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**IMPORTANT TERMS OF OUR SPENCERFLEX HOME EQUITY LINE OF CREDIT  
Secured By Non-Owner-Occupied Properties**

**Retention of Information:** This disclosure contains important information about our Home Equity Line of Credit. You should read it carefully and keep a copy for your records.

**Availability of Terms:** All of the terms described below pertain to applications received as of July 1, 2014 for lines secured by non-owner-occupied 1-4 family properties and 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 on your home. You could lose your home if you do not meet the obligations in your agreement with us.

**Possible Actions: We can terminate your Line and require payment of the entire outstanding balance in 1 payment if:**

- \* You engage in fraud or material misrepresentation in connection with the line.
- \* You do not meet the repayment terms.
- \* Your action or inaction adversely affects the collateral or our rights in the collateral.

**We can refuse to make additional extensions of credit or reduce your credit limit if:**

- \* We reasonably believe that you will not be able to meet the repayment requirements under this account due to a material change in your financial circumstances.
- \* The value of the dwelling securing the line declines significantly below its appraised value for purposes of the Line.
- \* You are in default of a material obligation in the agreement.
- \* Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- \* A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- \* The maximum annual percentage rate is reached.

**Minimum Draw Requirements:** The minimum credit advance that you can receive is \$250.00.

**Minimum Payment Requirements:** You must pay at least the "Minimum Payment" for each billing cycle by the "Payment Due Date" showing on your monthly statement. Your payments will be due monthly as follows:

**The Draw Period:** You can obtain advances for 10 years (the "Draw Period"). During the "Draw Period", your monthly minimum payment will equal the greater of 1/240<sup>th</sup> of your principal balance or \$50.00, plus finance charges that have accrued and any other charges permitted by your agreement.

**The Repayment Period:** After the "Draw Period" ends, you will no longer be able to obtain advances and must continue to repay the outstanding balance. The repayment shall become based on a 15-year fixed fully amortizing loan, subject to a minimum payment of \$50.00.

**Conversion Option:**

A. You will have the option to fix the Interest Rate on a portion of the outstanding principal balance by delivering a written "Conversion Request" to us along with payment of a conversion fee. The "Conversion Request" will specify the dollar amount that you choose to convert, but not less than \$25,000. On the date that the conversion option is received by us, the rate and payment of the converted balance will be established based on a 15 year amortized loan at the posted Spencer Savings Bank 15 year fixed home equity loan rate in effect on said date. We may take up to two statement cycles before the conversion is implemented. You will not have this option should you be in default of your Note & Agreement.

**Conversion Option:**

- B. The amount of the available Home Equity Line will be reduced by the converted balance, and will increase back up to the original line as payments are made.
- C. You may exercise this Conversion Option up to 5 times during the life of the draw period, and that up to 3 of the converted balances may run concurrently.
- D. Should you choose to convert a balance to a term LESS THAN 15 years, then the "Conversion Request" will be subject to re-underwriting based on current income and debt information, which must be re-verified.
- E. The fixed rate principal and interest loan payment of the converted loan balance will be calculated by us, and billed monthly as part of the regular credit line billing statement. This fixed principal and interest payment will be part of the total minimum payment due.

**Minimum Payment Example:** If you made only the minimum payments and took no other credit advances; it would take 17 years and 4 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 6.00%. During that period, you would make 208 payments varying between \$99.32 and \$50.00.

**FEES AND CHARGES:**

**Application Fee:** You must pay us a non-refundable application fee: The Application Fees are as follows: For 1 family investment properties of \$100,000 or less the application fee is \$300.00; for lines over \$100,000 the fee is \$400.00: For 2-4 family investment properties of \$100,000 or less the application fee is \$350.00; for lines over \$100,000 the fee is \$500.00. For lines of \$250,000 or more secured by properties in excess of 2,800 square feet a \$500.00 application fee will be charged. We lock in your program on the day the application is received, should the program change and you wish to "unlock" a \$125.00 fee will be charged. You will also be required to pay a Commitment Fee in the amount of \$150.00 (this fee will be waived if at least \$25,000 is drawn at closing to pay creditors other than Spencer Savings Bank). In addition to these fees, all customers must carry insurance (including flood insurance if required) on the property that secures the line.

