



2121 U.S. Highway 22 West, P.O. Box 2121, Bound Brook, NJ 08805  
732-560-4800 FAX 560-4881

## The Home Equity Line Of Credit Information

Dear Applicant:

Thank you for your inquiry regarding a Command Equity Credit Line from Somerset Savings Bank. We have attached everything you need to apply for a home equity line of credit.

### Put Your Home to Work for You.

A Command Equity Credit Line is a great no-hassle way to borrow the money you need. Accessing your line is as simple as writing a check. You can write a check up to the full amount of your available line—for debt consolidation, to fix up the house, pay tuition, buy a car—virtually anything you want! And, the interest you pay may be tax-deductible\*.

### Get the Credit You Deserve.

Borrow from \$20,000 to \$125,000 (\$100,000 for a condominium). You'll only pay interest on the amount of your line that you are using. Maximum Loan-to-Value is 70% for a 1-4 family, owner occupied home or condo.

### Apply Today.

It's easy to apply. The process is quick and simple. No application fee! No points! No appraisal fee, closing costs or attorney's fees! Simply review the attached "Truth-in-Lending Disclosure Notice Command Equity Line of Credit", "What you should know about Home Equity Line of Credit" and complete the attached forms.

### Help Us To Help You.


Please be sure to mail/deliver the following items to the address above or any of our branch locations:

1. The completed application—signed and dated.
2. Authorization to Release Financial Information—signed and dated.
3. Complete I.D. Form—signed and dated.
4. Copy of Recorded Deed for the subject property.
5. Proof of Income (whichever is applicable):
  - If employed, copies of two most recent pay stubs for each applicant together with last two year's W-2s.
  - If self-employed, copies of last two year's tax returns including all schedules.
  - If a retiree, copies of most recent Pension/Social Security Award letters for each applicant.
6. Copy of most recent property tax bill.

### We'll take it from there!

It's that easy. We'll start processing your application as soon as we receive all of the necessary items noted above. And we'll work with you every step of the way to help you get the money you need to finance your hopes and dreams.

\* Please consult your tax advisor.

Equal Opportunity Lender • Equal Housing Lender 



Home Equity Credit Line

Fixed Equity\*  5 Years  10 Years  15 Years  
 20 Years  Other: \_\_\_\_\_  
(20 Years Max.)

**APPLICANT**

Amount Requested: \$ \_\_\_\_\_

Full Name \_\_\_\_\_ Date of Birth \_\_\_\_\_

Home Address \_\_\_\_\_ Years There \_\_\_\_\_

Social Security No. \_\_\_\_\_ Marital Status\*\* \_\_\_\_\_ Home Phone ( \_\_\_\_\_ ) \_\_\_\_\_

Employer \_\_\_\_\_ Bus. Phone ( \_\_\_\_\_ ) \_\_\_\_\_

Employer Address \_\_\_\_\_ Position/Title \_\_\_\_\_

Self-Employed  Yes  No Years There \_\_\_\_\_

If employed less than 2 years, previous employer \_\_\_\_\_

Address \_\_\_\_\_ Years There \_\_\_\_\_

**CO-APPLICANT**

Full Name \_\_\_\_\_ Date of Birth \_\_\_\_\_

Home Address \_\_\_\_\_ Years There \_\_\_\_\_

Social Security No. \_\_\_\_\_ Marital Status\*\* \_\_\_\_\_ Home Phone ( \_\_\_\_\_ ) \_\_\_\_\_

Employer \_\_\_\_\_ Bus. Phone ( \_\_\_\_\_ ) \_\_\_\_\_

Employer Address \_\_\_\_\_ Position/Title \_\_\_\_\_

Self-Employed  Yes  No Years There \_\_\_\_\_

If employed less than 2 years, previous employer \_\_\_\_\_

Address \_\_\_\_\_ Years There \_\_\_\_\_

**GROSS ANNUAL INCOME**

	(A) Salary	(B) Commission	(C) Rental (Net)	(D) Other
Applicant				
Co-Applicant				
Totals				

Totals of (A) + (B) + (C) + (D) \$ \_\_\_\_\_

(D) Other Income: (Alimony, child support or separate maintenance payments need not be disclosed unless consideration is a basis for repaying this obligation.)

