FREEDOM BANK

VARIABLE RATE (OPEN-ENDED) HOME EQUITY APPLICATION INSTRUCTIONS

Dear Applicant:

Thank you for applying for a Home Equity Line of Credit with Freedom Bank.

Listed below are the required items to promptly process your application. Please be certain that you complete all the information on the application, thoroughly and in its entirety.

1. Completed and signed application and Home Equity Line of Credit Product Addendum:
    a. Please indicate the type of credit being applied for (individual or joint) and initial appropriate section.
    b. Complete all personal information as well as employment facts.

2. Copies of your last two Federal Tax Returns, most recent W2 Wages Statement and your last two paystubs. If you rely on Social Security, Disability, Pension, or other regular recurring payments, submit a copy of any forms that document this income.

3. Copy of your mortgage statement. If taxes are not included in your mortgage payment or you currently do not have a first mortgage lien, please submit a copy of your property tax bill.

4. USA Patriot Act Customer Identity Verification Disclosure.

Loan applications will be accepted for processing only within the State of New Jersey on owner-occupied dwellings and take approximately 2 weeks to process.

If your loan is approved and originated, Freedom Bank will place a lien on the property security the credit line. Our lien position must be 1st or 2nd.

If it is determined that the property securing the loan is located in a designated flood hazard area, adequate flood insurance will be required. If required, you must present evidence of insurance prior to loan closing.

If your loan is approved and originated, homeowner's insurance equal to the original loan amount plus any outstanding liens, must be maintained. Proof of adequate insurance must be provided prior to closing.

Title insurance and full appraisals will be required on all loan requests $250,000 and over at Borrower's expense.

Additional closing costs for third party fees and recording fees will range from $200-$350.

Attached please find:

1. Privacy Notice of Freedom Bank
2. USA Patriot Act Customer Identity Disclosures
3. Home Equity Application Disclosure:
    a. Draw-Down Line of Credit
4. Home Equity Line of Credit Product Addendum and Application
5. What you should know about Home Equity Lines of Credit

Additional documents may be required during the approval process. If you should have any questions, please contact Michael Catania, Vice President, at (201) 599-3000, ext. 1145

Michael Catania

Loan Originator MLO#641644

Freedom Bank's MLO#499877

FREEDOM BANK

HOME EQUITY LINE OF CREDIT (HELOC)

IMPORTANT: READ THESE DIRECTIONS BEFORE COMPLETING THIS APPLICATION.

Application #_____Date Received_____
Freedom Bank MLO#_____Loan Officer MLO#_____

Account Requested
☐ Individual ☐ Joint
We intend to apply for joint credit

	Applicant	Co-Applicant
	_____	_____

If you are applying for individual account in your own name AND are relying on your own income or assets, NOT the income or assets of another person, as the basis for repayment of the credit requested, complete this application with only information pertaining to you, the Applicant.

If you are applying for a joint account OR an account that you and another person will use, complete this application with information pertaining to you as the Applicant and information pertaining to the joint applicant or user as the Co-applicant.

Purpose of Loan:	Refinance ☐	Other ☐	Will this loan pay off or refinance the original mortgage used to purchase the subject property? Yes ☐ No ☐

Amount $	Primary Residence ☐ Secondary Residence ☐	Property Type ☐ Single Family Dwelling ☐ Other # of units_____

Address of Property	Annual Property Taxes	Year Purchased	Purchase Price

Present Value of Home	Total Amount of Existing Liens	Yr. House Built

Title In Name of	Block and Lot#	Home Owners Insurance Co.	Agents Name and Telephone No.

Driver's License #	Expiration Date	State

BORROWER			CO-BORROWER		
Name	Date of Birth	Yrs. of Education	Name	Date of Birth	Yrs. of Education

Present Address No. Years_____ ☐ Own ☐ Rent
Street _____
City/State/Zip _____
Former Address If less than 5 years at present address
Street _____
City/State/Zip _____
Years at former address ☐ Own ☐ Rent

Marital Status ☐ Married ☐ Separated ☐ Unmarried (incl. single, divorced, widowed)

DEPENDENTS OTHER THAN LISTED BY CO-BORROWER	
NO.	AGES

Name and Address of Employer	Years employed in this line of work or profession? _____Years Years on the job_____ ☐ Self-employed	Position/Title	Type of Business	Business Phone	Social Security Number	Form	Home Phone

Present Address No. Years_____ ☐ Own ☐ Rent
Street _____
City/State/Zip _____
Former Address If less than 5 years at present address
Street _____
City/State/Zip _____
Years at former address ☐ Own ☐ Rent