**Minimum Draw Violation Fee:** If you write a credit advance for less than the minimum draw requirement or in excess of your available credit you will be charged \$35.00 and the credit advance may be returned.

**Conversion Fee:** The Conversion Fee shall be \$75.00 UNLESS the conversion takes place before the first anniversary of the line being opened in which case it shall be \$125.00.

**Early Termination Fee:** If my line is closed out less than two years from the date of the note I will be charged 2% of the original line if it is \$15,000 or less, \$300.00 if the original line was above \$15,000 up to \$100,000, or \$500.00 if the original line was more than \$100,000.

**Tax Deductibility:** You should consult a tax advisor regarding the deductibility of interest and charges for the line.

**Appraisal Disclosure:** We may order an appraisal or obtain a valuation to determine the property's value and may charge you for this appraisal. If your loan is in a first lien position, then we will promptly provide you a copy of any appraisal/valuation upon completion, even if your loan does not close.

# SpencerFlex Line of Credit Disclosure

## Secured By Non-Owner-Occupied Properties

**Variable Rate Information:** For the first ten years from the date of the opening of the account, the line has a variable-rate feature, 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 not other costs. The annual percentage rate is based on the value of an index PLUS 1% subject to a 6.00% Floor Rate. The index is the prime rate published in the WALL STREET JOURNAL "Money Rates" table as published on the last business day of each month. If more than one prime rate is published, the index is the highest of these rates. After you open a credit line, rate information will be provided on periodic statements that we will send to you.

**Rate Changes:** The annual percentage rate can change each month. The rate cannot increase by more than 2 percentage points in any one year period from January 1 through December 31 on the fully indexed rate. However, this 2% cap will not apply during the first year that the rate adjusts, if any, from an introductory rate to the fully indexed rate. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 13.99%. The minimum **ANNUAL PERCENTAGE RATE (FLOOR RATE)** is 6.00%.

**Maximum Rate and Payment Example:** If you had an outstanding balance of \$10,000, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 13.99% would be \$164.99. This **ANNUAL PERCENTAGE RATE** could be reached in your first month.

**HISTORICAL EXAMPLES:** The table shows how the annual percentage rate and the minimum monthly payments for a single \$10,000 advance would have changed based on changes in the index over the past 15 years. The index values are from the last business day in June of each year. While only one payment amount per year is shown, payments would have varied during the year. 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 index or your payments will change in the future.

YEAR	INDEX	MARGIN*	ANNUAL PERCENTAGE RATE	MINIMUM MONTHLY PAYMENT
2000	9.50%	1.00%	10.50%	\$136.30 <b>DRAW PERIOD</b>
2001	6.75%	1.00%	7.75%	\$109.98
2002	4.75%	1.00%	6.00%**	\$93.40
2003	4.00%	1.00%	6.00%**	\$90.44
2004	4.00%	1.00%	6.00%**	\$87.48
2005	6.25%	1.00%	7.25%	\$91.71
2006	8.25%	1.00%	9.25%	\$98.66
2007	8.25%	1.00%	9.25%	\$94.10
2008	5.00%	1.00%	6.00%	\$75.64
2009	3.25%	1.00%	6.00%**	\$72.68
2010	N/A	N/A	6.38%***	\$50.00 <b>REPAYMENT PERIOD</b>
2011	N/A	N/A	6.38%***	\$50.00
2012	N/A	N/A	6.38%***	\$50.00
2013	N/A	N/A	6.38%***	\$50.00
2014	N/A	N/A	6.38%***	\$50.00

\*This is a margin that we have recently used.

\*\*This represents the 6% Floor Rate

\*\*\*This represents the repayment of our 15-year Fixed Rate as of July 1, 2014.

*Flex Prime Plus 1% Disclosure 7/07/14 (6.00% Floor)*

## **SpencerFlex Line of Credit** **Secured By Non-Owner-Occupied** **Properties**

Whether you are looking to refinance an existing mortgage, finance large expenses like tuition, home improvements or debt consolidation, or secure a line of credit to keep available, we have the loans that could help. You can count on the knowledge and experience of our Home Equity Professionals to help you choose the plan that works for you. This SpencerFlex Application Package is a 12 page PDF file.