\* If you are applying for a loan on property for which you do not currently have a mortgage, special considerations may apply. In certain instances, this type of loan may be considered a Higher Priced Loan under provisions of the Truth In Lending Act. We do not offer Fixed Equity Higher Priced Loans. However, we encourage you to contact us so that we can review your individual situation and, if necessary, make you aware of alternative programs that are available to you.

\*\* M = Married; U = Unmarried; S = Separated

*(Please complete reverse side)*

# OUTSTANDING DEBTS

Creditor Name & Address	Account Number	Original Amount	Monthly Payment	Balance Due
		\$	\$	\$
<i>TOTALS</i>		\$	\$	\$

Does the applicant or co-applicant pay alimony, child support or separate maintenance?  Yes  No

If yes, total amount per month \$ \_\_\_\_\_

\* Please place an asterisk in the "Balance Due" column next to any obligation you will be paying off with the proceeds of this loan.

# PROPERTY INFO

Filling this section out completely will help speed up your application.

Full Address \_\_\_\_\_

Mortgage Lender \_\_\_\_\_ Mortgage Amount \$ \_\_\_\_\_

Purchase Date \_\_\_\_\_ Purchase Price \$ \_\_\_\_\_ Current Est. Value \$ \_\_\_\_\_ Year Built \_\_\_\_\_

Mortgage Payment \$ \_\_\_\_\_ Include Property Tax  Yes  No Annual Taxes \$ \_\_\_\_\_ House Style \_\_\_\_\_

Lot Size \_\_\_\_\_ Living Space \_\_\_\_\_ sq. ft. Lot No. \_\_\_\_\_ Block No. \_\_\_\_\_

Check the following:  Condo  Townhouse  Single Family Res.  2-4 Family Res.

Check Room List	Foyer	Living Room	Dining Room	Kitchen	Den	Family Room	Rec. Room	Bed-room	Bath-room	Laundry Room	Other
Basement											
1st Level											
2nd Level											

Everything that I have stated in this application is correct to the best of my knowledge. I understand that you will retain this application whether or not it is approved. You are authorized to check my credit, employment and loan history.

Applicant's Signature \_\_\_\_\_ Date \_\_\_\_\_

Co-Applicant's Signature \_\_\_\_\_ Date \_\_\_\_\_

<b>To be completed by Loan Originator:</b>		
This information was provided:		
<input type="checkbox"/> In a face-to-face interview <input type="checkbox"/> By the applicant and submitted by fax or mail <input type="checkbox"/> Dropped off at Somerset Savings branch location <input type="checkbox"/> In a telephone interview <input type="checkbox"/> By the applicant and submitted via e-mail or the Internet		
Loan Originator's Signature <b>X</b>	Date	
Loan Originator's Name (type or print)	Loan Originator Identifier	Loan Originator's Phone Number <b>732-560-4800</b>
Loan Origination Company's Name <b>Somerset Savings Bank, SLA</b>	Loan Origination Company Identifier <b>509866</b>	Loan Origination Company's Address <b>2121 Route 22 West Bound Brook, NJ 08805</b>





SLA \_\_\_\_\_  
2121 U.S. Highway 22 West, P.O. Box 2121, Bound Brook, NJ 08805  
732-560-4800 FAX 560-4881

## AUTHORIZATION TO RELEASE FINANCIAL INFORMATION

RE: Borrower: \_\_\_\_\_

Co-Borrower: \_\_\_\_\_

Present Address: \_\_\_\_\_  
\_\_\_\_\_

### TO WHOM IT MAY CONCERN:

The undersigned have applied to Somerset Savings Bank, SLA for a mortgage loan.

