

Thank you for your interest in Santa Barbara County Federal Credit Union's Home Equity Loan Program. The following is a checklist of items required to process your application.

- Income verification
- Copy of the Note on your 1st mortgage if applicable
- Would you prefer a 15 or 30 year term? _____
- Would you like your payment to automatically transfer from your SBCFCU account? _____ If your answer is yes, please tell us the account number and if you would like the payment to come from your share or share draft (if applicable).

-
- Each person listed on your Deed of Trust for the property must also apply for this Home Equity Line of Credit.
 - If the property is in a Trust, please provide a copy of the paperwork showing that you are Trustees of the Trust and that it is Revocable.

If you should have any questions, please feel free to call a Loan Department Representative at (805) 682-3357.

Thank You,

Loan Department
NMLS ID 405709



Your savings are federally insured to at least \$250,000 and backed by the full faith and the credit of the United States Government.

PURPOSE OF LOAN

RE: _____
SUBJECT PROPERTY ADDRESS

The purpose for this home equity line of credit on the above-mentioned property is:

Borrower Date

Co-Borrower Date

INSURANCE REQUIREMENTS

RE: _____
SUBJECT PROPERTY ADDRESS

Flood insurance in an amount sufficient to cover the principal balance or the maximum limit of coverage for the property under the Flood Act, whichever is less, will be maintained if the property is located in a designated flood hazard area. SBCFCU must be named as a mortgagee and it must be purchased before the loan is opened. If SBCFCU is in 2nd position, sufficient insurance to cover both mortgages is required.

Hazard Insurance is required naming Santa Barbara County FCU as a mortgagee. Dwelling amount to be at least the amount of our loan or 100% guaranteed replacement policy whichever is less.

Borrower

Date

Co-Borrower

Date

ACKNOWLEDGEMENT OF FEES

RE: _____
SUBJECT PROPERTY ADDRESS

I am aware that a check payable to the appraiser must be submitted to Santa Barbara County FCU prior to an appraisal being ordered. This fee will not be refunded once the appraisal is ordered.

I am aware that I am responsible for paying the closing costs which may include Title Policy, Escrow fee, Notary/Signing fee, recording fee and an appraisal fee. All, except for the appraisal charge, may be paid through the first advance on the home equity line of credit.

Borrower Date

Co-Borrower Date

CONSENT

RE: _____
SUBJECT PROPERTY ADDRESS

I hereby give our consent to have Santa Barbara County Federal Credit Union to obtain any and all information concerning our employment, credit, checking and / or savings accounts, obligations and all other credit matters, which they may require in connection with our application for a loan.

This form may be reproduced or photocopied and that copy shall be as effective consent as the original, which we have signed.

Borrower _____ Date _____

Co-Borrower _____ Date _____

I hereby certify this to be a true and correct copy of the original.

By _____ Date _____
SBCFCU Representative

TERMITE WAIVER CERTIFICATION

RE: _____
SUBJECT PROPERTY ADDRESS

I acknowledge and accept that Santa Barbara County Federal Credit Union does not require a termite inspection or clearance on the above subject property. I will not hold Santa Barbara County Federal Credit Union liable should there be any active infestation or infection evidence on the subject property.

Borrower

Date

Co-Borrower

Date

CERTIFICATE OF OCCUPANCY

RE: _____
SUBJECT PROPERTY ADDRESS

I/We, _____, the borrower (s) /
the purchaser (s), do hereby certify that I/we will occupy the property being purchased/
financed.

Borrower

Date

Co-Borrower

Date

EQUAL CREDIT OPPORTUNITY ACT NOTICE (ECOA)

RE: _____
SUBJECT PROPERTY ADDRESS

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against Credit Applicant(s) on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant(s) income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with the law concerning this credit is the NCUA Office of Consumer Financial Protection.

Income received from Alimony, Child Support or Separate Maintenance need not be revealed unless you choose to rely on such sources to have it considered as a basis for repaying this obligation. Income from these sources as well as from any other source, including part-time or temporary employment will not be discounted by the lender, because of your sex or marital status; however, the Lender will consider carefully the stability and probable continuity of all income you disclose.

If you have questions about your rights, or if you wish to file a complaint, contact the management of this financial institution or the office below.

National Credit Union Administration, Office of Consumer Financial Protection
1775 Duke Street
Alexandria, VA 22314-3428

ACKNOWLEDGMENT OF RECEIPT
I (We) received a copy of this notice.

Borrower

Date

Co-Borrower

Date

THE CALIFORNIA HOUSING FINANCIAL DISCRIMINATION ACT OF 1977
FAIR LENDING NOTICE

RE: _____

SUBJECT PROPERTY ADDRESS

It is illegal to discriminate in the provision of or in the availability of financial assistance because of the consideration of:

1. Trends, characteristics or conditions in the neighborhood or geographic area surrounding a housing accommodation, unless the financial institution can demonstrate in the particular case that such consideration is required to avoid an unsafe and unsound business practice; or
2. Race, color, religion, sex, marital status, national origin or ancestry.
It is illegal to consider the racial, ethnic, religious, or national origin composition of a neighborhood or geographic area surrounding a housing accommodation or whether or not such composition is undergoing change, or is expected to undergo change, in appraising a housing accommodation or in determining whether or not, or under what terms and conditions, to provide financial assistance. These provisions govern financial assistance for the purpose of the purchase, construction, rehabilitation or refinancing of one- to four- unit family residences occupied by the owner and for the purpose of the home improvement of any one- to four- family residence.

If you have questions about your rights, or if you wish to file a complaint, contact the management of this financial institution or the office below.

Department of Business Oversight, Consumer Services
1515 K Street, Suite 200
Sacramento, CA 95814

ACKNOWLEDGMENT OF RECEIPT
I (We) received a copy of this notice.

Borrower

Date

Co-Borrower

Date

HOME EQUITY APPLICATION

PROPERTY SECURING YOUR LOAN

Property Street Address		City	County	State	Zip
Property Type:		Marital Status: <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (Single, Divorced, Widowed)			
Approximate Market Value \$	Purchase Price \$	Limit Requested \$			
Homeowners: Please Indicate Name(s) On Deed					

APPLICANT

FULL NAME					
SOCIAL SECURITY NUMBER			BIRTHDATE		
CURRENT STREET ADDRESS				APT. NUMBER	
CITY			TIME AT ADDRESS		
STATE	ZIP	DRIVER'S LICENSE NUMBER/STATE			
FORMER ADDRESS (COMPLETE IF CURRENT ADDRESS IS LESS THAN THREE YEARS)				NUMBER OF YEARS	
HOME TELEPHONE		NO. OF DEP.	AGES OF DEPENDENTS		
NAME, ADDRESS AND TELEPHONE OF NEAREST RELATIVE NOT LIVING WITH YOU				RELATIONSHIP	

CO-APPLICANT

FULL NAME					
SOCIAL SECURITY NUMBER			BIRTHDATE		
CURRENT STREET ADDRESS				APT. NUMBER	
CITY			TIME AT ADDRESS		
STATE	ZIP	DRIVER'S LICENSE NUMBER/STATE			
FORMER ADDRESS (COMPLETE IF CURRENT ADDRESS IS LESS THAN THREE YEARS)				NUMBER OF YEARS	
HOME TELEPHONE		NO. OF DEP.	AGES OF DEPENDENTS		
NAME, ADDRESS AND TELEPHONE OF NEAREST RELATIVE NOT LIVING WITH YOU				RELATIONSHIP	

EMPLOYMENT AND INCOME

Attach two most recent pay check stubs. If self-employed, check here and attach two years federal income tax returns.

CURRENT EMPLOYER (INCLUDE EMPLOYEE I.D. IF APPLICABLE)			HIRE DATE		
ADDRESS					
WORK TELEPHONE	POSITION	MO. GROSS INCOME \$			
FORMER EMPLOYER (If current employer is less than three years)		POSITION	YEARS THERE		

CURRENT EMPLOYER (INCLUDE EMPLOYEE I.D. IF APPLICABLE)			HIRE DATE		
ADDRESS					
WORK TELEPHONE	POSITION	MO. GROSS INCOME \$			
FORMER EMPLOYER (If current employer is less than three years)		POSITION	YEARS THERE		

OTHER INCOME

You need not list income from alimony, child support or separate maintenance payments unless You want it considered in evaluating this credit application.

SOURCE OF OTHER INCOME		MONTHLY AMOUNT \$
NAME AND ADDRESS OF PAYER		NO. OF YEARS RECEIVED

SOURCE OF OTHER INCOME		MONTHLY AMOUNT \$
NAME AND ADDRESS OF PAYER		NO. OF YEARS RECEIVED

ASSETS AND DEPOSITS

Attach a separate sheet if necessary.

