



Thank you for your inquiry regarding a Fixed Rate Equity Loan or Home Equity Credit Line with Boiling Springs Savings Bank. The information and requirements herein are designated to facilitate the processing of your application. There are no application or origination charges to be paid by you in connection with this loan request.

This loan covers the borrower's one to four family **primary residence** only.

Please complete the entire application (three pages), and sign and date. Please be sure to complete all sections and include addresses and zip codes.

In addition to the above, the following additional documents will be required at the time you submit your application for consideration:

- **Salaried Applicants**
 1. Copies of your 2 most recent W-2 forms from your employer
 2. Copies of your 2 most recent pay stubs from your employer

- **Self-Employed Applicants or those relying on income other than salaried wages (e.g. commissions, rental income, interest income, dividend income, alimony, etc.)**
 1. Complete and signed copies of your 2 most recent Individual Federal Income Tax Returns
 2. Copies of your 2 most recent W-2 forms from your employer (if applicable)
 3. Copies of your 2 most recent pay stubs from your employer (if applicable)

Note: In all cases, if you desire any income to be considered, you must supply verification of it at the time you submit your credit application. For example, income such as Social Security and other retirement income is often not fully disclosed on Individual Federal Income Tax returns. Therefore, it will become necessary for you to supply us with evidence of this income. Copies of monthly/annual statements will often suffice, but will be determined upon receipt.

Upon approval of your loan request, Boiling Springs Savings Bank must be named as loss payee on your homeowner's insurance policy. Coverage on the dwelling must be equal to or greater than the total balances of any existing first mortgage and this loan request.

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.

In accordance with the USA PATRIOT ACT, the bank has enacted the Customer Identification Program. This program requires that the Bank obtain one form of primary and one form of secondary identification prior to the consummation of your loan. Should your loan request be approved, examples of satisfactory forms of identification will be further disclosed in our commitment letter to you.

NOTICE - APPRAISAL COPY: You have the right to a copy of the appraisal report used in connection with your application for credit. If you wish a copy, please write to us at the mailing address we have provided. We must hear from you no later than 90 days after we notify you about the action taken on your credit application or you withdraw your application.

We are pleased to have this opportunity to serve you. Should you have any questions concerning this matter, please contact our Loan Origination Department between 9 & 4 Monday through Friday at 201-507-3200. Additional information on programs and up to date rates can be obtained by either calling our Loan Origination Department or visit our website at www.bssbank.com. Boiling Springs Savings Bank is an Equal Housing Lender.

25 Orient Way Rutherford, New Jersey 07070 * (201) 507-3200 * Fax (201) 635-9775



25 Orient Way, Rutherford, NJ • (201) 507-3200 • Fax: (201) 635-9775

Consumer Credit Application

(Please Print or Type)

LOAN TYPE FIXED RATE HOME EQUITY LOAN HOME EQUITY LINE OF CREDIT

CHECK APPLICABLE BOX: INDIVIDUAL CREDIT (Applicant Only) JOINT CREDIT – If you are applying for a joint account that you and another person will use, complete all sections, providing information about the Joint-Applicant or user.

We intend to apply for Joint Credit.

Applicant Signature _____ Joint-Applicant Signature _____

DATE	AMOUNT REQUESTED	TERM (HELOC-W/A)	PROCEEDS OF LOAN TO BE USED FOR:
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Applicant: Complete this section. Also complete "Co-Applicant" section if this is a joint application. If you are relying on income from another source for payment of this loan, see notice below.

Joint-Applicant: Complete this section. If you are relying on income from another source for payment of this loan, see notice below.