In connection with that application, Somerset Savings Bank may verify bank deposits, outstanding loans, credit information, salaries and other financial information which may be pertinent to the application.

Kindly consider this form or a photocopy of this form as your authorization to release the information requested by Somerset Savings Bank.

Date: \_\_\_\_\_

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Co-Borrower



SLA \_\_\_\_\_  
2121 U.S. Highway 22 West, P.O. Box 2121, Bound Brook, NJ 08805  
732-560-4800 FAX 560-4881

Dear Applicant(s):

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.

In the chart below, please indicate the type of identification you are providing and the additional information requested (Issue Date, Expiration Date and State of Issuance).

**IDENTIFICATION**

\_\_\_\_\_  
APPLICANT NAME (please print) ID# ISSUE DATE EXPIRATION DATE STATE OF ISSUANCE

Mother's Maiden Name: \_\_\_\_\_ \*Phone # \_\_\_\_\_ Email: \_\_\_\_\_

ID TYPE:  Current Driver's License  Current Passport w/ Photograph  State/Federal ID Card (Non Drivers)  Alien Registration Card (Green Card)

CHECK ALL THAT APPLY:  MARRIED  UNMARRIED  SEPERATED  PARTNER IN A CIVIL UNION

\_\_\_\_\_  
CO-APPLICANT NAME (please print) ID# ISSUE DATE EXPIRATION DATE STATE OF ISSUANCE

Mother's Maiden Name: \_\_\_\_\_ \*Phone # \_\_\_\_\_ Email: \_\_\_\_\_

ID TYPE:  Current Driver's License  Current Passport w/ Photograph  State/Federal ID Card (Non Drivers)  Alien Registration Card (Green Card)

CHECK ALL THAT APPLY:  MARRIED  UNMARRIED  SEPERATED  PARTNER IN A CIVIL UNION

I certify the above information to be true and correct.

\_\_\_\_\_  
Applicant Date Co-Applicant Date



2121 U.S. Highway 22 West, P.O. Box 2121, Bound Brook, NJ 08805  
732-560-4800 FAX 560-4881

## TRUTH-IN-LENDING DISCLOSURE NOTICE COMMAND EQUITY LINE OF CREDIT

THIS DISCLOSURE NOTICE CONTAINS IMPORTANT INFORMATION ABOUT SOMERSET SAVINGS BANK'S COMMAND EQUITY LINE OF CREDIT LOAN. YOU SHOULD READ IT CAREFULLY.

AS USED IN THIS DISCLOSURE, THE WORDS "WE", "US" AND "OUR" MEAN SOMERSET SAVINGS BANK, SLA. THE WORDS "YOU", "YOURS", "APPLICANT" AND "BORROWER" MEAN ANY AND ALL APPLICANTS. THIS DISCLOSURE NOTICE IS NOT A REPLACEMENT FOR OR A PART OF ANY LOAN COMMITMENT, LOAN AGREEMENT, MORTGAGE OR OTHER DOCUMENT YOU MAY SIGN IF SOMERSET AGREES TO MAKE A COMMAND EQUITY LOAN TO YOU. YOU SHOULD BECOME FAMILIAR WITH AND UNDERSTAND THE PROVISIONS OF ALL SUCH DOCUMENTS BEFORE SIGNING THEM.

### AVAILABILITY OF TERMS:

All of the terms described below are subject to change. If these terms change (OTHER THAN THE ANNUAL PERCENTAGE RATE) and you decided, 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 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, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- 1) You engage in fraud or material misrepresentation in connection with the line.
- 2) You do not meet repayment terms.
- 3) 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:

- 1) The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- 2) We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- 3) You are in default of a material obligation in the agreement.
- 4) 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.
- 5) A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- 6) The maximum Annual Percentage Rate is reached.