TYPE	BANK (OR OTHER) NAME & ADDRESS	ACCOUNT NUMBER	APPROX. BALANCE
Checking			
Savings			
Other			
Other			
CAR 1 - YR. - MAKE - MODEL		APPROXIMATE VALUE \$	
CAR 1 - YR. - MAKE - MODEL		APPROXIMATE VALUE \$	

TYPE	BANK (OR OTHER) NAME & ADDRESS	ACCOUNT NUMBER	APPROX. BALANCE
Checking			
Savings			
Other			
Other			
CAR 1 - YR. - MAKE - MODEL		APPROXIMATE VALUE \$	
CAR 1 - YR. - MAKE - MODEL		APPROXIMATE VALUE \$	



2623 De La Vina St, Santa Barbara, CA 93105
Phone: 805-682-3357 • Fax: 805-569-9047

RIGHT TO RECEIVE A COPY OF APPRAISALS

Lender: **Santa Barbara County Federal Credit Union**

Date: _____

NOTICE TO FIRST-LIEN DWELLING-SECURED CREDIT APPLICANTS:

We may order an appraisal to determine the property's value and charge You for this appraisal. We will promptly give You a copy of any appraisal, even if Your loan does not close.

You can pay for an additional appraisal for Your own use at Your own cost.

Other than as prohibited by law, We may charge You a reasonable fee to reimburse Us for the appraisal costs that We incur in connection with such appraisal or other written valuation. We will not however, charge You for any photocopy costs, postage costs, administrative costs, or other costs We incur in providing the copy(ies).

To obtain additional information on Your right to receive a copy of appraisals, including the amount of the reasonable fee that We may require You to pay, please contact Us at (800) 818-3357 or by email at, loans@sbcreditunion.com.

**DEMOGRAPHIC INFORMATION OF
 APPLICANT AND CO-APPLICANT**

Application Number:
Date:

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, race, and sex) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more "Hispanic or Latino" origins, and one or more designations for "Race."

The law provides that we may not discriminate on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, race and sex on the basis of visual observation or surname. If you do not wish to provide some or all of this information, please check below.

<p>Applicant:</p> <p>Ethnicity:</p> <p><input type="checkbox"/> Hispanic or Latino – <i>Check one or more</i></p> <p><input type="checkbox"/> Mexican <input type="checkbox"/> Puerto Rican <input type="checkbox"/> Cuban</p> <p><input type="checkbox"/> Other Hispanic or Latino – <i>Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on:</i></p> <p>_____</p> <p><input type="checkbox"/> Not Hispanic or Latino</p> <p><input type="checkbox"/> I do not wish to provide this information (<i>about Ethnicity</i>)</p> <p>Race: check one or more</p> <p><input type="checkbox"/> American Indian or Alaska Native – <i>Print name of enrolled or principal tribe:</i></p> <p>_____</p> <p><input type="checkbox"/> Asian</p> <p><input type="checkbox"/> Asian Indian <input type="checkbox"/> Chinese <input type="checkbox"/> Filipino</p> <p><input type="checkbox"/> Japanese <input type="checkbox"/> Korean <input type="checkbox"/> Vietnamese</p> <p><input type="checkbox"/> Other Asian – <i>Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on:</i></p> <p>_____</p> <p><input type="checkbox"/> Black or African American</p> <p><input type="checkbox"/> Native Hawaiian or Other Pacific Islander</p> <p><input type="checkbox"/> Native Hawaiian <input type="checkbox"/> Guamanian or Chamorro</p> <p><input type="checkbox"/> Samoan</p> <p><input type="checkbox"/> Other Pacific Islander – <i>Print race, for example, Fijian, Tongan, and so on:</i></p> <p>_____</p> <p><input type="checkbox"/> White</p> <p><input type="checkbox"/> I do not wish to provide this information (<i>about Race</i>)</p> <p>Sex:</p> <p><input type="checkbox"/> Female <input type="checkbox"/> Male</p> <p><input type="checkbox"/> I do not wish to provide this information (<i>about Sex</i>)</p> <hr/> <p>To Be Completed By Credit Union (for an application taken in person)</p> <p>Was the ethnicity of the Applicant collected on the basis of visual observation or surname?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Was the race of the Applicant collected on the basis of visual observation or surname?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Was the sex of the Applicant collected on the basis of visual observation or surname?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <hr/> <p>Applicant Name (print): _____</p> <hr/> <p>Applicant Signature (optional): _____</p>	<p>Co-Applicant:</p> <p>Ethnicity:</p> <p><input type="checkbox"/> Hispanic or Latino – <i>Check one or more</i></p> <p><input type="checkbox"/> Mexican <input type="checkbox"/> Puerto Rican <input type="checkbox"/> Cuban</p> <p><input type="checkbox"/> Other Hispanic or Latino – <i>Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on:</i></p> <p>_____</p> <p><input type="checkbox"/> Not Hispanic or Latino</p> <p><input type="checkbox"/> I do not wish to provide this information (<i>about Ethnicity</i>)</p> <p>Race: check one or more</p> <p><input type="checkbox"/> American Indian or Alaska Native – <i>Print name of enrolled or principal tribe:</i></p> <p>_____</p> <p><input type="checkbox"/> Asian</p> <p><input type="checkbox"/> Asian Indian <input type="checkbox"/> Chinese <input type="checkbox"/> Filipino</p> <p><input type="checkbox"/> Japanese <input type="checkbox"/> Korean <input type="checkbox"/> Vietnamese</p> <p><input type="checkbox"/> Other Asian – <i>Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on:</i></p> <p>_____</p> <p><input type="checkbox"/> Black or African American</p> <p><input type="checkbox"/> Native Hawaiian or Other Pacific Islander</p> <p><input type="checkbox"/> Native Hawaiian <input type="checkbox"/> Guamanian or Chamorro</p> <p><input type="checkbox"/> Samoan</p> <p><input type="checkbox"/> Other Pacific Islander – <i>Print race, for example, Fijian, Tongan, and so on:</i></p> <p>_____</p> <p><input type="checkbox"/> White</p> <p><input type="checkbox"/> I do not wish to provide this information (<i>about Race</i>)</p> <p>Sex:</p> <p><input type="checkbox"/> Female <input type="checkbox"/> Male</p> <p><input type="checkbox"/> I do not wish to provide this information (<i>about Sex</i>)</p> <hr/> <p>To Be Completed By Credit Union (for an application taken in person)</p> <p>Was the ethnicity of the Co-Applicant collected on the basis of visual observation or surname?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Was the race of the Co-Applicant collected on the basis of visual observation or surname?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Was the sex of the Co-Applicant collected on the basis of visual observation or surname?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <hr/> <p>Co-Applicant Name (print): _____</p> <hr/> <p>Co-Applicant Signature (optional): _____</p>
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2623 De La Vina St, Santa Barbara, CA 93105
Phone: 805-682-3357 • Fax: 805-569-9047

IMPORTANT TERMS of our HOME EQUITY LINES OF CREDIT

THIS DISCLOSURE CONTAINS INFORMATION ABOUT OUR HOME EQUITY LINES OF CREDIT. YOU SHOULD READ IT CAREFULLY AND KEEP THIS COPY FOR YOURSELF. THE TERMS FOR ALL PLANS ARE THE SAME EXCEPT FOR WHERE OTHERWISE INDICATED.

Availability of Terms

All terms described below are subject to change. If these terms change, other than the Annual Percentage Rate, and you decide, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees you paid to us or anyone else in connection with your application.

Security Interest

We will take a Mortgage/Deed of Trust on your home ("Security Property"). You could lose your home if you do not meet certain obligations in your agreement with us.

Possible Actions

Termination

If you fail to meet the terms of repayment, or if you act or fail to act in a way that adversely affects our security interest or other rights in the Security Property, or if you have committed fraud or made a material misrepresentation in connection with the account, we may, subject to the governing law, terminate the plan, require payment in full of the entire outstanding balance in a single payment or cause the Security Property to be sold and the proceeds of such sale to be applied to your obligation to us. You agree to pay any reasonable costs of protecting, retaking, repairing, or selling the Security Property.

Suspension

Your right to request additional advances may be suspended, or your maximum credit limit reduced, at our option, in the following instances: (1) you fail to make the scheduled payments due to us; (2) you fail to make timely payments to the holders of Mortgages/Deeds of Trust senior to ours; (3) you fail to pay real property taxes prior to delinquency; (4) you fail to maintain the required property insurance; (5) the value of the Security Property declines significantly below the appraised value upon which we relied in approving your application; (6) we reasonably believe that your ability to meet your payment obligations is impaired because of a material change in your financial circumstances; (7) governmental action precludes our imposing the interest rate provided herein or adversely affects the priority of our security interest such that the value of our interest is less than 120.00% of your maximum credit limit; (8) the maximum interest rate under the plan is reached; or (9) government regulatory authorities find that further advances under this plan constitute an unsafe and unsound practice. When the condition which caused the suspension of advances or reduction of your maximum credit limit no longer exists, the original terms of your agreement will be reinstated. You understand that if your right to request additional advances is suspended or your maximum credit limit is reduced, you still owe us whatever sums you have already borrowed, all other charges under your agreement, and applicable Finance Charges.

