

SpencerFlex Line of Credit Disclosure

IMPORTANT TERMS OF OUR SPENCERFLEX HOME EQUITY LINE OF CREDIT

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 September 20, 2023 for lines secured by 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 your to pay us the entire outstanding balance in one 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 circumstance.
- 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.

The initial agreement permits us to make certain changes to the terms of the agreement at specified times or upon the occurrence of special events.

Minimum Draw Requirements: The minimum credit advance that you can receive is \$250.

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 1/240th 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 minimum payment will continue to be calculated in the same manner as during the draw period.

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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.

B. The amount of the available 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 the then current income and debt 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 my 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 16 years and 8 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 8.25%. During that period, you would make 200 payments varying between \$120.07 and \$52.26.

FEES AND CHARGES:

Application Fee: You must pay us a non-refundable application fee. Application Fees as follows: Lines up to \$150,000: \$350 (1 family) and \$450 (2-4 family); Lines above \$150,000 up to \$249,999: \$400 (1 family) and \$550 (2-4 family); Lines of \$250,000 or more: \$450 (1 family) and \$700 (2-4 family). 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 an Equity check 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.



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Variable Rate Information: 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 subject to a 4.50% 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. Ask us for the current index value, margin, discount or premium, and annual percentage rate. 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 maximum ANNUAL PERCENTAGE RATE that can apply is 13.99%. The minimum ANNUAL PERCENTAGE RATE (FLOOR RATE) is 4.50%.

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	
2009	3.25%	0.00%	4.500%**	\$84.67	Draw Period
2010	3.25%	0.00%	4.500%**	\$82.55	
2011	3.25%	0.00%	4.500%**	\$80.33	
2012	3.25%	0.00%	4.500%**	\$78.11	
2013	3.25%	0.00%	4.500%**	\$75.82	
2014	3.25%	0.00%	4.500%**	\$73.67	
2015	3.25%	0.00%	4.500%**	\$71.45	
2016	3.50%	0.00%	4.500%**	\$69.23	
2017	4.25%	0.00%	4.500%**	\$66.97	Repayment Period
2018	5.00%	0.00%	5.00%	\$66.44	
2019	5.50%	0.00%	5.50%	\$65.37	
2020	3.25%	0.00%	4.500%**	\$60.36	
2021	3.25%	0.00%	4.500%**	\$58.11	
2022	6.25%	0.00%	6.25%	\$58.22	
2023	8.25%	0.00%	8.25%	\$56.78	

* This is a margin we have used recently.

** This represents the Floor Rate.

Flex Prime ONLY Disclosure 9/20/23 (4.50% Floor)



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SpencerFlex Line of Credit

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 15 page PDF file.

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

Spencer Savings Bank
Attention: Home Finance
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 Home Finance 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.



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SpencerFlex Line of Credit Check List

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 Acknowledgment (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. Borrowers Two Most Recent Pay Stubs (Equal to 1 Month Income)
- ☐ 12. Co-Borrowers Two Most Recent Pay Stubs (Equal to 1 Month Income)
- ☐ 13. 2 Recent Years of W-2 Statements (All Borrowers)
- ☐ 14. 2 Most Recent Years Federal Tax Return Filed (With Signatures) Including ALL Supporting schedules, if Borrowers are Self Employed or Collect Rental Income*
- ☐ 15. Social Security Award Letter, Proof of Pension receipt or Bank Statement Showing Social Security and Proof of Pension Deposit Each Month, If Applicable.
- ☐ 16. 2 Recent Years of 1099's (If Applicable)

*If either borrower collects *rental income*, then you must also Submit Leases. Any ownership interest in a *corporation or partnership* must be supported by complete copies of your two most recent Corporate and/or Partnership Returns filed.



