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June 18, 2020

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Complaints Examination & Legal Administration  
Federal Election Commission  
1050 First Street NE  
Washington, DC 20463

VIA E-MAIL: [CELA@fec.gov](mailto:CELA@fec.gov)

Re: MUR 7743: Response from Beth Parlato, Beth for Congress, Bradley Crate, and Anthony Parlato.

We write on behalf of Beth Parlato, Beth for Congress, Bradley Crate in his official capacity as Treasurer, and Anthony Parlato (collectively “the Respondents”) in response to a complaint alleging that the Campaign accepted a prohibited and excessive corporate contribution in the form of a bank loan worth over \$150,000. The Complaint is based upon a misapplication of the facts and law at issue in the matter. Contrary to the Complaint’s assertions, accepting a bank loan during the course of an individual’s political campaign is perfectly legal, so long as it follows certain guidelines. Because the loan at issue in the matter clearly meets these guidelines, we ask that the Commission promptly find no reason to believe that any impermissible activity occurred, and promptly close the file.

#### I. Facts and Legal Analysis.

Beth Parlato is a Republican candidate for New York’s 27th Congressional District. She filed her Statement of Candidacy with the Commission on July 26, 2019.<sup>1</sup> Her official campaign committee is Beth for Congress, which filed its Statement of Organization on the same day.<sup>2</sup>

On March 27, 2020, Ms. Parlato secured a home equity line of credit (HELOC) valued at \$150,000, which was tied to her property on \_\_\_\_\_, Darien Center, NY 14040.<sup>3</sup>

<sup>1</sup> FEC Form 2, Statement of Candidacy, Beth Parlato (July 26, 2019), *available at* <https://docquery.fec.gov/cgi-bin/forms/H0NY27108/1344148/>.

<sup>2</sup> FEC Form 1, Statement of Organization, Beth for Congress (July 26, 2019), *available at* <https://docquery.fec.gov/cgi-bin/forms/C00713859/1344154/>.

<sup>3</sup> See Exhibit A.

The property's most recent appraisal valued the home at \$1,000,000.<sup>4</sup> On March 31, 2020, Ms. Parlato made a contribution to her campaign in the amount of \$158,500, which was reported on her April Quarterly Report.<sup>5</sup>

Based on these facts, the Complaint alleges that the Respondents violated the Federal Election Campaign Act of 1974, as amended ("FECA") and Commission regulations because the bank made, and the Campaign accepted, a prohibited and excessive contribution. This is untrue, as the HELOC was arms-length and in compliance with the applicable laws.

Candidates can spend unlimited personal funds for campaign purposes, including assets in which the candidate has a legal right of access to or control over, and which he or she has a legal title or equitable interest.<sup>6</sup> However, when a candidate obtains a bank loan for use in connection with his or her campaign, the loan is considered to be from the bank and not from the candidate's personal funds. A bank loan is not considered a contribution to the campaign if it was made in accordance with applicable banking laws and regulations and was made in the ordinary course of business.<sup>7</sup> A loan will be deemed to be in the ordinary course of business if (1) it bears the bank usual and customary interest rate for the category of loan involved; (2) it is evidenced by a written instrument; (3) it is subject to a due date or amortization schedule, and (4) it is made on a basis which assures repayment.<sup>8</sup>

Upon review, the HELOC agreement follows these guidelines.<sup>9</sup> The interest rate is 3.5%, well within the usual and customary interest rate.<sup>10</sup> It is also evidenced by a written instrument, attached to this Response.<sup>11</sup> Per the agreement, the HELOC is on a ten-year schedule with the last day being March 27, 2030, and payment being due on demand.<sup>12</sup> Last, the HELOC is a secured loan with collateral being tied to the value of the home.<sup>13</sup> All of this information demonstrates that the HELOC is in full compliance with Commission regulations. Therefore, the Respondents actions in this matter were consistent with applicable regulations and FECA.<sup>14</sup>

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<sup>4</sup> See Exhibit B. The home was appraised by an independent appraiser.

<sup>5</sup> The Respondents do not deny that the contribution was made in connection with her campaign, and we recognize that the loan was improperly reported as from the candidate's personal funds on the original April Quarterly. Upon realizing the error, the Campaign immediately amended their April Quarterly Report to reflect that the funds were provided through the HELOC.

<sup>6</sup> 11 C.F.R. § 100.33(a).

<sup>7</sup> 11 C.F.R. §§ 100.82; 100.142

<sup>8</sup> *Id.*

<sup>9</sup> See generally Exhibit A.

<sup>10</sup> *Id.* at 1, Section 4. The agreement identifies the interest as the total of .5 percentage points plus the highest rate identified as a prime rate by *The Wall Street Journal* in its table entitled "Money Rates." It is currently at 3.25%. See Money Rates, THE WALL STREET JOURNAL (last visited June 12, 2020), available at <https://www.wsj.com/market-data/bonds/moneyrates>.

<sup>11</sup> See generally *Id.*

<sup>12</sup> *Id.* at 1, Section 2; Credit Line Loan Agreement at 1, Exhibit A.

<sup>13</sup> Schedule A, Exhibit A.

<sup>14</sup> While not dispositive, it is worth noting that several campaign finance attorneys, include former FEC Chair Michael Toner, have commented on this fact pattern, and have stated the activity was legal. See Howard B. Owens, *Other Candidates Finding It Difficult to Keep Pace with Fundraising, and Self Funding*, of Chris Jacobs, THE BATAVIAN (May 12, 2020).

Before concluding, there are two issues that warrant discussion. First, the Complaint, based on pure conjecture and speculation, asserts that Ms. Parlato has some sort of improper relationship with the bank at issue in this case, apparently based on a 2017 consolidated mortgage valuation of \$719,000 in relation to the town's lower property assessment. Not only is the Complainant's understanding of the home's value misguided,<sup>15</sup> but also the Complaint's allegations have no evidentiary support in fact and are no more than the unjust inferences of the Complainant.

Second involves the Commission's Office of General Counsel improperly adding Mr. Anthony Parlato as a Respondent in this matter. The Complaint made no allegations against him, and did not list him as a Respondent in this case, and thus, the Commission's Office of General Counsel (OGC) should not have included him in this matter.

## II. Conclusion.

Based on the facts and supplemental information presented in this Response, it is abundantly clear that the Respondents did not engage in any illegal activity. Therefore, we ask the Commission to promptly find no reason to believe and close the file.

Respectfully submitted,



Charlie Spies  
Katie Reynolds  
*Counsel to the Respondents*

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<sup>15</sup> The Complaint alleges that the home's value is \$417,755.10 based on the Town of Darien's assessment, which is specifically designed to under-value homes and is not the same as an appraisal for bank or sales purposes. Exhibit B shows that the account valuation for the home is \$1,000,000. Regardless of the proper valuation of the home, the Complaint fails to establish any improper activity between the Respondents and the bank, and fails to show that the money taken out for the purposes of the Campaign was not legal.