Home Equity Plans

We offer Eight (8) Home Equity Line of Credit plans that differ based a variety of factors. These factors include: (i) whether or not the plan has an introductory discount interest rate; (ii) the minimum interest rate that may apply to the plan for purposes of variable interest rate adjustments; and (iii) the length of the repayment period. All Plans have a 120-month draw period during which you may obtain credit advances.

Plan 1 – These Plans have an initial introductory discount rate for 12 months. After the expiration of the introductory rate period, the minimum interest rate for these Plans is 4.00%. These Plans have a 60-month repayment period during which you may no longer obtain credit advances and must repay the remaining unpaid balance of your account.

Plan 2 – These Plans have an initial introductory discount rate for 12 months. After the expiration of the introductory rate period, the minimum interest rate for these Plans is 4.50%. These Plans have a 60-month repayment period during which you may no longer obtain credit advances and must repay the remaining unpaid balance of your account.

Plan 3 – These Plans do not have an introductory rate feature. The minimum interest rate for these Plans is 4.00%. These Plans have a 60-month repayment period during which you may no longer obtain credit advances and must repay the remaining unpaid balance of your account.

Plan 4 – These Plans do not have an introductory rate feature. The minimum interest rate for these Plans is 4.50%. These Plans have a 60-month repayment period during which you may no longer obtain credit advances and must repay the remaining unpaid balance of your account.

Plan 5 – These Plans have an initial introductory discount rate for 12 months. After the expiration of the introductory rate period, the minimum interest rate for these Plans is 4.00%. These Plans have a 240-month repayment period during which you may no longer obtain credit advances and must repay the remaining unpaid balance of your account.

Plan 6 – These Plans have an initial introductory discount rate for 12 months. After the expiration of the introductory rate period, the minimum interest rate for these Plans is 4.50%. These Plans have a 240-month repayment period during which you may no longer obtain credit advances and must repay the remaining unpaid balance of your account.

Plan 7 – These Plans do not have an introductory rate feature. The minimum interest rate for these Plan is 4.00%. These Plans have a 240-month repayment period during which you may no longer obtain credit advances and must repay the remaining unpaid balance of your account.

Plan 8 – These Plans do not have an introductory rate feature. The minimum interest rate for these Plan is 4.50%. These Plans have a 240-month repayment period during which you may no longer obtain credit advances and must repay the remaining unpaid balance of your account.

The pricing structure for these Plans will be determined by your creditworthiness, and whether or not the new line of credit will replace any existing debt you owe us. In general, persons with better creditworthiness will receive a lower interest rate and more favorable credit terms, whereas persons whose creditworthiness is not as good will receive a higher interest rate and less favorable credit terms. Applicants that will be replacing existing debt owed to the Credit Union with the new line of credit will not be eligible for Plans with an introductory discount rate feature. Not all applicants may qualify for all Plans.

Information about the minimum payment requirements for each of the Plans is provided below, together with information about the variable-rate features of these Plans.

Fees and Charges

To open a line or credit, you may have to pay certain fees to third parties. These fees generally total from \$1,700.00 to \$2,500.00. If you ask, we will give you an itemization of the fees you will have to pay to third parties.

Insurance

You must carry insurance on the property that secures the Plan. As a condition of obtaining credit, we will not require you to provide such insurance in an amount that exceeds the replacement value of the Security Property.

Minimum Draw Requirements

The minimum credit advance you can receive using a convenience check (a check-like instrument we may supply to you from time to time) is \$500.00.

Tax Deductibility

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

Other Products

If you ask, we will provide you with information on any other home equity products we offer.

PLAN 1

Minimum Payment Requirements

You can obtain credit advances for 120 months (the "draw period"). During the draw period, your minimum periodic payment will be due on a monthly basis. During the draw period your minimum periodic payment will be established at the time of each credit advance, and any subsequent change in interest rate, to the amount necessary to fully amortize your then unpaid account balance by the agreement maturity date, subject to the lesser of \$25.00 or your balance.

After the draw period ends, you will no longer be able to obtain credit advances and must repay your outstanding account balance (the repayment period). The length of the repayment period will depend on the date and the amount of your last advance, but in no event will exceed 60 months. During the repayment period, your minimum periodic payment will be calculated in the same manner as during the draw period.

Variable Rate

Introductory Rate

For the 12-month period immediately following the date of agreement, the Annual Percentage Rate that will apply to your account will be an introductory discount rate. The introductory discount rate will be 5.00%.* Upon the expiration of the introductory rate period, your account will be subject to the variable-rate provisions described below. The introductory discount Annual Percentage Rate is not based on the index and margin used for later adjustments.

* This represents an initial discount rate we have recently used for Plan 1.

Variable-Rate Calculation

Following the expiration of the introductory rate period, this plan has a Variable-Rate feature. The Annual Percentage Rate (corresponding to the periodic rate) and the amount of your regularly scheduled payments can change as a result. The Annual Percentage Rate includes only interest and no other costs. The Annual Percentage Rate is based on the value of an index. The index is based on the monthly average of the 26-week United States Treasury Bill rate, Coupon Equivalent, in effect for each Thursday of the calendar month that immediately precedes the 1st day of each calendar quarter of each year. The monthly average is determined by adding together the values selected on each such Thursday of the month and dividing the sum by the number of Thursdays in that month. The result of this monthly average calculation is then rounded up to the nearest one-quarter of one percent (0.25%), and the result is the Index value. Information on the 26-week United States Treasury Bill Rate, Coupon Equivalent, is available from the United States Department of the Treasury website (<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=billrates>). To determine the Annual Percentage Rate that will apply to your line of credit, we add a margin to the value of the index. Ask us for the current index value, margin, discount, and Annual Percentage Rate. After you open a line of credit, rate information will be provided in periodic statements that we send you.

Rate Changes

Your Annual Percentage Rate can change on the day that the introductory rate period expires and, subsequently, quarterly thereafter. Other than the minimum and maximum interest rates that may apply to Your Account at any time, there is no limit on the amount by which your interest rate may change after the expiration of the Introductory Rate period. Subsequently, Your Interest Rate will never increase or decrease by more than 2.00 percentage points (2.00%) each calendar year.

After the expiration of the introductory rate period, the minimum **ANNUAL PERCENTAGE RATE** at any time is 4.00%. The maximum **ANNUAL PERCENTAGE RATE** at any time is 18.00%.

Plan 1 Examples

Minimum Payment Example

If you made only the minimum payments and took no other credit advances, it would take 180 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 6.25%*. During that period, you would make 120 monthly payments of \$85.74, followed by 59 monthly payments of \$85.74, and a final payment of \$86.74.

* This represents an interest rate that we have recently used for Plan 1.

Maximum Rate and Payment Example

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$161.06. This Annual Percentage Rate could be reached during the 13th month of the draw period.

If you had an outstanding balance of \$10,000.00 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$253.93. This Annual Percentage Rate could not be reached during the repayment period.

Historical Example

The following table shows how the Annual Percentage Rate and the monthly payments for a single \$10,000.00 credit advance would have changed based on changes in the Index since 2011. Information used to calculate the index is from the United States Department of the Treasury and is calculated on the first business day of August of each year. While only one payment amount per year is shown, payments may have varied during the year. 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 will change in the future.

Year	Index	Margin (1)	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
2011	0.09	2.00	5.00 (2)	Draw	\$79.08
2012	0.15	2.00	4.00 (5)	Draw	\$74.26
2013	0.07	2.00	4.00 (5)	Draw	\$74.26
2014	0.06	2.00	4.00 (5)	Draw	\$74.26
2015	0.11	2.00	4.00 (5)	Draw	\$74.26
2016	0.40	2.00	4.00 (5)	Draw	\$74.26
2017	1.13	2.00	4.00 (5)	Draw	\$74.26
2018	2.15	2.00	4.25 (3)	Draw	\$74.97
2019	2.07	2.00	4.25 (3)	Draw	\$74.97
2020	0.17	2.00	4.00 (5)	Draw	\$74.42
2021	0.05	2.00	4.00 (5)	Repayment	\$74.42
2022	2.94	2.00	5.00 (3)	Repayment	\$75.91
2023	5.41	2.00	7.00 (4)	Repayment	\$78.21
2024	5.34	2.00	7.50 (3)	Repayment	\$78.60
2025	4.13	2.00	6.25 (3)	Repayment	\$78.08

(1) This represents a margin which we have recently used.

(2) This represents the discounted introductory rate.

(3) This represents the rounding of the rate up to the nearest one-quarter of one percentage point (0.25%).

(4) This represents the 2.00 percentage point per calendar year rate change limitation.

(5) This represents the minimum interest rate.

PLAN 2

Minimum Payment Requirements

You can obtain credit advances for 120 months (the "draw period"). During the draw period, your minimum periodic payment will be due on a monthly basis. During the draw period your minimum periodic payment will be established at the time of each credit advance, and any subsequent change in interest rate, to the amount necessary to fully amortize your then unpaid account balance by the agreement maturity date, subject to the lesser of \$25.00 or your balance.

