

**HOME EQUITY EARLY DISCLOSURE
VARIABLE RATE ACCOUNTS OF
PNC BANK, NATIONAL ASSOCIATION
IMPORTANT TERMS OF OUR
CHOICE HOME EQUITY LINES OF CREDIT**

A. THE FOLLOWING TERMS APPLY TO ALL CONSUMER PURPOSE CHOICE HOME EQUITY LINE OF CREDIT ACCOUNTS (“Accounts”). The Account is a variable rate revolving loan account, called a line of credit, secured by a mortgage or deed of trust on your home (“Mortgage”), by which you can obtain loans from time to time during the Draw Period. You may obtain loans by writing checks on the Account or by using the Choice Access Card, which is a credit card (if applicable). During the Draw Period, you may transfer all or a portion of the balance to a part of the Account, called a Fixed Rate Part, on which the rate of interest will not change after you make the transfer. Business purpose Accounts may be required to pay different fees and charges to open and maintain an Account.

1. RETENTION OF INFORMATION. This disclosure contains important information about our Choice Home Equity Line of Credit Variable Rate Accounts (“Accounts”). You should read it carefully and keep it for your records.

2. AVAILABILITY OF TERMS.

(a) All of the terms described in this disclosure 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.

(b) Some of the features and pricing discounts are not available to all customers. For example:

- The Automatic Payment Plan discount in the Annual Percentage Rate is only available if you qualify for the discount when you open your Account.
- The Employee discount in the Annual Percentage Rate is only available to certain employees of PNC Bank, National Association, or one of its affiliates.
- The “Interest Only (IO) during the Draw Period” Payment Option for the Variable Rate Part, described in Part D, is not available to most customers. It is available to customers who qualify based on credit score and other credit factors.

(c) Some options are linked to other features. For example:

- The Maximum Credit Limit and Loan to Value (LTV) you choose or are qualified for will be factors in determining the Annual Percentage Rate(s) that applies to your Account.
- The repayment term that you choose for a Fixed Rate Principal and Interest Part and the amount that you transfer will be factors in determining the Annual Percentage Rate that applies to that Fixed Rate Part.
- The amount that you transfer to a Fixed Rate Interest Only Part will determine the Annual Percentage Rate that applies to that Fixed Rate Part.

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

4. POSSIBLE ACTIONS.

(a) We can terminate your Account and require you to pay us the entire outstanding balance in one payment if:

- You engage in fraud or material misrepresentation in connection with the Account.
- You do not meet the repayment terms.
- Your action or inaction adversely affects the collateral or our rights in the collateral.

(b) We can refuse to make additional extensions of credit, reduce your Maximum Credit Limit and refuse to allow transfers to Fixed Rate Parts if:

- The value of the dwelling securing your Account declines significantly below its appraised value for purposes of the Account.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the Account agreement.
- Government action prevents us from imposing the Annual Percentage Rate provided for or impairs our security interest such that the value of the interest is less than 120% of the Maximum Credit Limit.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The Variable Rate Index plus the Variable Rate Margin is more than 24%.

(c) We can refuse to allow transfers to a Fixed Rate Part, if the Fixed Rate Index plus the applicable Fixed Rate Margin is more than 24%.

(d) The initial agreement permits us to make certain changes to the terms of the agreement at specified times or upon the occurrence of specified events.

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

B. THE FOLLOWING TERMS ARE APPLICABLE TO BOTH THE “PRINCIPAL AND INTEREST” AND THE “INTEREST ONLY” PAYMENT OPTIONS FOR THE VARIABLE RATE PART.

1. MINIMUM DRAW REQUIREMENTS. There is no minimum credit advance using a Choice Access Card (credit card; if applicable), except that there are certain limitations on transactions at automated teller machines (ATM) and other electronic or automated cash dispensing devices. The minimum amount you can transfer to a Fixed Rate Part is \$5,000.00.

2. FEES AND CHARGES. To open and maintain an Account, you must pay the following fees and charges.

(a) You must pay certain fees and charges to us to open and maintain your Account:

- You will be charged an Annual Fee of \$50.00 each year of the Draw Period.†
- Each time you transfer all or a portion of the Principal Balance to a Fixed Rate Part you must pay a Transfer Fee of \$100.00.†
- Each time you transfer the balance in a Fixed Rate Part to the Variable Rate Part you must pay a Transfer Fee of \$100.00.

† This fee does not apply if you are an Asset Management Group (AMG) borrower.

(b) You must pay certain fees and charges to third parties to open your Account. We will pay some other fees and charges for you. The fees and charges you must pay to third parties are:

- You must carry insurance on the property that secures this Account.
- For certain types of Accounts you may be required to provide us with a lender’s policy of Title Insurance, and you may incur a Settlement Fee at closing. The fees for Title Insurance and Settlement may range as shown below:
 - \$25,000.00 to \$1,000,000.00 may range from \$852.50 to \$3,790.00, depending on the Maximum Credit Limit.
 - \$1,000,001.00 to \$3,000,000.00 may range from \$3,791.00 to \$8,790.00, depending on the Maximum Credit Limit.
 - The fees may be more if the Maximum Credit Limit is above \$3,000,000.00. Ask us for the types of Accounts this fee applies to.

3. PARTS OF YOUR ACCOUNT. The Variable Rate Part is the part of your Account from which new loans will be made during the Draw Period, and to which the fees and charges will be charged. At Account opening and during the Draw Period, you may transfer all or a portion of the Principal Balance from the Variable Rate Part to a Fixed Rate Part. During the Draw Period, you may transfer the entire balance in a Fixed Rate Part to the Variable Rate Part. You may not transfer any additional balance to a Fixed Rate Part after it has been established by the initial transfer. You may transfer the balance from a Fixed Rate Part to the Variable Rate Part if you transfer the entire balance in that Fixed Rate Part. You may not transfer the balance in a Fixed Rate Part to another Fixed Rate Part.