## HOW THE COMMAND EQUITY LOAN WORKS

### GENERAL INFORMATION:

The Command Equity Loan is a line of credit loan secured by a borrower's principal residence that permits the borrower to obtain credit advances up to a specified credit limit. Because the loan is an open-end line of credit, it can be used again and again to obtain credit advances as long as the credit limit is not exceeded.

### LOAN TERM/MINIMUM PAYMENT REQUIREMENTS:

You can obtain advances of credit for an indefinite period (the draw period). During the draw period, payment will be due monthly. Your MINIMUM monthly payment will equal the GREATER of:

1/240th (20 Years) of the outstanding balance plus the finance charges accrued on the outstanding balance  
OR

\$100.00 plus the finance charges that have accrued on the outstanding balance.

### MINIMUM DRAW:

The minimum credit advance that you can receive is \$250.00.

**MINIMUM PAYMENT EXAMPLE:**

If you made only the minimum monthly payment and took no other credit advances, it would take 8 1/3 years to pay off a credit advance of \$10,000.00 at an Annual Percentage Rate of 3.25%. During that period you would make 100 monthly payments varying between \$126.71 and \$101.07.

**FEES AND CHARGES:**

To open and maintain a line of credit you must pay the following fees to us or third parties: None. You must pay a Late Charge on this line of credit if your payment has not been paid for more than 15 days after the Payment Due Date. The Late Charge will not exceed 5% of the minimum payment due.

**TAX DEDUCTIBILITY:**

You should consult a tax advisor regarding the deductibility of interest and charges under this line of credit.

**VARIABLE RATE FEATURE:**

The line has a variable (adjustable) rate feature and the Annual Percentage Rate (corresponding to the periodic rate) and the minimum payment can change as a result. The Annual Percentage Rate includes only interest and no other costs. The Annual Percentage Rate is based on the value of an index. The index is the highest "Prime Rate" in effect on the 15th day of each month as published in the Wall Street Journal's "Money Rates" Table. To determine the Annual Percentage Rate that will apply to your line, we subtract a margin from the value of the index, when applicable. If the index ceases to be published we will choose a comparable substitute index, and if necessary, a substitute margin so that the change in the index results in the same rate as required under the previous index. Ask for the current index value, margin, discount (if any) and the Annual Percentage Rate. After you open a credit line, rate information will be provided on periodic statements that we will send you.

**RATE CHANGES:**

The Annual Percentage Rate can change each month. The MAXIMUM ANNUAL PERCENTAGE RATE ("CAP") that can apply is 16.9%. Except for the "Cap" of 16.9% there is no limit on the amount by which the rate can change during any one month period or any one year period.

**MAXIMUM RATE AND PAYMENT EXAMPLES:**

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum monthly payment at the maximum Annual Percentage Rate of 16.9% would be \$238.90. This Annual Percentage Rate could be reached during the first month.

**HISTORIC EXAMPLE:**

The following table shows how the Annual Percentage Rate and the minimum monthly payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the past 15 years. The index values are as of July of each year, unless noted. While only one payment amount per year is shown, payments would have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payments were made each month 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 (%)	RATE (%)	MO.PAYMT. (\$)
1998	8.50	0.0	8.50	169.86
1999 (February)	7.75	0.0	7.75	156.05
2000 (February)	8.75	0.0	8.75	154.66
2001 (February)	8.50	0.0	8.50	144.71
2002 (February)	4.75	0.0	4.75	120.30
2003 (February)	4.25	0.0	4.25	113.97
2004 (February)	4.00	0.0	4.00	109.21
2005 (February)	5.50	0.0	5.50	107.23
2006 (February)	7.50	0.0	7.50	4 Payments of 102.47
2007 (February)	8.25	0.0	7.25	0.00
2008 (February)	6.00	0.0	6.00	0.00
2009 (February)	3.25	0.0	3.25	0.00
2010 (February)	3.25	0.0	3.25	0.00
2011 (February)	3.25	0.0	3.25	0.00
2012 (February)	3.25	0.0	3.25	0.00

(1) This is a margin we have used recently; your margin may be different.