After the draw period ends, you will no longer be able to obtain credit advances and must repay your outstanding account balance (the repayment period). The length of the repayment period will depend on the date and the amount of your last advance, but in no event will exceed 60 months. During the repayment period, your minimum periodic payment will be calculated in the same manner as during the draw period.

Variable Rate

Introductory Rate

For the 12-month period immediately following the date of agreement, the Annual Percentage Rate that will apply to your account will be an introductory discount rate. The introductory discount rate will be 5.50%.* Upon the expiration of the introductory rate period, your account will be subject to the variable-rate provisions described below. The introductory discount Annual Percentage Rate is not based on the index and margin used for later adjustments.

* This represents an initial discount rate we have recently used for Plan 2.

Variable-Rate Calculation

Following the expiration of the introductory rate period, this plan has a Variable-Rate feature. The Annual Percentage Rate (corresponding to the periodic rate) and the amount of your regularly scheduled payments can change as a result. The Annual Percentage Rate includes only interest and no other costs. The Annual Percentage Rate is based on the value of an index. The index is based on the monthly average of the 26-week United States Treasury Bill rate, Coupon Equivalent, in effect for each Thursday of the calendar month that immediately precedes the 1st day of each calendar quarter of each year. The monthly average is determined by adding together the values selected on each such Thursday of the month and dividing the sum by the number of Thursdays in that month. The result of this monthly average calculation is then rounded up to the nearest one-quarter of one percent (0.25%), and the result is the Index value. Information on the 26-week United States Treasury Bill Rate, Coupon Equivalent, is available from the United States Department of the Treasury website (<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=billrates>). To determine the Annual Percentage Rate that will apply to your line of credit, we add a margin to the value of the index. Ask us for the current index value, margin, discount, and Annual Percentage Rate. After you open a line of credit, rate information will be provided in periodic statements that we send you.

Rate Changes

Your Annual Percentage Rate can change on the day that the introductory rate period expires and, subsequently, quarterly thereafter. Other than the minimum and maximum interest rates that may apply to Your Account at any time, there is no limit on the amount by which your interest rate may change after the expiration of the Introductory Rate period. Subsequently, Your Interest Rate will never increase or decrease by more than 2.00 percentage points (2.00%) each calendar year.

After the expiration of the introductory rate period, the minimum **ANNUAL PERCENTAGE RATE** at any time is 4.50%. The maximum **ANNUAL PERCENTAGE RATE** at any time is 18.00%.

Plan 2 Examples

Minimum Payment Example

If you made only the minimum payments and took no other credit advances, it would take 180 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 6.75%*. During that period, you would make 120 monthly payments of \$88.49, followed by 59 monthly payments of \$88.49, and a final payment of \$89.49.

* This represents an interest rate that we have recently used for Plan 2.

Maximum Rate and Payment Example

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$161.06. This Annual Percentage Rate could be reached during the 13th month of the draw period.

If you had an outstanding balance of \$10,000.00 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$253.93. This Annual Percentage Rate could not be reached during the repayment period.

Historical Example

The following table shows how the Annual Percentage Rate and the monthly payments for a single \$10,000.00 credit advance would have changed based on changes in the Index since 2011. Information used to calculate the index is from the United States Department of the Treasury and is calculated on the first business day of August of each year. While only one payment amount per year is shown, payments may have varied during the year. 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 will change in the future.

Year	Index	Margin (1)	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
2011	0.09	2.50	5.50 (2)	Draw	\$81.71
2012	0.15	2.50	4.50 (5)	Draw	\$76.79
2013	0.07	2.50	4.50 (5)	Draw	\$76.79
2014	0.06	2.50	4.50 (5)	Draw	\$76.79
2015	0.11	2.50	4.50 (5)	Draw	\$76.79
2016	0.40	2.50	4.50 (5)	Draw	\$76.79
2017	1.13	2.50	4.50 (5)	Draw	\$76.79
2018	2.15	2.50	4.75 (3)	Draw	\$77.52
2019	2.07	2.50	4.75 (3)	Draw	\$77.52
2020	0.17	2.50	4.50 (5)	Draw	\$76.96
2021	0.05	2.50	4.50 (5)	Repayment	\$76.96
2022	2.94	2.50	5.50 (3)	Repayment	\$78.49
2023	5.41	2.50	7.50 (4)	Repayment	\$80.86
2024	5.34	2.50	8.00 (3)	Repayment	\$81.27
2025	4.13	2.50	6.75 (3)	Repayment	\$80.73

(1) This represents a margin which we have recently used.

(2) This represents the discounted introductory rate.

(3) This represents the rounding of the rate up to the nearest one-quarter of one percentage point (0.25%).

(4) This represents the 2.00 percentage point per calendar year rate change limitation.

(5) This represents the minimum interest rate.

PLAN 3

Minimum Payment Requirements

You can obtain credit advances for 120 months (the "draw period"). During the draw period, your minimum periodic payment will be due on a monthly basis. During the draw period your minimum periodic payment will be established at the time of each credit advance, and any subsequent change in interest rate, to the amount necessary to fully amortize your then unpaid account balance by the agreement maturity date, subject to the lesser of \$25.00 or your balance.

After the draw period ends, you will no longer be able to obtain credit advances and must repay your outstanding account balance (the repayment period). The length of the repayment period will depend on the date and the amount of your last advance, but in no event will exceed 60 months. During the repayment period, your minimum periodic payment will be calculated in the same manner as during the draw period.

Variable Rate

Variable-Rate Calculation

This plan has a Variable-Rate feature. The Annual Percentage Rate (corresponding to the periodic rate) and the amount of your regularly scheduled payments can change as a result. The Annual Percentage Rate includes only interest and no other costs. The Annual Percentage Rate is based on the value of an index.

The index is based on the monthly average of the 26-week United States Treasury Bill rate, Coupon Equivalent, in effect for each Thursday of the calendar month that immediately precedes the 1st day of each calendar quarter of each year. The monthly average is determined by adding together the values selected on each such Thursday of the month and dividing the sum by the number of Thursdays in that month. The result of this monthly average calculation is then rounded up to the nearest one-quarter of one percent (0.25%), and the result is the Index value. Information on the 26-week United States Treasury Bill Rate, Coupon Equivalent, is available from the United States Department of the Treasury website (<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=billrates>). To determine the Annual Percentage Rate that will apply to your line of credit, 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 a line of credit, rate information will be provided in periodic statements that we send you.

Rate Changes

Your Annual Percentage Rate can change quarterly. Subject to the minimum and maximum interest rates that may apply to your account, your Interest Rate will never increase or decrease by more than 2.00 percentage points (2.00%) each calendar year.

The minimum **ANNUAL PERCENTAGE RATE** at any time is 4.00%. The maximum **ANNUAL PERCENTAGE RATE** at any time is 18.00%.

Plan 3 Examples

Minimum Payment Example

If you made only the minimum payments and took no other credit advances, it would take 180 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 6.25%*. During that period, you would make 120 monthly payments of \$85.74, followed by 59 monthly payments of \$85.74, and a final payment of \$86.74.

* This represents an interest rate that we have recently used for Plan 3.

Maximum Rate and Payment Example

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$161.06. This Annual Percentage Rate could be reached during the 65th month of the draw period.

If you had an outstanding balance of \$10,000.00 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$253.93. This Annual Percentage Rate could not be reached during the repayment period.

Historical Example

The following table shows how the Annual Percentage Rate and the monthly payments for a single \$10,000.00 credit advance would have changed based on changes in the Index since 2011. Information used to calculate the index is from the United States Department of the Treasury and is calculated on the first business day of August of each year. While only one payment amount per year is shown, payments may have varied during the year. 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 will change in the future.

Year	Index	Margin (1)	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
2011	0.09	2.00	4.00 (4)	Draw	\$73.97
2012	0.15	2.00	4.00 (4)	Draw	\$73.97
2013	0.07	2.00	4.00 (4)	Draw	\$73.97
2014	0.06	2.00	4.00 (4)	Draw	\$73.97
2015	0.11	2.00	4.00 (4)	Draw	\$73.97
2016	0.40	2.00	4.00 (4)	Draw	\$73.97
2017	1.13	2.00	4.00 (4)	Draw	\$73.97
2018	2.15	2.00	4.25 (2)	Draw	\$74.67
2019	2.07	2.00	4.25 (2)	Draw	\$74.67
2020	0.17	2.00	4.00 (4)	Draw	\$74.13
2021	0.05	2.00	4.00 (4)	Repayment	\$74.13
2022	2.94	2.00	5.00 (2)	Repayment	\$75.61
2023	5.41	2.00	7.00 (3)	Repayment	\$77.90
2024	5.34	2.00	7.50 (2)	Repayment	\$78.30
2025	4.13	2.00	6.25 (2)	Repayment	\$77.78

(1) This represents a margin which we have recently used.

