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My C-Notes

News You Can Use From Your Cape Cod Bank



"A part of the Cape. A part of your life."

Fall Winter 2007

Subprime Lending Crisis

by Mary Miller, VP/ Chief Residential Lending Officer

Over the past several months, the news has been full of stories about the Subprime lending crisis. At Cape Cod Cooperative Bank, many customers have asked us how this situation will affect the bank and more importantly, will it affect them?

To understand the effects of the subprime situation, it is helpful to review some recent history about mortgage lending and interest rates.

At the beginning of 2000, the Fed Funds rate, the interest rate at which U.S. banks lend to one another their excess reserves held on deposit at the U.S., was at 5.75%. By the middle of 2003, after numerous cuts by the Federal Reserve, the Fed Funds rate was at 1%. With this decrease, interest rates decreased on savings accounts, CD's, credit cards, home equity loans and mortgages. The decline in interest rates historically low levels fueled one of the most explosive refinance waves ever seen by the financial markets. Homeowners refinanced their mortgages into very low fixed rate mortgages at an amazing rate.

Many in the mortgage business, however, realized this would be problematic in the coming years as homeowners with very low interest rates would not be coming back to refinance again for quite some time. Mortgage brokers began to focus on what they hoped would be their next boom: Subprime mortgage lending.

Continued on Page 2

C-Notes becoming E-Notes!



In our continuing effort to provide you with top-of-the-line service, this will be the final print version of our "C-Notes" newsletter. By going to an electronic version, "E-Notes", we can provide you with more timely information, live links that take you directly to items of interest for additional information, news on community events and special offers! We have been sending the electronic version out every other month which helps keep it fresh and current - and yes, we still include the recipes!

We hope that the new format can provide a more convenient and relevant newsletter for our customers while at the same time reducing any negative impact on our beautiful and unique Cape Cod environment.

However, to keep you informed, we need your help! If you haven't already done so, please go to our website: www.mycapcodbank.com and click on the link to "Sign Up for E-Notes!" Don't miss an issue - Sign up today!

If you haven't already decided to subscribe, please know that you will always have the opportunity to opt-out if you wish and rest easy as we will never share your information and will only use your email address for correspondence from Cape Cod Cooperative Bank.

We'll be seeing you in your Inbox!



Hello Harwich Residents and Businesses!

Our New Branch is Open at
1470 Orleans Road/Route 39,
East Harwich
(Near Intersection with Route 137)



Stop in today and ask about new account info!

Member FDIC
Member SIF

www.mycapcodbank.com





Cape Cod Cooperative Bank is an independent community owned Bank whose tradition and future is to provide unique, personal service in order to meet the ever-changing needs of our neighbors.

Operations & Residential Lending Center

25 Benjamin Franklin Way
Independence Park
Hyannis, MA
508-568-3200

Commercial Lending Center

695 Attucks Lane
Independence Park
Hyannis, MA
508-568-3200

Yarmouth Port Branch

121 Main Street (Rt. 6A)
Yarmouth Port, MA
508-362-3242

East Dennis Branch

1583 Main Street (Rt. 6A)
East Dennis, MA
508-385-9212

West Barnstable Branch

1121 Main Street (Rt. 6A)
W. Barnstable, MA
508-362-8161

Sandwich Branch

275 Cotuit Road
Sandwich, MA
508-888-8844

Hyannis Branch

695 Attucks Lane
Independence Park
Hyannis, MA
508-775-8900

East Harwich Branch

1470 Orleans Road, Rte. 39
East Harwich, MA
508-432-1173

Kings Way Branch

64 Kings Circuit
Yarmouth Port, MA 02675
508-362-7371

Connecting All Offices

800-641-1100

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Subprime Lending Crisis

Continued From Page 1

Subprime lending is the practice of making loans to borrowers who do not qualify for the best market interest rates because of a deficient credit history, a lack of a down payment to purchase property, or an inability to document income or assets. Since 2004, 20% of the mortgages in the U.S. have been classified as Subprime.

Since subprime borrowers present a higher, riskier investment, lenders charged higher interest rates on subprime loans. In order to afford the higher interest rates, most subprime borrowers took adjustable rate mortgages where the initial interest rate and payment are discounted, but the interest rate changes along with the federal government-controlled interest rate to which it is tied.