Marital Status ☐ Married ☐ Separated ☐ Unmarried (incl. single, divorced, widowed)

DEPENDENTS OTHER THAN LISTED BY CO-BORROWER	
NO.	AGES

Name and Address of Employer	Years employed in this line of work or profession? _____Years Years on the job_____ ☐ Self-employed	Position/Title	Type of Business	Business Phone	Social Security Number	Form	Home Phone

GROSS MONTHLY INCOME

Item	Borrower	Co-Borrower	Total
Base Empl. Income	$	$	$
Overtime			
Bonuses			
Commissions			
Dividends/Interest			
Net Rental Income			
Other † (Before completing, see Notice under Describe Other Income below.)			
Total	$	$	$

Account Information	Name & Address of Depository (Bank)
Checking Account #	
Balance	
Savings Account #	
Balance	
Other Assets	

PERSONAL REFERENCES

Name	Address (Street or P.O. Box, City, State, Zip Code)	Phone Number	Relationship

DESCRIBE OTHER INCOME

B-Borrower C-Co borrower	NOTICE: † Alimony, child support, or separate maintenance income need not be revealed if the Borrower or Co-borrower does not choose to have it considered as a basis for repaying the loan.	Monthly Amount
B		$
C		

IF EMPLOYED IN CURRENT POSITION FOR LESS THAN TWO YEARS, COMPLETE THE FOLLOWING

	Previous Employer	City/State	Type of Business	Position/Title	Dates/From/To	Monthly Amount
B						$
C						

QUESTIONS

Applicant (1)	Co-Applicant (2)		Explanation (Please use an attached sheet if necessary)
❒ Yes ❒ No	❒ Yes ❒ No	Are there any outstanding judgments against you?	
❒ Yes ❒ No	❒ Yes ❒ No	Have you ever been declared bankrupt?	
❒ Yes ❒ No	❒ Yes ❒ No	Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	
❒ Yes ❒ No	❒ Yes ❒ No	Are you party to a lawsuit?	
❒ Yes ❒ No	❒ Yes ❒ No	Are you obligated on any loan resulting in judgment, foreclosure or title transfer?	
❒ Yes ❒ No	❒ Yes ❒ No	Are you delinquent/in default on any Federal debt, financial obligation, bond, or loan guarantee?	
❒ Yes ❒ No	❒ Yes ❒ No	Are you obligated to pay alimony, child support, or separate maintenance?	
❒ Yes ❒ No	❒ Yes ❒ No	Is any part of the down payment borrowed?	
❒ Yes ❒ No	❒ Yes ❒ No	Are you a co-maker or an endorser on a loan?	
❒ Yes ❒ No	❒ Yes ❒ No	Have you ever had merchandise repossessed?	
❒ Yes ❒ No	❒ Yes ❒ No	Have you every been denied credit with this lender?	
❒ Yes ❒ No ❒ Yes ❒ No ❒ Yes ❒ No	❒ Yes ❒ No ❒ Yes ❒ No ❒ Yes ❒ No	Are you a U.S. citizen? If no, are you a resident alien? If no, are you a non-resident alien?	

STATEMENTS OF ASSETS AND LIABILITIES

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarries Co-Applicant if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully nd fairly presented on a combined basis; otherwise separate Statements and schedules are required. If the Co-Applicant section was completed about a spouse, this statement can and supporting schedules must be completed about that spouse also..

❒ Completed Jointly ❒ Not Completed Jointly

ASSETS

Description	Cash or Market Value
Checking and Savings Accounts (Show Names and Institutions/Acct. Nos.)	$
Stocks and Bonds (No./Description)	
Life Insurance Net Cash Value **Face Amount ($)**	
SUBTOTAL LIQUID ASSETS	$
Real Estate owned **Enter Market Value from Schedule or Real Estate owned)**	
Vested Interest in retirement Fund	
Net Worth of Business Owned (ATTACH FINANCIAL STATEMENT)	
Automobiles (Make and Year)	
Furniture and Personal Property	
Other Items (Itemized	
TOTAL ASSETS	A $

LIABILITIES AND PLEDGED ASSETS

Indicate by (*) those liabilities or pledged assets which will be satisfied upon sale of real estate owned or upon refinancing subject property.