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SpencerFlex Line of Credit Fee Schedule

APPLICATION FEE SCHEDULE

Property Type	Loan Amount	1 Family	2-4 Family
Owner Occupied	Up to \$150,000	\$350.00	\$450.00
Owner Occupied	\$150,001 to \$249,999	\$400.00	\$550.00
Owner Occupied	\$250,000 or more	\$450.00	\$700.00
Investment	Up to \$100,000	\$500.00	\$500.00
Investment	Over \$100,000	\$700.00	\$700.00

THE FOLLOWING FEES MAY BE APPLICABLE TO ORIGINATE YOUR LOAN APPLICATION

Federal Express Fee\$36.00

Recording Fee\$90.00 - \$165.00

Mortgage Cancellation Fee \$20.00 - \$25.00

Modification Fees\$500.00

Subordination Fees\$250.00

INTEREST RATE POLICY

Spencer will lock your margin without a charge, as of the same date that we receive your loan application. It will be locked for 30 days after your loan is approved. Should our margin go down prior to scheduling a closing, you have the option to submit a "Rate Adjustment" request along with a \$125 Rate Change Fee. Upon receipt, it will be switched to the lower rate



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SpencerFlex Line of Credit

Application Taken:

☐ In Person ☐ By Mail ☐ By Telephone ☐ Other

IMPORTANT: If more than one person is applying for credit please check below, provide your initials and complete both the Applicant and Joint Applicant information sections.

☐ We intend to apply for joint credit

Applicant: _____ Joint Applicant: _____

Type of Loan Requested (Please print in ink):

☐ Home Equity Line of Credit - Principal & Interest

(THIS APPLICATION NOT APPLICABLE FOR FIXED RATE HOME EQUITY LOAN)

Amount Requested: _____

Term: _____

Purpose of Loan: _____

APPLICANT INFORMATION

NAME (Include Jr., Sr., III, if applicable)

DATE OF BIRTH

SOCIAL SECURITY NUMBER

PRESENT ADDRESS (No. & Street)

CITY

STATE

ZIP

YEARS AT THIS ADDRESS

HOME PHONE #

CELL #

PREVIOUS ADDRESS, (If less than 2 years at current address)

YEARS AT THIS ADDRESS

EMAIL

List any other names under which you have applied for or been granted credit

DO NOT MARK SELECTION IF APPLYING FOR AN INDIVIDUAL UNSECURED CREDIT

☐ MARRIED ☐ SEPARATED ☐ UNMARRIED (SINGLE, DIVORCED, WIDOWED)

EMPLOYER'S NAME AND ADDRESS

LENGTH OF EMPLOYMENT

EMPLOYER'S TELEPHONE NO.

OCCUPATION/POSITION

ANNUAL GROSS SALARY

YEARS: _____ MONTHS: _____

OTHER INCOME DO NOT REVEAL income from alimony, child support, or separate maintenance payments unless you are relying on such income to repay this account.

DESCRIBE SOURCE OF OTHER INCOME

AMOUNT (monthly)

PREVIOUS EMPLOYER'S NAME AND ADDRESS (if less than 2 years at present employer)

LENGTH OF EMPLOYMENT

PREVIOUS EMPLOYER'S TELEPHONE NO.

YEARS: _____ MONTHS: _____

JOINT APPLICANT INFORMATION

NAME (Include Jr., Sr., III, if applicable)

DATE OF BIRTH

SOCIAL SECURITY NUMBER

PRESENT ADDRESS (No. & Street)

CITY

STATE

ZIP

YEARS AT THIS ADDRESS

HOME PHONE #

CELL #

PREVIOUS ADDRESS, (If less than 2 years at current address)

YEARS AT THIS ADDRESS

EMAIL

List any other names under which you have applied for or been granted credit

DO NOT MARK SELECTION IF APPLYING FOR AN INDIVIDUAL UNSECURED CREDIT

☐ MARRIED ☐ SEPARATED ☐ UNMARRIED (SINGLE, DIVORCED, WIDOWED)

EMPLOYER'S NAME AND ADDRESS

LENGTH OF EMPLOYMENT

EMPLOYER'S TELEPHONE NO.