4. DRAW AND REPAYMENT PERIODS.

(a) **Draw Period.** The period during which you can obtain advances of credit, establish Fixed Rate Parts and transfer the balance in a Fixed Rate Part to the Variable Rate Part is called the “Draw Period.” You must make at least the minimum required payment each month of the Draw Period. The Draw Period begins with the opening of your Account and ends with the close of the monthly Billing Cycle in which occurs the tenth anniversary of the opening of your Account. After the Draw Period ends, you will no longer be able to obtain advances of credit, establish Fixed Rate Parts or transfer a balance from a Fixed Rate Part to the Variable Rate Part.

(b) **Repayment Period.** You will be required to repay the outstanding balance in the Account, together with the applicable finance and other charges, in monthly payments over a period which is called the “Repayment Period.” The Repayment Period begins on the first day following the close of the Draw Period and its length will be no more than 20 years.

5. VARIABLE RATE FEATURE. The Account has a variable rate feature. The Annual Percentage Rate (corresponding to the periodic rate), the minimum payment amount and the amount of the Finance Charges can change as a result. The Annual Percentage Rate includes only interest and no other costs.

(a) **Variable Rate Part.** The Annual Percentage Rate applicable to the Variable Rate Part is based on the value of the Variable Rate Index. The Variable Rate Index is the Latest Prime Rate for the U.S., published in the “Money Rates” section of *The Wall Street Journal*. The value of the Variable Rate Index for each Billing Cycle is determined based on the rate reported on the last day on which a rate is reported in the preceding calendar month. If more than one Latest Prime Rate is reported on that day, the highest rate will be used. To determine the Annual Percentage Rate that will apply to the Variable Rate Part, we add the Variable Rate Margin to the Variable Rate Index. The Variable Rate Margin we will use may depend upon a number of factors including whether you qualify for a discount, your Maximum Credit Limit, the ratio of the Maximum Credit Limit and other liens on your home to the value of your home (loan to value ratio or LTV), and our evaluation of your application.

- If you qualify for an Automatic Payment Plan discount when you open your Account, but later no longer qualify, the Variable Rate Margin may increase. This may cause your Annual Percentage Rate to increase.

- If you qualify for an Employee discount when you open your Account, but later no longer qualify, the Variable Rate Margin may increase. This may cause your Annual Percentage Rate to increase.

Ask us for the current Variable Rate Index value, range of Variable Rate Margins which may apply, the range of Variable Rate Part Annual Percentage Rates which may apply and the discounts for which you may be eligible. After you open your Account, rate information will be provided on periodic statements that we send you.

(b) Fixed Rate Part. The Annual Percentage Rate applicable to the Fixed Rate Parts is based on the value of the Fixed Rate Index. The Fixed Rate Index is the Bankrate.com US Home Mortgage 15 Year Fixed National Average APR published on Bloomberg.com under the Quotes section (Ticker ILM1NAV:IND). The value of the Fixed Rate Index for each billing cycle is determined based on the rate reported on the last day on which the rate is reported in the preceding calendar month. To determine the Annual Percentage Rate that will apply to a Fixed Rate Part, we add the applicable Fixed Rate Margin to the Fixed Rate Index. The Fixed Rate Margin we will use will depend upon the repayment term of the Fixed Rate Part, the amount of the transfer, and whether you qualify for a discount.

- If you qualify for an Automatic Payment Plan discount when you open your account, but later no longer qualify, the Fixed Rate Margin may increase. This may cause your Annual Percentage Rates applicable to Fixed Rate Parts established thereafter to increase.
- If you qualify for an Employee discount when you open your account, but later no longer qualify, the Fixed Rate Margin may increase. This may cause your Annual Percentage Rates applicable to Fixed Rate Parts established thereafter to increase.
- The Annual Percentage Rate on a Fixed Rate Part will not change once the Fixed Rate Part is established.

Ask us for the current Fixed Rate Index value, the range of Fixed Rate Part Annual Percentage Rates which may apply, and the discounts for which you may be eligible. After you open your Account, rate information will be provided on periodic statements that we send you.

6. RATE CHANGES. The Annual Percentage Rates on the Account may change as follows:

(a) Variable Rate Part. The Variable Rate Part Annual Percentage Rate can change monthly. Each new Variable Rate Part Annual Percentage Rate will apply to the outstanding balance in the Variable Rate Part and to all new borrowings until the rate changes again. The maximum Variable Rate Part **ANNUAL PERCENTAGE RATE** which can apply to your Account is 24%; this is the rate “cap.” If eligible, the cap for an Employee Account will be 24% minus the Employee discount. The minimum Variable Rate Part **ANNUAL PERCENTAGE RATE** which can apply to your Account is 2.25%; this is the rate “floor.” Any discounts for which you are eligible will not cause the rate to fall below the floor. Apart from the rate “cap” and “floor,” there are no limits on the amount by which the rate can change in any month or during any one-year period.

(b) Fixed Rate Parts. The Fixed Rate Part Annual Percentage Rate can change monthly. Each new Fixed Rate Part Annual Percentage Rate will apply to new Fixed Rate Parts established while that Fixed Rate Part Annual Percentage Rate is in effect. The Annual Percentage Rate on a Fixed Rate Part will not change once the Fixed Rate Part is established. The maximum Fixed Rate Part **ANNUAL PERCENTAGE RATE** which can apply to your Account is 24%; this is the rate “cap.” If eligible, the cap for an Employee Account will be 24% minus the Employee discount. The minimum Fixed Rate Part **ANNUAL PERCENTAGE RATE** which can apply to your Account is 2.25%; this is the rate “floor.” Any discounts for which you are eligible will not cause the rate to fall below the floor. Apart from the rate “cap” and “floor,” there are no limits on the amount by which the rate can change in any month or during any one-year period.