Creditor's Name, Address and Account Number	Acct. Name if Not Applicant's	Mo. Pmt. and Mos. left to pay	Unpaid Balance
Installments Debts (include "revolving" charge accts)		$ Pmt./Mos. /	$
		/	
		/	
		/	
		/	
		/	
		/	
Other Debts Including Stock Pledges		/	
Real Estate Loans			
Automobile Loans		/	
Alimony, Child Support and Separate Maintenence Payments Owed to		/	
TOTAL MONTHLY PAYMENTS		$	
NET WORTH (A MINUS B) $		TOTAL LIABILITIES	B $

SHEDULE OF REAL ESTATE OWNED (If Additional Properties Owned Attach Separate Schedule)

Address of Property (Indicate S if Sold, PS if Pending Sale or R if Rental being held for income)	Type of Property	Present Market Value	Amount of Mortgages & Liens	Gross Rental Income	Mortgage Payments	Taxes, Ins. Maintenance and Misc.	Net Rental Income
		$	$	$	$	$	$
TOTALS ➤		$	$	$	$	$	$

LIST PREVIOUS CREDIT PREFERENCES

✓ A-Applicant C-Co-Applicant	Creditor's Name and Address	Account Number	Purpose	Highest Balance	Date Paid
				$	

List any additional names under which credit has previously been received_____

I/We hereby apply for the loan or credit described in this application. I/We certify that I/We made no misrepresentations in this loan application or in any related documents, that all information is true and complete, and that I/We did not omit any important information. I/We agree that any property securing the loan or credit will not be used for any illegal or restricted purpose. Lender is authorized to verify with other parties and to make an investigation into My/Our credit, either directly or through any agency employed by Lender for that purpose. Lender may disclose to any other interested parties information as to Lender's experiences or transactions with My/Our account. I/We understand that Lender will retain this application and any other credit information Lender receives, even if no loan or credit is granted. These representations and authorizations extend not only to Lender, but also to any insurer of the loan and to any investor to whom the Lender may sell all or any part of the loan. I/We further authorize Lender to provide any such insurer or investor any information and documentation that they may request with respect to My/Our application, credit or loan.

_____ Borrower's Signature

_____ Date

_____ Co-borrower's Signature

_____ Date

HOME EQUITY LINE OF CREDIT
PRODUCT ADDENDUM

Dear Applicant:

Please review the offered product detailed below as well as the attached, corresponding Home Equity Line of Credit Early Disclosures. Be sure to indicate that this is the product you would like to apply for, execute where indicated, and return this addendum with your completed Home Equity Line of Credit application package.

_____ **Draw-Down Line of Credit** – 10-year draw period followed by a 15-year repayment period with payments of principal plus interest due monthly based upon a 15-year repayment schedule. The current rate is Prime – 1.00% with a floor of 3.00%. Prime is currently 5.500%.

_____ Applicant

_____ Co-Applicant

If you should have any questions before making your selection, please do not hesitate to contact the loan department at (201) 599-3000 ext. 1145.

Loan Originator MLO#:

Michael Catania: 641644

Freedom Bank MLO # 499877

U.S.A. Patriot Act
Customer Identity Verification Disclosure

Federal Regulations enacted pursuant to Section 326 of the USA Patriot Act require all financial institutions to verify the identity of every person who seeks to open an account or become a signatory on an account with the institution. All persons are subject to the identity verification requirements even though they may be a long term customer of and well known to the bank.

For the purpose of the regulation, an "account" includes every formal banking relationship that entails ongoing services, dealings, or transactions. Some examples are a deposit account, loan, trust relationship, or safe deposit box rental.

If you request to open an account or become a signatory on an account, and we have not previously verified your identity under the new regulatory requirements, we will request documentary verification of your identity, such as a driver's license or passport and/or will verify your identity through other non-documentary methods. Similar identification requirements apply to business entities such as corporations and partnerships.

Customer Acknowledgement:

_____ _____
Signature **Date**

First Name: _____ **MI:** _____ **Last Name:** _____

Street Address*: _____
*(Please note: PO Box holders must furnish physical address as well as mailing address)

City: _____ **State:** _____ **Zip:** _____

Date of Birth: _____ **Social Security #:** _____-_____-_____

Home Phone #: _____ **Work Phone #:** _____

Driver's License Number: _____
(OR other approved photo ID #)

Issued State: _____ **Issuing Date:** _____ **Exp. Date:** _____

Email Address: _____

Please provide (2) (CLEAR) forms of Identification (Photo ID-License) and Major Credit Card

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City: _____ **State:** _____ **Zip:** _____

Date of Birth: _____ **Social Security #:** _____-_____-_____

Home Phone #: _____ **Work Phone #:** _____

Driver's License Number: _____
(OR other approved photo ID #)

Issued State: _____ **Issuing Date:** _____ **Exp. Date:** _____

Email Address: _____

Please provide (2) (CLEAR) forms of Identification (Photo ID-License) and Major Credit Card

HOME EQUITY APPLICATION DISCLOSURE

Borrower:

Lender: Freedom Bank
Main Branch
99 West Essex Street, 2nd Floor
Maywood, NJ 07607

IMPORTANT TERMS OF OUR HOME EQUITY APPLICATION DISCLOSURE

This disclosure contains important information about our HELOC - Draw Period with Amortization (the "Plan" or the "Credit Line"). You should read it carefully and keep a copy for your records.