OCCUPATION/POSITION

ANNUAL GROSS SALARY

YEARS: _____ MONTHS: _____

OTHER INCOME DO NOT REVEAL income from alimony, child support, or separate maintenance payments unless you are relying on such income to repay this account.

DESCRIBE SOURCE OF OTHER INCOME

AMOUNT (monthly)

PREVIOUS EMPLOYER'S NAME AND ADDRESS (if less than 2 years at present employer)

LENGTH OF EMPLOYMENT

PREVIOUS EMPLOYER'S TELEPHONE NO.

YEARS: _____ MONTHS: _____



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LIST OF ADDITIONAL OWNED REAL ESTATE (IF APPLICABLE)

Property Address	Mortgageholder & Account #	Monthly Payment	Insurance & Taxes	Rent Received

ASSETS AND LIABILITIES

This Statement and applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the statement can be meaningfully and fairly presented on a combined basis; otherwise separate Statement and Schedules are required. If the Co-Borrower section was completed about a non-applicant spouse or other person, this Statement and supporting schedules must be completed about that spouse or other person also.

Completed: ☐ Jointly ☐ Not Jointly

ASSETS		CASH OR MARKET VALUE		Liabilities and Pledged Assets. List the creditor's name, address and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, ect. Use continuation sheet, if necessary. Indicate by (*) those liabilities which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.	
Description					
List checking and savings accounts below		LIABILITIES		MONTHLY PAYMENT	
NAME AND ADDRESS OF BANK, S&L, OR CREDIT UNION		Name and address of Company		\$	
Acct. No.		Acct. No.			
NAME AND ADDRESS OF BANK, S&L, OR CREDIT UNION		Name and address of Company		\$	
Acct. No.		Acct. No.			
NAME AND ADDRESS OF BANK, S&L, OR CREDIT UNION		Name and address of Company		\$	
Acct. No.		Acct. No.			
NAME AND ADDRESS OF BANK, S&L, OR CREDIT UNION		Name and address of Company		\$	
Acct. No.		Acct. No.			
NAME AND ADDRESS OF BANK, S&L, OR CREDIT UNION		Name and address of Company		\$	
Acct. No.		Acct. No.			
STOCKS & BONDS (Company name/number \$ description)		Name and address of Company		\$	
Acct. No.		Acct. No.			
RETIREMENT ACCOUNT		Name and address of Company		\$	
Acct. No.		Acct. No.			
RETIREMENT ACCOUNT		Name and address of Company		\$	
Acct. No.		Acct. No.			
OTHER		Name and address of Company		\$	
Acct. No.		Acct. No.			



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APPLICANT SIGNATURE	DATE ____/____/____	JOINT APPLICANT SIGNATURE	DATE ____/____/____
LOAN ORIGINATOR'S SIGNATURE			DATE ____/____/____

LOAN ORIGINATOR'S NAME	NMLS #	LOAN ORIGINATOR'S PHONE NUMBER
LOAN ORIGINATIONS COMPANY'S NAME SPENCER SAVINGS BANK	LOAN ORIGINATIONS BANK NMLS # 421318	LOAN ORIGINATIONS COMPANY'S ADDRESS 611 RIVER DR ELMWOOD PARK, NJ 07407

FOR INTERNAL USE ONLY:		
BRANCH #	EMPLOYEE NAME:	DATE RECEIVED:

SpencerFlex Line of Credit Application Addendum

Additional Borrower Contact, Appraisal Information and Subject Property Information Form

Note: Application will not be processed unless ALL REQUIRED information is complete.