C. THE FOLLOWING TERMS APPLY IF YOU CHOOSE THE "PRINCIPAL AND INTEREST" PAYMENT OPTION FOR THE VARIABLE RATE PART.

1. TERM OF AND PAYMENTS ON A FIXED RATE PART.

The term of a Fixed Rate Part will begin when you make the transfer to the Fixed Rate Part, and will be for a term chosen by you of not less than 60 months and not more than 240 months. You will be required to repay the outstanding balance in each Fixed Rate Part, together with applicable finance charges, in equal monthly payments over the term of the Fixed Rate Part. You may have no more than five Fixed Rate Parts open at any time in any Billing Cycle plus one Fixed Rate Part if you established it when you opened the Account.

2. MINIMUM PAYMENT REQUIREMENTS. Minimum payments will be due monthly. The minimum payment will be the total of the following:

- (a)** Any past due amounts.
- (b)** The current payment due on the Variable Rate Part, which is determined as follows:
 - During the Draw Period, the current payment on the Variable Rate Part will be the greater of (1) \$25.00 or (2) the sum of the Finance Charge on the Variable Rate Part, Annual Fees, if any, and other fees (but not including Late Charges) which have accrued during the Billing Cycle plus 1/240th of the Principal Balance in the Variable Rate Part at the end of the Billing Cycle.
 - During the Repayment Period, the current payment on the Variable Rate Part will be the greater of (1) \$25.00 or (2) the sum of the Finance Charge on the Variable Rate Part, and other fees (but not including Late Charges) which have accrued during the Billing Cycle, plus the greater of (i) 1/240th of the Principal Balance in the Variable Rate Part at the end of the first Billing Cycle in the Repayment Period; or (ii) if applicable, if one or more Choice Access Card (credit card) transactions are posted to

the Account during the Repayment Period, 1/yth of the Principal Balance in the Variable Rate Part at the end of the last Billing Cycle in which a Choice Access Card transaction was posted, where y equals the number of months remaining in the Repayment Period at the end of the Billing Cycle in which the last card transaction was posted.

- In no event, however, will the current payment due on the Variable Rate Part be greater than the entire outstanding balance on the Variable Rate Part.

(c) The total of the current payments due on any Fixed Rate Parts.

3. **MINIMUM PAYMENT EXAMPLE.** If you took a single \$10,000.00 advance, made only the minimum monthly payments, took no other advances and did not transfer any of the balance to a Fixed Rate Part:

- If your loan to value ratio fell within the traditional range, your Maximum Credit Limit fell within the high range, and the **ANNUAL PERCENTAGE RATE** was 2.25%, it would take you 30 years and 0 month(s) to pay the account. During that time, you would make 120 payments varying from \$60.42 to \$36.76; and 240 payments varying from \$36.61 to \$24.27.
- If your loan to value ratio fell within the higher range, your Maximum Credit Limit fell within the lowest range and the **ANNUAL PERCENTAGE RATE** was 8.55%, it would take you 30 years and 0 month(s) to pay the account. During that time, you would make 120 payments varying from \$112.92 to \$68.70; and 240 payments varying from \$68.42 to \$24.39.

Employee Discount. If you are eligible for the Employee Discount:

- If your loan to value ratio fell within the traditional range, your Maximum Credit Limit fell within the high range, and the **ANNUAL PERCENTAGE RATE** was 2.25%, it would take you 30 years and 0 month(s) to pay the account. During that time, you would make 120 payments of \$60.42 to \$36.76; and 240 payments varying from \$36.61 to \$24.27.
- If your loan to value ratio fell within the higher range, your Maximum Credit Limit fell within the lowest range and the **ANNUAL PERCENTAGE RATE** was 8.30%, it would take you 30 years and 0 month(s) to pay the account. During that time, you would make 120 payments varying from \$110.84 to \$67.43; and 240 payments varying from \$67.16 to \$24.39.

4. **MAXIMUM RATE AND PAYMENT EXAMPLES.** If you had an outstanding balance of \$10,000.00 in the Variable Rate Part and had not established any Fixed Rate Parts, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 24% would be \$241.67. The maximum Annual Percentage Rate could be reached during the first Billing Cycle.

5. **HISTORICAL EXAMPLES.** The historical examples are located at Tables 1 through 4.

D. THE FOLLOWING TERMS APPLY IF YOU CHOOSE THE "INTEREST ONLY DURING THE DRAW PERIOD" PAYMENT OPTION FOR THE VARIABLE RATE PART.

1. **FIXED RATE PART FEATURE.** Fixed Rate Parts can be either:

- (a) "Fixed Rate Principal and Interest" Parts, which may also be called "Fixed Rate P&I" Parts, on which the Minimum Payment will include principal repayment and accrued finance charge; or
- (b) "Fixed Rate Interest Only" Parts, which may also be called "Fixed Rate IO" Parts, on which the Minimum Payment will include only accrued interest.

You may not make a transfer to either a Fixed Rate P&I Part or a Fixed Rate IO Part in any Billing Cycle in which there was a balance on five or more Fixed Rate P&I Parts (excluding one Fixed Rate P&I Part established at Account opening) or five or more Fixed Rate IO Parts (excluding one Fixed Rate IO Part established at Account opening), or any combination of either, during that Billing Cycle.

2. **HOW WE DETERMINE THE ANNUAL PERCENTAGE RATE ON THE FIXED RATE PARTS.**

- (a) **Fixed Rate P&I Part.** To determine the Annual Percentage Rate that will apply to a Fixed Rate P&I Part, we add the applicable Fixed Rate P&I Margin to the Fixed Rate Index. The Fixed Rate P&I Margin we will use will depend upon the repayment term of the Fixed Rate P&I Part, the amount of the transfer, and whether you qualify for a discount.
- (b) **Fixed Rate IO Part.** To determine the Annual Percentage Rate that will apply to a Fixed Rate IO Part, we add the applicable Fixed Rate IO Margin to the Fixed Rate Index. The Fixed Rate IO Margin we will use will depend upon the amount of the transfer and whether you qualify for a discount.