Name (First, MI, Last) Complete Marital Status Only if Secured by Real Estate
 Unmarried
 Married
 Separated

Name (First, MI, Last) Complete Marital Status Only if Secured by Real Estate
 Unmarried
 Married
 Separated

Address

Address

City State Zip How Long

City State Zip How Long

Social Security # Date of Birth Phone Number

Social Security # Date of Birth Phone Number

Are you other than a U.S. citizen or permanent alien? Yes (explain below) No

Are you other than a U.S. citizen or permanent alien? Yes (explain below) No

Email Address

Email Address

Own Mortgage/Rent Payment Mortgage Holder or Landlord
 Rent

Own Mortgage/Rent Payment Mortgage Holder or Landlord
 Rent

Employer Name/If Self Employed Name of Business How Long Employed

Employer Name/If Self Employed Name of Business How Long Employed

Employer Address

Employer Address

City State Zip

City State Zip

Annual Salary Position Business Phone

Annual Salary Position Business Phone

Previous Employer Name (if less than 3 years as current employment)

Previous Employer Name (if less than 3 years as current employment)

Address

Address

Position How Long Employed

Position How Long Employed

Name of Nearest Relative Not Living With You

Name of Nearest Relative Not Living With You

Address

Address

Phone Relationship

Phone Relationship

Other Income: List all other sources of income e.g. p/t work, social security, dividends, etc. (NOTICE: Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as basis for repaying this obligation.) If you wish to rely on other income, you must provide us with the name, address, and phone number of the person(s) who will be making payments to you in the "Provider" section below. Use an additional page if needed.

Applicant Other Income Source

Applicant Other Income Source

Provider

Provider

If my loan is granted, please charge the monthly payment of this obligation to my BSSB

() checking account () statement savings account ACCOUNT #: _____

PLEASE COMPLETE

Financial Statement Information (values are in whole dollars)

Assets	Liabilities		<small>Check If to Be paid In full With this loan</small>
Cash in Banks	Lender	Account #	Balance
_____ \$ _____	_____	_____	\$ _____ \$ _____ <input type="checkbox"/>
_____ \$ _____	_____	_____	\$ _____ \$ _____ <input type="checkbox"/>
_____ \$ _____	_____	_____	\$ _____ \$ _____ <input type="checkbox"/>
_____ \$ _____	_____	_____	\$ _____ \$ _____ <input type="checkbox"/>
Stocks/Bonds	_____	_____	\$ _____ \$ _____ <input type="checkbox"/>
_____ \$ _____	_____	_____	\$ _____ \$ _____ <input type="checkbox"/>
_____ \$ _____	_____	_____	\$ _____ \$ _____ <input type="checkbox"/>
_____ \$ _____	_____	_____	\$ _____ \$ _____ <input type="checkbox"/>
_____ \$ _____	_____	_____	\$ _____ \$ _____ <input type="checkbox"/>
Cash Value Life Insurance	_____	_____	\$ _____ \$ _____ <input type="checkbox"/>
_____ \$ _____	_____	_____	\$ _____ \$ _____ <input type="checkbox"/>
Real Estate	Mortgage		
1. _____ \$ _____	1. _____	_____	\$ _____ \$ _____ <input type="checkbox"/>
2. _____ \$ _____	2. _____	_____	\$ _____ \$ _____ <input type="checkbox"/>
3. _____ \$ _____	3. _____	_____	\$ _____ \$ _____ <input type="checkbox"/>
List Other Tangible Assets	Alimony/Child Support		\$ _____
_____ \$ _____			
_____ \$ _____			
_____ \$ _____			
_____ \$ _____			
_____ \$ _____			
Total Assets \$ _____	Total Liabilities		\$ _____ \$ _____
	Net Worth		\$ _____
	(Total Assets Minus Total Liabilities)		

Real Property Information: For Home Equity Loans and Lines of Credit please provide information on the property that will be used to secure loan.