CONTACT FOR APPRAISER ACCESS TO PREMISES (if applicable):

Contact Name: _____ Telephone #: _____ Cell #: _____

Best Time To Contact: _____

SUBJECT PROPERTY INFORMATION

Property Address: _____

Annual Real Estate Taxes: \$ _____ Estimated Value \$ _____

Annual Homeowners Insurance Premium: \$ _____

Condominium or Townhouse Monthly Dues: \$ _____

Property Type: _____ Single Family _____ 2-Family _____ 3-4 Family _____ Condo _____ Townhouse

BLOCK: _____ **LOT:** _____ Lot Size: _____ Age of Home: _____

Please select all that apply:

Gas heat _____ Oil Tank _____ *Where Located:* _____ Underground _____ Basement

Public Sewer _____ Septic System _____

Public Water _____ Well Water _____

Flood Zone _____ YES _____ NO

Purchase Price \$ _____ Purchase Date: _____

Mortgage Holder: _____

Second Mortgage Holder: _____

Current Owner(s) Name(s): _____

(As Listed on Deed)

Name of Condominium or Townhouse Association Name: _____

Association Management Company: _____

Contact Telephone #: _____

SpencerFlex Line of Credit Application Addendum

PURPOSE OF LOAN: _____

LIST OF CREDITORS TO BE PAID

I/We request that the following loans, credit cards, and bills be paid by Spencer Savings Bank with the proceeds of this loan:

CREDITOR	ACCOUNT NUMBER	AMOUNT

Applicant Signature

Joint-Applicant Signature

Date

Date



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Demographic Information Addendum

This section asks about your ethnicity, sex, and race.

DEMOGRAPHIC INFORMATION OF BORROWER

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "Ethnicity" and one or more designations for "Race."

The law provides that we may not discriminate on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

Ethnicity: Check one or more

- ☐ Hispanic or Latino
- ☐ Mexican ☐ Puerto Rican ☐ Cuban
- ☐ Other Hispanic or Latino - *Print origin:* _____

For example: Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.

- ☐ Not Hispanic or Latino
- ☐ I do not wish to provide this information

Sex

- ☐ Female
- ☐ Male
- ☐ I do not wish to provide this information

Race: Check one or more

- ☐ American Indian or Alaska Native - *Print name of enrolled or principal tribe:* _____

☐ Asian

- ☐ Asian Indian ☐ Chinese ☐ Filipino
- ☐ Japanese ☐ Korean ☐ Vietnamese

- ☐ Other Asian - *Print race:* _____

For example: Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.

- ☐ Black or African American
- ☐ Native Hawaiian or Other Pacific Islander
- ☐ Native Hawaiian ☐ Guamanian or Chamorro
- ☐ Samoan ☐ Other Pacific Islander - *Print race:* _____

For example: Fijian, Tongan, and so on.

- ☐ White
- ☐ I do not wish to provide this information

To Be Completed by Financial Institution (for application taken in person):

- Was the ethnicity of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES
- Was the sex of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES
- Was the race of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES

The Demographic Information was provided through:

- ☐ Face-to-Face Interview (includes Electronic Media w/ Video Component) ☐ Telephone Interview ☐ Fax or Mail ☐ Email or Internet

THE QUESTIONS APPLY TO BORROWER

If you answer "yes" to any questions (A.) through (G.) explain on a attached sheet of paper.

Borrower
Yes or No

A. Have you any outstanding judgments?

B. In the last 7 years, have you been declared Bankrupt?

C. Have you had property foreclosed upon or given title or deed in lieu thereof, in the last 7 years?

D. Are you a party in a lawsuit?

E. Are you obligated to pay alimony, child support or separate maintenance?

F. Do you have any past due obligations owed to or insured by any agency of the federal government?

G. Are you a co-maker or endorser on a note?

H. Are you a U.S. citizen?

I. Are you a permanent resident alien?

J. Do you intend to occupy the property as your primary residence?

Borrower
Yes or No



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Demographic Information Addendum

This section asks about your ethnicity, sex, and race.

DEMOGRAPHIC INFORMATION OF CO-BORROWER

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "Ethnicity" and one or more designations for "Race."