3. **TERM OF AND PAYMENTS ON A FIXED RATE PART.**

- (a) **Fixed Rate P&I Part.** The term of a Fixed Rate P&I Part will begin when you make the transfer to the Fixed Rate P&I Part, and will be for a term chosen by you of not less than 60 months and not more than 240 months. You will be required to repay the outstanding balance in each Fixed Rate P&I Part, together with applicable finance charges, in equal monthly payments over the term of the Fixed Rate P&I Part.
- (b) **Fixed Rate IO Part.** The term of a Fixed Rate IO Part will begin when you make the transfer to the Fixed Rate IO Part, and will be for a term of 60 months. You will be required to pay monthly payments of the finance charges which accrue each month on the Fixed Rate IO Part. At the end of the term of a Fixed Rate IO Part, any outstanding Principal Balance on the Fixed Rate IO Part will be transferred to the Variable Rate Part.

4. **MINIMUM PAYMENT REQUIREMENTS.** Minimum payments will be due monthly. The minimum payment will be the total of the following:

- (a) Any past due amounts.

(b) The current payment due on the Variable Rate Part, which is determined as follows:

- During the Draw Period, the current payment on the Variable Rate Part will be the sum of the Finance Charge on the Variable Rate Part, Annual Fees, if any, and other fees (but not including Late Charges) which have accrued during the Billing Cycle.
- During the Repayment Period, the current payment on the Variable Rate Part will be the greater of (i) \$25.00 or (ii) the sum of the Finance Charge on the Variable Rate Part, and other fees (but not including Late Charges) which have accrued during the Billing Cycle, plus the greatest of (i) 1/240th of the Principal Balance in the Variable Rate Part at the end of the first Billing Cycle in the Repayment Period; (ii) if the balance of one or more Fixed Rate IO Parts has been transferred to the Variable Rate Part during the Repayment Period, 1/xth of the Principal Balance in the Variable Rate Part at the end of the Billing Cycle in which the last transfer was made, where x equals the number of months remaining in the Repayment Period, as of the Billing Cycle in which the last transfer was made; or (iii) if applicable, if one or more Choice Access Card (credit card) transactions are posted to the Account during the Repayment Period, 1/yth of the Principal Balance in the Variable Rate Part at the end of the last Billing Cycle in which a Choice Access Card transaction was posted, where y equals the number of months remaining in the Repayment Period at the end of the Billing Cycle in which the last card transaction was posted.
- In no event, however, will the current payment due on the Variable Rate Part be greater than the entire outstanding balance on the Variable Rate Part.

(c) The total of the current payments due on any Fixed Rate Parts.

5. **MINIMUM PAYMENT EXAMPLE.** If you took a single \$10,000.00 advance, made only the minimum monthly payments, took no other advances and, if applicable, did not transfer any of the balance to a Fixed Rate Part:

- If your loan to value ratio fell within the traditional range, your Maximum Credit Limit fell within the high range, and the **ANNUAL PERCENTAGE RATE** was 2.25% it would take you 30 years and 0 month(s) to pay the account. During that time, you would make 120 payments of \$25.00; and 240 payments varying from \$55.34 to \$37.22.
- If your loan to value ratio fell within the higher range, your Maximum Credit Limit fell within the lowest range and the **ANNUAL PERCENTAGE RATE** was 8.55%, it would take you 30 years and 0 month(s) to pay the account. During that time, you would make 120 payments of \$71.25; and 240 payments varying from \$112.92 to \$41.16.

Employee Discount. If you are eligible for the Employee Discount:

- If your loan to value ratio fell within the traditional range, your Maximum Credit Limit fell within the high range, and the **ANNUAL PERCENTAGE RATE** was 2.25% it would take you 30 years and 0 month(s) to pay the account. During that time, you would make 120 payments of \$25.00; and 240 payments varying from \$55.34 to \$37.22.
- If your loan to value ratio fell within the higher range, your Maximum Credit Limit fell within the lowest range and the **ANNUAL PERCENTAGE RATE** was 8.30%, it would take you 30 years and 0 month(s) to pay the account. During that time, you would make 120 payments of \$69.17; and 240 payments varying from \$110.84 to \$41.15.

6. **MAXIMUM RATE AND PAYMENT EXAMPLES.** If you had an outstanding balance of \$10,000.00 in the Variable Rate Part and had not established any Fixed Rate Parts, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 24% would be \$200.00 during the Draw Period and \$241.67 during the Repayment Period. The maximum Annual Percentage Rate could be reached during the first Billing Cycle.

7. **HISTORICAL EXAMPLES.** The historical examples are located at Tables 5 through 8.

Table 1 is an historical example of an Account for which the principal and interest payment option was chosen, with a loan to value ratio within the traditional range and with a Maximum Credit Limit within the high range. Table 2 is an historical example of an Account for which the principal and interest payment option was chosen, with a loan to value ratio within the higher range and with a Maximum Credit Limit within the lowest range. They show 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 over the past 15 years. The Index values are from the last business day of January of each year. The tables assume that no additional credit advances were taken, that only the minimum payments were made, that the rate remained constant during each year and that no Fixed Rate Parts were established. It does not necessarily indicate what your margin will be or how the Index or your payments will change in the future.