AVAILABILITY OF TERMS. All of the terms of the Plan described herein are subject to change. If any of 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 that you paid to us or anyone else in connection with your application.

SECURITY INTEREST. We will take a security interest in your home. You could lose your home if you do not meet the obligations in your agreement with us.

POSSIBLE ACTIONS. Under this Plan, we have the following rights:

Termination and Acceleration. We can terminate the Plan and require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if any of the following happens:

(a) You commit fraud or make a material misrepresentation at any time in connection with the Plan. This can include, for example, a false statement about your income, assets, liabilities, or any other aspect of your financial condition.

(b) You do not meet the repayment terms of the Plan.

(c) Your action or inaction adversely affects the collateral for the Plan or our rights in the collateral. This can include, for example, failure to maintain required insurance, waste or destructive use of the dwelling, failure to pay taxes, death of all persons liable on the account, transfer of title or sale of the dwelling, creation of a senior lien on the dwelling without our permission, foreclosure by the holder of another lien or the use of funds or the dwelling for prohibited purposes.

Suspension or Reduction. In addition to any other rights we may have, we can suspend additional extensions of credit or reduce your credit limit during any period in which any of the following are in effect:

(a) The value of your dwelling declines significantly below the dwelling's appraised value for purposes of the Plan. This includes, for example, a decline such that the initial difference between the credit limit and the available equity is reduced by fifty percent and may include a smaller decline depending on the individual circumstances.

(b) We reasonably believe that you will be unable to fulfill your payment obligations under the Plan due to a material change in your financial circumstances.

(c) You are in default under any material obligation of the Plan. We consider all of your obligations to be material. Categories of material obligations include, but are not limited to, the events described above under Termination and Acceleration, obligations to pay fees and charges, obligations and limitations on the receipt of credit advances, obligations concerning maintenance or use of the dwelling or proceeds, obligations to pay and perform the terms of any other deed of trust, mortgage or lease of the dwelling, obligations to notify us and to provide documents or information to us (such as updated financial information), obligations to comply with applicable laws (such as zoning restrictions).

(d) We are precluded by government action from imposing the annual percentage rate provided for under the Plan.

(e) The priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit limit.

(f) We have been notified by governmental authority that continued advances may constitute an unsafe and unsound business practice.

(g) The maximum annual percentage rate under the Plan is reached.

Change in Terms. We may make changes to the terms of the Plan if you agree to the change in writing at that time, if the change will unequivocally benefit you throughout the remainder of the Plan, or if the change is insignificant (such as changes relating to our data processing systems).

Fees and Charges. In order to open and maintain an account, you must pay certain fees and charges.

Lender Fees. The following fees must be paid to us:

Description	Amount	When Charged
NSF Handling Fee:	$30.00	At the time a payment is returned to us for non-sufficient funds
Stop Payment Fee:	$25.00	At the time you request a Stop Payment

Late Charge. Your payment will be late if it is not received by us within **15 days after the "Payment Due Date" shown on your periodic statement.** If your payment is late we may charge you 5.000% of the unpaid amount of the payment.

Third Party Fees. You must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies.

These third party fees generally total between $10.00 and $7,000.00. We estimate the breakdown of these as follows:

Description	Amount	When Charged
Judgement Search:	$17.00-$26.00	At Closing
HVE/Appraisal Fee:	$25.00 - $750.00	At Closing if HVE; When application submitted for Appraisal
Property/Title Search:	$54.00 - $7,000.00	At Closing
Record Mortgage:	$45.00 - $120.00	At Closing
Credit Report :	$13.50 - $45.00	At Closing
Mortgage Cancellation/Discharge of Mtg:	$25.00 - $55.00	At Account Payoff

Description	Amount	When Charged
Administration/Overnight Mail Fees:	$20.00-$125.00	At Account Closing

PROPERTY INSURANCE. You must carry insurance on the property that secures the Plan.