The law provides that we may not discriminate on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

Ethnicity: Check one or more

- ☐ Hispanic or Latino
- ☐ Mexican ☐ Puerto Rican ☐ Cuban
- ☐ Other Hispanic or Latino - Print origin: _____

For example: Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.

- ☐ Not Hispanic or Latino
- ☐ I do not wish to provide this information

Sex

- ☐ Female
- ☐ Male
- ☐ I do not wish to provide this information

Race: Check one or more

- ☐ American Indian or Alaska Native - Print name of enrolled or principal tribe: _____
- ☐ Asian
- ☐ Asian Indian ☐ Chinese ☐ Filipino
- ☐ Japanese ☐ Korean ☐ Vietnamese
- ☐ Other Asian - Print race: _____

For example: Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.

- ☐ Black or African American
- ☐ Native Hawaiian or Other Pacific Islander
- ☐ Native Hawaiian ☐ Guamanian or Chamorro
- ☐ Samoan ☐ Other Pacific Islander - Print race: _____

For example: Fijian, Tongan, and so on.

- ☐ White
- ☐ I do not wish to provide this information

To Be Completed by Financial Institution (for application taken in person):

- Was the ethnicity of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES
- Was the sex of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES
- Was the race of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES

The Demographic Information was provided through:

- ☐ Face-to-Face Interview (includes Electronic Media w/ Video Component) ☐ Telephone Interview ☐ Fax or Mail ☐ Email or Internet

THE QUESTIONS APPLY TO CO-BORROWER

If you answer "yes" to any questions (A.) through (G.) explain on a attached sheet of paper.

Co-Borrower
Yes or No

A. Have you any outstanding judgments?

B. In the last 7 years, have you been declared Bankrupt?

C. Have you had property foreclosed upon or given title or deed in lieu thereof, in the last 7 years?

D. Are you a party in a lawsuit?

E. Are you obligated to pay alimony, child support or separate maintenance?

F. Do you have any past due obligations owed to or insured by any agency of the federal government?

G. Are you a co-maker or endorser on a note?

H. Are you a U.S. citizen?

I. Are you a permanent resident alien?

J. Do you intend to occupy the property as your primary residence?

Co-Borrower
Yes or No

General Authorization Letter

BORROWER 1			
ADDRESS	CITY	STATE	ZIP
BORROWER 2			
ADDRESS	CITY	STATE	ZIP

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	SOCIAL SECURITY NUMBER	DATE
BORROWER 2	SOCIAL SECURITY NUMBER	DATE

Spencer*Flex* Line of Credit Disclosure Acknowledgment

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 "What You Should Know About Home Equity Lines Of Credit" together with this Spencer*Flex* Line of Credit Application.

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

How Did You Hear of Spencer?

Thank you for choosing Spencer Savings Bank, SLA for your Home Equity needs.

We are very interested in hearing how Spencer Savings Bank, SLA was referred to you. Please take a moment to complete this form, and return it with your application.

Thank you for your patronage and we hope to be of continued service to you.

Borrower(s) Name		
Property Address		
City	State	Zip

How Did You Hear About Home Equity Loans from Spencer?

Please check all that apply and provide as much detail as possible.

☐ INTERNET (Please include the specific name of the website, search engine or online source.)

☐ NEWSPAPER/MAGAZINE (Please include the name of the publication.)

☐ PERSONAL REFERENCE (Please indicate the name of the person.)

☐ REALTOR (Please indicate the name of the realtor.)

☐ SPENCER REPRESENTATIVE/EMPLOYEE (Please indicate the name of the bank employee.)

☐ DIRECT MAIL OR STATEMENT INSERT

☐ EXISTING OR PREVIOUS CUSTOMER

☐ OTHER (Please Specify)

WHAT YOU SHOULD KNOW ABOUT

Home Equity Lines of Credit (HELOC)

Borrowing from the
value of your home



Consumer Financial
Protection Bureau



An official publication of the U.S. government

How to use the booklet

When you and your lender discuss home equity lines of credit, often referred to as HELOCs, you receive a copy of this booklet. It helps you explore and understand your options when borrowing against the equity in your home.