# EXHIBIT A

Alden State Bank  
 DISBURSEMENTS – Home Equity Grid  
 March 27, 2020

Mortgagor: Beth A. Parlato and Anthony A. Parlato

Premises: Darien, New York 14040

Amount of HE Line: \$150,000  
 Amount of Mortgage Note: \$150,000

Disbursements:

Genesee County Clerk- Mortgage Tax	\$	1,475.00
Genesee County Clerk- Recording Fee	\$	75.00
Alden State Bank – Tax Search	\$	88.00
Alden State Bank- Loan Origination	\$	62.00

Total Disbursements \$ 1,700.00

Amount Available to Borrower: \$ 148,300.00

The undersigned borrower approves the above disbursements made on their behalf.

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Beth A. Parlato

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Anthony A. Parlato

**COMMERCIAL DEMAND GRID NOTE****Alden State Bank**

Beth A. Parlato

Anthony A. Parlato

**COPY**

Alden, New York

March 27, 2020

\$150,000

**1. Meaning of some words.** In this note (a) "you" and "your" mean any individual, corporation, partnership or other entity signing this note, (b) "we," "us," "our," "ours" and "ourselves" mean Alden State Bank, a New York bank, or, if Alden State Bank ceases to be the holder of this note, that holder, (c) "the maximum principal amount" means the amount shown at the beginning of this note, (d) "the line of credit" means a line of credit in the maximum principal amount being made available by us to you, (e) "the total outstanding principal amount of the line of credit" means the total amount borrowed under the line of credit and not repaid, (f) "the indebtedness" means, taken together, the total outstanding principal amount of the line of credit and all interest and other amounts payable under this note and not paid, (g) "loan" means any loan made under the line of credit, and (h) "other obligor" means, other than you, any individual, corporation, partnership or other entity who or that is now or becomes in the future liable for the payment of any of the indebtedness, whether as a guarantor or endorser or in any other way, or any asset of whom or which now secures or in the future begins to secure the payment of any of the indebtedness.

**2. Promise to pay.** You must pay the indebtedness to our order on demand.

**3. Payment of interest.** Absent a demand by us for the payment in full of all of the indebtedness, you must pay interest payable under this note in payments the first of which will become due on April 27, 2020 and one of which will become due on the same day of each subsequent calendar month until the indebtedness is paid in full. Nothing in this section will affect our right at any time to demand the payment in full of all of the indebtedness.

**4. Interest.** Beginning on the date of this note and continuing through the day before the date all of the indebtedness becomes immediately due, whether because we demand its payment or in any other way, you must pay interest on the outstanding principal amount of the line of credit at a rate per year that will on each day be equal to the total of (i) .50 percentage points and (ii) the highest rate identified as the prime rate by *The Wall Street Journal* in its table entitled "Money Rates" (or otherwise if it stops publishing that table)(the "Prime Rate") on the last day it is published in the calendar month preceding the calendar month in which that day falls.

Beginning on the date all of the indebtedness becomes immediately due and continuing through the day before the date it is paid in full, you must pay interest on the entire outstanding principal amount at a rate per year that will on each day be the total of (a) 3.50 percentage points and (b) the Prime Rate on the last day it is published in the calendar month preceding the calendar month in which that day falls.

Whether before or after all of the indebtedness becomes immediately due, the interest will be computed on the basis of a 365-day year.

**5. Late charges.** If any payment described in Section 3 is not paid in full within 15 days after the date it becomes due, you must pay a late charge of 2% of the payment.

**6. Limit on total outstanding principal amount.** You must not at any time allow the total outstanding principal amount of the line of credit to exceed the maximum principal amount.

**7. Agreement.** You agree to be bound by all provisions of this note, including those on the reverse side.

**8. Making loans.** We can make any loan in reliance on any oral (for example, telephoned), written (for example, facsimile) or other request for the loan that we in good faith believe to be valid and to have been made by you or on your behalf by someone authorized to act on your behalf (for example, one of your officers if you are a corporation). We will not be liable to you or anyone else as a direct or indirect result of making the loan.

**9. Schedule.** We will set forth on the schedule attached to this note or on a similar schedule (for example, a schedule kept in computerized records) an entry as to (a) each date we make a loan or any of the total outstanding principal amount of the line of credit is repaid, (b) the amount of the loan or repayment and (c) the total outstanding principal amount of the line of credit after the loan or repayment is made. Each entry on the attached or similar schedule will be presumed to prove the fact it purports to show. No failure by us to make or error by us in making any entry on the attached or similar schedule will affect any of your obligations under this note.

**10. Right of modification, restriction, suspension or termination.** The line of credit is available subject to our right at any time to review it and modify, restrict, suspend or terminate it for any reason without notifying you.

**11. Payments.** You may make payments under this note at any of our banking offices. You must make them in legal money of the United States.

**12. Furnishing of information.** Promptly upon our request, you must furnish to us all information relating to you or your business, assets or financial condition that we request. For example, promptly upon our request, you must furnish to us your financial statements in a form satisfactory to us.

**13. Changes in management, ownership and control.** If you are not an individual, immediately upon any change in the identity of your chief executive officer or in your beneficial ownership, you must provide to us a certificate executed by a senior individual authorized to transact business on your behalf, specifying such change.

**14. Liability under note.** If more than one individual, corporation, partnership or other entity signs this note, all of them will be, individually and together, liable under it.

**15. Indebtedness immediately due.** All of the indebtedness will automatically become immediately due if you begin any bankruptcy or insolvency proceeding or any bankruptcy or insolvency proceeding is begun against you. If a court determines any of the indebtedness not to be or have been payable on demand, it will become immediately due in our sole discretion, or we will have been justified in demanding its payment, if (a) you fail to pay any of the indebtedness or any other indebtedness from you to us, whether existing now or coming into existence in the future and whether or not owed by you alone, by the date it becomes due, even though a late charge would not be imposed until later, or you fail to perform any other obligation under this note by the date it is to be performed, (b) you die, become insolvent (however the insolvency is evidenced ) or sell or transfer in any other way all or substantially all of your assets, (c) any other obligor dies, becomes insolvent (however the insolvency is evidenced), sells or transfers in any other way all or substantially all of his, her or its assets or begins any bankruptcy or insolvency proceeding, (d) any bankruptcy or insolvency proceeding is begun against any other obligor, (e) we deem ourselves insecure with respect to any of the indebtedness or believe that any collateral, guaranty, endorsement or other security or assurance of payment, whether existing now or coming into existence in the future, securing the payment of or in any other way applicable to any of the indebtedness is insufficient or has declined or may decline in value or (f) any event or condition of default occurs or exists for purposes of any promissory note, security agreement, mortgage or other instrument or agreement, whether existing now or coming into existence in the future, under which you are, or any other obligor is, obligated to us.

**16. Waivers by you.** You waive any right to require us to (a) demand the payment of any of the indebtedness, (b) notify you if any of the indebtedness is not paid when it becomes due or (c) obtain a certificate stating that any of the indebtedness was not paid when it became due.

**17. Collection costs.** You must pay all expenses we incur in attempting to collect any of the indebtedness after it becomes immediately due, whether because we demand its payment or in any other way. For example, if, in attempting the collection, we hire an attorney who is not a salaried employee of ours, whether for advice, litigation or any other purpose, you must pay the attorney's fee.