MINIMUM PAYMENT REQUIREMENTS. You can obtain advances of credit during the following period: Ten (10) Years (the "Draw Period"). After the Draw Period ends, the repayment period will begin. You will no longer be able to obtain credit advances. The length of the repayment period is as follows: Fifteen (15) Years. Your Regular Payment will equal the amount of your accrued FINANCE CHARGES ("First Payment Stream"). Your payments will be due monthly. Your First Payment Stream will last for the first 120 months. Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your Regular Payment. The Minimum Payment during the First Payment Stream will not reduce the principal that is outstanding on your Credit Line.

After completion of the First Payment Stream, your Regular Payment will be based on a percentage of your balance at the start of this payment period plus all accrued FINANCE CHARGES as shown below ("Second Payment Stream"). Your payments will be due monthly.

Range of Balances	Number of Months	Regular Payment Calculation
All Balances	180	0.560% of your balance at the start of the repayment period plus all accrued FINANCE CHARGES

Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your Regular Payment.

In any event, if your Credit Line balance falls below $100.00, you agree to pay your balance in full.

MINIMUM PAYMENT EXAMPLE. If you made only the minimum payment and took no other credit advances, it would take 24 years and 10 months to pay off a credit advance of $10,000.00 at an ANNUAL PERCENTAGE RATE of 3.750%. During that period, you would make 120 monthly payments ranging from $28.77 to $31.85. Then you would make 178 monthly payments ranging from $56.44 to $88.28.

TRANSACTION REQUIREMENTS. The following transaction limitations will apply to the use of your Credit Line:

Credit Line Home Equity Line of Credit Check, Telephone Request, Request By Mail and In Person Request Limitations. The following transaction limitations will apply to your Credit Line and the writing of Home Equity Line of Credit Checks, requesting an advance by telephone, requesting an advance by mail and requesting an advance in person.

Minimum Advance Amount. The minimum amount of any credit advance that can be made on your Credit Line is $250.00. This means any Home Equity Line of Credit Check must be written for at least the minimum advance amount.

TAX DEDUCTIBILITY. You should consult a tax advisor regarding the deductibility of interest and charges for the Plan.

ADDITIONAL HOME EQUITY PROGRAMS. Please ask us about our other available Home Equity Line of Credit plans.

VARIABLE RATE FEATURE. The Plan has a variable rate feature. The ANNUAL PERCENTAGE RATE (corresponding to the periodic rate), and the minimum payment amount can change as a result. The ANNUAL PERCENTAGE RATE does not include costs other than interest.

THE INDEX. The annual percentage rate is based on the value of an index (referred to in this disclosure as the "Index"). The Index is the Wall Street Journal Prime as published weekly in the "Money Section" of the Wall Street Journal . Information about the Index is available or published in the Wall Street Journal . We will use the most recent Index value available to us as of the date of any annual percentage rate adjustment.

ANNUAL PERCENTAGE RATE. To determine the Periodic Rate that will apply to your First Payment Stream, we subtract a margin from the value of the Index, then divide the value by 12 (monthly). To obtain the ANNUAL PERCENTAGE RATE we multiply the Periodic Rate by 12 (monthly). This result is the ANNUAL PERCENTAGE RATE for your First Payment Stream. To determine the Periodic Rate that will apply to your Second Payment Stream, we subtract a margin from the value of the Index, then divide the value by 12 (monthly). To obtain the ANNUAL PERCENTAGE RATE we multiply the Periodic Rate by 12 (monthly). This result is the ANNUAL PERCENTAGE RATE for your Second Payment Stream. A change in the Index rate generally will result in a change in the ANNUAL PERCENTAGE RATE. The amount that your ANNUAL PERCENTAGE RATE may change also may be affected by the lifetime annual percentage rate limits, as discussed below.

Please ask us for the current Index value, margin and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we send you.

FREQUENCY OF ANNUAL PERCENTAGE RATE ADJUSTMENTS. Your ANNUAL PERCENTAGE RATE can change monthly. There is no limit on the amount by which the annual percentage rate can change during any one year period. However, under no circumstances will your ANNUAL PERCENTAGE RATE exceed 16.000% per annum or, go below 3.000% per annum at any time during the term of the Plan.

MAXIMUM RATE AND PAYMENT EXAMPLE.

Draw Period. If you had an outstanding balance of $10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 16.000% would be $135.89. This ANNUAL PERCENTAGE RATE could be reached at the time of the 1st payment.

Repayment Period. If you had an outstanding balance of $10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 16.000% would be $191.89. This ANNUAL PERCENTAGE RATE could be reached at the time of the 1st payment during the repayment period.

PREPAYMENT. You may prepay all or any amount owing under the Plan at any time without penalty.