You can find more information from the Consumer Financial Protection Bureau (CFPB) about home loans at cfpb.gov/mortgages. You'll also find other mortgage-related CFPB resources, facts, and tools to help you take control of your borrowing options.

About the CFPB

The CFPB is a 21st century agency that implements and enforces federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive.

This pamphlet, titled What you should know about home equity lines of credit, was created to comply with federal law pursuant to 15 U.S.C. 1637a(e) and 12 CFR 1026.40(e).

How can this booklet help you?

This booklet can help you decide whether home equity line of credit is the right choice for you, and help you shop for the best available option.

A home equity line of credit (HELOC) is a loan that allows you to borrow, spend, and repay as you go, using your home as collateral.

Typically, you can borrow up to a specified percentage of your equity. Equity is the value of your home minus the amount you owe on your mortgage.

Consider a HELOC if you are confident you can keep up with the loan payments. If you fall behind or can't repay the loan on schedule, you could lose your home.

After you finish this booklet:

- You'll understand the effect of borrowing against your home
- You'll think through your borrowing and financing options, besides a HELOC
- You'll see how to shop for your best HELOC offer
- You'll see what to do if the economy or your situation changes

Compare a HELOC to other money sources

Before you decide to take out a HELOC, it might make sense to consider other options that might be available to you, like the ones below.

TIP

Renting your home out to other people may be prohibited under the terms of your line of credit.

MONEY SOURCE	HOW MUCH CAN YOU BORROW	VARIABLE OR FIXED RATE	IS YOUR HOME AT RISK?	TYPICAL ADVANTAGES	TYPICAL DISADVANTAGES
HELOC <i>You borrow against the equity in your home</i>	Generally a percentage of the appraised value of your home, minus the amount you owe on your mortgage	Variable. typically	Yes	Continue repaying and borrowing for several years without additional approvals or paperwork	Repayment amount varies; repayment is often required when you sell your home
SECOND MORTGAGE OR HOME EQUITY LOAN <i>You borrow against the equity in your home</i>	Generally a percentage of the appraised value of your home, minus the amount you owe on your mortgage	Fixed	Yes	Equal payments that pay off the entire loan	If you need more money, you need to apply for a new loan; repayment is often required when you sell your home
CASH-OUT REFINANCE <i>You replace your existing mortgage with a bigger mortgage and take the difference in cash</i>	Generally a percentage of the appraised value of your home; the amount of your existing loan plus the amount you want to cash out	Variable or fixed	Yes	Continue to make just one mortgage payment	Closing costs are generally higher; it may take longer to pay off your mortgage; interest rate may be higher than your current mortgage
PERSONAL LINE OF CREDIT <i>You borrow based on your credit, without using your home as collateral</i>	Up to your credit limit, as determined by the lender	Variable, typically	No	Continue repaying and borrowing for several years without additional approvals or paperwork	Solid credit is required; you may need to pay the entire amount due once a year; higher interest rate than a loan that uses your home as collateral

