

**HADDON SAVING BANK**  
**IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT**

This disclosure contains important information about our Home Equity Plan. You should read it carefully and keep a copy for your records.

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 that you have paid to us or anyone else in connection with your application.

**Property Insurance:**

You must carry insurance on the property that secures this plan (as stated in the Agreement and Note). **The insurance coverage may be obtained from a person of the consumer's choice.**

**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 and Note 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 of credit.

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 (freeze) or reduce your credit limit if:

The value of the dwelling securing the line declines significantly below its property evaluation 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 financial circumstances.

You are in default of a material obligation in the agreement and note.

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 125 percent of the credit line.

A regulatory agent 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 Note and Agreement at specified times or upon the occurrence of specified events.

**Fees and Charges:**

To open and maintain a line of credit you are not required to pay any fees.

**Draw period:**

You may take advances up to your credit limit at any time prior to the expiration date of your Home Equity Credit Line Agreement and Note.

**Minimum Draw Requirement:**

The minimum credit advance that you can receive is \$500.00.

**Variable-Rate Information:**

The line of credit has a variable-rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum payment can change as a result. Please refer to the booklet entitled "What you should know about home equity lines of credit" for further information. The annual percentage rate includes only interest and not other costs.

The annual percentage rate is based on the value of an index, Federal Cost of Funds. To determine the annual percentage rate that will apply, we add a margin to the value of the index.

Ask us for the current index value, margin and annual percentage rate. After you open your line of credit, rate information will be provided on periodic statements that we will send you.

**Rate Changes:**

The annual percentage rate can change each month. The rate cannot increase or decrease by more than 2 percentage points in any 1 year. The MAXIMUM ANNUAL PERCENTAGE RATE that can apply is 6% over the initial rate.

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Minimum Payment Requirements:

You must pay the balance on your line of credit within a 15-year period. During that period, your payments will be due monthly. Your minimum monthly payments will equal 1/240<sup>th</sup> multiplied by the amount of the outstanding loan balance existing on the billing date plus finance charges that have accrued on the remaining balance (or \$100.00 whichever is more). If during the term of your line of credit you make only the required Minimum Payments and do not make additional payments of principal, the final payment due at maturity may be significantly larger than any previous payment.

Minimum Payment Example:

It would take 9 years and 9 months to pay off a balance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 3.350%. During that period, you would make 117 payments of \$100.00 and final payment of \$142.19.

Maximum Rate and Payment Example:

If you had a balance of \$10,000.00 with an initial rate of 3.350%, the minimum monthly payment at the MAXIMUM ANNUAL PERCENTAGE RATE of 9.350% would be \$119.58. This annual percentage rate could be reached during the 25<sup>th</sup> month of the loan.

Historical Example:

The following table shows how the annual percentage rate and the minimum monthly payments for a single credit advance of \$ 10,000.00 would have changed based on the index over the past 15 years. The index values are from September of each year. While only one payment per year is shown, payments would have varied during each year.

The table assumes that no additional credit advances were taken and that only the minimum payment was made each month. It does not necessarily indicate how the index or your payments will change in the future.

Year	Index	Margin*	Annual Percentage Rate	Minimum Payment
*This is a margin we have used recently: Your margin may be different.				
2011	1.19	2.25	3.44	100.00
2012	1.08	2.25	3.33	100.00
2013	.96	2.25	3.21	100.00
2014	.93	2.25	3.18	100.00
2015	.96	2.25	3.21	100.00
2016	1.10	2.25	3.35	100.00
2017	1.39	2.25	3.64	100.00
2018	1.98	2.25	4.23	100.00
2019	2.26	2.25	4.51	100.00
2020	1.11	2.25	3.36	100.00
2021	.78	2.25	3.03	100.00
2022	1.51	2.25	3.76	100.00
2023	3.62	2.25	5.87	100.00
2024	4.01	2.25	6.26	100.00
2025	3.694	2.25	5.944	100.00

Tax Deductibility:

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

Examination of the Property:

For the purpose of determining the market value of your property, a property evaluation will be performed during the approval process. The fee for this service is waived.

If this mortgage is a first lien position, a copy of the property evaluation will be mailed to you promptly upon completion, or three business days prior to settlement, whichever is earlier.

Government Monitoring Information:

If this loan is not for the purpose of purchasing or refinancing your primary/principal residence/dwelling, do not complete the Government Monitoring Information section of the Application. If you intend to use this HELOC to purchase or refinance a primary/principal residence/dwelling, then complete the Government monitoring Information on the Application.

ACKNOWLEDGMENT:

By signing below I/we attest to receiving a copy of both pages of this form: **I/We hereby certify to Haddon Savings Bank that the property is not presently listed for sale through any real estate broker, advertised or unadvertised nor do we have this property on the market “For Sale by Owner.”**

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APPLICANT’S SIGNATURE                      DATE                      CO-APPLICANT’S SIGNATURE                      /                      DATE