## What you should know about Home Equity Lines of Credit

THIS DISCLOSURE IS MANDATED BY FEDERAL LAW. YOU ARE ADVISED TO READ AND PRINT OUT THIS DISCLOSURE FOR YOUR RECORDS. THE APPLICATION WILL PRINT OUT ALONG WITH THE DISCLOSURE.

What you should know about home equity lines of credit.

More and more lenders are offering home equity lines of credit. By using the equity in your home, you may qualify for a sizable amount of credit, available for use when and how you please, at an interest rate that is relatively low. Furthermore, under the tax law - depending upon your specific situation - you may be allowed to deduct the interest because the debt is secured by your home.

If you are in the market for credit, a home equity plan may be right for you. Or perhaps another form of credit would be better. Before making this decision, you should weigh carefully the costs of a home equity line against the benefits. Shop for the credit terms that best meet your borrowing needs without posing undue financial risk. And remember, failure to repay the amounts you've borrowed, plus interest, could mean the loss of your home.

### What is a home equity line of credit?

A home equity line of credit is a form of revolving credit in which your home serves as collateral. Because the home is likely to be a consumer's largest asset, many homeowners use their credit lines only for major items such as education, home improvements, or medical bills and not for day-to-day expenses.

With a home equity line, you will be approved for a specific amount of credit - your credit limit - the maximum amount you may borrow at any one time under the plan. Many lenders set the credit limit on a home equity line by taking a percentage (say 75 percent) of the home's appraised value and subtracting from that the balance owed on the existing mortgage. For example:

Appraisal Value of home	\$100,000
Percentage	x 75%
Percentage of appraised value =	\$75,000
Less balance owed on mortgage	- \$40,000
Potential credit	<hr/> \$35,000

In determining your actual credit limit, the lender also will consider your ability to repay, by looking at your income, debts, and other financial obligations, as well as your credit history.

Many home equity plans set a fixed period during which you can borrow money, such as 10 years. At the end of this "draw period", you may be allowed to renew the credit line. If your plan does not allow renewals, you will not be able to borrow additional money once the period has ended. Some plans may call for payment in full of any outstanding balance at the end of the period. Others may allow repayment over a fixed period (the "repayment period"), for example, 10 years.

Once approved for a home equity line of credit, you will most likely be able to borrow up to your credit limit whenever you want. Typically, you will use special checks to draw on your line. Under some plans, borrowers can use a credit card or other means to draw on the line.

There may be limitations on how you use the line. Some plans may require you to borrow a minimum amount each time you draw on the line (for example, \$300) and to keep a minimum amount outstanding. Some plans may also require that you take an initial advance when the line is set up.

### What should you look for when shopping for a plan?

If you decide to apply for a home equity line of credit, look for the plan that best meets your particular needs. Read the credit agreement carefully and examine the terms and conditions of various plans, including the annual percentage rate (APR) and the costs of establishing the plan. The APR for a home equity line is based on the interest rate alone and will not reflect the closing costs and other fees and charges, so you'll need to compare these costs, as well as the APRs, among lenders.

### Interest rate charges and related plan features.

Home equity lines of credit typically involve variable rather than fixed interest rates. The variable rate must be based on a publicly available index (such as the prime rate published in some major daily newspapers or a U.S. Treasury bill rate); the interest rate for borrowing under the home equity line changes, mirroring fluctuations in the value of the index. Most lenders cite the interest rate you will pay as the value of the index at a particular time plus a "margin", such as 2 percentage points. Because the cost of borrowing is tied directly to the value of the index, it is important to find out which index is used, how often the value of the index changes, and how high it has risen in the past as well as the amount of the margin.

Lenders sometimes offer a temporarily discounted interest rate for home equity lines - a rate that is unusually low and may last for only an introductory period, such as 6 months.