Compare a HELOC to other money sources

MONEY SOURCE	HOW MUCH CAN YOU BORROW	VARIABLE OR FIXED RATE	IS YOUR HOME AT RISK?	TYPICAL ADVANTAGES	TYPICAL DISADVANTAGES
RETIREMENT PLAN LOAN <i>You borrow from your retirement savings in a 401(k) or similar plan through your current employer</i>	Generally, up to 50% of your vested balance or \$50,000, whichever is less	Fixed	No	Repay through paycheck deductions; paperwork required but no credit check and no impact on your credit score	If you leave or lose your job, repay the whole amount at that time or pay taxes and penalties; spouse may need to consent
HOME EQUITY CONVERSION MORTGAGE (HECM) <i>You must be age 62 or older, and you borrow against the equity in your home</i>	Depends on your age, the interest rate on your loan, and the value of your home	Fixed or variable	Yes	You don't make monthly loan payments—instead, you typically repay the loan when you move out, or your survivors repay it after you die	The amount you owe grows over time; you might not have any value left in your home if you want to leave it to your heirs
CREDIT CARD <i>You borrow money from the credit card company and repay as you go</i>	Up to the amount of your credit limit, as determined by the credit card company	Fixed or variable	No	No minimum purchase; consumer protections in the case of fraud or lost or stolen card	Higher interest rate than a loan that uses your home as collateral
FRIENDS AND FAMILY <i>You borrow money from someone you are close to</i>	Agreed on by the borrower and lender	Variable, fixed or other	No	Reduced waiting time, fees, and paperwork compared to a formal loan	Forgiven loans and unreported or forgiven interest can complicate taxes, especially for large loans; can jeopardize important personal relationships if something goes wrong

How HELOCs work

PREPARE FOR UP-FRONT COSTS

Some lenders waive some or all of the up-front costs for a HELOC. Others may charge fees. For example, you might get charged:

- A fee for a property **appraisal**, which is a formal estimate of the value of your home
- An application fee, which might not be refunded if you are turned down
- Closing costs, including fees for attorneys, title search, mortgage preparation and filing, property and title insurance, and taxes

PULL MONEY FROM YOUR LINE OF CREDIT

Once approved for a HELOC, you can generally spend up to your credit limit whenever you want. When your line of credit is open for spending, you are in the **borrowing period**, also called the **draw period**. Typically, you use special checks or a credit card to draw on your line. Some plans require you to borrow a minimum amount each time (for example, \$300) or keep a minimum amount outstanding. Some plans require you to take an initial amount when the credit line is set up.

MAKE REPAYMENTS DURING THE “DRAW PERIOD”

Some plans set a minimum monthly payment that includes a portion of the **principal** (the amount you borrow) plus accrued interest. The portion of your payment that goes toward principal typically does not repay the principal by the end of the term. Other plans may allow payment of the interest only, during the draw period, which means that you pay nothing toward the principal.

If your plan has a variable interest rate, your monthly payments may change even if you don't draw more money.

ENTER THE “REPAYMENT PERIOD”

Whatever your payment arrangements during the draw period—whether you pay some, a little, or none of the principal amount of the loan—when the draw period ends you enter a repayment period. Your lender may set a schedule so that you repay the full amount, often over ten or 15 years.

Or, you may have to pay the entire balance owed, all at once, which might be a large amount called a **balloon payment** by refinancing it with the lender, getting a loan from another lender, or some other means. If you are unable to pay the balloon payment in full, you could lose your home.

RENEW OR CLOSE OUT THE LINE OF CREDIT

At the end of the repayment period, your lender might encourage you to leave the line of credit open. This way you don't have to go through the cost and expense of a new loan, if you expect to borrow again. Be sure you understand if annual maintenance fees or other fees apply, even if you are not actively using the credit line.

TIP

If you sell your home, you are generally required to pay off your HELOC in full immediately. If you are likely to sell your home in the near future, consider whether or not to pay the up-front costs of setting up a line of credit.



GET THREE HELOC ESTIMATES

Shopping around lets you compare costs and features, so you can feel confident you're making the best choice for your situation.

		OFFER A	OFFER B	OFFER C
Initiating the HELOC				
Credit limit	\$			
First transaction	\$			
Minimum transaction	\$			
Minimum balance	\$			
Fixed annual percentage rate	%			
Variable annual percentage rate	%			
» Index used and current value				
» Amount of margin				
» Frequency of rate adjustments				
» Amount/length of discount rate (if any)				
» Interest rate cap and floor				
Length of plan				
» Draw period				
» Repayment period				
Initial fees				
» Appraisal fee	\$			
» Application fee	\$			



GET THREE HELOC ESTIMATES

Shopping around lets you compare costs and features, so you can feel confident you're making the best choice for your situation.

