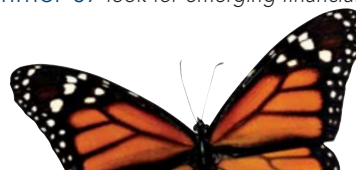



bank notes



a quarterly newsletter of what matters most.  SALISBURY BANK | enriching.

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management: a powerful financial tool

from the CEO



CEO, John F. Perotti

Open and ongoing communication is a cornerstone of our Bank's philosophy of doing business. We understand the importance of interacting with you, our customers,

in every way possible – and making it convenient for you to communicate with us.

This summer we are reaching out in some new ways to make our relationship even better. First, I'm very excited to announce that Salisbury Bank will soon have a branch in New York State (see the accompanying story for more information). It has long been our wish to make banking more convenient for our customers who live in New York, but currently drive to our branches in Connecticut or Massachusetts.

Interestingly, a New York branch was one of the many suggestions that came our way via a customer survey that we sent out in February. We wanted to find out how we can make your banking experience even more enriching, and I'd like to personally thank all of you who participated for your time and your thoughtful answers.

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We're in a NY State of Mind!

Announcing Salisbury Bank's Newest Branch.

It's official - after putting down roots in Connecticut and Massachusetts, Salisbury Bank is branching out to New York.

On August 1, we will open our newest branch in Dover Plains, New York. The new branch will offer convenient lobby, drive-up and ATM banking, safe deposit boxes and a night depository, as well as



The new branch will be located at 5 Dover Village Plaza in Dover Plains, NY.

all the innovative financial services we're known for. The branch will also give its manager, Julie Gregory, a chance to renew her relationship with her hometown.

The expansion is an important milestone, and the latest step in our ongoing effort to provide innovative banking products and convenient service to our customers in the Tri-State market area. While Salisbury Bank has been serving the banking needs of customers in New York communities for many years, until now we have done so through our six retail offices in nearby Connecticut and Massachusetts communities. But with the opening of our new branch, New Yorkers will have a Salisbury branch to call their own.

New Manager

The manager of the Dover Plains branch, Dover native Julie Gregory, brings over 22 years of banking and financial services experience to our bank. Julie will be back on familiar ground when she takes on her duties at the new branch. Born and raised

in Dover, she is a graduate of Dover High School. She now lives in Sharon, Connecticut with her husband and three children.

She and her staff are looking forward to bringing the Salisbury Bank

brand of banking to Dover Plains. If you happen to be in the area, drop by and say "hi" to Julie and her staff.

Watch for exciting news about our **Grand Opening Celebration on Saturday, September 15.**

There will be refreshments, giveaways, and fun for all.

Dover Branch Hours

	Lobby	Drive Up
M-W	9 am – 4 pm	8 am – 5 pm
THU	9 am – 6 pm	8 am – 6 pm
FRI	9 am – 4 pm	8 am – 5 pm
SAT	9 am – 12 pm	8 am – 12 pm

from the ceo

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We were especially gratified by your encouraging feedback about the friendly and courteous service you receive from our staff. In fact, we are investing even more in our employees with expanded training, along with personal and professional development programs. We are also in the process of creating new accounts and services to make banking more convenient as you asked. Look for more insights in future issues of BANK NOTES.

Judging by visits to our web site, it's also clear that more and more Salisbury customers appreciate the opportunity to enjoy secure, user-friendly banking services right in their home or office. We're currently at work upgrading and enhancing our online presence to make it an even more positive experience than before. Stay tuned for a new and improved www.salisburybank.com in the near future.

– John F. Perotti,
Chairman and CEO

think creatively
and

enrich
your peace
of mind.



Getting Creative with Business Financing

As a business owner looking for financing, you have a variety of banks and financial institutions competing for your business. So why should you consider Salisbury Bank?

The answer is flexibility, agility and imagination. We can offer creative solutions to your financing needs, and often move in ways that large banks may not be able to. We can process creative financing options quickly, without lots of red tape, so you get the money you need to make your business a success.

Approaching Every Situation as a Unique Challenge

The essence of creative thinking is that we think outside the traditional bank “choose one” menu. So we asked our lending team for examples of ways we have helped solve business challenges for our customers. Here are some examples.

LAND FOR COMMUNITY SUPPORTED AGRICULTURE (CSA). CSA is a system where farmers raise crops and/or livestock, using organic and sustainable farming methods, and members buy a “share” of the harvest in advance.

THE CHALLENGE: When local CSA farmers wanted to buy the land they had been leasing, start-up costs left them without any extra resources to use towards a traditional down payment.

THE SOLUTION: Salisbury Bank partnered with the USDA's Farm Service Agency, which approved a 90% guarantee of the loan. This allowed us to provide 100% financing for the purchase.