Variable-rate plans secured by a dwelling must, by law, have a ceiling (or cap) on how much your interest rate may increase over the life of the plan. Some variable-rate plans limit how much your payment may increase and how low your interest rate may fall if interest rates drop.

Some lenders allow you to convert from a variable interest rate to a fixed rate during the life of the plan, or to convert all or a portion of your line to a fixed-term installment loan.

Plans generally permit the lender to freeze or reduce your credit line under certain circumstances. For example, some variable-rate plans may not allow you to draw additional funds during a period in which the interest rate reaches the cap.

### Costs of establishing and maintaining a home equity line.

Many of the costs of setting up a home equity line of credit are similar to those you pay when you buy a home. For example:

- A fee for a property appraisal to estimate the value of your home.
- An application fee, which may not be refunded if you are turned down for credit.
- Up-front charges, such as one or more points (one point equals one percent of the credit limit).
- Closing costs, including fees for attorneys, title search, and mortgage preparation and filing; property and title insurance; and taxes.

In addition, you may be subject to certain fees during the plan period, such as annual membership or maintenance fees and a transaction fee every time you draw on the credit line.

You could find yourself paying hundreds of dollars to establish the plan. If you were to draw only a small amount against your credit line,

those initial charges would substantially increase the cost of the funds borrowed. On the other hand, because the lender's risk is lower than for other forms of credit, as your home serves as collateral, annual percentage rates for home equity lines are generally lower than rates for other types of credit. The interest you save could offset the costs of establishing and maintaining the line. Moreover, some lenders waive some or all of the closing costs.

#### **How will you repay your home equity plan?**

Before entering into a plan, consider how you will pay back the money you borrow. Some plans set minimum payments that cover a portion of the principal (the amount you borrow) plus accrued interest. But (unlike with the typical installment loan) the portion that goes toward principal may not be enough to repay the principal by the end of the term. Other plans may allow payments of interest alone during the life of the plan, which means that you pay nothing toward the principal. If you borrow \$10,000, you will owe that amount when the plan ends.

Regardless of the minimum payment required, you may choose to pay more, and many lenders offer a choice of payment options. Many consumers choose to pay down the principal regularly as they do with other loans. For example, if you use your line to buy a boat, you may want to pay it off as you would a typical boat loan.

Whatever your payment arrangements during the life of the plan - whether you pay some, a little, or none of the principal amount of the loan - when the plan ends you may have to pay the entire balance owed, all at once. You must be prepared to make this "balloon payment" by refinancing it with the lender, by obtaining a loan from another lender, or by some other means. If you are unable to make the balloon payment, you could lose your home.

If your plan has a variable interest rate, your monthly payments may change. Assume, for example, that you borrow \$10,000 under a plan that calls for interest-only payments. At a 10 percent interest rate, your monthly payments would be \$83. If the rate rises over time to 15 percent, your monthly payments will increase to \$125. Similarly, if you are making payments that cover interest plus some portion of the principal, your monthly payments may increase, unless your agreement calls for keeping payments the same throughout the plan period.

If you sell your home, you probably will be required to pay off your home equity line in full immediately. If you are likely to sell your home in the near future, consider whether it makes sense to pay the up-front costs of setting up a line of credit. Also keep in mind that renting your home may be prohibited under the terms of your agreement.

#### **Lines of credit vs. traditional second mortgage loans**

If you are thinking about a home equity line of credit, you might also want to consider a traditional second mortgage loan. A second mortgage provides you with a fixed amount of money repayable over a fixed period. In most cases the payment schedule calls for equal payments that will pay off the entire loan within the loan period. You might consider a second mortgage instead of a home equity line if, for example, you need a set amount for a specific purpose, such as an addition to your home.