Table 1 - Historical Example for the Choice Home Equity Line of Credit Account
Principal and Interest Payment Option - Traditional LTV and High Credit Limit

Period	Year	Index (%)	Margin (%)*	ANNUAL PERCENTAGE RATE (%)	Minimum Payment (\$)
Draw	2007	8.25	-1.06	7.19	101.59
	2008	6.00	-1.06	4.94	78.78
	2009	3.25	-1.06	2.25 **	54.65
	2010	3.25	-1.06	2.25 **	51.98
	2011	3.25	-1.06	2.25 **	49.44
	2012	3.25	-1.06	2.25 **	47.02
	2013	3.25	-1.06	2.25 **	44.73
	2014	3.25	-1.06	2.25 **	42.54
	2015	3.25	-1.06	2.25 **	40.47
Repayment	2016	3.50	-1.06	2.44	39.49
	2017	3.75	-1.06	2.69	38.83
	2018	4.50	-1.06	3.44	41.75
	2019	5.50	-1.06	4.44	45.53
	2020	4.75	-1.06	3.69	41.09
	2021	3.25	-1.06	2.25 **	34.34

* This is a Margin we have used recently.

** This rate reflects the minimum Annual Percentage Rate of 2.25% that can apply.

Table 2 - Historical Example for the Choice Home Equity Line of Credit Account
Principal and Interest Payment Option - Higher LTV and Lowest Credit Limit

Period	Year	Index (%)	Margin (%)*	ANNUAL PERCENTAGE RATE (%)	Minimum Payment (\$)
Draw	2007	8.25	5.30	13.55	154.59
	2008	6.00	5.30	11.30	129.19
	2009	3.25	5.30	8.55	102.15
	2010	3.25	5.30	8.55	97.16
	2011	3.25	5.30	8.55	92.41
	2012	3.25	5.30	8.55	87.89
	2013	3.25	5.30	8.55	83.60
	2014	3.25	5.30	8.55	79.51
	2015	3.25	5.30	8.55	75.63
Repayment	2016	3.50	5.30	8.80	73.26
	2017	3.75	5.30	9.05	70.94
	2018	4.50	5.30	9.80	72.26
	2019	5.50	5.30	10.80	74.33
	2020	4.75	5.30	10.05	68.38
	2021	3.25	5.30	8.55	59.78

* This is a Margin we have used recently.

Table 3 is an historical example of an Employee Account for which the principal and interest payment option was chosen, with a loan to value ratio within the traditional range and with a Maximum Credit Limit within the high range. Table 4 is an historical example of an Employee Account for which the principal and interest payment option was chosen, with a loan to value ratio within the higher range and with a Maximum Credit Limit within the lowest range. They show 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 over the past 15 years. The Index values are from the last business day of January of each year. The tables assume that no additional credit advances were taken, that only the minimum payments were made, that the rate remained constant during each year and that no Fixed Rate Parts were established. It does not necessarily indicate what your margin will be or how the Index or your payments will change in the future.

Table 3 - Historical Example for the Employee Account Choice Home Equity Line of Credit Account Principal and Interest Payment Option - Traditional LTV and High Credit Limit

Period	Year	Index (%)	Margin (%)*	ANNUAL PERCENTAGE RATE (%)	Minimum Payment (\$)
Draw	2007	8.25	-1.31	6.94	99.50
	2008	6.00	-1.31	4.69	76.80
	2009	3.25	-1.31	2.25 **	54.65
	2010	3.25	-1.31	2.25 **	51.98
	2011	3.25	-1.31	2.25 **	49.44
	2012	3.25	-1.31	2.25 **	47.02
	2013	3.25	-1.31	2.25 **	44.73
	2014	3.25	-1.31	2.25 **	42.54
	2015	3.25	-1.31	2.25 **	40.47
	2016	3.50	-1.31	2.25 **	38.48
Repayment	2017	3.75	-1.31	2.44	37.57
	2018	4.50	-1.31	3.19	40.55
	2019	5.50	-1.31	4.19	44.29
	2020	4.75	-1.31	3.44	40.01
	2021	3.25	-1.31	2.25 **	34.34

* This is a Margin we have used recently.

** This rate reflects the minimum Annual Percentage Rate of 2.25% that can apply.

Table 4 - Historical Example for the Employee Account Choice Home Equity Line of Credit Account Principal and Interest Payment Option - Higher LTV and Lowest Credit Limit

Period	Year	Index (%)	Margin (%)*	ANNUAL PERCENTAGE RATE (%)	Minimum Payment (\$)
Draw	2007	8.25	5.05	13.30	152.50
	2008	6.00	5.05	11.05	127.21
	2009	3.25	5.05	8.30	100.26
	2010	3.25	5.05	8.30	95.36
	2011	3.25	5.05	8.30	90.71
	2012	3.25	5.05	8.30	86.27
	2013	3.25	5.05	8.30	82.06
	2014	3.25	5.05	8.30	78.05
	2015	3.25	5.05	8.30	74.23
	2016	3.50	5.05	8.55	71.93
Repayment	2017	3.75	5.05	8.80	69.68
	2018	4.50	5.05	9.55	71.06
	2019	5.50	5.05	10.55	73.19
	2020	4.75	5.05	9.80	67.31
	2021	3.25	5.05	8.30	58.77

* This is a Margin we have used recently.

Table 5 is an historical example of an Account for which the interest only during the Draw Period payment option was chosen, with a loan to value ratio within the traditional range and with a Maximum Credit Limit within the high range. Table 6 is an historical example of an Account for which the interest only during the Draw Period payment option was chosen, with a loan to value ratio within the higher range and with a Maximum Credit Limit within the lowest range. They show 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 over the past 15 years. The Index values are from the last business day of January of each year. The tables assume that no additional credit advances were taken, that only the minimum payments were made, that the rate remained constant during each year and that no Fixed Rate Parts were established. It does not necessarily indicate what your margin will be or how the Index or your payments will change in the future.