Address (No. and Street) Town/City County State Zip

Single Family Home Condo Principal Residence of Applicant Year Built Lot #/Block # Date Purchased Purchase Price
 Town Home 2-4 Family Yes No / \$

Present Value Mortgage Balance Mortgage Held By: Monthly Payment Annual Property Taxes
 \$ \$ \$ \$ \$

Are Taxes Included in Payment? Annual Insurance Premium Is Ins. Premium Included in Payment Name of Insurance Company
 Yes No \$ Yes No

Second Mortgage Holder Second Mortgage Balance Monthly Payment Fixed Rate/Term
 \$ \$ \$ Revolving Line of Credit

List names and addresses of all co-owners or others who may have an interest in the property, other than the applicant(s):

NOTICE – APPRAISAL COPY: You have the right to a copy of the appraisal report used in connection with your application for credit. If you want a copy, please write to us at the mailing address we have provided. We must hear from you no later than ninety (90) days after we notify you about the action taken on your credit application or when you withdraw your application. In your letter, give us the following information: loan or application number (if known), date of application, name(s), property address and current mailing address.

Applies to Home Equity Loans Only - The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing laws. You are not required to furnish this information, but are encouraged to do so. You may select one or more designations for "race". The law provides that a lender may not discriminate on the basis of this information, nor on whether you choose to furnish it. However, if you choose not to furnish the information and you have made this application in person, under federal regulations the lender is required to note ethnicity, race and sex on the basis of visual observation or surname. If you do not wish to furnish the information, please check below.

APPLICANT: <input type="checkbox"/> I do not wish to furnish this information	CO-APPLICANT: <input type="checkbox"/> I do not wish to furnish this information
Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino	Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino
Race: <input type="checkbox"/> American Indian, Alaskan Native <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> Asian <input type="checkbox"/> White <input type="checkbox"/> Black or African American	Race: <input type="checkbox"/> American Indian, Alaskan Native <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> Asian <input type="checkbox"/> White <input type="checkbox"/> Black or African American
Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male	Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male

AUTHORIZATION

I/WE AUTHORIZE the Lender to make whatever credit inquiries it deems necessary in connection with this credit application or in the course of review of collection of any credit extended in reliance on the application. I/We authorize and instruct any person or consumer reporting agency to compile and furnish to the lender any information it may have or obtain in response to such credit inquiries and agree that same shall remain your property whether or not credit is extended. All information set forth in this application is declared to be a true representation of facts for the purpose of obtaining the credit requested. Any willful misrepresentation on this application could result in criminal action. I/WE understand that the original or a copy of this application will be retained by you, even if the loan is not granted.

Applicant's Signature _____ Date _____	Co-Applicant's Signature _____ Date _____
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HOW DID YOU HEAR ABOUT US?	FOR LENDER'S USE ONLY
ORIGINATION TRACKING: <input type="checkbox"/> DIRECT MAIL <input type="checkbox"/> CUSTOMER REFERRAL <input type="checkbox"/> TELEMARKETING <input type="checkbox"/> WALK-IN <input type="checkbox"/> EMPLOYEE REFERRAL <input type="checkbox"/> STATEMENT STUFFER <input type="checkbox"/> LOBBY SIGN <input type="checkbox"/> NEWSPAPER (Name) _____ <input type="checkbox"/> OTHER _____	HOW WAS APPLICATION RECEIVED: <input type="checkbox"/> BY MAIL <input type="checkbox"/> IN PERSON <input type="checkbox"/> TELEPHONE <input type="checkbox"/> FACSIMILE ACCEPTED BY: _____ BANK REPRESENTATIVE'S NAME BRANCH LOCATION: _____