In deciding which type of loan best suits your needs, consider the costs under the two alternatives. Look at both the APR and other charges. Do not, however, simply compare the APRs, because the APRs on the two types of loans are figured differently:

- The APR for a traditional second mortgage loan takes into account the interest rate charged plus points and other finance charges.
- The APR for a home equity line of credit is based on the periodic interest rate alone. It does not include points or other charges.

#### **Disclosures from lenders.**

The federal Truth in Lending Act requires lenders to disclose the important terms and costs of their home equity plans, including the APR, miscellaneous charges, the payment terms, and information about any variable-rate feature. And in general, neither the lender nor anyone else may charge a fee until after you have received this information. You usually get these disclosures when you receive an application form, and you will get additional disclosures before the plan is opened. If any term (other than a variable-rate feature) changes before the plan is opened, the lender must return all fees if you decide not enter into the plan because of the change.

When you open a home equity line, the transaction puts your home at risk. If the home involved is your principal dwelling, the Truth in Lending Act gives you 3 days from the day the account was opened to cancel the credit line. This right allows you to change your mind for any reason. You simply inform the lender in writing within the 3-day period. The lender must then cancel its security interest in your home and return all fees - including any application and appraisal fees - paid to open the account.

### **Glossary**

#### **Annual membership or maintenance fee**

An annual charge for having the line of credit available. Charged regardless of whether or not the line is used.

#### **Annual percentage rate (APR)**

The cost of credit on a yearly basis expressed as a percentage.

#### **Application fee**

Fees that are paid upon application. May include charges for property appraisal and a credit report.

#### **Balloon payment**

A lump-sum payment that may be required when the plan ends.

#### **Cap**

A limit on how much the variable interest rate may increase during the life of the plan.

#### **Closing costs**

Fees paid at closing, including attorneys fees, fees for preparing and filing a mortgage, fees for title search, taxes, and insurance.

#### **Credit limit**

The maximum amount that may be borrowed under the home equity plan.

#### **Equity**

The difference between the fair market value (appraised value) of the home and the outstanding mortgage balance.

#### **Index**

Published rate that serves as a base for the interest rate charged on a home equity line and also as the base for rate changes used by the lender.

#### **Interest rate**

The periodic charge, expressed as a percentage, for use of credit.

#### **Margin**

The number of percentage points the lender adds to the index rate to determine the annual percentage rate.

#### **Minimum payment**

The minimum amount that you must pay (usually monthly) on your account. Under some plans, the minimum payment may cover interest only; under others, it may include both principal and interest.

#### **Points**

One point is equal to 1 percent of the amount of the credit line. Points must usually be paid at closing and are in addition to monthly interest.

#### **Security interest**

An interest that a lender takes in the borrower's property to ensure repayment of a debt.

#### **Transaction fee**

A fee charged each time you draw on your credit line.

#### **Variable rate**

An interest rate that changes periodically in relation to an index. Payments may increase or decrease accordingly.

### **Where to Go for Help**

The following federal agencies are responsible for enforcing the federal Truth in Lending Act, the law that governs disclosure of terms for home equity lines of credit. Questions concerning compliance with the act by a particular financial institution should be directed to the institution's enforcement agency.

#### **State Banks that Are Members of the Federal Reserve System**

Division of Consumer and Community Affairs  
Mail Stop 801  
Federal Reserve Board  
Washington DC 20551  
(202) 452-3693  
[www.federalreserve.gov](http://www.federalreserve.gov)

#### **National Banks**

Office of the Comptroller of the Currency  
Customer Assistance Unit  
1301 McKinney St.  
Suite 3710  
Houston, TX 77010  
(800) 613-6743  
[www.occ.treas.gov](http://www.occ.treas.gov)

#### **Federal Credit Unions**

National Credit Union Administration  
Office of Public and Congressional Affairs  
1775 Duke St.  
Alexandria, VA 22314  
(703) 518-6330  
[www.ncua.gov](http://www.ncua.gov)