Since many subprime borrowers couldn't afford the higher payments when their rates adjusted, they would refinance their loans into another subprime, adjustable rate mortgage to reset their payments with the lower discounted rates.

Toward the end of 2006, this cycle began to deteriorate. As the housing market entered a period where values were not increasing at the double digit rate of the previous several years, subprime borrowers found themselves unable to refinance due to a lack of equity in their homes. Unable to refinance and unable to make the higher payments, many of these borrowers defaulted on their mortgages. These defaults started to affect the financial markets as large banking companies with high concentrations in subprime mortgage lending experienced a steep rise in foreclosures, causing more than 100 subprime mortgage lenders to fail or file for bankruptcy.

The failure of these companies has caused prices in the \$6.5 trillion mortgage backed securities market to collapse, threatening broader impacts on the U.S. housing market and economy as a whole.

Cape Cod Cooperative Bank is a community bank. As a community bank, our focus has always been on providing mortgage products that are in the best interest of our customers. Over the past several years, many community bankers have expressed frustration with the pricing and underwriting standards in the subprime markets.

Cape Cod Cooperative Bank continues to offer products to qualified borrowers that will allow them to realize their dreams of homeownership. We look forward to assisting you with mortgage products that are safe options with competitive pricing to finance your home purchase or refinance your existing home.



How are we doing???

Our customer service standards are high for one reason. **We value our customers!** In our efforts to continue to provide excellent service to you, our customer, we'd love to have your help and feedback. We're asking our banking customers to help us by "shopping" our branches and entering their evaluations at info@customerperspectives.com. Please be sure to let them know, when you sign in at Customer Perspectives, **that you are a banking customer with us.**



So the next time you visit one of our branches, please take a minute to let us know how we're doing. **Thank you!**



Get MyLife!

If you have a million other things you would rather do than your banking... We have a new account for you!

With your FREE interest bearing MyLife Checking™ NOW Account¹, you get:

FREE PREMIUM RATE Companion Preferred Savings Account

UNLIMITED Check Writing

FREE First Order of Checks

FREE & Unlimited Online Banking & Bill Pay

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FREE ATM Access at CCCB or SUM ATMs³

No Annual Fee CCCB Credit Card⁴

No Annual Fee Overdraft Protection²

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Auto Loan Discounts

First Time Homebuyer Reduced Closing Costs

Self Pay Investment Building Options⁶

Live Investment/Retirement Chat Sessions⁶



MyLife Checking™: Spend less time banking and more time doing what you enjoy! It's banking on your terms...

Call Today!

¹Low \$500 monthly relationship balance required combining checking with preferred savings, consumer loans and mortgages. Direct deposit or Self Pay to Preferred Savings or MyLife Checking required for this account.

²You must qualify for these products to receive related benefits.

³Other banks may charge a fee for the use of their ATM.

⁴Credit card issued and all services and benefits offered through 5Star Bank, Colorado Springs, Colorado.

⁵Cannot be combined with any other CCCB offer.

⁶*Investment products and services are offered through INFINEX INVESTMENTS, Inc. Member NASD/SIPC. Insurance products are offered through Infinex Insurance Agency of Massachusetts, Inc. Infinex and the bank are not affiliated. Products and services made available through Infinex are not insured by the FDIC or any other agency of the United States and are not deposits or obligations of nor guaranteed or insured by any bank or bank affiliate. These products are subject to investment risk, including the possible loss of value.

⁷Federal regulations allow a maximum of six pre-authorized transfers per calendar month, including electronic transfers.

Branch Hours of Operation

Cape Cod Cooperative Bank

Lobby and Drive-up Hours West Barnstable, Yarmouth Port and East Dennis

Mon - Wed: 8:30 AM - 4:00 PM

Thursday: 8:30 AM - 7:00 PM

Friday: 8:30 AM - 6:00 PM

Saturday: 8:30 AM - 2:00 PM

Connecting All Offices

800-641-1100

*my*capecodbank.com

Lobby and Drive-up Hours Hyannis and East Harwich

Mon - Wed: 8:00 AM - 4:00 PM

Thurs & Fri: 8:00 AM - 7:00 PM

Saturday: 8:30 AM - 2:00 PM

Lobby Hours Sandwich

Mon - Wed: 8:30 AM - 4:00 PM

Thurs & Fri: 8:30 AM - 7:00 PM

Saturday: 8:30 AM - 2:00 PM

Drive-Up Hours Sandwich

Mon - Wed: 8:15 AM - 4:30 PM

Thurs & Fri: 8:15 AM - 7:00 PM

Saturday: 8:30 AM - 2:00 PM

Thinking About Using Your Home's Equity?