(2) This represents the rounding of the rate up to the nearest one-quarter of one percentage point (0.25%).

(3) This represents the 2.00 percentage point per calendar year rate change limitation.

(4) This represents the minimum interest rate.

PLAN 4

Minimum Payment Requirements

You can obtain credit advances for 120 months (the "draw period"). During the draw period, your minimum periodic payment will be due on a monthly basis. During the draw period your minimum periodic payment will be established at the time of each credit advance, and any subsequent change in interest rate, to the amount necessary to fully amortize your then unpaid account balance by the agreement maturity date, subject to the lesser of \$25.00 or your balance.

After the draw period ends, you will no longer be able to obtain credit advances and must repay your outstanding account balance (the repayment period). The length of the repayment period will depend on the date and the amount of your last advance, but in no event will exceed 60 months. During the repayment period, your minimum periodic payment will be calculated in the same manner as during the draw period.

Variable Rate

Variable-Rate Calculation

This plan has a Variable-Rate feature. The Annual Percentage Rate (corresponding to the periodic rate) and the amount of your regularly scheduled payments can change as a result. The Annual Percentage Rate includes only interest and no other costs. The Annual Percentage Rate is based on the value of an index. The index is based on the monthly average of the 26-week United States Treasury Bill rate, Coupon Equivalent, in effect for each Thursday of the calendar month that immediately precedes the 1st day of each calendar quarter of each year. The monthly average is determined by adding together the values selected on each such Thursday of the month and dividing the sum by the number of Thursdays in that month. The result of this monthly average calculation is then rounded up to the nearest one-quarter of one percent (0.25%), and the result is the Index value. Information on the 26-week United States Treasury Bill Rate, Coupon Equivalent, is available from the United States Department of the Treasury website (<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=billrates>). To determine the Annual Percentage Rate that will apply to your line of credit, 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 a line of credit, rate information will be provided in periodic statements that we send you.

Rate Changes

Your Annual Percentage Rate can change quarterly. Subject to the minimum and maximum interest rates that may apply to your account, your Interest Rate will never increase or decrease by more than 2.00 percentage points (2.00%) each calendar year.

The minimum **ANNUAL PERCENTAGE RATE** at any time is 4.50%. The maximum **ANNUAL PERCENTAGE RATE** at any time is 18.00%.

Plan 4 Examples

Minimum Payment Example

If you made only the minimum payments and took no other credit advances, it would take 180 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 6.75%*. During that period, you would make 120 monthly payments of \$88.49, followed by 59 monthly payments of \$88.49, and a final payment of \$89.49.

* This represents an interest rate that we have recently used for Plan 4.

Maximum Rate and Payment Example

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$161.06. This Annual Percentage Rate could be reached during the 65th month of the draw period.

If you had an outstanding balance of \$10,000.00 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$253.93. This Annual Percentage Rate could not be reached during the repayment period.

Historical Example

The following table shows how the Annual Percentage Rate and the monthly payments for a single \$10,000.00 credit advance would have changed based on changes in the Index since 2011. Information used to calculate the index is from the United States Department of the Treasury and is calculated on the first business day of August of each year. While only one payment amount per year is shown, payments may have varied during the year. 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 will change in the future.

Year	Index	Margin (1)	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
2011	0.09	2.50	4.50 (4)	Draw	\$76.50
2012	0.15	2.50	4.50 (4)	Draw	\$76.50
2013	0.07	2.50	4.50 (4)	Draw	\$76.50
2014	0.06	2.50	4.50 (4)	Draw	\$76.50
2015	0.11	2.50	4.50 (4)	Draw	\$76.50
2016	0.40	2.50	4.50 (4)	Draw	\$76.50
2017	1.13	2.50	4.50 (4)	Draw	\$76.50
2018	2.15	2.50	4.75 (2)	Draw	\$77.22
2019	2.07	2.50	4.75 (2)	Draw	\$77.22
2020	0.17	2.50	4.50 (4)	Draw	\$76.67
2021	0.05	2.50	4.50 (4)	Repayment	\$76.67
2022	2.94	2.50	5.50 (2)	Repayment	\$78.19
2023	5.41	2.50	7.50 (3)	Repayment	\$80.55
2024	5.34	2.50	8.00 (2)	Repayment	\$80.96
2025	4.13	2.50	6.75 (2)	Repayment	\$80.42

(1) This represents a margin which we have recently used.

(2) This represents the rounding of the rate up to the nearest one-quarter of one percentage point (0.25%).

(3) This represents the 2.00 percentage point per calendar year rate change limitation.

(4) This represents the minimum interest rate.

PLAN 5

Minimum Payment Requirements

You can obtain credit advances for 120 months (the "draw period"). During the draw period, your minimum periodic payment will be due on a monthly basis. During the draw period your minimum periodic payment will be established at the time of each credit advance, and any subsequent change in interest rate, to the amount necessary to fully amortize your then unpaid account balance by the agreement maturity date, subject to the lesser of \$25.00 or your balance.

After the draw period ends, you will no longer be able to obtain credit advances and must repay your outstanding account balance (the repayment period). The length of the repayment period will depend on the date and the amount of your last advance, but in no event will exceed 240 months. During the repayment period, your minimum periodic payment will be calculated in the same manner as during the draw period.

Variable Rate

Introductory Rate

For the 12-month period immediately following the date of agreement, the Annual Percentage Rate that will apply to your account will be an introductory discount rate. The introductory discount rate will be 5.00%.* Upon the expiration of the introductory rate period, your account will be subject to the variable-rate provisions described below. The introductory discount Annual Percentage Rate is not based on the index and margin used for later adjustments.

* This represents an initial discount rate we have recently used for Plan 5.

Variable-Rate Calculation

Following the expiration of the introductory rate period, this plan has a Variable-Rate feature. The Annual Percentage Rate (corresponding to the periodic rate) and the amount of your regularly scheduled payments can change as a result. The Annual Percentage Rate includes only interest and no other costs. The Annual Percentage Rate is based on the value of an index. The index is based on the monthly average of the 26-week United States Treasury Bill rate, Coupon Equivalent, in effect for each Thursday of the calendar month that immediately precedes the 1st day of each calendar quarter of each year. The monthly average is determined by adding together the values selected on each such Thursday of the month and dividing the sum by the number of Thursdays in that month. The result of this monthly average calculation is then rounded up to the nearest one-quarter of one percent (0.25%), and the result is the Index value. Information on the 26-week United States Treasury Bill Rate, Coupon Equivalent, is available from the United States Department of the Treasury website (<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=billrates>). To determine the Annual Percentage Rate that will apply to your line of credit, we add a margin to the value of the index. Ask us for the current index value, margin, discount, and Annual Percentage Rate. After you open a line of credit, rate information will be provided in periodic statements that we send you.

Rate Changes

Your Annual Percentage Rate can change on the day that the introductory rate period expires and, subsequently, quarterly thereafter. Other than the minimum and maximum interest rates that may apply to Your Account at any time, there is no limit on the amount by which your interest rate may change after the expiration of the Introductory Rate period. Subsequently, Your Interest Rate will never increase or decrease by more than 2.00 percentage points (2.00%) each calendar year.

After the expiration of the introductory rate period, the minimum **ANNUAL PERCENTAGE RATE** at any time is 4.00%. The maximum **ANNUAL PERCENTAGE RATE** at any time is 18.00%.

Plan 5 Examples

Minimum Payment Example

If you made only the minimum payments and took no other credit advances, it would take 360 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 6.25%*. During that period, you would make 120 monthly payments of \$61.58, followed by 239 monthly payments of \$61.58, and a final payment of \$62.58.

* This represents an interest rate that we have recently used for Plan 5.

Maximum Rate and Payment Example

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.72. This Annual Percentage Rate could be reached during the 13th month of the draw period.

If you had an outstanding balance of \$10,000.00 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$154.35. This Annual Percentage Rate could be reached during the 65th month of the repayment period.

Historical Example

The following table shows how the Annual Percentage Rate and the monthly payments for a single \$10,000.00 credit advance would have changed based on changes in the Index since 2011. Information used to calculate the index is from the United States Department of the Treasury and is calculated on the first business day of August of each year. While only one payment amount per year is shown, payments may have varied during the year. 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 will change in the future.