#### **Federally Insured Non-Member State-Chartered Banks and Savings Banks**

Federal Deposit Insurance Corporation  
Consumer Response Center  
2345 Grand Boulevard  
Suite 100  
Kansas City, Missouri 64108  
(877) 275-3342  
[www.fdic.gov](http://www.fdic.gov)

#### **Federally Insured Savings and Loan Institutions and Federally Chartered Savings Banks**

Office of Thrift Supervision  
Consumer Programs  
1700 G Street, NW, 6<sup>th</sup> Floor  
Washington, DC 20552  
(202) 906-6237 or  
(800) 842-6929  
[www.ots.treas.gov](http://www.ots.treas.gov)

#### **Mortgage Companies and Other Lenders**

Federal Trade Commission  
Consumer Response Center  
600 Pennsylvania Avenue, NW  
Washington, DC 20580  
(202) 326-3758 or  
(877) FTC-HELP  
[www.ftc.gov](http://www.ftc.gov)

# Home Equity Plan Checklist

Ask your lender to help fill out this checklist

	Plan A	Plan B
<b>Basic Features</b>		
Fixed annual percentage rate	<input type="text"/> %	<input type="text"/> %
Variable annual percentage rate	<input type="text"/> %	<input type="text"/> %
Index used and current value	<input type="text"/> %	<input type="text"/> %
Amount of margin	<input type="text"/>	<input type="text"/>
Frequency of rate adjustments	<input type="text"/>	<input type="text"/>
Amount/length of discount (if any)	<input type="text"/>	<input type="text"/>
Interest rate cap and floor	<input type="text"/>	<input type="text"/>
<b>Length of Plan</b>		
Draw period	<input type="text"/>	<input type="text"/>
Repayment period	<input type="text"/>	<input type="text"/>
<b>Initial Fees</b>		
Appraisal fee	<input type="text"/>	<input type="text"/>
Application fee	<input type="text"/>	<input type="text"/>
Up-front charges, including points	<input type="text"/>	<input type="text"/>
Closing costs	<input type="text"/>	<input type="text"/>
<b>Repayment Terms</b>		
<b>During the draw period</b>		
Interest and principal payments	<input type="text"/>	<input type="text"/>
Interest-only payments	<input type="text"/>	<input type="text"/>
Fully amortizing payments	<input type="text"/>	<input type="text"/>
<b>When the draw period ends</b>		
Balloon payment?	<input type="text"/>	<input type="text"/>
Renewal available?	<input type="text"/>	<input type="text"/>
Refinancing of balance by lender?	<input type="text"/>	<input type="text"/>

**FACTS****WHAT DOES Somerset Savings Bank, SLA DO WITH YOUR PERSONAL INFORMATION?**

Rev. December 2010

**Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.

**What?**

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and Account balances
- Transaction history and Account transactions
- Income and Employment information

When you are *no longer* our customer, we continue to share your information as described in this notice.

**How?**

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Somerset Savings Bank, SLA chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Somerset Savings Bank, SLA share?	Can you limit this sharing?
<b>For our every day business purposes --</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes--</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes--</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes--</b> information about your creditworthiness	No	We don't share
<b>For nonaffiliates to market to you</b>	No	We don't share
<b>Questions?</b>	Call 732-560-1700	

**What we do**

<b>How does Somerset Savings Bank, SLA protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
<b>How does Somerset Savings Bank, SLA collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>- Open an account or Apply for a loan</li> <li>- Make deposits or withdrawals from your account or Provide employment information</li> <li>- Give us your wage statements</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>- sharing for affiliates' everyday business purposes--information about your creditworthiness</li> <li>- affiliates from using your information to market to you</li> <li>- sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>

**Definitions**

<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>- <i>Our affiliates include Somerset Consumer Service Corporation</i></li> </ul>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>- <i>Somerset Savings Bank, SLA does not share with nonaffiliates so they can market to you.</i></li> </ul>
<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>- <i>Somerset Savings Bank, SLA does not jointly market.</i></li> </ul>