But not sure which loan product makes the best sense for you? No matter what your borrowing needs, Cape Cod Cooperative Bank can help you find the loan that best suits your requirements - at a rate you can afford!

You can see all of our home equity products in a handy comparison chart by visiting www.mycapcodbank.com and clicking on "Personal Loans" in the drop down box under the **Personal Banking** tab.

Our Residential Mortgage Department is always ready to help call today and talk with the experts! 508-568-3266.



Stressing Over Your Credit Card Debt?

If you're stressing about your credit card debt because you're only paying the minimum—don't listen to your friends when they call you a worrywart! You're right to be worried. Why?

Well, lots of people use their credit cards to splurge a little



on eating out every once in a while. But if you really don't have the cash to eat out, think through this scenario and maybe you'll reconsider your credit card spending behavior.

If you take someone with you and eat out about once a month and spend somewhere in the neighborhood of \$50 dollars on dinner, you will have racked up \$600 in credit card debt at the end of a year! But let's say you're running a little short and you decide you're only going to make minimum payments to pay off your debt. Here's what's going to happen...

Your \$600 debt will take 96 months to pay off—If you are only making the minimum payment because your interest is compounding!

That means that those harmless monthly dinners are going to take you 8 years to pay off (at an interest rate of 15 percent and basing your minimum payment on interest plus 1 percent). Plus you'll pay \$405.32 in interest making the grand total of your dinners out \$1,005.32.

Maybe cooking for yourself and your dinner guest isn't so much trouble after all!



New Operations Center - New Mailing Address!

Our new operations center building is humming! We miss our old neighborhood, but it is wonderful to be here! Along with upgrading our telecommunications system we've brought many departments together that were previously in separate buildings. We are pleased to be more efficient than ever and proud to continue to provide unsurpassed customer service and security to our valued customers.

Our new mailing address for **All** Bank correspondence is:

Cape Cod Cooperative Bank
25 Benjamin Franklin Way
Hyannis, MA 02601

Our NEW local phone number is: **508-568-3200**

Our toll free number remains the same: 800-641-1100

We thank you for your patience and well wishes during the move! We appreciated hearing from you.



Our Call Center Specialists!

You've been taking the opportunity to use the Call Center for questions and our Call Center Representatives have enjoyed helping you! If you have a question or need help, please feel free to call during business hours, including Saturday until 2:00, at 508-568-3400.



We know you appreciate having someone on the other end of the line help you right away. Our Call Center Representatives would like to share their most common Bill Pay question of the month, just in case you have it too!

Q: How can I tell if my payment is going to go electronically or by check?

A: As you're processing the payment it may tell you "this payment is eligible for electronic funds transfer". Even if it doesn't, the detailed confirmation you receive will explain the "Payment type".

You can also check your Payment Outbox or Payment Records to see if a previous payment was made by check or electronic transfer. If you add a new Payee from "Our List", most of those Payees use electronic transfer.



Cape Cod Financial Services

Introducing Trust Management Services!

We have had inquiries from many of you regarding trusts, asset management and estate planning services. So we are especially happy to let you know that Cape Cod Financial Services can bring these services to you. Our partnership with **Plimoth Investment Advisors** was made after careful review. We found their strong commitment to providing the trust management and estate services our customers need, delivered with a service standard that matches our own, to be the deciding factor in this decision.

Estate planning, and trust management services, are an important facet of a sound financial plan, whether you are just starting a family or wish to provide a brighter future for your heirs. A well conceived estate plan is a key to the future. As you know, we concentrate on our individual customers' needs and goals to help you develop the financial solutions that make the most sense for you.

A diverse range of services are available to you along with the added benefit of our belief that a good banking relationship is based on good communication, high quality products and outstanding customer service. Services include:

- Asset Management Accounts
- Living Trusts
- Irrevocable Living Trusts
- Charitable Remainder Trusts
- Estate Settlement
- Custodial Agency Accounts
- Trusts Under Will
- Liaison for Estate and Tax Planning
- Life Insurance Trusts

It is our sincere hope that you will take advantage of this opportunity and give Jon Henderson a call today. He can be reached at 508-833-3408. You may schedule a confidential meeting at your convenience and feel good about finally doing what you have been meaning to do for yourself and your family.