Year	Index	Margin (1)	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
2011	0.09	2.00	5.00 (2)	Draw	\$53.68
2012	0.15	2.00	4.00 (5)	Draw	\$47.88
2013	0.07	2.00	4.00 (5)	Draw	\$47.88
2014	0.06	2.00	4.00 (5)	Draw	\$47.88
2015	0.11	2.00	4.00 (5)	Draw	\$47.88
2016	0.40	2.00	4.00 (5)	Draw	\$47.88
2017	1.13	2.00	4.00 (5)	Draw	\$47.88
2018	2.15	2.00	4.25 (3)	Draw	\$49.06
2019	2.07	2.00	4.25 (3)	Draw	\$49.06
2020	0.17	2.00	4.00 (5)	Draw	\$47.97
2021	0.05	2.00	4.00 (5)	Repayment	\$47.97
2022	2.94	2.00	5.00 (3)	Repayment	\$52.05
2023	5.41	2.00	7.00 (3)	Repayment	\$60.38
2024	5.34	2.00	7.50 (3)	Repayment	\$62.47
2025	4.13	2.00	6.25 (3)	Repayment	\$57.54

- (1) This represents a margin which we have recently used.
- (2) This represents the discounted introductory rate.
- (3) This represents the rounding of the rate up to the nearest one-quarter of one percentage point (0.25%).
- (4) This represents the 2.00 percentage point per calendar year rate change limitation.
- (5) This represents the minimum interest rate.

PLAN 6

Minimum Payment Requirements

You can obtain credit advances for 120 months (the "draw period"). During the draw period, your minimum periodic payment will be due on a monthly basis. During the draw period your minimum periodic payment will be established at the time of each credit advance, and any subsequent change in interest rate, to the amount necessary to fully amortize your then unpaid account balance by the agreement maturity date, subject to the lesser of \$25.00 or your balance.

After the draw period ends, you will no longer be able to obtain credit advances and must repay your outstanding account balance (the repayment period). The length of the repayment period will depend on the date and the amount of your last advance, but in no event will exceed 240 months. During the repayment period, your minimum periodic payment will be calculated in the same manner as during the draw period.

Variable Rate

Introductory Rate

For the 12-month period immediately following the date of agreement, the Annual Percentage Rate that will apply to your account will be an introductory discount rate. The introductory discount rate will be 5.50%.* Upon the expiration of the introductory rate period, your account will be subject to the variable-rate provisions described below. The introductory discount Annual Percentage Rate is not based on the index and margin used for later adjustments.

* This represents an initial discount rate we have recently used for Plan 6.

Variable-Rate Calculation

Following the expiration of the introductory rate period, this plan has a Variable-Rate feature. The Annual Percentage Rate (corresponding to the periodic rate) and the amount of your regularly scheduled payments can change as a result. The Annual Percentage Rate includes only interest and no other costs. The Annual Percentage Rate is based on the value of an index. The index is based on the monthly average of the 26-week United States Treasury Bill rate, Coupon Equivalent, in effect for each Thursday of the calendar month that immediately precedes the 1st day of each calendar quarter of each year. The monthly average is determined by adding together the values selected on each such Thursday of the month and dividing the sum by the number of Thursdays in that month. The result of this monthly average calculation is then rounded up to the nearest one-quarter of one percent (0.25%), and the result is the Index value. Information on the 26-week United States Treasury Bill Rate, Coupon Equivalent, is available from the United States Department of the Treasury website (<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=billrates>). To determine the Annual Percentage Rate that will apply to your line of credit, we add a margin to the value of the index. Ask us for the current index value, margin, discount, and Annual Percentage Rate. After you open a line of credit, rate information will be provided in periodic statements that we send you.

Rate Changes

Your Annual Percentage Rate can change on the day that the introductory rate period expires and, subsequently, quarterly thereafter. Other than the minimum and maximum interest rates that may apply to Your Account at any time, there is no limit on the amount by which your interest rate may change after the expiration of the Introductory Rate period. Subsequently, Your Interest Rate will never increase or decrease by more than 2.00 percentage points (2.00%) each calendar year.

After the expiration of the introductory rate period, the minimum **ANNUAL PERCENTAGE RATE** at any time is 4.50%. The maximum **ANNUAL PERCENTAGE RATE** at any time is 18.00%.

Plan 6 Examples

Minimum Payment Example

If you made only the minimum payments and took no other credit advances, it would take 360 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 6.75%*. During that period, you would make 120 monthly payments of \$64.86, followed by 239 monthly payments of \$64.86, and a final payment of \$65.86.

* This represents an interest rate that we have recently used for Plan 6.

Maximum Rate and Payment Example

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.72. This Annual Percentage Rate could be reached during the 13th month of the draw period.

If you had an outstanding balance of \$10,000.00 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$154.35. This Annual Percentage Rate could be reached during the 65th month of the repayment period.

Historical Example

The following table shows how the Annual Percentage Rate and the monthly payments for a single \$10,000.00 credit advance would have changed based on changes in the Index since 2011. Information used to calculate the index is from the United States Department of the Treasury and is calculated on the first business day of August of each year. While only one payment amount per year is shown, payments may have varied during the year. 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 will change in the future.

Year	Index	Margin (1)	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
2011	0.09	2.50	5.50 (2)	Draw	\$56.78
2012	0.15	2.50	4.50 (5)	Draw	\$50.81
2013	0.07	2.50	4.50 (5)	Draw	\$50.81
2014	0.06	2.50	4.50 (5)	Draw	\$50.81
2015	0.11	2.50	4.50 (5)	Draw	\$50.81
2016	0.40	2.50	4.50 (5)	Draw	\$50.81
2017	1.13	2.50	4.50 (5)	Draw	\$50.81
2018	2.15	2.50	4.75 (3)	Draw	\$52.03
2019	2.07	2.50	4.75 (3)	Draw	\$52.03
2020	0.17	2.50	4.50 (5)	Draw	\$50.89
2021	0.05	2.50	4.50 (5)	Repayment	\$50.89
2022	2.94	2.50	5.50 (3)	Repayment	\$55.15
2023	5.41	2.50	7.50 (4)	Repayment	\$63.81
2024	5.34	2.50	8.00 (3)	Repayment	\$65.98
2025	4.13	2.50	6.75 (3)	Repayment	\$60.85

(1) This represents a margin which we have recently used.

(2) This represents the discounted introductory rate.

(3) This represents the rounding of the rate up to the nearest one-quarter of one percentage point (0.25%).

(4) This represents the 2.00 percentage point per calendar year rate change limitation.

(5) This represents the minimum interest rate.

PLAN 7

Minimum Payment Requirements

You can obtain credit advances for 120 months (the "draw period"). During the draw period, your minimum periodic payment will be due on a monthly basis. During the draw period your minimum periodic payment will be established at the time of each credit advance, and any subsequent change in interest rate, to the amount necessary to fully amortize your then unpaid account balance by the agreement maturity date, subject to the lesser of \$25.00 or your balance.

After the draw period ends, you will no longer be able to obtain credit advances and must repay your outstanding account balance (the repayment period). The length of the repayment period will depend on the date and the amount of your last advance, but in no event will exceed 240 months. During the repayment period, your minimum periodic payment will be calculated in the same manner as during the draw period.

Variable Rate

Variable-Rate Calculation

This plan has a Variable-Rate feature. The Annual Percentage Rate (corresponding to the periodic rate) and the amount of your regularly scheduled payments can change as a result. The Annual Percentage Rate includes only interest and no other costs. The Annual Percentage Rate is based on the value of an index. The index is based on the monthly average of the 26-week United States Treasury Bill rate, Coupon Equivalent, in effect for each Thursday of the calendar month that immediately precedes the 1st day of each calendar quarter of each year. The monthly average is determined by adding together the values selected on each such Thursday of the month and dividing the sum by the number of Thursdays in that month. The result of this monthly average calculation is then rounded up to the nearest one-quarter of one percent (0.25%), and the result is the Index value. Information on the 26-week United States Treasury Bill Rate, Coupon Equivalent, is available from the United States Department of the Treasury website (<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=billrates>). To determine the Annual Percentage Rate that will apply to your line of credit, 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 a line of credit, rate information will be provided in periodic statements that we send you.

Rate Changes

Your Annual Percentage Rate can change quarterly. Subject to the minimum and maximum interest rates that may apply to your account, your Interest Rate will never increase or decrease by more than 2.00 percentage points (2.00%) each calendar year.

The minimum **ANNUAL PERCENTAGE RATE** at any time is 4.00%. The maximum **ANNUAL PERCENTAGE RATE** at any time is 18.00%.

Plan 7 Examples

Minimum Payment Example

If you made only the minimum payments and took no other credit advances, it would take 360 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 6.25%*. During that period, you would make 120 monthly payments of \$61.58, followed by 239 monthly payments of \$61.58, and a final payment of \$62.58.

* This represents an interest rate that we have recently used for Plan 7.

Maximum Rate and Payment Example

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.72. This Annual Percentage Rate could be reached during the 65th month of the draw period.

If you had an outstanding balance of \$10,000.00 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$154.35. This Annual Percentage Rate could be reached during the 65th month of the draw period.

Historical Example

The following table shows how the Annual Percentage Rate and the monthly payments for a single \$10,000.00 credit advance would have changed based on changes in the Index since 2011. Information used to calculate the index is from the United States Department of the Treasury and is calculated on the first business day of August of each year. While only one payment amount per year is shown, payments may have varied during the year. 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 will change in the future.