HISTORICAL EXAMPLE. The example below shows how the ANNUAL PERCENTAGE RATE and the minimum payments for a single $10,000.00 credit advance would have changed based on changes in the Index from 2008 to 2022. The Index values are from the following reference period: as of the first day of July. While only one payment per year is shown, payments may have varied during each year. Different outstanding principal balances could result in different payment amounts.

The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during the year. It does not necessarily indicate how the Index or your payments would change in the future.

INDEX TABLE

Year (as of the first day of July)		Index (Percent)	Margin (1) (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
Draw Period	2008	5.000	-1.000	4.000	33.97
	2009	3.250	-1.000	3.000 (8)	25.48
	2010	3.250	-1.000	3.000 (8)	25.48
	2011	3.250	-1.000	3.000 (8)	25.48
	2012	3.250	-1.000	3.000 (8)	25.48
	2013	3.250	-1.000	3.000 (8)	25.48
	2014	3.250	-1.000	3.000 (8)	25.48
	2015	3.250	-1.000	3.000 (8)	25.48
	2016	3.500	-1.000	3.000 (8)	25.48
	2017	4.250	-1.000	3.250	27.60
Repayment Period	2018	5.000	-1.000	4.000	89.97
	2019	5.500	-1.000	4.500	91.65
	2020	3.250	-1.000	3.000 (8)	78.06
	2021	3.250	-1.000	3.000 (8)	76.34
	2022	4.750	-1.000	3.750	79.29

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

(8) This A.P.R. reflects a 3.000 percent floor.

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Rev. 05/2014

FACTS

WHAT DOES Freedom Bank DO WITH YOUR PERSONAL INFORMATION?

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 income
- Account balances and payment history
- Credit history and credit score

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 customer's personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customer's personal information; the reasons Freedom Bank chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Freedom Bank share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes— information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes— information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions? Call 201-599-3000 or go to www.freedombanknj.com

What we do

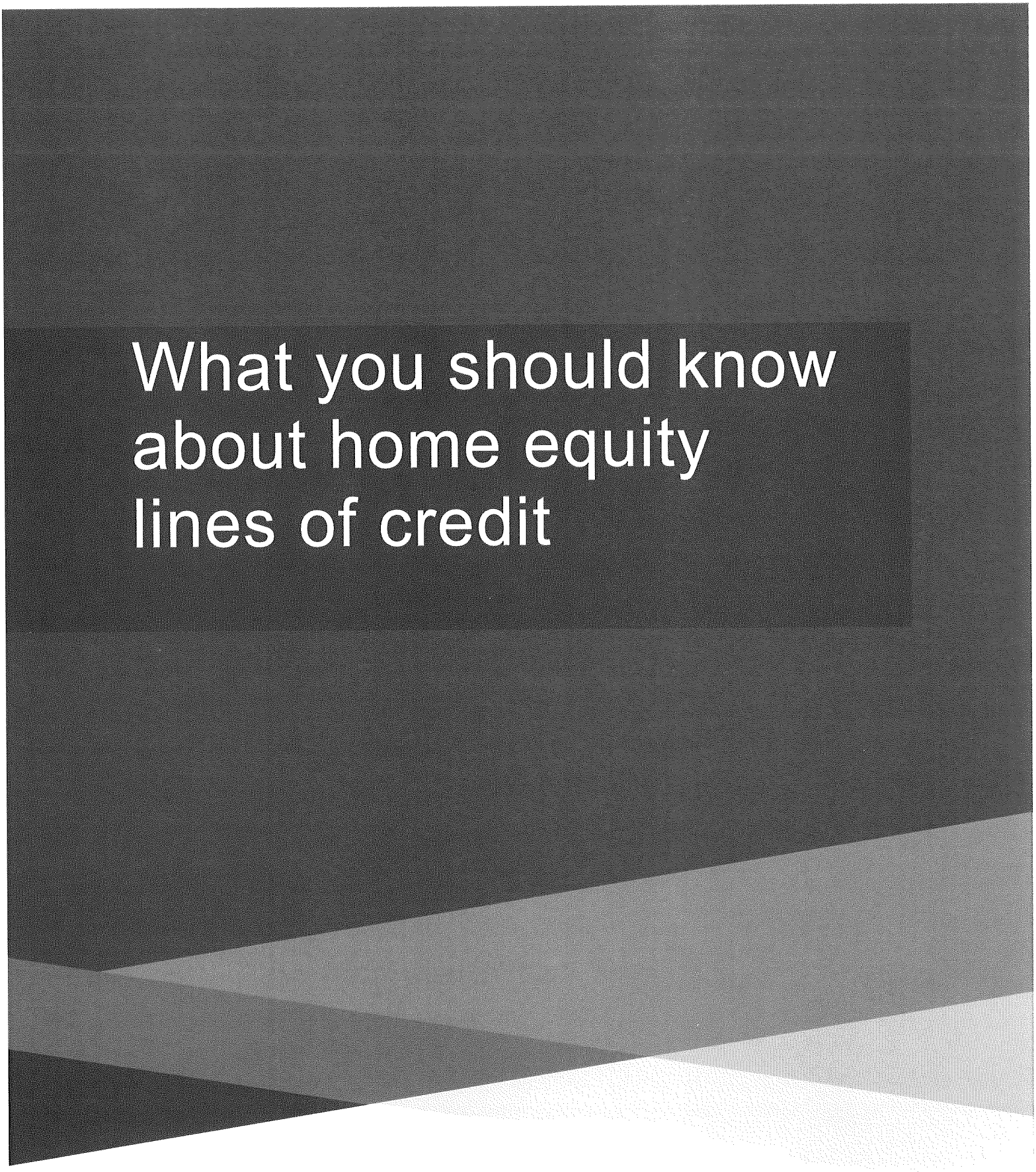
Who is providing this notice?	Freedom Bank
How does Freedom Bank protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Freedom Bank collect my personal information?	We collect your personal information, for example, when you ■ open an account or make a deposit ■ apply for loan or use your debit card ■ pay your bills We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only ■ sharing for affiliates' everyday business purposes—information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. ■ *Freedom Bank does not share with our affiliates.*
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. ■ *Freedom Bank does not share with nonaffiliates so they can market to you.*
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. ■ *Freedom Bank does not jointly market.*