Table 5 - Historical Example for the Choice Home Equity Line of Credit Account
Interest Only Payment Option - Traditional LTV and High Credit Limit

Period	Year	Index (%)	Margin (%)*	ANNUAL PERCENTAGE RATE (%)	Minimum Payment (\$)
Draw	2007	8.25	-1.06	7.19	59.92
	2008	6.00	-1.06	4.94	41.17
	2009	3.25	-1.06	2.25 **	25.00
	2010	3.25	-1.06	2.25 **	25.00
	2011	3.25	-1.06	2.25 **	25.00
	2012	3.25	-1.06	2.25 **	25.00
	2013	3.25	-1.06	2.25 **	25.00
	2014	3.25	-1.06	2.25 **	25.00
	2015	3.25	-1.06	2.25 **	25.00
	2016	3.50	-1.06	2.44	25.00
Repayment	2017	3.75	-1.06	2.69	59.99
	2018	4.50	-1.06	3.44	64.50
	2019	5.50	-1.06	4.44	70.18
	2020	4.75	-1.06	3.69	63.48
	2021	3.25	-1.06	2.25 **	53.05

* This is a Margin we have used recently.

** This rate reflects the minimum Annual Percentage Rate of 2.25% that can apply.

Table 6 - Historical Example for the Choice Home Equity Line of Credit Account
Interest Only Payment Option - Higher LTV and Lowest Credit Limit

Period	Year	Index (%)	Margin (%)*	ANNUAL PERCENTAGE RATE (%)	Minimum Payment (\$)
Draw	2007	8.25	5.30	13.55	112.92
	2008	6.00	5.30	11.30	94.17
	2009	3.25	5.30	8.55	71.25
	2010	3.25	5.30	8.55	71.25
	2011	3.25	5.30	8.55	71.25
	2012	3.25	5.30	8.55	71.25
	2013	3.25	5.30	8.55	71.25
	2014	3.25	5.30	8.55	71.25
	2015	3.25	5.30	8.55	71.25
	2016	3.50	5.30	8.80	73.33
Repayment	2017	3.75	5.30	9.05	117.09
	2018	4.50	5.30	9.80	119.25
	2019	5.50	5.30	10.80	122.67
	2020	4.75	5.30	10.05	112.86
	2021	3.25	5.30	8.55	98.67

* This is a Margin we have used recently.

Table 7 is an historical example of an Employee Account for which the interest only during the Draw Period payment option was chosen, with a loan to value ratio within the traditional range and with a Maximum Credit Limit within the high range. Table 8 is an historical example of an Employee Account for which the interest only during the Draw Period payment option was chosen, with a loan to value ratio within the higher range and with a Maximum Credit Limit within the lowest range. They show 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 over the past 15 years. The Index values are from the last business day of January of each year. The tables assume that no additional credit advances were taken, that only the minimum payments were made, that the rate remained constant during each year and that no Fixed Rate Parts were established. It does not necessarily indicate what your margin will be or how the Index or your payments will change in the future.

Table 7 - Historical Example for the Employee Account Choice Home Equity Line of Credit Account Interest Only Payment Option - Traditional LTV and High Credit Limit

Period	Year	Index (%)	Margin (%)*	ANNUAL PERCENTAGE RATE (%)	Minimum Payment (\$)
Draw	2007	8.25	-1.31	6.94	57.83
	2008	6.00	-1.31	4.69	39.08
	2009	3.25	-1.31	2.25 **	25.00
	2010	3.25	-1.31	2.25 **	25.00
	2011	3.25	-1.31	2.25 **	25.00
	2012	3.25	-1.31	2.25 **	25.00
	2013	3.25	-1.31	2.25 **	25.00
	2014	3.25	-1.31	2.25 **	25.00
	2015	3.25	-1.31	2.25 **	25.00
	2016	3.50	-1.31	2.25 **	25.00
Repayment	2017	3.75	-1.31	2.44	57.93
	2018	4.50	-1.31	3.19	62.53
	2019	5.50	-1.31	4.19	68.29
	2020	4.75	-1.31	3.44	61.70
	2021	3.25	-1.31	2.25 **	52.94

* This is a Margin we have used recently.

** This rate reflects the minimum Annual Percentage Rate of 2.25% that can apply.

Table 8 - Historical Example for the Employee Account Choice Home Equity Line of Credit Account Interest Only Payment Option - Higher LTV and Lowest Credit Limit

Period	Year	Index (%)	Margin (%)*	ANNUAL PERCENTAGE RATE (%)	Minimum Payment (\$)
Draw	2007	8.25	5.05	13.30	110.83
	2008	6.00	5.05	11.05	92.08
	2009	3.25	5.05	8.30	69.17
	2010	3.25	5.05	8.30	69.17
	2011	3.25	5.05	8.30	69.17
	2012	3.25	5.05	8.30	69.17
	2013	3.25	5.05	8.30	69.17
	2014	3.25	5.05	8.30	69.17
	2015	3.25	5.05	8.30	69.17
	2016	3.50	5.05	8.55	71.25
Repayment	2017	3.75	5.05	8.80	115.00
	2018	4.50	5.05	9.55	117.27
	2019	5.50	5.05	10.55	120.79
	2020	4.75	5.05	9.80	111.09
	2021	3.25	5.05	8.30	97.00

* This is a Margin we have used recently.

Fees Chart: To open an Account, you must pay the following fees to third parties. We will pay these fees for you, if you agree to reimburse us for the fees, pro rata, if you close your Account within three years of the date you open it. If you close your Account in the first month, you must reimburse us for the full amount we paid for you. Each month that your Account remains open, we will reduce the amount that you must reimburse us by 1/36th of the original amount we paid for you.

State	Appraisal Fee Range	Property Search Fee Range	Recording Fee Range	Total of Fees Range		Taxes
TN	\$430 to \$1,600	\$65 to \$85	\$38 to \$60	\$533 to \$1,745	plus	\$1.15 per \$1000 of the Credit Limit

Notes:

1. The appraisal fee range shown above assumes that the property that secures the Account is a single family dwelling. If the property is a two family dwelling, the Appraisal Fee will be between \$350 and \$2,500.