Year	Index	Margin (1)	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
2011	0.09	2.00	4.00 (4)	Draw	\$47.74
2012	0.15	2.00	4.00 (4)	Draw	\$47.74
2013	0.07	2.00	4.00 (4)	Draw	\$47.74
2014	0.06	2.00	4.00 (4)	Draw	\$47.74
2015	0.11	2.00	4.00 (4)	Draw	\$47.74
2016	0.40	2.00	4.00 (4)	Draw	\$47.74
2017	1.13	2.00	4.00 (4)	Draw	\$48.96
2018	2.15	2.00	4.25 (2)	Draw	\$48.96
2019	2.07	2.00	4.25 (2)	Draw	\$47.83
2020	0.17	2.00	4.00 (4)	Draw	\$47.83
2021	0.05	2.00	4.00 (4)	Repayment	\$47.83
2022	2.94	2.00	5.00 (2)	Repayment	\$51.90
2023	5.41	2.00	7.00 (3)	Repayment	\$60.21
2024	5.34	2.00	7.50 (2)	Repayment	\$62.29
2025	4.13	2.00	6.25 (2)	Repayment	\$57.38

- (1) This represents a margin which we have recently used.
- (2) This represents the rounding of the rate up to the nearest one-quarter of one percentage point (0.25%).
- (3) This represents the 2.00 percentage point per calendar year rate change limitation.
- (4) This represents the minimum interest rate.

PLAN 8

Minimum Payment Requirements

You can obtain credit advances for 120 months (the "draw period"). During the draw period, your minimum periodic payment will be due on a monthly basis. During the draw period your minimum periodic payment will be established at the time of each credit advance, and any subsequent change in interest rate, to the amount necessary to fully amortize your then unpaid account balance by the agreement maturity date, subject to the lesser of \$25.00 or your balance.

After the draw period ends, you will no longer be able to obtain credit advances and must repay your outstanding account balance (the repayment period). The length of the repayment period will depend on the date and the amount of your last advance, but in no event will exceed 240 months. During the repayment period, your minimum periodic payment will be calculated in the same manner as during the draw period.

Variable Rate

Variable-Rate Calculation

This plan has a Variable-Rate feature. The Annual Percentage Rate (corresponding to the periodic rate) and the amount of your regularly scheduled payments can change as a result. The Annual Percentage Rate includes only interest and no other costs. The Annual Percentage Rate is based on the value of an index. The index is based on the monthly average of the 26-week United States Treasury Bill rate, Coupon Equivalent, in effect for each Thursday of the calendar month that immediately precedes the 1st day of each calendar quarter of each year. The monthly average is determined by adding together the values selected on each such Thursday of the month and dividing the sum by the number of Thursdays in that month. The result of this monthly average calculation is then rounded up to the nearest one-quarter of one percent (0.25%), and the result is the Index value. Information on the 26-week United States Treasury Bill Rate, Coupon Equivalent, is available from the United States Department of the Treasury website (<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=billrates>). To determine the Annual Percentage Rate that will apply to your line of credit, 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 a line of credit, rate information will be provided in periodic statements that we send you.

Rate Changes

Your Annual Percentage Rate can change quarterly. Subject to the minimum and maximum interest rates that may apply to your account, your Interest Rate will never increase or decrease by more than 2.00 percentage points (2.00%) each calendar year.

The minimum **ANNUAL PERCENTAGE RATE** at any time is 4.50%. The maximum **ANNUAL PERCENTAGE RATE** at any time is 18.00%.

Plan 8 Examples

Minimum Payment Example

If you made only the minimum payments and took no other credit advances, it would take 360 months to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 6.75%*. During that period, you would make 120 monthly payments of \$64.86, followed by 239 monthly payments of \$64.86, and a final payment of \$65.86.

* This represents an interest rate that we have recently used for Plan 8.

Maximum Rate and Payment Example

If you had an outstanding balance of \$10,000.00 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.72. This Annual Percentage Rate could be reached during the 65th month of the draw period.

If you had an outstanding balance of \$10,000.00 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$154.35. This Annual Percentage Rate could be reached during the 65th month of the draw period.

Historical Example

The following table shows how the Annual Percentage Rate and the monthly payments for a single \$10,000.00 credit advance would have changed based on changes in the Index since 2011. Information used to calculate the index is from the United States Department of the Treasury and is calculated on the first business day of August of each year. While only one payment amount per year is shown, payments may have varied during the year. 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 will change in the future.

Year	Index	Margin (1)	ANNUAL PERCENTAGE RATE	Payment Period	Minimum Payment
2011	0.09	2.50	4.50 (4)	Draw	\$50.67
2012	0.15	2.50	4.50 (4)	Draw	\$50.67
2013	0.07	2.50	4.50 (4)	Draw	\$50.67
2014	0.06	2.50	4.50 (4)	Draw	\$50.67
2015	0.11	2.50	4.50 (4)	Draw	\$50.67
2016	0.40	2.50	4.50 (4)	Draw	\$50.67
2017	1.13	2.50	4.50 (4)	Draw	\$50.67
2018	2.15	2.50	4.75 (2)	Draw	\$51.89
2019	2.07	2.50	4.75 (2)	Draw	\$51.89
2020	0.17	2.50	4.50 (4)	Draw	\$50.76
2021	0.05	2.50	4.50 (4)	Repayment	\$50.76
2022	2.94	2.50	5.50 (2)	Repayment	\$55.00
2023	5.41	2.50	7.50 (3)	Repayment	\$63.64
2024	5.34	2.50	8.00 (2)	Repayment	\$65.80
2025	4.13	2.50	6.75 (2)	Repayment	\$60.69

(1) This represents a margin which we have recently used.

(2) This represents the rounding of the rate up to the nearest one-quarter of one percentage point (0.25%).

(3) This represents the 2.00 percentage point per calendar year rate change limitation.

(4) This represents the minimum interest rate.



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WHAT YOU SHOULD KNOW ABOUT

Home Equity Lines of Credit (HELOC)

Borrowing from the value of your home

How to use the booklet

When you and your lender discuss home equity lines of credit, often referred to as HELOCs, you receive a copy of this booklet. It helps you explore and understand your options when borrowing against the equity in your home.

You can find more information from the Consumer Financial Protection Bureau (CFPB) about home loans at cfpb.gov/mortgages. You'll also find other mortgage-related CFPB resources, facts, and tools to help you take control of your borrowing options.

About the CFPB

The CFPB is a 21st century agency that implements and enforces federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive.

This pamphlet, titled What you should know about home equity lines of credit, was created to comply with federal law pursuant to 15 U.S.C. 1637a(e) and 12 CFR 1026.40(e).

How can this booklet help you?

This booklet can help you decide whether home equity line of credit is the right choice for you, and help you shop for the best available option.

A home equity line of credit (HELOC) is a loan that allows you to borrow, spend, and repay as you go, using your home as collateral.

Typically, you can borrow up to a specified percentage of your equity. Equity is the value of your home minus the amount you owe on your mortgage.

Consider a HELOC if you are confident you can keep up with the loan payments. If you fall behind or can't repay the loan on schedule, you could lose your home.

After you finish this booklet:

- You'll understand the effect of borrowing against your home
- You'll think through your borrowing and financing options, besides a HELOC
- You'll see how to shop for your best HELOC offer
- You'll see what to do if the economy or your situation changes

Compare a HELOC to other money sources

TIP

Renting your home out to other people may be prohibited under the terms of your line of credit.

Before you decide to take out a HELOC, it might make sense to consider other options that might be available to you, like the ones below.

MONEY SOURCE	HOW MUCH CAN YOU BORROW	VARIABLE OR FIXED RATE	IS YOUR HOME AT RISK?	TYPICAL ADVANTAGES	TYPICAL DISADVANTAGES
HELOC <i>You borrow against the equity in your home</i>	Generally a percentage of the appraised value of your home, minus the amount you owe on your mortgage	Variable, typically	Yes	Continue repaying and borrowing for several years without additional approvals or paperwork	Repayment amount varies; repayment is often required when you sell your home
SECOND MORTGAGE OR HOME EQUITY LOAN <i>You borrow against the equity in your home</i>	Generally a percentage of the appraised value of your home, minus the amount you owe on your mortgage	Fixed	Yes	Equal payments that pay off the entire loan	If you need more money, you need to apply for a new loan; repayment is often required when you sell your home
CASH-OUT REFINANCE <i>You replace your existing mortgage with a bigger mortgage and take the difference in cash</i>	Generally a percentage of the appraised value of your home; the amount of your existing loan plus the amount you want to cash out	Variable or fixed	Yes	Continue to make just one mortgage payment	Closing costs are generally higher; it may take longer to pay off your mortgage; interest rate may be higher than your current mortgage
PERSONAL LINE OF CREDIT <i>You borrow based on your credit, without using your home as collateral</i>	Up to your credit limit, as determined by the lender	Variable, typically	No	Continue repaying and borrowing for several years without additional approvals or paperwork	Solid credit is required; you may need to pay the entire amount due once a year; higher interest rate than a loan that uses your home as collateral