Office Locations

Corporate Headquarters

25 Orient Way
Rutherford, NJ 07070
201-939-5000

Hillsdale

440 Hillsdale Avenue
Hillsdale, NJ 07642
201-666-6711

Montclair

122 Watchung Avenue
Upper Montclair, NJ 07043
973-233-1005

Rochelle Park

250 West Passaic Street
Rochelle Park, NJ 07662
201-843-7005

Clifton

Clifton Commons Shop. Cntr.
102 Kingsland Road
Clifton, NJ 07014
973-365-6000

Lake Hiawatha

66 North Beverwyck Road
Lake Hiawatha, NJ 07034
973-257-8882

Montville

448 Main Road
Towaco, NJ 07082
973-588-9300

Rutherford

25 Orient Way
Rutherford, NJ 07070
201-939-6600

Florham Park

209 Ridgedale Avenue
Florham Park, NJ 07932
973-301-1940

Lincoln Park

60 Beaverbrook Road
Lincoln Park, NJ 07035
973-696-7100

Ridgewood

1124 East Ridgewood Avenue
Ridgewood, NJ 07450
201-445-4000

280 Union Avenue
Rutherford, NJ 07070
201-933-4140

Glen Rock

217 Rock Road
Glen Rock, NJ 07452
201-445-4008

Lyndhurst

753 Ridge Road
Lyndhurst, NJ 07071
201-939-5550

55 North Broad Street
Ridgewood, NJ 07450
201-445-4002

Wyckoff

Boulder Run Shop. Cntr.
319 Franklin Avenue
Wyckoff, NJ 07481
201-891-2400

Mahwah

6 East Ramapo Avenue
Mahwah, NJ 07430
201-512-9300

531 North Maple Avenue
Ridgewood, NJ 07450
201-445-7887

“Come Home to Better Banking”





25 Orient Way
Rutherford, NJ 07070
(201) 507-3200

IMPORTANT TERMS of Our Home Equity Line of Credit

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 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, require you to pay us the entire outstanding balance in one payment, and charge you certain fees 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 one of the above things happens, or if:

- ◆ The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- ◆ We reasonably believe you will not be able to meet the repayment requirements due to a material change in your finance circumstances.
- ◆ 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 specified events.

Minimum Payment Requirements: You can obtain advances of credit for 10 years (the draw period). During the draw period, payments will be due monthly. After the draw period, you will no longer be able to take credit advances and must repay the outstanding balance over 20 years (the repayment period). During the draw period your minimum payment will be equal to the greater of (a) \$100.00 or (b) 1/240 of the outstanding principal balance at the end of the billing cycle, plus accrued finance charges and other charges. During the repayment period, your minimum payment will be equal to the greater of (a) \$100.00 or (b) 1/240 of the outstanding principal balance at the beginning of the repayment period, plus accrued finance charges and other charges.

Minimum Payment Example: If you made only the minimum monthly payments and took no other credit advances, it would take 8 years and 4 months to pay off a credit advance of \$10,000 at an Annual Percentage Rate of 3.75%. During that period, you would make 100 monthly payments varying between \$131.25 and \$100.31.

Fees and Charges: To open and maintain a line of credit, you must pay the following fees:

- ◆ Termination Fee: \$500 (due if the line is closed at your request within 18 months)
- ◆ Dormancy Fee: \$50 (due if account remains inactive for a period of 12 consecutive months)

Minimum Draw Requirement: The minimum credit advance that you can receive is \$500.

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

Property Insurance: You must carry insurance on the property that secures this plan.

Title Insurance: You may be required to obtain title insurance in certain instances.

Right to Receive Appraisal: You have the right to obtain a copy of the Real Estate Appraisal report used in connection with your loan request. You must inform us no later than ninety days (90) after you have been notified about the action taken on your loan request. There might be a fee for this request.

Variable-Rate Feature: The line has a variable-rate feature, and the annual percentage rate (corresponding to the daily 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 the index. The index is the highest prime rate published in the "Money Rates" table of The Wall Street Journal. To determine the annual percentage rate that will apply to your line, we deduct a discount from the value of the index. Ask us for the current index value, discount and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we will send you. If you qualify for any promotional rate we may offer, the initial rate will not be based on the formula used for future rate adjustments. Additional disclosure terms will be provided to you.

Rate Changes: The annual percentage rate can change monthly. The maximum Annual Percentage Rate that can apply is 15%. The minimum rate that can apply is 3.75%. Except for those rate "caps" of 15% and 3.75%, there is no limit on the amount by which the rate can change during any one-year period. If you qualify for any promotional rate we may offer, the initial rate may change upon the expiration of the promotional period. Additional disclosure terms will be provided to you.

