



## HOME EQUITY LOAN APPLICATION DOCUMENT CHECKLIST

We strive to serve you in the most efficient way possible. For us to process your loan application in a quick and timely manner, please provide the following documents:

**If you are a new customer to our Bank:**

- Copy of Driver's License
- Copy of second form of ID (Social Security Card, Passport, insurance card, etc.)

**We will need to verify your income. Please provide the following documents to help us complete this task.**

- Most recent W-2's and/or 1099R forms
- Most recent 30 days of paystubs, showing YTD income.
- Retirement and/or Social Security Award Letter(s) for most recent year
- If receiving disbursements from your retirement or investment accounts, your most recent statements, including Brokerage accounts, 401(k), IRAs, Annuities Be sure to include all pages.

**If you are self-employed, please include:**

- Most recent two years Personal and Business tax returns, including all schedules.

**If you have rentals that have existing mortgages, please include:**

- Most recent mortgage statement for those properties
- Most recent year Personal tax return

**Please also include the information about your home:**

- Most recent real estate tax bill
- Homeowner's insurance
- Flood insurance policy, if your home is in a Flood Zone
- Most recent mortgage statement for your primary residence and all other real estate owned.

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crews.bank



106 East Main Street | Wauchula, FL 33873 | 888-406-2220

Member **FDIC**

## IMPORTANT TERMS OF YOUR HOME EQUITY LINE OF CREDIT

**Retention of Information:** This disclosure contains important information about your Home Equity Line of Credit. You should read it carefully and keep a copy for your records.

**Availability of Terms:** All the 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 that you have paid to us or anyone else in connection with your application.

**Security Interest:** We will take a security interest in your home. You could lose your home if you do not meet the obligations in your agreement with us.

**Possible Actions:** Under certain circumstances, we can (1) terminate your credit line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees; (2) refuse to make additional extensions of credit; (3) reduce your credit limit; and (4) make specific changes that are set forth in your agreement with us. If you ask, we will give you more specific information about when we can take these actions.

**Minimum Payment Requirements:** You can obtain advances of credit for 10 years (the "Draw Period"). At our option, we may renew or extend the Draw Period. During the Draw Period, your minimum payment will equal the total of (a) The periodic finance charges, and other fees, charges, and costs including without limitation, any other expenses or advances incurred by us under the Security Instrument; and (b) accrued but unpaid interest for prior Billing Cycles. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your minimum payment. The minimum payment during the Draw Period will not reduce the principal that is outstanding on your Credit Line. Your payments will be due monthly.

The Draw Period will be followed by the "Repayment Period" which will be 10 years, and during this period you will no longer be able to obtain credit advances. During the Repayment Period, your minimum payment will be based on a 10-year amortization of the unpaid principal balance at the start of the Repayment Period. Your minimum payment will include principal and accrued finance charges, plus any amount past due and all other charges. A change in the ANNUAL PERCENTAGE RATE can cause the minimum payment to change. Periodically we will review the effect the change has on your Credit Line Account and the minimum payment will be adjusted to repay the balance by the Maturity Date. All payments will be due monthly.

The minimum payments may not be sufficient to fully repay the principal that is outstanding on your line. If they are not, you will be required to pay the entire outstanding balance in a single payment and a balloon payment may result.

**Minimum Payment Example:** If you received an advance of \$10,000 and made only the minimum monthly payments and took no other credit advances, it would take the following amount of time to repay this loan. The 10-year Draw Period followed by a 10-year Repayment Period; it would take 240 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 7.50%. During that period, you would make 120 monthly payments ranging from \$57.53 to \$63.70, followed by 120 payments ranging from \$90.43 to \$119.45

**Fees and Charges:** To open and maintain a line of credit, you must pay the following fees to us:

**Late Charge.** Your payment will be late if it is not received by us within 10 days after the "Payment Due Date" shown on your periodic statement. If your payment is late, we may charge you 5.00% of the unpaid amount of the payment.

Unless otherwise noted, all fees will be paid at closing. You also must pay certain fees to third parties. These fees generally total between \$0 and \$6,100. If you ask, we will give you an itemization of the fees you will have to pay to third parties.