Trust management and investment products and services are not insured by the FDIC, DIF, SIF, or any Federal Government Agency, and are not deposits or obligations of nor guaranteed or insured by any bank, bank affiliate, or partner. These products and services are subject to investment risk, including the possible loss of value. Prospectus may be required.



Customer Appreciation Day At Our Branches

Jon Henderson was happy to serve up a lunch and dinner time treat for our customers in several of our branches recently. Our Customer Appreciation Days are always a lot of fun. Delicious goodies and coffee were provided by Buckie's at the breakfast hour! We hope you were able to meet Jon and enjoy a treat on us!

We think of Jon as the "essential ingredient to financial success" and think you will too! Thank you to all of you who stopped in to say hello and have lunch at your local branch.

Jon enjoyed meeting each one of you. Thank you for your valued relationship with Cape Cod Cooperative Bank!



Jon Henderson is shown with the display of one million dollars in our East Harwich lobby during our Grand Opening Celebration. Call Jon to learn more about how Cape Cod Financial Services can help you realize your Millionaire Dreams! 508-833-3408

The Business Corner

Laser Focus Your Company

Need to align employee performance with your company's goals? Then you'll need a performance measurement plan. You'll need a way of determining what success looks like.



Here are a few things recommended by Workforce Management ("Best Practices in Talent Management," www.workforce.com) to consider while you're setting up your plan:

- Ask what criteria are relevant to your strategy. This will empower your employees to excel in their own careers while making a meaningful contribution to the company goals.
- Listen to your employees. They can give you useful feedback about your customer. This can help you know if you've got a disconnect between your strategy and everyday reality.
- Does your measurement system accurately interpret employee performance? Your measurements should help you invest in areas that help your employees solve problems.
- As your organization evolves, keep your finger on the pulse by continually re-evaluating your performance criteria. Whatever your criteria are, embed them into your communications and training. This will make your employees feel personally connected to your strategy.



Give me six hours to chop down a tree and I will spend the first four sharpening the axe.

—Abraham Lincoln

Like to Increase Sales for Zero \$\$\$?

Check out www.mycapcodbank.com/rewards!

We're committed to support and sustain local Cape business and build lasting relationships. What better way to do that than our new CapeLife Rewards Program? As our valued business customer, we would like to invite you to participate and increase your customer base while stretching your advertising dollar! This free program benefits our business partners and our banking customers as well.

We introduced the CapeLife Rewards Program in early April and already have over 100 Program Partners!

CapeLife Account holders are automatically enrolled and receive a CapeLife Account card that entitles them to take advantage of the special offer you use to encourage their business. It's a win-win!

To find out more call Justine Davis, Rewards Program Coordinator at 508-568-3222 or by email at jdavis@capcodcoop.com with any questions.



Your Health



The Department of Labor's Occupational Safety & Health Administration's general recommendations for setting up a safe and comfortable computer workstation when it comes to your posture:

- The top of your monitor should be at or just below eye level.
- Your head and neck should be balanced and in line with your torso.
- Your shoulders should be relaxed.
- Your elbows should be held close to the body and be supported.
- Your wrists and hands should be in line with your forearms when they are on the keyboard.
- You should have adequate room for your keyboard and mouse.
- Your feet should be flat on the floor.



Small Business Workshops

Business Development Officer, Peter H. Wyman has hosted a series of free workshops of interest to local entrepreneurs. The most recent workshop held for small business owners, helped to answer the questions surrounding the **Massachusetts Health Insurance Reform for Self-Employed & Small Business Owners**.

Look for information on upcoming seminars in your branch or online or call Peter at 508-568-3366, if you have a topic idea that could be helpful to you!

“YES WE DO” Offer Commercial Lending!

Recently a long time customer, let's call him Sam, came in to inquire about borrowing to build his company. We have been providing all of his family's personal banking services for some time, but the reason he came in to see us for his business loan, was because of another of our



Building Your Business?

Call 800-641-1100 to talk to a
Commercial Loan Specialist today!

customers, let's call her Sally. Sally had just told Sam about what a great job we did providing her with her own recent business loan!