What you should know about home equity lines of credit



Consumer Financial
Protection Bureau

January 2014

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

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1. Introduction

If you are in the market for credit, a home equity plan is one of several options that might be right for you. Before making a decision, however, you should weigh carefully the costs of a home equity line against the benefits. Shop for the credit terms that best meet your borrowing needs without posing undue financial risks. And remember, failure to repay the amounts you've borrowed, plus interest, could mean the loss of your home.

1.1 Home equity plan checklist

Ask your lender to help you fill out this worksheet.

Basic features for comparison	Plan A	Plan B
Fixed annual percentage rate	%	%
Variable annual percentage rate	%	%
<input type="checkbox"/> Index used and current value	%	%
<input type="checkbox"/> Amount of margin		
<input type="checkbox"/> Frequency of rate adjustments		
<input type="checkbox"/> Amount/length of discount (if any)		
<input type="checkbox"/> Interest rate cap and floor		
Length of plan		
Draw period		

Basic features for comparison (continued)	Plan A	Plan B
Repayment period		
Initial fees		
Appraisal fee		
Application fee		
Up-front charges, including points		
Closing costs		
Repayment terms		
During the draw period		
Interest and principal payments		
Interest-only payments		
Fully amortizing payments		
When the draw period ends		
Balloon payment?		
Renewal available?		
Refinancing of balance by lender?		

2. What is a home equity line of credit?

A home equity line of credit is a form of revolving credit in which your home serves as collateral. Because a home often is a consumer's most valuable asset, many homeowners use home equity credit lines only for major items, such as education, home improvements, or medical bills, and choose not to use them for day-to-day expenses.

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

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

In determining your actual credit limit, the lender will also consider your ability to repay the loan (principal and interest) by looking at your income, debts, and other financial obligations as well as your credit history.

Many home equity plans set a fixed period during which you can borrow money, such as 10 years. At the end of this “draw period,” you may be allowed to renew the credit line. If your plan

does not allow renewals, you will not be able to borrow additional money once the period has ended. Some plans may call for payment in full of any outstanding balance at the end of the period. Others may allow repayment over a fixed period (the “repayment period”), for example, 10 years.

Once approved for a home equity line of credit, you will most likely be able to borrow up to your credit limit whenever you want. Typically, you will use special checks to draw on your line. Under some plans, borrowers can use a credit card or other means to draw on the line.

There may be other limitations on how you use the line. Some plans may require you to borrow a minimum amount each time you draw on the line (for example, \$300) or keep a minimum amount outstanding. Some plans may also require that you take an initial advance when the line is set up.

2.1 What should you look for when shopping for a plan?

If you decide to apply for a home equity line of credit, look for the plan that best meets your particular needs. Read the credit agreement carefully, and examine the terms and conditions of various plans, including the annual percentage rate (APR) and the costs of establishing the plan. Remember, though, that the APR for a home equity line is based on the interest rate alone and will not reflect closing costs and other fees and charges, so you’ll need to compare these costs, as well as the APRs, among lenders.

2.1.1 Variable interest rates

Home equity lines of credit typically involve variable rather than fixed interest rates. The variable rate must be based on a publicly available index (such as the prime rate published in some major daily newspapers or a U.S. Treasury bill rate). In such cases, the interest rate you pay for the line of credit will change, mirroring changes in the value of the index. Most lenders cite the interest rate you will pay as the value of the index at a particular time, plus a “margin,” such as 2 percentage points. Because the cost of borrowing is tied directly to the value of the index, it is important to find out which index is used, how often the value of the index changes, and how high it has risen in the past. It is also important to note the amount of the margin.

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

Variable-rate plans secured by a dwelling must, by law, have a ceiling (or cap) on how much your interest rate may increase over the life of the plan. Some variable-rate plans limit how much your payment may increase and how low your interest rate may fall if the index drops.

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

2.2 Costs of establishing and maintaining a home equity line

Many of the costs of setting up a home equity line of credit are similar to those you pay when you get a mortgage. For example:

- A fee for a property appraisal to estimate the value of your home;
- An application fee, which may not be refunded if you are turned down for credit;
- Up-front charges, such as one or more “points” (one point equals 1 percent of the credit limit); and
- Closing costs, including fees for attorneys, title search, mortgage preparation and filing, property and title insurance, and taxes.

In addition, you may be subject to certain fees during the plan period, such as annual membership or maintenance fees and a transaction fee every time you draw on the credit line.

You could find yourself paying hundreds of dollars to establish the plan. And if you were to draw only a small amount against your credit line, those initial charges would substantially increase the cost of the funds borrowed. On the other hand, because the lender’s risk is lower than for other forms of credit, as your home serves as collateral, annual percentage rates for home equity lines are generally lower than rates for other types of credit. The interest you save could offset the costs of establishing and maintaining the line. Moreover, some lenders waive some or all of the closing costs.

2.3 How will you repay your home equity plan?

Before entering into a plan, consider how you will pay back the money you borrow. Some plans set a minimum monthly payment that includes a portion of the principal (the amount you borrow) plus accrued interest. But, unlike with typical installment loan agreements, the portion of your payment that goes toward principal may not be enough to repay the principal by the end of the term. Other plans may allow payment of only the interest during the life of the plan, which means that you pay nothing toward the principal. If you borrow \$10,000, you will owe that amount when the payment plan ends.

Regardless of the minimum required payment on your home equity line, you may choose to pay more, and many lenders offer a choice of payment options. However, some lenders may require you to pay special fees or penalties if you choose to pay more, so check with your lender. Many consumers choose to pay down the principal regularly as they do with other loans. For example, if you use your line to buy a boat, you may want to pay it off as you would a typical boat loan.