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 15% would be \$325.00. This annual percentage rate could be reached at the first monthly rate change date.

Historical Example: The following table shows how the annual percentage rate and the minimum monthly payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 15 years. The index values are from the first business day of May of each year. 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.

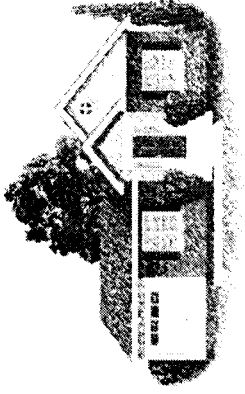
Year	Index	Discount	ANNUAL PERCENTAGE RATE	Minimum Monthly Payment
	(%)	(%)	(%)	(\$)
1997	8.50	1.00*	7.50	\$162.50
1998	8.50	1.00*	7.50	\$155.00
1999	7.75	1.00*	6.75	\$142.75
2000	9.00	1.00*	8.00	\$142.67
2001	7.50	1.00*	6.50	\$128.17
2002	4.75	1.00*	3.75	\$112.50
2003	4.25	1.00*	3.75**	\$108.75
2004	4.00	1.00*	3.75**	\$105.00
2005	5.75	1.00*	4.75	\$101.58
2006	7.75	1.00*	6.75	-
2007	8.25	1.00*	7.25	-
2008	5.00	1.00*	4.00	-
2009	5.00	1.00*	4.00	-
2010	5.00	1.00*	4.00	-
2011	5.00	1.00*	4.00	-

* This is a discount we have used recently. ** This reflects the minimum rate cap.

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If you are in the market for credit, a home equity plan is one of several

options that might be right for you. Before making a decision, however, 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 risks. And remember, failure to repay the amounts you've borrowed, plus interest, could mean the loss of your home.

Home Equity Plan Checklist

Ask your lender to help fill out this checklist.

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

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 a home often is a consumer's most valuable asset, many homeowners use home equity credit lines only for major items, such as education, home improvements, or medical bills, and choose not to use them for day-to-day expenses.

With a home equity line, you will be approved for a specific amount of credit. Many lenders set the credit limit on a home equity line by taking a percentage (say, 75%) of the home's appraised value and subtracting from that the balance owed on the existing mortgage. For example:

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

In determining your actual credit limit, the lender will also consider your ability to repay the loan (principal and interest) 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 other 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) or 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. Remember, though, that the APR for a home equity line is based on the interest rate alone and will not reflect closing costs and other fees and charges, so you’ll need to compare these costs, as well as the APRs, among lenders.

Variable interest rates

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). In such cases, the interest rate you pay for the line of credit will change, mirroring changes 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. It is also important to note the amount of the margin.

Lenders sometimes offer a temporarily discounted interest rate for home equity lines—an “introductory” rate that is unusually low for a short 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 the index drops.

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

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 get a mortgage. 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 1 percent of the credit limit); and
- Closing costs, including fees for attorneys, title search, 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. And 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 a minimum monthly payment that includes a portion of the principal (the amount you borrow) plus accrued interest. But, unlike with typical installment loan agreements, the portion of your payment that goes toward principal may not be enough to repay the principal by the end of the term. Other plans may allow payment of *interest only* 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 payment plan ends.

Regardless of the minimum required payment on your home equity line, 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.