Other Important Information

What you should know about home equity lines of credit



Consumer Financial Protection Bureau

January 2014

This booklet was initially prepared by the Board of Governors of the Federal Reserve System. The Consumer Financial Protection Bureau (CFPB) has made technical updates to the booklet to reflect new mortgage rules under Title XIV of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). A larger update of this booklet is planned in the future to reflect other changes under the Dodd-Frank Act and to align with other CFPB resources and tools for consumers as part of the CFPB's broader mission to educate consumers. Consumers are encouraged to visit the CPFB's website at consumerfinance.gov/owning-a-home to access interactive tools and resources for mortgage shoppers, which are expected to be available beginning in 2014.

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1. Introduction

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.

1.1 Home equity plan checklist

Ask your lender to help you fill out this worksheet.

Basic features for comparison	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		

Basic features for comparison (continued)	Plan A	Plan B
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?		

2. 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 percent) 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	**$35,000**

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.

2.1 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.

2.1.1 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 six 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.

2.2 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.

2.3 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 only the interest 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. However, some lenders may require you to pay special fees or penalties if you choose to pay more, so check with your lender. 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 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.

2.4 Line 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.

2.4.1 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. Lenders are also required to provide you with a list of homeownership counseling organizations in your area.

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 three 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 three-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.

The Home Ownership and Equity Protection Act of 1994 (HOEPA) addresses certain unfair practices and establishes requirements for certain loans with high rates and fees, including certain additional disclosures. HOEPA now covers some HELOCs. You can find out more information by contacting the CFPB at the website address and phone number listed in the Contact information appendix, below.

2.5 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 CFPB's website at consumerfinance.gov/askcfpb/5/can-i-review-my-credit-report.html for information about how to get free copies of your credit reports) 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. If another lender is willing to offer you a line of credit, 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.

APPENDIX A:

Defined terms

This glossary provides general definitions for terms commonly used in the real estate market. They may have different legal meanings depending on the context.

DEFINED TERM	
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 (consumerfinance.gov/f/201204_CFPB_ARMs-brochure.pdf) 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 adjustable-rate-mortgage 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, lessor, 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. The property that secures payment of your obligation is referred to as "collateral."
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.

APPENDIX B:

More information

For more information about mortgages, including home equity lines of credit, visit consumerfinance.gov/mortgage. For answers to questions about mortgages and other financial topics, visit consumerfinance.gov/askcfpb. You may also visit the CFPB's website at consumerfinance.gov/owning-a-home to access interactive tools and resources for mortgage shoppers, which are expected to be available beginning in 2014.

Housing counselors can be very helpful, especially for first-time home buyers or if you're having trouble paying your mortgage. The U.S. Department of Housing and Urban Development (HUD) supports housing counseling agencies throughout the country that can provide free or low-cost advice. You can search for HUD-approved housing counseling agencies in your area on the CFPB's web site at consumerfinance.gov/find-a-housing-counselor or by calling HUD's interactive toll-free number at 800-569-4287.