MOVING INTO THE 21ST CENTURY. Operating out of a renovated kiln can get old after a few decades. When a company that sells fine veneer used in furniture and cabinets needed to replace outdated buildings, the owners wanted to break new ground.

THE CHALLENGE: The facilities would be built on property owned by four siblings, complicating the mortgage process. **THE SOLUTION:** Salisbury Bank proposed a construction/permanent mortgage secured by the equity in the family's personal residence, plus a Salisbury Trust administered trust account - with very competitive interest rates plus a less rigid inspection policy.

MORE VISION THAN EQUITY. The proprietor of a local retail business had a good credit history, and a steadily increasing business that was rapidly outgrowing its physical plant. He needed to purchase and renovate new office space, a showroom, a warehouse and a rental apartment.

THE CHALLENGE: The appraised value of the property was not enough to cover the purchase and improvements. **THE SOLUTION:** Salisbury Bank approved a semi-construction mortgage that allowed us to disburse some funds for the purchase, with the remainder being paid out as improvements were made to the building, increasing the appraised value of the property.

Put our Creative Thinking to Work!

Find out more about how Salisbury Bank can help your business, by calling one of our Commercial lenders at 860-435-9801:

Jerry Baldwin, Executive Vice President – x1011

Jody Law, Vice President – x1005

Lana Morrison, Vice President – x1006

Fran English, Commercial Loan Officer – x1616

Geof Talcott, Senior Vice President – x1010

giving back

Salisbury Bank takes its role as a good corporate citizen very much to heart and lends financial support to many worthy non-profit organizations in our area. In each issue we will highlight one of them.

Every Saturday morning, and two Friday evenings a month, people start arriving at the OWL's Kitchen on the grounds of St. Mary's Church in Lakeville, to do their grocery "shopping." Browsing among the food items displayed on the counter, they build a list of choices. As each person reaches the head of the line, an Owl volunteer reaches into refrigerators and shelves to put together the basics of a week's meals. The final bill: nothing.

Founded 27 years ago, **OWL** is a unique, national grassroots organization that focuses on the issues affecting women as they age, striving to improve the status and quality of life for midlife and older women. **OWL** is a non-profit, non-partisan organization that accomplishes its work through research, education, and advocacy activities conducted through a chapter network.

OWL's Kitchen is a food pantry for the needy, run by the Northwest Connecticut chapter of the Older Women's League, or OWL. From pick-up through distribution, the entire food chain is fueled by the energy and dedication of OWL volunteers, and funded by the generosity of donors. Although the charter of the group as a whole is to improve the status and quality of life for midlife and older women,

OWL's Kitchen offers food to anyone in need, regardless of age or gender. Clients fill out a registration card on their first visit, giving their name and address and the number of people in their family under 18 and/or over 65. That's it. No-one is turned away.

Salisbury Bank joins with OWL to urge everyone to make a habit of dropping an item or two in a collection basket each time you shop at La Bonne's. Leave your La Bonne's receipts too – a generous 1% rebate community assistance program allows OWL to buy even more food for the needy. And of course, cash donations are always welcome.

The OWL Pantry stocks a wide variety of edibles, gathered from four sources:

▶ Staples such as cereal, soup, and peanut butter, refrigerated items like frozen juice, cheese and some meat, are purchased at cost from La Bonne's in Salisbury.

▶ Basic meal-builders, such as cereal and rice, canned fruit, soup, and beef stew are bought at below wholesale prices from the Connecticut Food Bank in Waterbury.

▶ Fresh, organic vegetables come from Ridgway Farm, a Community Supported Agriculture (CSA) farm in Cornwall. During the growing season from June to October, these just-picked, healthy food choices are a welcome addition to the menus of Food Pantry families. Approximately a third of the cost is covered via a grant from the Share the Bounty Fund. In addition, generous farms also provide fresh eggs and milk.

▶ "Luxury" items, such as coffee, mayonnaise, and sweets, come from donations by generous individuals, schools and churches. Each spring and during the holidays, food drives help stock the pantry's shelves for the leaner months. People can drop off donations at the Pantry, on Saturday mornings from 9 to 11 am.

Please mail your donations to:

OWL's Kitchen
PO Box 153
Lakeville, CT 06039



Taking Stock of Your Certificate Options



Sr VP, Diane Johnstone

If you've ever lost an important document like a driver's license, you know the headaches (and cost) of getting a replacement. The same is true of "hard copy" stock certificates. In fact, replacing lost or stolen certificates costs people nearly \$50 million a year!

It's human nature to want to see and hold something as valuable as a stock certificate. But after it is issued, it usually goes into a

secure (and inaccessible) place such as a safe deposit box. Later, when the stock splits, or the company undergoes a merger, that piece of paper becomes outdated, and you'll have to contact the company for a new certificate. If you don't, you can easily lose track of your investment and the number of shares you own.