		OFFER A	OFFER B	OFFER C
» Up-front charges, including points	\$			
» Early termination fee	\$			
» Closing costs				
During the draw period				
» Interest and principal payments	\$			
» Interest-only payments?	\$			
» Fully amortizing payments	\$			
» Annual fee (if applicable)	\$			
» Transaction fee (if applicable)	\$			
» Inactivity fee	\$			
» Prepayment and other penalty fees	\$			
During the repayment period				
» Penalty for overpayments?				
» Fully amortizing payment amount?				
» Balloon repayment of full balance owed?				
» Renewal available?				
» Refinancing of balance by lender?				
» Conversion to fixed-term loan?				

How variable interest rates work

Home equity lines of credit typically involve variable rather than fixed interest rates.

A variable interest rate generally has two parts: the index and the margin.

An **index** is a measure of interest rates generally that reflects trends in the overall economy. Different lenders use different indexes in their loans. Common indexes include the U.S. prime rate and the Constant Maturity Treasury (CMT) rate. Talk with your lender to find out more about the index they use.

The **margin** is an extra percentage that the lender adds to the index.

Lenders sometimes offer a temporarily discounted interest rate for home equity lines—an introductory or **teaser rate** that is unusually low for a short period, such as six months.

Rights and responsibilities

Lenders are required to disclose the terms and costs of their home equity lines of credit. They need to tell you:

- Annual percentage rate (APR)
- Information about variable rates
- Payment terms
- Requirements on transactions, such as minimum draw amounts and number of draws allowed per year

- Annual fees
- Miscellaneous charges

You usually get these disclosures when you receive a loan application, and you get additional disclosures before the line of credit is opened. In general, the lender cannot charge a nonrefundable fee as part of your application until three days after you have received the disclosures.

If the lender changes the terms before the loan is made, you can decide not to go forward with it, and the lender must return all fees. There is one exception: the variable interest rate might change, and in that case if you decide not to go ahead with the loan, your fees are not refunded.

Lenders must give you a list of HUD-approved housing counselors in your area. You can talk to counselor about how HELOCs work and get free or low-cost help with budgeting and money management.

Right to cancel (also called right to rescind)

If you change your mind for any reason, under federal law, you can cancel the credit line in the first three days. Notify the lender in writing within the first three days after the account was opened. The lender must then cancel the loan and return the fees you paid, including application and appraisal fees.

TIP

Some HELOCs let you convert some of your balance to a fixed interest rate. The fixed interest rate is typically higher than the variable rate, but it means more predictable payments.

If something changes during the course of the loan

HELOCs generally permit the lender to freeze or reduce your credit line if the value of your home falls or if they see a change for the worse in your financial situation. If this happens, you can:

- **Talk with your lender.** Find out the reason for the freeze or reduction. You might need to check your credit reports for errors that might have caused a downgrade in your credit. Or, you might need to talk with your lender about a new appraisal on your home and make sure the lender agrees to accept a new appraisal as valid.
- **Shop for another line of credit.** If another lender offers you a line of credit, you may be able to use that to pay off your original line of credit. Application fees and other fees may apply for the new loan.



WELL DONE!

For most people, a home is their most valuable asset. A HELOC can help you make the most of this asset, when you understand the ins and outs and know what to expect.

In this booklet:

ASK YOURSELF

Have I considered other sources of money and loans, besides a HELOC?

Have I shopped around for HELOC features and fees?

Am I comfortable with the worst-case scenario, where I could lose my home?

ONLINE TOOLS

CFPB website
cfpb.gov

Answers to common questions
cfpb.gov/askcfpb

Tools and resources for home buyers
cfpb.gov/owning-a-home

Talk to a HUD-approved housing counselor
cfpb.gov/find-a-housing-counselor

Submit a complaint
cfpb.gov/complaint