Please send your completed SpencerFlex Line of Credit Application Package to:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Spencer Savings Bank**  
**Attention: Consumer Credit Division**  
611 River Drive  
Elmwood Park, NJ 07407

We thank you for the opportunity to serve you and look forward to doing business with you. One of our Consumer Credit representatives will be in touch with you within three business days from receipt of your Home Equity Application Package. If you have any questions, please call us at 1-800-363-8115.

### **US PATRIOTS ACT NOTICE**

#### **IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

#### **WHAT THIS MEANS FOR YOU:**

When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

## SpencerFlex Line of Credit Check List

### Secured By Non-Owner-Occupied Properties

Please return copies of the following items on this checklist with your application. All documents provided will be retained in file by the bank and are not subject to return.

- 1. Application Fee (See enclosed Fee Schedule)
- 2. Home Equity Line Application and Addendum (Signed & Dated)
- 3. General Authorization Letter (Signed & Dated)
- 4. Disclosure Acknowledgement (Signed & Dated)
- 5. Copy of Deed
- 6. Copy of Property Tax Bill
- 7. Copy of Homeowners Insurance Policy Coverage Page
- 8. Copy of Master Condominium Insurance Policy Coverage Page (If Applicable)
- 9. Verification of Association Dues (If Applicable)
- 10. Verification of monthly mortgage payment, including property taxes and hazard insurance (i.e., monthly statement) for ALL properties owned
- 11. Copies of two most recent pay stubs (Borrower)
- 12. Copies of two most recent pay stubs (Co-Borrower)
- 13. 2013 & 2012 W-2 Statements (All Borrowers)
- 14. Most Recent Federal Tax Return Filed (with signatures), including ALL supporting schedules\*

\*Tax Returns not required if loan amount is \$300,000 or less.

However, if either borrower is *self-employed* or if you collect *rental income*, then you must also include copies of your two most recent Federal Tax Returns filed. Any ownership interest of 25% or more in a *corporation or partnership* must be supported by complete copies of your two most recent Corporate and/or Partnership Returns filed.

**APPLICATION FEES**

Property Type	Loan Amount	1 Family	2- 4 Family
Owner Occupied	Up to \$150,000	\$150.00*	\$150.00*
Owner Occupied	\$150,001 to \$249,999	\$225.00	\$450.00
Owner Occupied	\$250,000 or more	\$300.00**	\$450.00
Investment	Up to \$100,000	\$300.00	\$350.00
Investment	Over \$100,000	\$400.00**	\$500.00

\* The Application Fee will be waived for first time SpencerFlex Line of Credit customers.

\*\* If \$250,000 or more secured by properties in excess of 2,800 square feet a \$500.00 Application Fee will be charged.

**COMMITMENT FEE**

A Commitment Fee of \$150.00 will be charged on all loans.  
 Fee is waived if at least \$25,000 is drawn at closing to pay creditors other than Spencer.

**THE FOLLOWING FEES MAY NOT BE APPLICABLE  
 TO ORIGINATE YOUR LOAN APPLICATION**

Federal Express Fee ..... \$20.00

Mortgage Cancellation Fee ..... \$45.00 - \$48.00

**Modification Fees**

Lines up to \$150,000 ..... \$275.00  
 Lines over \$150,001 and up to \$250,000 ..... \$375.00  
 Lines over \$250,001 and up to \$500,000 ..... \$525.00  
 Lines over \$500,001 and up to \$1,000,000 ..... \$750.00  
 Lines over \$1,000,000 ..... \$1,100.00

**Subordination Fees**

Agreement prepared by Borrower's Agent ..... \$250.00  
 Agreement prepared by Spencer Savings Bank ..... \$275.00