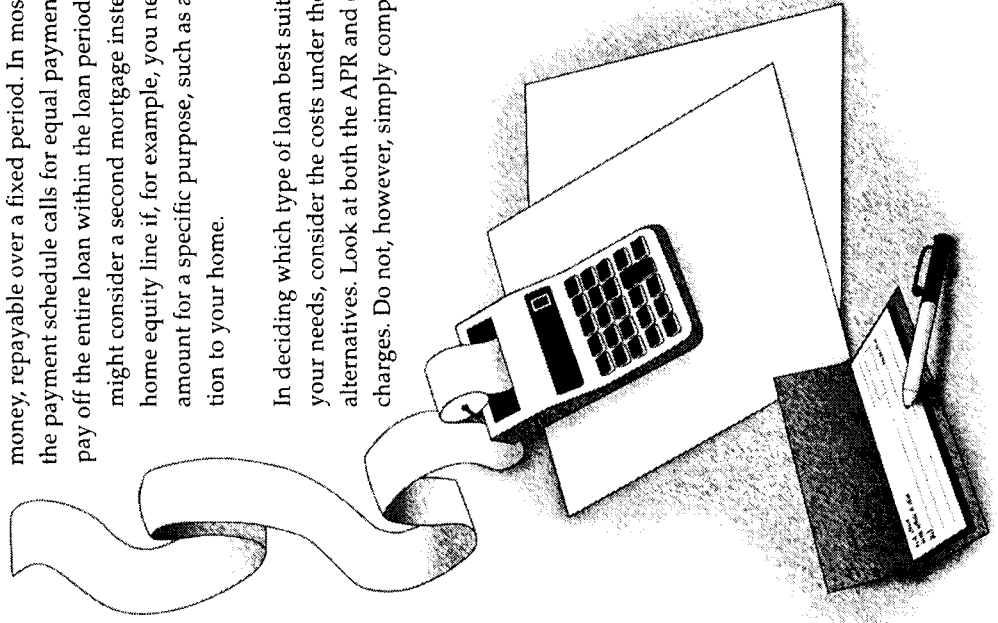
If your plan has a variable interest rate, your monthly payments may change. Assume, for example, that you borrow \$10,000 under a plan that calls for interest-only payments. At a 10% interest rate, your monthly payments would be \$83. If the rate rises over time to 15%, your monthly payments will increase 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 will probably 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. This type of loan provides you with a fixed amount of money, repayable over a fixed period. In most cases, the payment schedule calls for equal payments that 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 to 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.

What if the lender freezes or reduces your line of credit?

Plans generally permit lenders to freeze or reduce a credit line if the value of the home “declines significantly” or, when the lender “reasonably believes” that you will be unable to make your payments due to a “material change” in your financial circumstances. If this happens, you may want to:

- **Talk with your lender.** Find out what caused the lender to freeze or reduce your credit line and what, if anything, you can do to restore it. You may be able to provide additional information to restore your line of credit, such as documentation showing that your house has retained its value or that there has not been a “material change” in your financial circumstances. You may want to get copies of your credit reports (go to the Federal Trade Commission’s website, at www.ftc.gov/freereports, for information about free copies) to make sure all the information in them is correct. If your lender suggests getting a new appraisal, be sure you discuss appraisal firms in advance so that you know they will accept the new appraisal as valid.
- **Shop around for another line of credit.** If your lender does not want to restore your line of credit, shop around to see what other lenders have to offer. You may be able to pay off your original line of credit and take out another one. Keep in mind, however, that you may need to pay some of the same application fees you paid for your original line of credit.

Glossary

Annual membership or maintenance fee

An annual charge for access to a financial product such as a line of credit, credit card, or account. The fee is charged regardless of whether or not the product is used.

Annual percentage rate (APR)

The cost of credit, expressed as a yearly rate. For closed-end credit, such as car loans or mortgages, the APR includes the interest rate, points, broker fees, and other credit charges that the borrower is required to pay. An APR, or an equivalent rate, is not used in leasing agreements.

Application fee

Fees charged when you apply for a loan or other credit. These fees may include charges for property appraisal and a credit report.

Balloon payment

A large extra payment that may be charged at the end of a mortgage loan or lease.

Cap (interest rate)

A limit on the amount that your interest rate can increase. Two types of interest-rate caps exist. *Periodic adjustment caps* limit the interest-rate increase from one adjustment period to the next. *Lifetime caps* limit the interest-rate increase over the life of the loan. By law, all adjustable-rate mortgages have an overall cap.