**18. Right to setoff.** At any time after all of the indebtedness becomes immediately due, whether because we demand its payment or in any other way, we will have the right to set off against any of the indebtedness any indebtedness from us in any capacity to you in any capacity, whether existing now or coming into existence in the future, whether or not owed to you alone and whether or not due at that time. For example, we may set off against any of the indebtedness any indebtedness from us to you in connection with any deposit account or certificate of deposit.

**19. Limitation on interest.** In no event will interest payable under this note be payable at a rate in excess of the maximum rate allowed by applicable law. To the extent necessary to result in the interest not being payable at a rate in excess of that maximum rate, any amount that would be treated as part of the interest under a final interpretation of applicable law by a court will be considered to be a mistake, will be considered to be automatically canceled and, if received by us, will be refunded to you, it being your and our intention that the interest not be payable at a rate in excess of that maximum rate.

**20. Changes and waivers by us.** No course of conduct pursued, accepted or acquiesced in by us in the future, and no oral agreement or representation made in the future by us or on our behalf, will change this note or waive any right of ours under this note. Any change in this note or any waiver of any right of ours under this note must be made in a writing signed by us.

**21. What law applies.** Any legal question concerning this note will be decided in accordance with (a) the law of New York State without regard to principles of conflict of laws and (b) to the extent applicable, federal law.

**22. WAIVER OF TRIAL BY JURY. YOU KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT YOU MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION, REGARDLESS OF THE LEGAL BASIS FOR THE LITIGATION, INVOLVING THIS NOTE, THE CREDIT OR ANY ACTION THAT HAS BEEN OR IS TAKEN, ANY COURSE OF CONDUCT THAT HAS BEEN OR IS PURSUED, ACCEPTED OR ACQUIESCED IN OR ANY ORAL OR WRITTEN AGREEMENT OR REPRESENTATION THAT HAS BEEN OR IS MADE BY US OR ON OUR BEHALF IN CONNECTION WITH THIS NOTE OR THE CREDIT.**

**23. Loan agreement.** This note is being given under and is subject to a Home Equity Loan Agreement dated March 27, 2020 in the maximum principal amount of \$150,000 and signed by Beth A. Parlato and Anthony A. Parlato and us, as the agreement exists now.

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Beth A. Parlato

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Anthony A. Parlato



## HOME EQUITY MORTGAGE

**Borrower:** Beth A Parlato  
 Anthony Parlato  
 Darien Center, NY 14040

**Lender:** Alden State Bank  
 Alden Branch  
 13216 Broadway  
 Alden, NY 14004

COPY

Date: March 27, 2020

Borrower 1's name and address: Beth A. Parlato F/K/A Beth A. Gold, 4 Darien Center, NY 14040

Borrower 2's name and address: Anthony Parlato, 4 Darien Center, NY 14040

Mortgaged real property: Darien, Genesee County, New York

Maximum principal amount: \$150,000.00 Maximum rate: 25.0% Number of family units: One

Originator Names and Nationwide Mortgage Licensing System and Registry IDs:

Organization: Alden State Bank  
 Individual: Rebecca Sexton

NMLSR ID: 412458  
 NMLSR ID: 1607076

**1. Meaning of some words.** In this mortgage:

- a. "You" and "your" mean anyone signing this mortgage, whether as a borrower or other owner;
- b. "We," "us," "our" and "ours" mean Alden State Bank, 13216 Broadway, P.O. Box 238, Alden, NY 14004;
- c. "The loan agreement" means a home equity loan agreement dated the date of this mortgage and signed by everyone signing this mortgage as a borrower and us, as the agreement exists now or is changed in the future, or any replacement of the agreement, as the replacement exists when signed or is changed after that;
- d. "Loan note" means any home equity loan note or other promissory note that is signed, whether or not alone, and delivered to us by anyone signing this mortgage as a borrower and indicates that it is subject to the loan agreement;
- e. "The indebtedness" means, taken together, all amounts payable now or becoming payable in the future under the loan agreement, loan notes and this mortgage;
- f. "The property" means the real property, rights and rental payments described in Section 2;
- g. "Prior mortgage" means any document giving a presently existing mortgage lien covering any of the property, as the document exists now or is changed in the future, or any replacement of the document, as the replacement exists when signed or is changed after that;
- h. "The Real Property Law" means the Real Property Law of New York State; and
- i. "The Lien Law" means the Lien Law of New York State.

**2. Mortgage lien.** To secure the payment of the indebtedness, you give us a mortgage lien covering:

- a. The real property commonly described by the address shown at the beginning of this mortgage as the mortgaged real property and described more fully by the legal description set forth in Schedule A, including all buildings and other improvements located now or placed in the future on the real property and all fixtures that are now or become in the future part of the real property by being installed in or on or affixed to the real property;
- b. All rights you have now or acquire in the future in the real property or other real property because you own the real property, including, if the real property is part of a condominium project, rights in the common areas and facilities of the condominium project; and
- c. All rental payments from any of the real property.

In other words, to secure the payment of the indebtedness, you give us a mortgage lien covering the real property together with all appurtenances to it and all your estate and rights in it. A portion of the preceding sentence has the meaning Section 255 of the Real Property Law gives to similar language. If the real property is part of a condominium project or planned unit development, the name of the condominium project or planned unit development is set forth in Schedule A. Examples of fixtures are furnaces, hot water heaters, bathtubs, sinks and kitchen cabinets installed in a building. An example of a right in real property that arises because of the ownership of the real property is the right to money payable because of the taking of any of the real property by a governmental body or because of any transfer of ownership of any of the real property instead of its taking by a governmental body. An example of a right in other real property that arises because of the ownership of real property is the right to cross the other real property to get to a street.

**3. Credit line mortgage.** This mortgage is a "credit line mortgage" as the term is defined in Section 281(1) of the Real Property Law. The mortgage lien you are giving us in this mortgage secures the payment of indebtedness arising under the loan agreement and loan notes. The loan agreement reflects the fact that you and we reasonably contemplate entering into a series of advances or advances, payments and readvances, limits the total principal amount at any time outstanding to the maximum principal amount shown at the beginning of this mortgage and is not a "building loan contract" as the term is defined in Section 2(13) of the Lien Law. That indebtedness includes not only the original indebtedness arising under the loan agreement or the first loan note delivered to us but also other indebtedness arising under the loan agreement or any other loan note as a result of any loan made under the loan agreement during the period during which loans may be obtained under the loan agreement, which will not be longer than 20 years after the date this mortgage is recorded.

**4. Maximum amount secured.** The maximum principal amount the payment of which is or under any contingency may be secured by the mortgage lien you are giving us in this mortgage on the date you sign this mortgage or at any later time is the maximum principal amount shown at the beginning of this mortgage. The maximum amount the payment of which may be secured by the mortgage lien at any time is the total of:

- a. That maximum principal amount;
- b. Interest on that maximum principal amount at the rate a year equal to the maximum rate shown at the beginning of this mortgage;
- c. All payments made by us to protect our interest in the property; and

**HOME EQUITY MORTGAGE  
(Continued)**

Loan No: 1461128

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d. Interest on the unreimbursed portion of any payment made by us to protect our interest in the property at the rate of 16% a year.