Check Loan Application Type

 Home Equity Credit Line

 Fixed Rate Home Equity Loan

 Variable Rate Home Equity Loan

Date Received

Log Number

PLEASE INDICATE IF YOU ARE A <input type="checkbox"/> CURRENT OR <input type="checkbox"/> PREVIOUS CUSTOMER. IF SO <input type="checkbox"/> LOAN <input type="checkbox"/> MORTGAGE <input type="checkbox"/> SAVINGS <input type="checkbox"/> NOW ACCOUNT				Amount Requested \$	Rate	Term	Property type <input type="checkbox"/> Single Family Dwelling <input type="checkbox"/> 2-4 Family Dwelling	<input type="checkbox"/> Condo <input type="checkbox"/> PUD <input type="checkbox"/> Other				
Address of property to be secured				Date purchased	Cash down payment	Purchase Price \$	Present value of home \$					
Names of all persons on deed				Mortgage Type: Is your present first mortgage a <input type="checkbox"/> Fixed Rate _____ years <input type="checkbox"/> Adjustable Rate Mortgage <input type="checkbox"/> Balloon Mortgage Due on:			Current Mortgage Rate					
Yr. house built	No. of rooms	No. of bed-rooms	No. of baths	Family room or den <input type="checkbox"/> Yes <input type="checkbox"/> No	Gross living area sq. ft.	Garage/Carport (Specify type & no.)	Central air <input type="checkbox"/> Yes <input type="checkbox"/> No					
<b>BORROWER</b>					<b>CO-BORROWER</b>							
Name			Date of Birth		Name			Date of Birth				
			Mo.	Day	Year				Mo.	Day	Year	
Present Address No Years _____ <input type="checkbox"/> Own <input type="checkbox"/> Rent Street _____ City/State/Zip _____ Former address if less than 2 years at present address Street _____ City/State/Zip _____ Years at former address <input type="checkbox"/> Own <input type="checkbox"/> Rent						Present Address No Years _____ <input type="checkbox"/> Own <input type="checkbox"/> Rent Street _____ City/State/Zip _____ Former address if less than 2 years at present address Street _____ City/State/Zip _____ Years at former address <input type="checkbox"/> Own <input type="checkbox"/> Rent						
<input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (incl. single, divorced, widowed)			Dep. other than listed by Co-Borrower No. _____ Ages _____		<input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (incl. single, divorced, widowed)			Dep. other than listed by Borrower No. _____ Ages _____				
Name and address of Employer _____ _____ _____				Years on this job _____ Years employed in this profession? _____ <input type="checkbox"/> Self Employed *		Name and address of Employer _____ _____ _____				Years on this job _____ Years employed in this profession? _____ <input type="checkbox"/> Self Employed *		
Position/Title			Type of Business			Position/Title			Type of Business			
Social Security Number		Home Phone		Business Phone		Social Security Number		Home Phone		Business Phone		
		( )		( )				( )		( )		
Are you a co-maker, endorser or guarantor on any loan or contract? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes" for Whom? to Whom?						Are you a co-maker, endorser or guarantor on any loan or contract? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes" for Whom? to Whom?						
Are there any unsatisfied judgments against you? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes" to Whom Owed? Amount owed \$						Are there any unsatisfied judgments against you? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes" to Whom Owed? Amount owed \$						
Name & Address of nearest relative not living with you			Relationship	Home phone			Name & Address of nearest relative not living with you			Relationship	Home phone	
<b>IF EMPLOYED IN CURRENT POSITION FOR LESS THAN TWO YEARS, COMPLETE THE FOLLOWING</b>												
B/C	Previous Employer/School	City/State		Type of Business	Position/Title		Dates From/To		Monthly Income			
<b>GROSS MONTHLY INCOME</b>				<b>BANK</b>		<b>Account No.</b>		<b>Name &amp; Address of Depository</b>				
Item	Borrower	Co-Borrower	Total									
Empl. Income	\$	\$	\$	Checking								
Other † (Before completing, see notice under Describe Other Income below.)				Savings								
Total	\$	\$	\$									
<b>DESCRIBE OTHER INCOME</b>												
<input type="checkbox"/> B-Borrower <input type="checkbox"/> C-Co-Borrower			NOTICE: †Alimony, child support, or separate maintenance income need not be revealed if the Borrower or Co-Borrower does not choose to have it considered as a basis for repaying this loan.								Monthly Amount	
											\$	