Closing or settlement costs

Fees paid when you close (or settle) on a loan. These fees may include application fees; title examination, abstract of title, title

insurance, and property survey fees; fees for preparing deeds, mortgages, and settlement documents; attorneys' fees; recording fees; estimated costs of taxes and insurance; and notary, appraisal, and credit report fees. Under the Real Estate Settlement Procedures Act, the borrower receives a good faith estimate of closing costs within three days of application. The good faith estimate lists each expected cost as an amount or a range.

Credit limit

The maximum amount that may be borrowed on a credit card or under a home equity line of credit plan.

Equity

The difference between the fair market value of the home and the outstanding balance on your mortgage plus any outstanding home equity loans.

Index

The economic indicator used to calculate interest-rate adjustments for adjustable-rate mortgages or other adjustable-rate loans. The index rate can increase or decrease at any time. *See also* Selected Index Rates for ARMs over an 11-year Period (www.federalreserve.gov/pubs/arms/arms_english.htm) for examples of common indexes that have changed in the past.

Interest rate

The percentage rate used to determine the cost of borrowing money, stated usually as a percentage of the principal loan amount and as an annual rate.

Margin

The number of percentage points the lender adds to the index rate to calculate the ARM interest rate at each adjustment.

Minimum payment

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

Points (also called discount points)

One point is equal to 1 percent of the principal amount of a mortgage loan. For example, if a mortgage is \$200,000, one point equals \$2,000. Lenders frequently charge points in both fixed-rate and adjustable-rate mortgages to cover loan origination costs or to provide additional compensation to the lender or broker. These points usually are paid at closing and may be paid by the borrower or the home seller, or may be split between them. In some cases, the money needed to pay points can be borrowed (incorporated in the loan amount), but doing so will increase the loan amount and the total costs. Discount points (also called discount fees) are points that you voluntarily choose to pay in return for a lower interest rate.

Security interest

If stated in your credit agreement, a creditor's, lessor's, or assignee's legal right to your property (such as your home, stocks, or bonds) that secures payment of your obligation under the credit agreement.

Transaction fee

Fee charged each time a withdrawal or other specified transaction is made on a line of credit, such as a balance transfer fee or a cash advance fee.

Variable rate

An interest rate that changes periodically in relation to an index, such as the prime rate. Payments may increase or decrease accordingly.

Where to go for help



For additional information or to file a complaint about a bank, savings and loan, credit union, or other financial institution, contact one of the following federal agencies, depending on the type of institution.

State-chartered bank members of the Federal Reserve System

Federal Reserve Consumer Help
 PO Box 1200
 Minneapolis, MN 55480
 888-851-1920 (toll free)
 877-766-8533 (TTY) (toll free)
 877-888-2520 (fax) (toll free)
 e-mail: ConsumerHelp@FederalReserve.gov
www.FederalReserveConsumerHelp.gov

National banks and national-bank-owned mortgage companies¹

Office of the Comptroller of the Currency (OCC)
 Customer Assistance Group
 1301 McKinney Street, Suite 3450
 Houston, TX 77010
 800-613-6743 (toll free)
 713-336-4301 (fax)
 e-mail: customer.assistance@occ.treas.gov
www.occ.treas.gov
www.helpwithmybank.gov

Federally chartered credit unions²

National Credit Union Administration (NCUA)
 Office of Public and Congressional Affairs
 1775 Duke Street
 Alexandria, VA 22314
 800-755-1030 (toll free)
 703-518-6409 (fax)
 e-mail: consumerassistance@ncua.gov
www.ncua.gov/ConsumerInformation/index.htm

¹ Banks with "National" in their name or "N.A." after the name.
² Credit unions with "Federal" in their name.