**5. Loan note.** The loan note delivered to us in connection with any loan made under the loan agreement will provide for the payment, as determined by us, of the amount of the loan and interest on the unpaid portion of that amount at a fixed or variable rate that will be determined by us for the loan but will not exceed the maximum rate shown at the beginning of this mortgage. If the interest is to be paid at a variable rate, the way in which the rate may vary and the way payments under any loan note will be determined are described in Schedule B.

**6. Dwelling.** You assure us that the principal building that is now part of the property is an owner-occupied dwelling having the number of family units shown at the beginning of this mortgage.

**7. Prior mortgage.** You assure us that you have notified us in writing of any prior mortgage, that there is no default under any prior mortgage and that no prior mortgage prohibits you from giving us the mortgage lien you are giving us in this mortgage.

**8. Ownership and claims.** You assure us that you own the property. In other words, you warrant title to the property. The preceding sentence has the meaning Section 254(5) of the Real Property Law gives to similar language. Also, you assure us that the property is free from any claim, except for any claim of record on the date of this mortgage.

**9. Payment of indebtedness.** You must pay all indebtedness arising under any loan note for amounts borrowed from us and interest on the outstanding portions of those amounts. You must pay that indebtedness as described in that loan note. The preceding sentence has the meaning Section 254(3) of the Real Property Law gives to similar language.

**10. Taxes, assessments, rents and charges.** You must pay any tax, assessment, ground rent, sewer rent or water charge on any of the property and any other tax or other charge that, if unpaid, could become a claim on any of the property superior to the mortgage lien you are giving us in this mortgage, and, if you do not pay it within the time within which it can be paid without any penalty, we may, but we will not have to, pay it. When we ask you to do so, you must reimburse us for it. Also, when we ask you to do so, you must pay us interest on its unreimbursed portion at the rate of 16% a year. The first sentence of this section has the meaning Section 254(6) of the Real Property Law would give to similar language if it referred to the ground rents, sewer rents and other taxes and other charges as well as to the taxes, assessments and water charges.

**11. Repairs and rebuilding.** You must promptly repair or rebuild any building that is now or becomes in the future part of the property if it is damaged or destroyed, and, if you do not do so, we may, but we will not have to, repair or rebuild it. When we ask you to do so, you must reimburse us for any amount we pay to repair or rebuild it. Also, when we ask you to do so, you must pay us interest on the unreimbursed portion of that amount at the rate of 16% a year.

**12. Restrictions on use.** You must not use any of the property, or allow any of it to be used, in any way that violates any legal restriction affecting its use, and, if you do so, we may, but we will not have to, correct the violation. When we ask you to do so, you must reimburse us for any amount we pay to correct the violation. Also, when we ask you to do so, you must pay us interest on the unreimbursed portion of that amount at the rate of 16% a year.

**13. Fire and other insurance.** You must keep any building that is now or becomes in the future part of the property insured for our benefit against loss by fire, any risk covered by extended coverage or any other risk against which we want it insured other than flood, and you must assign and deliver any policy providing the insurance to us. When we ask you to do so, you must reimburse us for any premium for the insurance we pay because you do not keep the building covered by the insurance or because you do not assign and deliver the policy to us. Also, when we ask you to do so, you must pay us interest on the unreimbursed portion of the premium at a rate of 16% a year. The first two sentences of this section have the meaning Section 254(4)(a) of the Real Property Law would give to similar language if it referred to risks covered by extended coverage and all other risks against which we want the property insured other than flood as well as to fire, except that, despite anything in Section 254(4)(a), we may apply any money paid under the insurance to any of the indebtedness not yet paid in any order we choose rather than giving it to you to repair or rebuild the building. The application of the money will not relieve you of any obligation to pay any future payment required under any loan note.

**14. Flood insurance.** You must keep any building that is now or becomes in the future part of the property insured for our benefit against loss by flood if the property is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Act of 1968, and you must assign and deliver any policy providing the insurance to us. When we ask you to do so, you must reimburse us for any premium for the insurance we pay because you do not keep the building covered by the insurance or because you do not assign and deliver the policy to us. Also, when we ask you to do so, you must pay us interest on the unreimbursed portion of the premium at the rate of 16% a year. The first two sentences of this section have the meaning Section 254(4)(b) of the Real Property Law gives to similar language, except that, despite anything in Section 254(4)(b), we may apply any money paid under the insurance to any of the indebtedness not yet paid in any order we choose rather than giving it to you to repair or rebuild the building. The application of the money will not relieve you of any obligation to pay any future payment required under any loan note.

**15. Payment of taxes, assessments, rents, charges and premiums.** To make sure that taxes, assessments, ground rents, sewer rents and water charges on any of the property and premiums for insurance on any of the property are paid, we may require that, subject to any limitation imposed by applicable law, you must pay us all amounts necessary to pay those items except to the extent that you pay the money for those items to any institutional lender that is the owner of any prior mortgage. We will hold any money you pay us for those items in an escrow account, and we will pay interest on the money to the extent required by applicable law. To the extent that we are holding money in the escrow account to pay any of those items, we will pay it within the time within which it can be paid without any penalty. If the amount of money in the escrow account is less than the amount we pay for those items, you must, when we ask you to do so, pay us the difference, and you must, when we ask you to do so, pay us interest on the unpaid portion of the difference at the rate of 16% a year.