In the event you decide to sell or negotiate your stock, you will also have to prove rightful ownership, which isn't always easy.

The process takes a minimum of two weeks while the certificate is checked for validity.

Finally, dividend and interest payments that are mailed to you can be delayed or even lost in the mail.

The Smarter, Easier Alternative

Why take the risk, and endure the inconvenience, that can be caused by paper certificates? Instead, you can opt for an electronic certificate issued in "Street Name" (which makes it easy to access your assets), and held by the Bank's trust division in a Custody Account set up for that purpose.

It's easy to set up a Custody Account at Salisbury Bank. Our Trust Division can keep all your stocks, bonds, and other investments in one convenient account. You get a single statement showing the entire net worth of your holdings – and we automatically credit any disbursements to your account.

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custody accounts

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No Risk, Lots of Benefits!

Salisbury Bank doesn't actively manage the account in a Custody Account, we just do the time-consuming bookkeeping work. (However, we can manage investments, if you wish). This type of arrangement lets you trade at any time and not risk "missing the market" because of delays associated with the handling of physical certificates. This means:

- ▶ We will monitor and assume responsibility for recording mergers and stock splits.
- ▶ We will keep a permanent record of all transactions, which lets you see everything you own and helps with maintaining the cost basis of your stock when you want to sell or transfer it.
- ▶ At tax time, we will issue a comprehensive 1099 and tax letter with details of all transactions and dividends to make it easy for your accountant (or you) to do your tax return.

It's easy to open a Custody Account at Salisbury Trust, Wealth Advisory Services. For more information, contact Diane E. R. Johnstone, Senior Vice President, at 860-435-9801 extension 1501.

Investments through the Salisbury Trust Wealth Advisory Services are not FDIC insured – may lose value – Not guaranteed by Salisbury Bank and Trust Company. Salisbury Trust Wealth Advisory Services is a division of Salisbury Bank and Trust Company.

Home Equity Management: PART ONE

A Powerful Financial Tool

Erin Selby,
Mortgage Advisor

Home Equity Debt Defined

Home Equity: the difference between the value of your home and the amount still owed on the mortgage.

Collateral: The property that you pledge as a guarantee that you will repay the debt.

A home equity loan or a line of credit allows you to borrow funds using your home's equity as collateral. People tend to use the term "Home Equity" loosely to cover two types of financing: a fixed-rate loan and a variable-rate line of credit.

Why Home Equity Programs are Popular

The two main reasons home equity financing has become more popular are interest rates and the tax deductibility benefits.

Interest Rates: Home equity rates are generally higher than first mortgages, but more attractive than other types of consumer financing, such as credit cards and auto loans.

Tax Deductibility: The elimination of tax deductions for consumer debt, coupled with rising costs of consumer goods, have motivated more people to tap into their property's equity to finance large purchases (such as a car), since interest on home equity loans and lines may be tax-deductible. (Consult with your tax advisor regarding interest deductibility.)

Reasons to Borrow Against Your Equity

Experts agree that the following are situations where it is prudent to consider a Home Equity option:

Home Improvements: Repairs or upgrades that will make your home more appealing, generally increase its value. One cautionary note: do not "over-improve" by spending more on the improvements than the resulting value.

Debt Consolidation: Paying off double-digit interest rate credit cards makes sense if the balances are high and only minimum payments are being made.

Vacation Home Purchase: If you do not have the liquid funds, it makes sense to tap into your primary residence equity for at least a 20% down payment on a second home or investment property.

Business Venture Funding: While this is a riskier use of your equity, it may be necessary if you need liquid capital to fund or show assets when financing a new business.

Education: The rising cost of higher education leads many families to use their home equity to finance tuition, especially when the family's income may be too high to qualify for grants or financial aid. However, all types of student loans should be explored as well.

Emergency or Rainy Day Fund: While it is prudent to have a savings account for these situations, using a line of credit in the case of a medical emergency or loss of employment can be a perfect safety net.

The other side of the coin is a list of those situations where home equity financing should NOT be used. While it may be obvious, here are the Don'ts: gambling, speculative investments, vacations, financing a wedding, or simply living beyond one's means.

A Final Note

The best time to obtain home equity financing is when you don't need it. This way you won't be forced into a quick decision.

The next article, Part II will cover more "need to know" details on home equity financing.

24/7
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anytime
from
anywhere

for additional information visit www.salisburybank.com


ATMs at all offices: 24 hours

Online Banking and Bill Pay:
www.salisburybank.com

Bank-by-Phone: 1-877-728-1212

Bank Notes welcomes reader comments. Please call John F. Perotti, CEO, at 860-435-9801 or email jp@salisburybank.com or write to him in care of Salisbury Bank, P.O. Box 1868, Lakeville, CT 06039-1868.

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