17 MAY 22	REVISED 17 JUN 22	REVISED 3 OCT 22
REVISED 28 OCT 22	REVISED 22 NOV 22	REVISED 5 DEC 22	REVISED 19 DEC 22
REVISED 20 DEC 22	REVISED 27 DEC 22	REVISED 3 JAN 23	REVISED 9 JAN 23
REVISED 17 JAN 23	REVISED 13 FEB 23	REVISED 21 FEB 23	REVISED 27 FEB 23
REVISED 6 MAR 23	REVISED 20 MAR 23	REVISED 27 MAR 23	REVISED 3 APR 23
REVISED 10 APR 23	REVISED 17 APR 23	REVISED 24 APR 23	REVISED 1 MAY 23
REVISED 8 MAY 23	REVISED 22 MAY 23	REVISED 30 MAY 23	REVISED 5 JUN 23
REVISED 12 JUN 23	REVISED 20 JUN 23	REVISED 3 JUL 23	REVISED 1 JAN 24
REVISED 25 MAR 24	REVISED 16 MAY 24	REVISED 3 SEPT 24	REVISED 15 OCT 24