**HOME EQUITY MORTGAGE  
(Continued)**

Loan No: 1461128

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- 16. Money paid for taking.** We may direct any governmental body or other organization taking any of the property or receiving a transfer of ownership of any of the property instead of taking it to pay directly to us all money you are entitled to for the taking or transfer, and we may apply the money to any of the indebtedness not yet paid in any order we choose. The application of the money will not relieve you of any obligation to pay any future payment required under any loan note.
- 17. Money paid under insurance on condominium project or planned unit development.** If the property includes a unit in a condominium project or planned unit development, you must pay to us any money paid to you under any insurance on the whole condominium project or planned unit development. We may apply the money to any of the indebtedness not yet paid in any order we choose rather than giving it to you to repair the unit. The application of the money will not relieve you of any obligation to pay any future payment required under any loan note.
- 18. Some other promises.** You must:
- a. Maintain the principal building that is now part of the property as an owner-occupied dwelling having no more than six family units;
  - b. Keep the property in good condition;
  - c. Allow us to inspect the property at any time;
  - d. Immediately notify us in writing if any building that is now or becomes in the future part of the property is damaged or destroyed;
  - e. Not use any of the property, or allow any of it to be used, illegally or in any way not allowed by all policies providing any insurance on it;
  - f. Not abandon any of the property or allow any of it to be abandoned;
  - g. Without first obtaining our permission in writing, not transfer ownership of any of the property or any interest in any of it;
  - h. Without first obtaining our permission in writing, not remove, tear down, structurally alter or change the use of any building or other improvement that is now or becomes in the future part of the property or allow the removal, tearing down, structural alteration or change in the use of the building or other improvement;
  - i. Without first obtaining our permission in writing, not transfer any right to receive any rental payment from any of the property to anyone other than us;
  - j. Without first obtaining our permission in writing, not change or cancel any lease covering any of the property;
  - k. Without first obtaining our permission in writing, not accept any rental payment from any of the property more than one month in advance;
  - l. Not place any restriction on the sale or use of any of the property based on any characteristic prohibited by applicable law;
  - m. If we ask you to do so, promptly provide a complete copy of any prior mortgage to us;
  - n. Pay or assure the payment of any amount the payment of which is now or in the future secured by the mortgage lien given in any prior mortgage by the date it becomes due;
  - o. Perform or assure the performance of all other obligations under any prior mortgage or any note or other agreement to which it relates now or in the future;
  - p. Promptly notify us in writing of any default under any prior mortgage;
  - q. If we ask you to do so, pay or assure the payment of any amount the payment of which is now or in the future secured by the mortgage lien given in any prior mortgage no later than five days before the date it is to become due;
  - r. If we ask you to do so, provide to us no later than three days before the date any amount the payment of which is now or in the future secured by the mortgage lien given in any prior mortgage is to become due evidence satisfactory to us that the amount has been paid;
  - s. Not enter into any agreement changing any prior mortgage;
  - t. Not obtain or allow the obtaining of any additional advance the repayment of which is secured by the mortgage lien given in any prior mortgage;
  - u. Use your best efforts to have the owner of any prior mortgage send us a copy of any notice the owner is required to send you;
  - v. Promptly provide to us a copy of any notice you receive from the owner of any prior mortgage; and
  - w. Promptly sign any document we want signed to help us to protect our interest in any of the property.
- 19. Additional promises if property includes unit in condominium project or planned unit development.** If the property includes a unit in a condominium project or planned unit development, you must:
- a. Pay any assessment imposed by the owners association or other organization that governs the condominium project or planned unit development by the date it becomes due;
  - b. If we ask you to do so, promptly deliver to us a copy of any declaration, by-laws or other document that governs the condominium project or planned unit development or any financial report or other material provided in the future to you by the owners association or other organization that governs the condominium project or planned unit development;
  - c. Perform all of your other obligations under any declaration, by-laws or other document that creates or governs the condominium project or planned unit development;
  - d. Promptly notify us in writing if any policy providing any insurance on the whole condominium project or planned unit development is suspended or terminated;
  - e. Without first obtaining our permission in writing, not consent to the abandonment or termination of the condominium project or planned unit development unless the abandonment or termination is required by applicable law;
  - f. Without first obtaining our permission in writing, not consent to any significant change in any declaration, by-laws or other document that creates or governs the condominium project or planned unit development;
  - g. Without first obtaining our permission in writing, not consent to any decision by the owners association or other organization that governs the condominium project or planned unit development to terminate professional management, and begin self-management, of the condominium project or planned unit development; and
  - h. Without first obtaining our permission in writing, not consent to any transfer, release, partition or subdivision of, or the creation of any lien on, any of the common areas and facilities of the condominium project or planned unit development other than for utilities and similar uses.
- 20. Statement of amount due.** Within five days after we make a request in person or within ten days after we mail a request, you must give us a written statement acknowledged before a notary public or commissioner of deeds

**HOME EQUITY MORTGAGE  
(Continued)**

Loan No: 1461128

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notifying us of the total amount of the indebtedness not yet paid and whether there is any offset or defense against that total amount. In other words, within that period of time, you must notify us of that total amount and whether there is any reason you should not have to pay it. The first sentence of this section has the meaning Section 254(7) of the Real Property Law gives to similar language.

**21. Trust fund provisions.** This mortgage is subject to the trust fund provisions of Section 13 of the Lien Law. Before you use any money received by you from any loan made under the loan agreement for any other purpose, you must use it to pay for any work done or material used in connection with any improvement started on the property before the date of this mortgage that is not yet paid for.

**22. Correcting default under prior mortgage.** We may, but we will not have to, make any payment we consider necessary to correct any default under any prior mortgage. When we ask you to do so, you must reimburse us for the payment. Also, when we ask you to do so, you must pay us interest on the unreimbursed portion of the payment at the rate of 16% a year.

**23. Rent after all amounts immediately due.** If you continue to occupy the property after all amounts payable under any loan note but not yet paid become immediately due, whether because we declare them immediately due or demand their payment or in any other way, you must pay us whatever rent we require you to pay. Each month's rent will be at least as much as the total of:

- a. All finance charges payable under loan notes for the preceding month;
- b. 1/12 of all estimated taxes, assessments, ground rents, sewer rents and water charges on the property for the tax year in which the month falls; and
- c. 1/12 of all estimated premiums for insurance on the property for the year in which the month falls.

If you fail to pay the rent, we can have you evicted from the property just as though you were an ordinary tenant who failed to pay rent.

**24. Management of property.** If all amounts payable under any loan note but not yet paid become immediately due, whether because we declare them immediately due or demand their payment or in any other way, we may, but we will not have to, manage the property. Without limiting any authority given us by applicable law, in managing the property, we may take possession of any of the property, enter into, change or cancel any lease covering any of the property and collect any rental payment from any of the property. We will apply the money we receive from managing the property first to expenses we pay as a result of managing the property (including attorney's fees as provided in Section 28) and then to any of the indebtedness not yet paid in any order we choose.

**25. Foreclosure.** If all amounts payable under the loan agreement but not yet paid become immediately due, whether because we declare them immediately due or demand their payment or in any other way, we may bring a lawsuit to foreclose our interest in the property by having it sold at a public sale. The property can be sold in one parcel or more than one parcel. We will apply the money we receive from the sale first to expenses we pay for advertising, arranging or conducting the sale (including attorney's fees as provided in Section 27) and then to any of the indebtedness not yet paid in any order we choose. You must immediately pay us all of the indebtedness remaining unpaid after we apply money we receive from the sale.

**26. Receiver.** If we bring a lawsuit to foreclose our interest in the property, we will be entitled to have a receiver appointed by a court. The preceding sentence has the meaning Section 254(10) of the Real Property Law gives to similar language.

**27. Foreclosure and collection costs.** If we hire an attorney who is not a salaried employee of ours to bring a lawsuit to foreclose our interest in the property or to collect in any other way any of the indebtedness not yet paid, you must, when we ask you to do so, pay us a reasonable attorney's fee not exceeding 15% of the portion of the indebtedness sought to be recovered in the lawsuit and all fees we pay in connection with the foreclosure for any examination, report or other evidence of title to any of the property.

**28. Other legal expenses.** If we hire an attorney who is not a salaried employee of ours to protect any of our rights in any of the property, whether because of any lawsuit brought by you or anyone else (such as a bankruptcy, probate, condemnation or forfeiture proceeding) or for any other reason, you must, when we ask you to do so, reimburse us for the attorney's fee and all other expenses we pay in connection with the lawsuit or defense. Also, when we ask you to do so, you must pay us interest on the unreimbursed portion of the attorney's fee and other expenses at the rate of 16% a year.