For state-chartered credit unions, contact the regulatory agency in the state in which the credit union is chartered.
www.ncua.gov/consumerinformation/consumer%20complaints/statechartered.htm

Federally insured state-chartered banks that are not members of the Federal Reserve System

Federal Deposit Insurance Corporation (FDIC)
 Consumer Response Center
 2345 Grand Blvd., Suite 100
 Kansas City, MO 64108
 877-ASK-FDIC (877-275-3342) (toll free)
 e-mail: consumeralerts@fdic.gov
www.fdic.gov/consumers/consumer/ccc/index.html

Savings and loan associations³

Office of Thrift Supervision (OTS)
 Consumer Affairs
 1700 G Street, NW
 Washington, DC 20552
 800-842-6929 (toll free)
 800-877-8339 (TTY) (toll free)
www.ots.treas.gov

Mortgage companies and other lenders

Federal Trade Commission (FTC)
 Consumer Response Center
 600 Pennsylvania Avenue, NW
 Washington, DC 20580
 202-326-3758 or (877) FTC-HELP
 866-FTC-HELP (877-382-4357) (toll free)
www.ftc.gov

³ Federally chartered and some state-chartered associations.



More resources and ordering information

For more resources on mortgages and other financial topics, visit www.federalreserve.gov/consumerinfo.

Print orders

To request additional copies of this brochure, please send your name, address, and the number of copies requested to Publications Fulfillment, Board of Governors of the Federal Reserve System, Washington, DC 20551, or see our online ordering instructions at www.federalreserve.gov/pubs/order.htm.





PRIVACY POLICY

Urgent Notice Concerning Customer Privacy

At Boiling Springs Savings Bank we are committed to servicing the needs of our customers and we want you to understand how we protect your privacy when we collect and use information about you and how we safeguard that information.

This Notice will help you understand:

1. Our safeguards for handling the privacy of your records and information
2. The type of information we collect about you and how it may be shared
3. Our commitment in maintaining ongoing compliance with applicable laws and regulations

Safeguarding Your Information

Our policy for protecting the confidentiality and privacy of our customers' nonpublic personal information is achieved through the establishment of administrative, technical and physical safeguards. Our employees are governed by our policies that include their responsibility to protect the confidentiality of our customers' nonpublic personal information. Employees are authorized to access or use the information we collect only in the discharge of their assigned duties.

Information We Collect

We limit the collection and use of information about our customers to data that are necessary to administer our business, provide superior customer support, and offer bank services that are of interest to our customers. The bank will collect and use information to help identify and mitigate potential risk or loss, as well as identify additional bank products or services that we believe our customers might want to know about. We collect information as necessary to provide our customers their requested services from such sources including application forms, interviews, transactions from banking activity (known as experience data), credit agencies, government sources, public records, and current and previous employers. The type of information we collect depends upon the services being requested by the customer, but may include the following type of personally identifiable information: Contact information (name, address, and telephone number), Employment Information, Transaction (experience data), Social Security Number, Income, and Credit or Debt obligations.

How We Share Information

To protect customer privacy, we carefully control the way in which any information is shared. We share information concerning a customer's account history and experiences with the bank. Boiling Springs Savings Bank DOES NOT disclose nonpublic personal information about you to any outside organization other than for the support or promotion of the bank products and services or as required by law. These organizations may include (but are not limited to) non-affiliated third parties, other financial institutions, government agencies, consumer rating agencies, and third party litigants. The type of information we share depends upon the services provided, but may include the following type of nonpublic personal information: Contact Information (name, address, and telephone number), Credit Information, or Transaction (experience data). If you decide to close your account(s) or become an inactive customer, we will continue to adhere to the privacy position disclosed in this notice.

Privacy on the Internet

We want our customers to know that their information is secure, that such use of information is covered by our policies, and that they are aware of and can control the use of their nonpublic personal information obtained through our website. Our Internet Privacy Notice can be reviewed by visiting our website at www.bssbank.com.

We are committed to maintaining the privacy of our customers' nonpublic personal information for those customers who access our website.

Maintaining this Policy

This policy will be reviewed based on changing business conditions or changes in our information sharing practices. Boiling Springs Savings Bank reserves the right to change this policy at any time and our customers will be notified in accordance with applicable laws and regulations.