<b>DEBTS:</b> List all fixed obligations and installment accounts. (if more space is needed list on attached sheets.)* If no outstanding debt, list three previous credit references.									
	B—Borrower C—Co-Borrower	Creditor's Name and Address	Account No.	Date Incurred	Original Amount	Present Balance	Monthly Payment	Check If Debt To Be Paid Off	
<b>SECURED PROPERTY</b>		Name & Address of 1st Mortgage Holder on Secured Property			\$	\$	\$		
		Second Lien On Secured Property							
<b>OTHER REAL ESTATE</b>		List Mortgages On Other Real Estate Owned & Property Address							
<b>AUTO</b>		Lien Holder:	Year and Make:						
		Lien Holder:	Year and Make:						
		Other Installment or Credit Card Debt							
List any additional names under which credit has previously been received:			If not included in monthly mortgage payment enter the following:						
			Monthly payment for Tax and Insurance ▶						
			Monthly payment for Home Owner Association dues ▶						
			Total Monthly Obligations ▶						
<b>IMPORTANT - APPLICANT READ BEFORE SIGNING</b>									
If you intend to apply for joint credit, please initial here (Applicant) _____ (Co-Applicant) _____ I/We ( ) do or ( ) do not occupy the property as my/our primary residence. I/We understand that it may be a federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of the United States Criminal Code. Everything that I/we have stated in this application is correct to the best of my/our knowledge. I/We understand that you will retain this application whether or not it is approved. You are authorized to check my/our credit and employment history and answer questions about your credit experience with me.									
_____ Date _____			_____ Date _____						
Borrower's Signature			Co-Borrower's Signature						
<b>DO NOT WRITE BELOW THIS LINE — BANK USE ONLY</b>									

Application Fee \_\_\_\_\_

Search \_\_\_\_\_

Appraisal \_\_\_\_\_

An Equal Opportunity Lender





## Important Addendum to Line Application

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### ELIGIBLE BORROWERS

To be considered for a SpencerFlex Line of Credit, the applicant must have ownership interest in the property to be secured or reside in the secured property with a co-applicant who has ownership interest.

### PLEASE PROVIDE THE FOLLOWING INFORMATION TO COMPLETE YOUR APPLICATION

Purpose of Line of Credit

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### BORROWER

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Are you a United States Citizen?  Yes  No

If not, please provide your Nationality: \_\_\_\_\_

Borrower's Signature \_\_\_\_\_ Date \_\_\_\_\_

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### CO-BORROWER

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Are you a United States Citizen?  Yes  No

If not, please provide your Nationality: \_\_\_\_\_

Borrower's Signature \_\_\_\_\_ Date \_\_\_\_\_

# General Authorization Letter

Borrower 1

Address	City	State	Zip
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Borrower 2

Address	City	State	Zip
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To Whom It May Concern :

I/We have applied for credit and hereby authorize you to release to Spencer Savings Bank, SLA the requested information on the attached form concerning :

1. Employment history, dates, title, income, hours worked, etc.
2. Banking and savings accounts of record
3. Mortgage loan rating (opening date, high credit, payment amount, loan balance and payment record)
4. Any information necessary in connection with a consumer credit report for an application for credit
5. Payoffs and authorization for closing/freezing revolving credit to further advances
6. Reverification of information after closing for quality assurance needs

The information is for the confidential use of the lender in determining my/our credit worthiness for a consumer loan or to confirm information that has been supplied. In addition, I/We are aware that the documentation supplied is subject to reverification after the date of loan disbursement.

A photographic or fax copy of this authorization may be deemed to be the equivalent of the original and may be used as a duplicate original. The original signed form is maintained in the Spencer file.

Your prompt reply is appreciated.

Signed,

Borrower 1 Signature	Social Secuirty Number	Date
Borrower 2 Signature	Social Secuirty Number	Date

## SpencerFlex Line of Credit Disclosure Acknowledgement Secured By Non-Owner-Occupied Properties

The undersigned hereby acknowledges that he/she received a copy of the disclosures entitled "Important Terms of Our Home Equity Line of Credit" and of the brochure entitled "When Your Home is on the Line: What You Should Know About Home Equity Lines Of Credit" together with this SpencerFlex Line of Credit Application.

Date:	Applicant Signature
Date:	Joint Applicant Signature (if applicable)

## How Did You Hear of Spencer?

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**Thank you for choosing Spencer Savings Bank for your Home Equity Application.**  
We are very interested in hearing how you heard about Spencer. Please take a moment to complete this form, and return it along with your application.

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Newspaper (include name)

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Personal Friend

---

Mail Advertisement

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Realtor

---

Realtor Address

State

Zip Code

---

Branch Referral (include branch location)

---

Other (please be as specific as possible)

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Please include your information below. Thank you for your patronage, and we hope to be of continued service.

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Borrower's Name

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Property Address

---

City

State

Zip Code

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