**29. Other owner.** Anyone signing this mortgage as an other owner gives us the mortgage lien described in Section 2 and will be bound by all provisions of this mortgage, except that he or she will not have to pay any amount payable now or becoming payable in the future under the loan agreement or any loan note.

**30. Notices.** If we want to notify you, or you want to notify us, about something concerning this mortgage, the notice may be in writing and may be delivered in person or sent by mail. In other words, notice and demand or request may be made in writing and may be served in person or by mail. The preceding sentence has the meaning Section 254(8) of the Real Property Law gives to similar language.

**31. Separate lien.** The mortgage lien you are giving us in this mortgage is and will remain separate from, and will not be merged into, the mortgage lien given in any prior mortgage or any other mortgage lien covering any of the property.

**32. Rights as owner of mortgage.** As the owner of this mortgage, we will have all rights given us by this mortgage and also all rights given to the owner of a mortgage by applicable law. Thus, we will have all rights given us by this mortgage in addition to, and not in place of, all rights given to the owner of a mortgage by the Real Property Law.

**33. Giving up of rights by you.** You give up any right to require that we demand that you pay any of the indebtedness, notify you if any of the indebtedness is not paid by the date it becomes due or obtain a certificate stating that any of the indebtedness was not paid by the date it became due.

**34. No notice or loss of rights.** We may do any of the following without notifying you or losing any of our rights against you, any of the property or any other property belonging to you now or acquired by you in the future:

- a. Accept any check or other order marked "paid in full" or with similar language as a payment of any of the

HOME EQUITY MORTGAGE  
(Continued)

Loan No: 1461128

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indebtedness;

b. Give additional time for the payment of any of the indebtedness, regardless of the number of times we previously did so and regardless of the length of any additional time we previously gave;

c. Exercise, give up, fail to exercise or delay exercising any of our rights against any person or property; or

d. Fail to protect any interest in any property, whether by failing to maintain any insurance, by failing to file or record any mortgage, financing statement, notice of lien or other document that must be filed or recorded in a public office or in any other way.

For example, we may sue you under this mortgage whether or not we sue anyone else, bring a lawsuit to foreclose our interest in the property or use any money that has been or is deposited with us by you or anyone else to pay any of the indebtedness not yet paid. By exercising, giving up, failing to exercise or delaying the exercise of any of the rights on any occasion, we will not lose that right on any other occasion or lose any other of the rights.

**35. Changes and giving up of rights by us.** No change in this mortgage can be made except in a writing signed by you and us. None of our rights against you, any of the property or any other property belonging to you now or acquired by you in the future can be given up by us except in a writing signed by us.

**36. No transfer of rights and obligations.** You may not transfer any of your rights and obligations under this mortgage to anyone else. Any transfer of any of the rights and obligations will be void.

**37. If two or more persons sign mortgage.** If two or more persons sign this mortgage, all of them will be, individually and together, liable under it, and, except to the extent required by applicable law, we may send any notice concerning this mortgage or any of the property to any of them alone, and the notice will be effective for all of them.

**38. Conflicts.** If any part of this mortgage conflicts with applicable law, that law will control, and this mortgage will be considered changed to the extent necessary to comply with that law.

**39. Continued effectiveness.** If any part of this mortgage is determined by a court to be invalid, the rest of this mortgage will remain in effect.

**40. Early release of mortgage.** This mortgage and the mortgage lien you are giving us in this mortgage will not end merely because the indebtedness is paid in full at any time during the period during which loans may be obtained under the loan agreement. They will end during that period only if we release them. We will release them during that period upon a request made by you as long as at the time we do so the indebtedness is paid in full.

**41. What law applies.** Any legal question concerning this mortgage will be decided in accordance with New York State law without regard to the law of any other state and in accordance with, to the extent applicable, federal law.

**42. Entire agreement.** This mortgage is the final and complete agreement between you and us concerning the mortgage lien you are giving us in this mortgage. Any statement concerning the mortgage lien made by any of our employees or anyone else is not part of this mortgage.

**43. Agreement and acknowledgment.** You agree to be bound by all provisions of this mortgage and acknowledge that you have received a completed copy of the loan agreement.

Borrower 1's signature \_\_\_\_\_  
Beth A. Parlato

Borrower 2's signature \_\_\_\_\_  
Anthony Parlato

ACKNOWLEDGMENT

STATE OF NEW YORK            )  
  ):SS.  
COUNTY OF ERIE             )

On the 27 day of March in the year 2020 before me, the undersigned, a Notary Public in and for said State, personally appeared Beth A. Parlato and Anthony Parlato, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

\_\_\_\_\_  
Notary Public

Schedule A to mortgage Beth A. Parlato F/K/A Beth A. Gold and Anthony Parlato to Alden State Bank dated March 27, 2020

SCHEDULE A

ALL THAT TRACT OR PARCEL OF LAND, situate in the Town of Darien, County of Genesee and State of New York, being part of Lot Number 34, Township 11, Range 4, of the Holland Land Company's Survey and more particularly described as follows:

BEGINNING at a point on the centerline of \_\_\_\_\_ at a distance easterly, as measured thereon, of 2,256.80 feet from its intersection with the easterly line of lands conveyed to Wealthy Williams and others by Deed recorded in the Genesee County Clerk's Office in Liber 97 of Deeds at Page 196, and at a distance easterly, as measured thereon, of 3,213.11 feet from its intersection with the centerline of County Line Road, being also the west line of Lot No. 34; said point of beginning being also the northeast corner of premises conveyed to Josephine Stephens, being 1,200.00 feet as measured westerly on said centerline from the east line of said Lot No. 34;

Thence easterly along said centerline, S 89° 50' 24" E, 600.00 feet to a point therein, distant westerly thereon 600.00 feet from the intersection of said centerline with the east line of said Lot No. 34; Thence southerly at an interior angle with the last described course of 84° 30' 90", along a line of S 05° 39' 27" W, 2,118.27 feet to a point;

Thence westerly at an included angle with the last described course of 89° 33' 15", along a line N 83° 53' 48" W 517.68 feet to a point in the east line of lands deeded to Edward Saunders, Jr.;

Thence southerly along said line of Saunders at an exterior angle with the last described course of 89° 07' 41", along a line S 05° 13' 53" W, 45.21 feet to the northeast corner of lands conveyed to Robert Williams;

Thence Westerly along said north line of Robert Williams, N 84° 21' 21" W, 79.93 feet to the southeast corner of said lands of Josephine Stephens;

Thence northerly along a line of N 05° 39' 27" E, and at an interior angle with the last described course of 90° 24' 46". and along the east line of said lands of Josephine Stephens, 2,101.98 feet to the centerline of \_\_\_\_\_ and forming an interior angle therewith of 95° 06' 17", being the point or place of beginning, containing 28.70 acres more or less.

This mortgage covers real property which is to be or has been wholly or principally improved by a one or two family dwelling or residence.