Whatever your payment arrangements during the life of the plan—whether you pay some, a little, or none of the principal amount of the loan—when the plan ends, you may have to pay the entire balance owed, all at once. You must be prepared to make this “balloon payment” by refinancing it with the lender, by obtaining a loan from another lender, or by some other means. If you are unable to make the balloon payment, you could lose your home.

If your plan has a variable interest rate, your monthly payments may change. Assume, for example, that you borrow \$10,000 under a plan that calls for interest-only payments. At a 10 percent interest rate, your monthly payments would be \$83. If the rate rises over time to 15 percent, your monthly payments will increase to \$125. Similarly, if you are making payments that cover interest plus some portion of the principal, your monthly payments may increase, unless your agreement calls for keeping payments the same throughout the plan period.

If you sell your home, you will probably be required to pay off your home equity line in full immediately. If you are likely to sell your home in the near future, consider whether it makes sense to pay the up-front costs of setting up a line of credit. Also keep in mind that renting your home may be prohibited under the terms of your agreement.

2.4 Line of credit vs. traditional second mortgage loans

If you are thinking about a home equity line of credit, you might also want to consider a traditional second mortgage loan. This type of loan provides you with a fixed amount of money, repayable over a fixed period. In most cases, the payment schedule calls for equal payments that pay off the entire loan within the loan period. You might consider a second mortgage instead of a home equity line if, for example, you need a set amount for a specific purpose, such as an addition to your home.

In deciding which type of loan best suits your needs, consider the costs under the two alternatives. Look at both the APR and other charges. Do not, however, simply compare the APRs, because the APRs on the two types of loans are figured differently:

- The APR for a traditional second mortgage loan takes into account the interest rate charged plus points and other finance charges.
- The APR for a home equity line of credit is based on the periodic interest rate alone. It does not include points or other charges.

2.4.1 Disclosures from lenders

The federal Truth in Lending Act requires lenders to disclose the important terms and costs of their home equity plans, including the APR, miscellaneous charges, the payment terms, and information about any variable-rate feature. And in general, neither the lender nor anyone else may charge a fee until after you have received this information. You usually get these disclosures when you receive an application form, and you will get additional disclosures before the plan is opened. If any term (other than a variable-rate feature) changes before the plan is opened, the lender must return all fees if you decide not to enter into the plan because of the change. Lenders are also required to provide you with a list of homeownership counseling organizations in your area.

When you open a home equity line, the transaction puts your home at risk. If the home involved is your principal dwelling, the Truth in Lending Act gives you three days from the day the account was opened to cancel the credit line. This right allows you to change your mind for any reason. You simply inform the lender in writing within the three-day period. The lender must

then cancel its security interest in your home and return all fees— including any application and appraisal fees—paid to open the account.

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

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

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

- **Talk with your lender.** Find out what caused the lender to freeze or reduce your credit line and what, if anything, you can do to restore it. You may be able to provide additional information to restore your line of credit, such as documentation showing that your house has retained its value or that there has not been a “material change” in your financial circumstances. You may want to get copies of your credit reports (go to the CFPB’s website at consumerfinance.gov/askcfpb/5/can-i-review-my-credit-report.html for information about how to get free copies of your credit reports) to make sure all the information in them is correct. If your lender suggests getting a new appraisal, be sure you discuss appraisal firms in advance so that you know they will accept the new appraisal as valid.
- **Shop around for another line of credit.** If your lender does not want to restore your line of credit, shop around to see what other lenders have to offer. If another lender is willing to offer you a line of credit, you may be able to pay off your original line of credit and take out another one. Keep in mind, however, that you may need to pay some of the same application fees you paid for your original line of credit.

APPENDIX A:

Defined terms

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

DEFINED TERM	
ANNUAL MEMBERSHIP OR MAINTENANCE FEE	An annual charge for access to a financial product such as a line of credit, credit card, or account. The fee is charged regardless of whether or not the product is used.
ANNUAL PERCENTAGE RATE (APR)	The cost of credit, expressed as a yearly rate. For closed-end credit, such as car loans or mortgages, the APR includes the interest rate, points, broker fees, and other credit charges that the borrower is required to pay. An APR, or an equivalent rate, is not used in leasing agreements.
APPLICATION FEE	Fees charged when you apply for a loan or other credit. These fees may include charges for property appraisal and a credit report.
BALLOON PAYMENT	A large extra payment that may be charged at the end of a mortgage loan or lease.
CAP (INTEREST RATE)	A limit on the amount that your interest rate can increase. Two types of interest-rate caps exist. <i>Periodic adjustment caps</i> limit the interest-rate increase from one adjustment period to the next. <i>Lifetime caps</i> limit the interest-rate increase over the life of the loan. By law, all adjustable-rate mortgages have an overall cap.

**CLOSING OR
SETTLEMENT COSTS**

Fees paid when you close (or settle) on a loan. These fees may include application fees; title examination, abstract of title, title insurance, and property survey fees; fees for preparing deeds, mortgages, and settlement documents; attorneys' fees; recording fees; estimated costs of taxes and insurance; and notary, appraisal, and credit report fees. Under the Real Estate Settlement Procedures Act, the borrower receives a good faith estimate of closing costs within three days of application. The good faith estimate lists each expected cost as an amount or a range.

CREDIT LIMIT

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

EQUITY

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

INDEX

The economic indicator used to calculate interest-rate adjustments for adjustable-rate mortgages or other adjustable-rate loans. The index rate can increase or decrease at any time. See also Selected index rates for ARMs over an 11-year period (consumerfinance.gov/f/201204_CFPB_ARMs-brochure.pdf) for examples of common indexes that have changed in the past.

INTEREST RATE

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

MARGIN

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

MINIMUM PAYMENT

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

**POINTS (ALSO
CALLED DISCOUNT
POINTS)**

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

SECURITY INTEREST

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

TRANSACTION FEE

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

VARIABLE RATE

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

APPENDIX B:

More information

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

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

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

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

APPENDIX C:

Contact information

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

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

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

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

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