Compare a HELOC to other money sources

MONEY SOURCE	HOW MUCH CAN YOU BORROW	VARIABLE OR FIXED RATE	IS YOUR HOME AT RISK?	TYPICAL ADVANTAGES	TYPICAL DISADVANTAGES
<p>RETIREMENT PLAN LOAN <i>You borrow from your retirement savings in a 401(k) or similar plan through your current employer</i></p>	<p>Generally, up to 50% of your vested balance or \$50,000, whichever is less</p>	<p>Fixed</p>	<p>No</p>	<p>Repay through paycheck deductions; paperwork required but no credit check and no impact on your credit score</p>	<p>If you leave or lose your job, repay the whole amount at that time or pay taxes and penalties; spouse may need to consent</p>
<p>HOME EQUITY CONVERSION MORTGAGE (HECM) <i>You must be age 62 or older, and you borrow against the equity in your home</i></p>	<p>Depends on your age, the interest rate on your loan, and the value of your home</p>	<p>Fixed or variable</p>	<p>Yes</p>	<p>You don't make monthly loan payments — instead, you typically repay the loan when you move out, or your survivors repay it after you die</p>	<p>The amount you owe grows over time; you might not have any value left in your home if you want to leave it to your heirs</p>
<p>CREDIT CARD <i>You borrow money from the credit card company and repay as you go</i></p>	<p>Up to the amount of your credit limit, as determined by the credit card company</p>	<p>Fixed or variable</p>	<p>No</p>	<p>No minimum purchase; consumer protections in the case of fraud or lost or stolen card</p>	<p>Higher interest rate than a loan that uses your home as collateral</p>
<p>FRIENDS AND FAMILY <i>You borrow money from someone you are close to</i></p>	<p>Agreed on by the borrower and lender</p>	<p>Variable, fixed or other</p>	<p>No</p>	<p>Reduced waiting time, fees, and paperwork compared to a formal loan</p>	<p>Forgiven loans and unreported or forgiven interest can complicate taxes, especially for large loans; can jeopardize important personal relationships if something goes wrong</p>

How HELOCs work

PREPARE FOR UP-FRONT COSTS

Some lenders waive some or all of the up-front costs for a HELOC. Others may charge fees. For example, you might get charged:

- A fee for a property appraisal, which is a formal estimate of the value of your home
- An application fee, which might not be refunded if you are turned down
- Closing costs, including fees for attorneys, title search, mortgage preparation and filing, property and title insurance, and taxes

PULL MONEY FROM YOUR LINE OF CREDIT

Once approved for a HELOC, you can generally spend up to your credit limit whenever you want. When your line of credit is open for spending, you are in the borrowing period, also called the draw period. Typically, you use special checks or a credit card to draw on your line. Some plans require you to borrow a minimum amount each time (for example, \$300) or keep a minimum amount outstanding. Some plans require you to take an initial amount when the credit line is set up.

MAKE REPAYMENTS DURING THE “DRAW PERIOD”

Some plans set a minimum monthly payment that includes a portion of the principal (the amount you borrow) plus accrued interest. The portion of your payment that goes toward principal typically does not repay the principal by the end of the term. Other plans may allow payment of the interest only, during the draw period, which means that you pay nothing toward the principal.

If your plan has a variable interest rate, your monthly payments may change even if you don't draw more money.

ENTER THE “REPAYMENT PERIOD”

Whatever your payment arrangements during the draw period—whether you pay some, a little, or none of the principal amount of the loan—when the draw period ends you enter a repayment period. Your lender may set a schedule so that you repay the full amount, often over ten or 15 years.

Or, you may have to pay the entire balance owed, all at once, which might be a large amount called a balloon payment. You must be prepared to make this balloon payment by refinancing it with the lender, getting a loan from another lender, or some other means. If you are unable to pay the balloon payment in full, you could lose your home.

RENEW OR CLOSE OUT THE LINE OF CREDIT

At the end of the repayment period, your lender might encourage you to leave the line of credit open. This way you don't have to go through the cost and expense of a new loan, if you expect to borrow again. Be sure you understand if annual maintenance fees or other fees apply, even if you are not actively using the credit line.

TIP

If you sell your home, you are generally required to pay off your HELOC in full immediately. If you are likely to sell your home in the near future, consider whether or not to pay the up-front costs of setting up a line of credit.

**GET THREE HELOC ESTIMATES**

Shopping around lets you compare costs and features, so you can feel confident you're making the best choice for your situation.

		OFFER A	OFFER B	OFFER C
Initiating the HELOC				
Credit limit	\$			
First transaction	\$			
Minimum transaction	\$			
Minimum balance	\$			
Fixed annual percentage rate	%			
Variable annual percentage rate	%			
» Index used and current value				
» Amount of margin				
» Frequency of rate adjustments				
» Amount/length of discount rate (if any)				
» Interest rate cap and floor				
Length of plan				
» Draw period				
» Repayment period				
Initial fees				
» Appraisal fee	\$			
» Application fee	\$			

**GET THREE HELOC ESTIMATES**

Shopping around lets you compare costs and features, so you can feel confident you're making the best choice for your situation.

		OFFER A	OFFER B	OFFER C
» Up-front charges, including points	\$			
» Early termination fee	\$			
» Closing costs				
During the draw period				
» Interest and principal payments	\$			
» Interest-only payments?	\$			
» Fully amortizing payments	\$			
» Annual fee (if applicable)	\$			
» Transaction fee (if applicable)	\$			
» Inactivity fee	\$			
» Prepayment and other penalty fees	\$			
During the repayment period				
» Penalty for overpayments?				
» Fully amortizing payment amount?				
» Balloon repayment of full balance owed?				
» Renewal available?				
» Refinancing of balance by lender?				
» Conversion to fixed-term loan?				

My best HELOC offer is: _____

How variable interest rates work

Home equity lines of credit typically involve variable rather than fixed interest rates.

A variable interest rate generally has two parts: the index and the margin.

An **index** is a measure of interest rates generally that reflects trends in the overall economy. Different lenders use different indexes in their loans. Common indexes include the U.S. prime rate and the Constant Maturity Treasury (CMT) rate. Talk with your lender to find out more about the index they use.

The **margin** is an extra percentage that the lender adds to the index.

Lenders sometimes offer a temporarily discounted interest rate for home equity lines—an introductory or **teaser rate** that is unusually low for a short period, such as six months.

Rights and responsibilities

Lenders are required to disclose the terms and costs of their home equity lines of credit. They need to tell you:

- Annual percentage rate (APR)
- Information about variable rates
- Payment terms
- Requirements on transactions, such as minimum draw amounts and number of draws allowed per year
- Annual fees
- Miscellaneous charges

You usually get these disclosures when you receive a loan application, and you get additional disclosures before the line of credit is opened. In general, the lender cannot charge a nonrefundable fee as part of your application until three days after you have received the disclosures.

If the lender changes the terms before the loan is made, you can decide not to go forward with it, and the lender must return all fees. There is one exception: the variable interest rate might change, and in that case if you decide not to go ahead with the loan, your fees are not refunded.

Lenders must give you a list of HUD-approved housing counselors in your area. You can talk to counselor about how HELOCs work and get free or low-cost help with budgeting and money management.

Right to cancel (also called right to rescind)

If you change your mind for any reason, under federal law, you can cancel the credit line in the first three days. Notify the lender in writing within the first three days after the account was opened. The lender must then cancel the loan and return the fees you paid, including application and appraisal fees.

TIP

Some HELOCs let you convert some of your balance to a fixed interest rate. The fixed interest rate is typically higher than the variable rate, but it means more predictable payments.

If something changes during the course of the loan

HELOCs generally permit the lender to freeze or reduce your credit line if the value of your home falls or if they see a change for the worse in your financial situation. If this happens, you can:

- **Talk with your lender.** Find out the reason for the freeze or reduction. You might need to check your credit reports for errors that might have caused a downgrade in your credit. Or, you might need to talk with your lender about a new appraisal on your home and make sure the lender agrees to accept a new appraisal as valid.
- **Shop for another line of credit.** If another lender offers you a line of credit, you may be able to use that to pay off your original line of credit. Application fees and other fees may apply for the new loan.

WELL DONE!

For most people, a home is their most valuable asset. A HELOC can help you make the most of this asset, when you understand the ins and outs and know what to expect.

In this booklet:

ASK YOURSELF

Have I considered other sources of money and loans, besides a HELOC?

Have I shopped around for HELOC features and fees?

Am I comfortable with the worst-case scenario, where I could lose my home?

ONLINE TOOLS

CFPB website

cfpb.gov

Answers to common questions

cfpb.gov/askcfpb

Tools and resources for home buyers

cfpb.gov/owning-a-home

Talk to a HUD-approved housing counselor

cfpb.gov/find-a-housing-counselor

Submit a complaint

cfpb.gov/complaint