Record and return to:  
Alden State Bank  
PO Box 238  
Alden, NY 14004-0238

## CREDIT LINE LOAN AGREEMENT

**Borrower:** Beth A Parlato  
Anthony Parlato  
  
Darien Center, NY 14040

**Lender:** Alden State Bank  
Alden Branch  
13216 Broadway  
Alden, NY 14004

Date: March 27, 2020  
Last loan date: March 27, 2030  
Mortgaged Real Estate: Darien, Genesee County, New York  
Originator Names and Nationwide Mortgage Licensing System and Registry IDs:  
Organization: Alden State Bank  
Individual: Rebecca Sexton

Maximum Rate 25%  
Maximum principal amount: \$150,000.00  
NMLSR ID: 412458  
NMLSR ID: 10607076

**1. Meaning of some words.** In this agreement, (a) "you" and "your" mean anyone signing this agreement as a borrower, (b) "we," "us," "our" and "ours" mean Alden State Bank, 13216 Broadway, Alden, New York 14004, (c) "loan" means any loan we make under this agreement, (d) "outstanding principal" means any amount obtained as a loan and payable to us, (e) "loan note" means any note that is signed, whether or not alone, and delivered to us by anyone signing this agreement as a borrower and indicates that it is subject to this agreement, and (f) "the mortgage lien" means the mortgage lien that covers the real estate commonly described by the address shown at the beginning of this agreement as the mortgaged real estate and is being given to us as security for the payment of amounts payable under this agreement and loan notes.

**2. Obtaining loans.** Subject to the provisions of this agreement, you can obtain a loan by delivering a loan note to us no later than the date shown at the beginning of this agreement as the last loan date.

**3. Limitation on loans.** We will not be obligated to make or liable for failing to make any loan. For example, we will not be obligated to make or liable for failing to make any loan if (a) the loan note delivered to us in connection with the loan is not signed by everyone signing this agreement as a borrower, (b) at the time we decide whether to make the loan all outstanding principal exceeds, or making the loan would cause all outstanding principal to exceed, the maximum principal amount shown at the beginning of this agreement, (c) before we refuse to make the loan any right to obtain loans is canceled, suspended or otherwise limited in any way that making the loan would violate, anything that would allow all amounts payable under any loan note other than on demand but not yet paid to become immediately due at our option happens or we discover anything that we feel may adversely affect your creditworthiness or (d) applicable law would allow you to cancel the loan. We will not be liable if, as a result of making the loan, we do not make some other loan.

**4. Limitation on outstanding principal.** You must not allow all outstanding principal to exceed the maximum principal amount shown at the beginning of this agreement. If it does so, you must immediately pay us the excess. The mortgage lien will not secure the payment of the excess.

**5. Loan note.** The loan note delivered to us in connection with any loan will provide for the payment as determined by us of the amount of the loan, interest on the unpaid portion of that amount at a fixed or variable rate that will be determined by us for the loan but will not exceed the maximum rate shown at the beginning of this agreement and, if applicable, late charges in connection with the loan.

**6. Promise to pay.** You must pay to our order in United States funds the amount of each loan and all interest and late charges in connection with the loan as provided in the loan note delivered to us in connection with the loan. You must make payments under this agreement at our banking office or at any other location we specify.

**7. Transfer.** To secure the payment of any amount payable under this agreement, any loan note or the document giving us the mortgage lien that is unpaid after all amounts payable under any loan note but not yet paid becomes immediately due, whether because we demand their payment or in any other way, you transfer to us all of your rights to money you have on deposit, whether or not in your name alone, with us at any time after they become immediately due except to the extent that doing so would result in a penalty for purposes of any tax or would be prohibited by applicable law.

**8. Financial and other information.** If you change the address of your residence, your mailing address or your employer or if there is any unfavorable change in your financial condition as disclosed in any application or financial statement you have submitted or submit to us to induce us to enter into this agreement or make any loan, you must promptly notify us in writing of the change. Whenever we ask you to do so, you must submit to us a financial statement in form satisfactory to us and allow us to conduct an appraisal of the real estate at your expense.

**9. Amounts immediately due.** Except to the extent prohibited by applicable law, all amounts payable under this agreement but not yet paid, and all amounts that any loan note provides are payable other than on demand but are not yet paid, will become immediately due at our option without our notifying you if any of the following happens: (a) any amount payable under this agreement or any loan note or any other indebtedness from you to us existing now or coming into existence in the future is not paid within 15 days after the date it becomes due; (b) any indebtedness from you to any financial institution other than us existing now or coming into existence in the future is not paid within 15 days after the date it becomes due; (c) you violate any provision of this agreement or of the document giving us the mortgage lien; (d) you die or become incompetent or insolvent; (e) any proceeding under any bankruptcy law is started by or against you; (f) anyone starts any legal proceeding to take any property belonging to you now or acquired by you in the future to pay any indebtedness existing now or coming into existence in the future; (g) any tax or other involuntary lien is filed against any property belonging to you now or acquired by you in the future; or (h) we discover that in any application or financial statement you have submitted or submit to us to induce us to enter into this agreement or make any loan you made a false or misleading statement about an important matter. If any amount that any loan note provides is payable on demand is determined by a court not to be or have been payable on demand, it will become immediately due at our option without notifying you, or we will have been justified in demanding its payment, if anything described in the preceding sentence happens. Nothing in this agreement will affect our right to demand the payment at any time of any amount that any loan note provides is payable on demand. If all amounts payable under this agreement or any

**CREDIT LINE LOAN AGREEMENT  
(Continued)**

Loan No: 1461128

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loan note are not paid when they become due, whether because we demand their payment or in any other way, we can enforce the mortgage lien and exercise any right given us by the document giving us the mortgage lien or by applicable law.

**10. Collection costs.** If we hire an attorney who is not a salaried employee of ours to bring a lawsuit to collect any amount payable under this agreement but not yet paid, you must pay us a reasonable attorney's fee not exceeding 15% of that amount.

**11. Cancellation, suspension or other limitation.** By notifying us in writing that you are doing so, you can at any time cancel any right to obtain loans. The cancellation will not take effect until we receive the notice and have a reasonable time to act on it. We can at any time for any reason cancel, suspend or otherwise limit any right to obtain loans without notifying you that we are going to do so. The cancellation, suspension or other limitation will take effect immediately.

**12. Notices.** Any notice we send you concerning this agreement will be sent to your current mailing address shown in our records concerning this agreement. We can send it by regular mail. Any notice you send or deliver to us concerning this agreement must be in writing and be sent or delivered to our address shown in Section 1.

**13. Disbursement if there are 2 or more borrowers.** If 2 or more persons sign this agreement as a borrower, any portion of the proceeds of any loan disbursed to any of them can be disbursed to less than all of them, whether it is disbursed by a check, by depositing it in an account with us or in any other way.