The company that collects your mortgage payments is your loan servicer. This may not be the same company as your lender. If you have concerns about how your loan is being serviced or another aspect of your mortgage, you may wish to submit a complaint to the CFPB at consumerfinance.gov/complaint or by calling (855) 411-CFPB (2372).

When you submit a complaint to the CFPB, the CFPB will forward your complaint to the company and work to get a response. Companies have 15 days to respond to you and the CFPB. You can review the company's response and give feedback to the CFPB.

APPENDIX C:

Contact information

For additional information or to submit a complaint, you can contact the CFPB or one of the other federal agencies listed below, depending on the type of institution. If you are not sure which agency to contact, you can submit a complaint to the CFPB and if the CFPB determines that another agency would be better able to assist you, the CFPB will refer your complaint to that agency and let you know.

Regulatory agency	Regulated entities	Contact information
Consumer Financial Protection Bureau (CFPB) P.O. Box 4503 Iowa City, IA 52244	Insured depository institutions and credit unions with assets greater than $10 billion (and their affiliates), and non-bank providers of consumer financial products and services, including mortgages, credit cards, debt collection, consumer reports, prepaid cards, private education loans, and payday lending	(855) 411-CFPB (2372) consumerfinance.gov consumerfinance.gov/complaint
Board of Governors of the Federal Reserve System (FRB) Consumer Help P.O. Box 1200 Minneapolis, MN 55480	Federally insured state-chartered bank members of the Federal Reserve System	(888) 851-1920 federalreserveconsumerhelp.gov

Regulatory agency	Regulated entities	Contact information
Office of the Comptroller of the Currency (OCC) Customer Assistance Group 1301 McKinney Street Suite 3450 Houston, TX 77010	National banks and federally chartered savings banks/associations	(800) 613-6743 occ.treas.gov helpwithmybank.gov
Federal Deposit Insurance Corporation (FDIC) Consumer Response Center 1100 Walnut Street, Box #11 Kansas City, MO 64106	Federally insured state-chartered banks that are not members of the Federal Reserve System	(877) ASK-FDIC or (877) 275-3342 fdic.gov fdic.gov/consumers
Federal Housing Finance Agency (FHFA) Consumer Communications Constitution Center 400 7th Street, S.W. Washington, DC 20024	Fannie Mae, Freddie Mac, and the Federal Home Loan Banks	Consumer Helpline (202) 649-3811 fhfa.gov fhfa.gov/Default.aspx?Page=369 ConsumerHelp@fhfa.gov
National Credit Union Administration (NCUA) Consumer Assistance 1775 Duke Street Alexandria, VA 22314	Federally chartered credit unions	(800) 755-1030 ncua.gov mycreditunion.gov
Federal Trade Commission (FTC) Consumer Response Center 600 Pennsylvania Ave, N.W. Washington, DC 20580	Finance companies, retail stores, auto dealers, mortgage companies and other lenders, and credit bureaus	(877) FTC-HELP or (877) 382-4357 ftc.gov ftc.gov/bcp

Regulatory agency	Regulated entities	Contact information
Securities and Exchange Commission (SEC) Complaint Center 100 F Street, N.E. Washington, DC 20549	Brokerage firms, mutual fund companies, and investment advisers	(202) 551-6551 sec.gov sec.gov/complaint/select.shtml
Farm Credit Administration Office of Congressional and Public Affairs 1501 Farm Credit Drive McLean, VA 22102	Agricultural lenders	(703) 883-4056 fca.gov
Small Business Administration (SBA) Consumer Affairs 409 3rd Street, S.W. Washington, DC 20416	Small business lenders	(800) U-ASK-SBA or (800) 827-5722 sba.gov
Commodity Futures Trading Commission (CFTC) 1155 21st Street, N.W. Washington, DC 20581	Commodity brokers, commodity trading advisers, commodity pools, and introducing brokers	(866) 366-2382 cftc.gov/ConsumerProtection/index.htm

Regulatory agency	Regulated entities	Contact information
U.S. Department of Justice (DOJ) Civil Rights Division 950 Pennsylvania Ave, N.W. Housing and Civil Enforcement Section Washington DC 20530	Fair lending and housing issues	(202) 514-4713 TTY–(202) 305-1882 FAX–(202) 514-1116 To report an incident of housing discrimination: 1-800-896-7743 fairhousing@usdoj.gov
Department of Housing and Urban Development (HUD) Office of Fair Housing/Equal Opportunity 451 7th Street, S.W. Washington, DC 20410	Fair lending and housing issues	(800) 669-9777 hud.gov/complaints