Until that conversation with Sally, Sam didn't know that we offered commercial lending... Why? Well, we're thinking that this must be because for the past decade, we have been quietly and diligently going about our commercial lending business providing Cape Cod business owners with the highest quality service, outstanding rates and best products available.

While we were happy to hear that Sally was pleased enough with our service to tell her friends and acquaintances, we're thinking this might not be the best way for our customers to hear about our full range of financial services! We'd rather like to think that all of our customers are aware of all the financial options we offer, so we're changing our tack...

Come on in and see what our Commercial Lending department can do for you! Peter, Shari, Ellen and Andy are savvy local experts ready to help you take the next step with your business. They may even have suggestions you haven't even thought of yet! And don't just take our word for it... ask our customers!



Humor - Goofy Warning Labels!

Guess we can't say we weren't warned!

- A label on a baby stroller warns: "Remove child before folding."
- A brass fishing lure with a three-pronged hook on the end warns: "Harmful if swallowed."
- The label on an electric hand blender promoted for use in "blending, whipping, chopping and dicing," warns: "Never remove food or other items from the blades while the product is operating."
- A household iron warns users: "Never iron clothes while they are being worn."
- A label on a hair dryer reads, "Never use hair dryer while sleeping."
- A warning on an electric drill made for carpenters cautions: "This product not intended for use as a dental drill."
- A cardboard car sunshield that keeps sun off the dashboard warns, "Do not drive with sunshield in place."



Feel Good About Your Relationship!

Does your Checking Account make a difference in your community?

Does your Checking Account support local business?

Does your Checking Account offer you no hassle rewards?

The Capelife begins Here...

www.mycapcodbank.com/rewards

You're automatically enrolled when you open your Capelife Checking Account!


**CAPE COD
COOPERATIVE BANK**

"A part of the Cape. A part of your life."

**For more information or to open your
Capelife Account
contact a Cape Cod Cooperative Bank
representative today!**

800-641-1100

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Have You had a chance to check out the **REWARDS** offered by our Business Partners?

With more than 100 partners participating, there's sure to be something special waiting for you, just show your Capelife Account card at the time of purchase and feel good about supporting your Cape Cod Community while you save money!

Your Capelife Account benefits and privileges are very exciting, call today: 800-641-1100.

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Cape Cod Cooperative Bank
25 Benjamin Franklin Way
Hyannis, MA 02601

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Recipes You Can Bank On! From the Kitchens of Cape Cod Cooperative Bank Employees

This Issue:

Shari's Custard French Toast with Berry Compote

This recipe is provided by Shari Boyle, Senior Lending Officer, Cape Cod Cooperative Bank Mortgage Department, and makes a very special holiday breakfast!

Ingredient List:

16 slices of cinnamon bread	4 whole eggs
1 stick butter, melted	2 egg yolks
3/4 cup sugar	1 cup heavy cream
1 tsp. cinnamon	1 tsp. vanilla
3 cups milk	Powdered sugar

Preparation:

Preheat oven to 350. Butter a 9x13" baking dish. Brush one side of each slice of bread with melted butter, arrange overlapping in baking dish, buttered side up. Whisk together the eggs, egg yolks, sugar, heavy cream, milk, cinnamon and vanilla. Pour over bread and let sit for 5 minutes. Bake uncovered, until set and the top is nicely browned, 40-45 minutes. Let stand 15 minutes before serving. Cut into squares, dust with powdered sugar, serve with fresh berry compote. Can be prepared in advance and held in refrigerator. Reheat at 350 for 20-25 minutes before serving.

Fresh Berry Compote

1 pint fresh strawberries, washed and hulled	1/4 cup sugar
1 pint fresh black raspberries, washed	
1 pint fresh blueberries, washed.	

Puree 1 cup strawberries with the sugar in food processor. Slice remaining strawberries, place in serving bowl and add raspberries and blueberries. (Any combination of berries can be used)

Serves six - eight.

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* Annual Percentage Rate (APR) locked at application. 30 Year term with 10 year draw period and balance amortized for 20 years. Loan to value ratio not to exceed 85%. Appraisal may be required. Owner occupied primary and secondary homes only. Early termination fees apply. Property insurance required.
** Automatic payment (Auto Pay) from a Cape Cod Cooperative Bank checking account is required to qualify for this rate. APR without Auto Pay is 7.25%.