**14. No notice or loss of rights.** We can do any of the following without notifying you or losing any right against you, any property covered by the mortgage lien or any other property belonging to you now or acquired by you in the future: (a) accept any check or other order marked "paid in full" or with similar language as a payment under this agreement; (b) give additional time for the payment of any amount payable under this agreement, regardless of the number of times we previously did so and regardless of the length of any additional time we previously gave; (c) exercise, give up, fail to exercise or delay exercising any right against any person or property; or (d) fail to protect any interest in any property, whether by failing to file or record any document that must be filed or recorded in a public record or in any other way. For example, we can sue you under this agreement whether or not we (a) sue anyone else, (b) enforce the mortgage lien or (c) use any money that has been or is deposited with us by you or anyone else to pay any amount payable under this agreement but not yet paid.

**15. Changes.** No change in this agreement can be made except in a writing signed by us. We can change this agreement at any time. We will send or deliver a notice of the change and its effective date to you.

**16. Giving up of rights.** None of our rights with respect to you, any property covered by the mortgage lien or any other property belonging to you now or acquired by you in the future can be given up by us except in a writing signed by us.

**17. No transfer of rights and obligations.** You cannot transfer any of your rights and obligations under this agreement to anyone else. Any transfer of any of the rights and obligations will be void.

**18. If 2 or more persons sign agreement as borrower.** If 2 or more persons sign this agreement as a borrower, all of them will be, individually and together, liable under it, and, except to the extent required by applicable law, we can send or deliver any notice concerning it to any of them alone, and the notice will be effective for all of them. Any of them cancel any right to obtain loans.

**19. Conflicts.** If any part of this agreement conflicts with applicable law, the law will control, and this agreement will be considered changed to the extent necessary to comply with it.

**20. Continued effectiveness.** If any part of this agreement is determined by a court to be invalid, the rest will remain in effect.

**21. What law applies.** Any legal question concerning this agreement will be decided in accordance with (a) New York State law without regard to the law of any other state and (b) to the extent applicable, federal law.

**22. Entire agreement.** Except for all loan notes and the document giving us the mortgage lien, this agreement is the final and complete agreement between you and us concerning loans and the right to obtain loans. If any part of any agreement described in the preceding sentence is incompatible with any part of this agreement, the part of this agreement will control. Any statement concerning any loan or any right to obtain loans made by any of our employees or anyone else is not part of this agreement.

BORROWER:

X \_\_\_\_\_  
Beth A Parlato

X \_\_\_\_\_  
Anthony Parlato



**CONSUMER CREDIT SCORE DISCLOSURE**

App. Date	Application No.	Loan Amount	Branch	Collateral	Officer	Init.
03-18-2020		150,000.00	01	403		
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.						

**Borrower:** Anthony Parlato  
Darlen Center, NY 14040

**Lender:** Alden State Bank  
Alden Branch  
13216 Broadway  
Alden, NY 14004

**NOTICE TO THE HOME LOAN APPLICANT**

IMPORTANT

DO NOT SIGN THIS FORM UNTIL YOU CAREFULLY  
READ IT AND UNDERSTAND ITS CONTENT

**SECTION 1. REQUIRED CREDIT SCORING NOTICE**

In connection with your application for a home loan, the lender must disclose to you the score that a consumer reporting agency distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer generated summary calculated at the time of the request and based on information a consumer reporting agency or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

If you have questions about your credit score or the credit information that is furnished to you, contact the consumer reporting agency at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The consumer reporting agency plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have questions concerning the terms of the loan, contact the lender.

**SECTION 2. CREDIT SCORE INFORMATION****CONSUMER REPORTING AGENCY**

The following consumer reporting agency provided a credit score or credit file that lender used in connection with your home loan:

Experian  
PO BOX 2002  
Allen, TX 75013  
(888) 397-3742

Credit Score:

Range of Possible Scores: **300 to 850**

The following key factors adversely affected your credit score:

- 10 - RATIO OF BALANCE TO LIMIT ON BANK REVOLVING OR OTHER REV ACCTS TOO HIGH
- 09 - TOO MANY ACCOUNTS RECENTLY OPENED
- 08 - TOO MANY INQUIRIES LAST 12 MONTHS
- 05 - TOO MANY ACCOUNTS WITH BALANCES

Credit Score Created On: **03-18-2020**

BY SIGNING BELOW, I ACKNOWLEDGE THAT I HAVE READ, RECEIVED AND UNDERSTOOD THIS DISCLOSURE.

**BORROWER:**

X \_\_\_\_\_  
Anthony Parlato Date

**CONSUMER CREDIT SCORE DISCLOSURE**

App. Date	Application No.	Loan Amount	Branch	Collateral	Officer	Init.
03-18-2020		150,000.00	01	403		
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.						

**Borrower:** Beth A Parlato  
Darien Center, NY 14040

**Lender:** Alden State Bank  
Alden Branch  
13216 Broadway  
Alden, NY 14004

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The credit score is a computer generated summary calculated at the time of the request and based on information a consumer reporting agency or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

If you have questions about your credit score or the credit information that is furnished to you, contact the consumer reporting agency at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The consumer reporting agency plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have questions concerning the terms of the loan, contact the lender.

**SECTION 2. CREDIT SCORE INFORMATION****CONSUMER REPORTING AGENCY**

The following consumer reporting agency provided a credit score or credit file that lender used in connection with your home loan:

Experian  
PO BOX 2002  
Allen, TX 75013  
(888) 397-3742

Credit Score:

Range of Possible Scores: **300 to 850**

The following key factors adversely affected your credit score:

- 10 - RATIO OF BALANCE TO LIMIT ON BANK REVOLVING OR OTHER REV ACCTS TOO HIGH
- 08 - TOO MANY INQUIRIES LAST 12 MONTHS
- 09 - TOO MANY ACCOUNTS RECENTLY OPENED
- 05 - TOO MANY ACCOUNTS WITH BALANCES

Credit Score Created On: **03-18-2020**

BY SIGNING BELOW, I ACKNOWLEDGE THAT I HAVE READ, RECEIVED AND UNDERSTOOD THIS DISCLOSURE.

**BORROWER:**

X \_\_\_\_\_  
Beth A Parlato Date

# EXHIBIT B

## LOAN INFORMATION

Borrowed Amount \$

Loan Purpose HE Grid

## PROPERTY EVALUATION REVIEW

NAME OF MORTGAGOR: **Anthony Parlato**  
**Beth A. Parlato**

PROPERTY ADDRESS:  
Darien Center, NY 14040

CONSISTING OF: 2-story single-family colonial, 4 bedrooms, 3 baths,  
3,192sqft, attached 3-car garage, open porch, covered  
porch, pole barn, shed, large pond, 28.4 acres

ORIGINAL EVALUATION TOTAL: \$ 1,000,000

ORIGINAL EVALUATION DATED: 3/28/2014;  
reviewed on 5/1/14 & 7/18/17

ORIGINAL EVALUATION BY: GAR Associates, Inc;  
review on 5/1/14 by K. Paul;  
review on 7/18/17 by K. Marshall

### REVIEWED EVALUATION TOTALS:

LAND: \$ 45,000

BUILDINGS: \$ 955,000

TOTAL: \$ 1,000,000

EVALUATION REVIEW DATED: 3/19/2020

REVIEWED BY: K. Helmicki *KLN*