The bank may pay third party closing costs associated with the opening of this Home Equity Line of Credit. If the bank does pay any third-party closing costs and you close this Home Equity Line of Credit within 36 months (3 years) from the loan date, you will be assessed an Early Repayment fee equal to 2.00% of the Credit Limit (i.e. If the Credit Limit is \$100,000, then the Early Repayment Fee would be calculated at \$100,000 x 2.00% equaling \$2,000.00). This fee will be added to the payoff amount.

**Property Insurance:** You must carry insurance on the property that secures the line. If the property is located in a Special Flood Hazard Area, we will require you to obtain flood insurance if it is available. You may select the insurance company of your choice, provided the company and coverage meet our requirements.

**Transaction Requirements:** The minimum Initial Advance is \$0.00 and \$0.00 subsequently thereafter.

**Tax Deductibility:** You should consult a tax advisor regarding the deductibility of interest and charges for the line.

**Other Products:** If you ask, we will provide you with information on our other available home equity lines.

**Variable-Rate Information:** The Plan has a variable rate feature and the ANNUAL PERCENTAGE RATE (corresponding to the periodic rate) and the minimum payment can change as a result. The ANNUAL PERCENTAGE RATE and the amount and/or number of Minimum Payment may change as a result. The ANNUAL PERCENTAGE RATE includes only interest and no other costs.

**The Index.** The annual percentage rate is based on the value of an index (referred to in this disclosure as the “Index”). The Index is the Prime Rate as published in the Money Rates Column of the Wall Street Journal. Information about the Index is available or published in the Wall Street Journal. We will use the most recent Index value available to us as of the date of any annual percentage rate adjustment.

**ANNUAL PERCENTAGE RATE.** To determine the Periodic Rate that will apply to the Draw Period, we add a margin to the value of the Index, then divide the value by 365 days. To obtain the ANNUAL PERCENTAGE RATE, we multiply the Periodic Rate by the number of days in a year (366 during leap years). This result is the ANNUAL PERCENTAGE RATE for the Draw Period. To determine the Periodic rate that will apply to the Repayment Period, we add a margin to the value of the Index, then divide the value by 365 days. To obtain the ANNUAL PERCENTAGE RATE we multiply the Periodic Rate by the number of days in a year (366 during leap years). This result is the ANNUAL PERCENTAGE RATE for the Repayment Period. A change in the Index Rate generally will result in a change in the ANNUAL PERCENTAGE RATE. The amount that your ANNUAL PERCENTAGE RATE may change may also be affected by the lifetime annual percentage rate limits as discussed below. We will use the most recent Index value to us as of the date of any annual percentage rate adjustment.

Ask us for the current index value, margin, and ANNUAL PERCENTAGE RATE. After you open a credit line, rate information will be provided on periodic statements that we will send you.

**Rate Changes:** The ANNUAL PERCENTAGE RATE may change Daily. Each change in the ANNUAL PERCENTAGE RATE (and the related Daily Periodic Rate) will take effect without prior notice and will apply to both new advances and your account balance. The maximum ANNUAL PERCENTAGE RATE that can apply is 18.00% per annum, subject to state limitations; and the minimum ANNUAL PERCENTAGE RATE that can apply is 5.00%. Except for this 18% “cap”, and 5.00% “floor”, there is no limit on the amount by which the rate can increase or decrease during any one-year period.

**Prepayment:** You may prepay all or any amount owing under the plan at any time without penalty.

**Maximum Rate and Payment Example:** If you had an outstanding balance of \$10,000 during the Draw Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$152.88. This annual percentage rate could be reached immediately or prior to the 1st payment. During the Repayment Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$182.41. The ANNUAL PERCENTAGE RATE could be reached at the time of the 1st payment during the repayment term.

**Historical Example:** The following table shows how the ANNUAL PERCENTAGE RATE and the minimum monthly payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 15 years. The index values are from January 1 of each year. While only one payment amount per year is shown, payments during the Draw and Repayment Periods would have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payments were made each month, and that the rate remained constant during each year. It does not necessarily indicate how the index, or your payments will change in the future.

MINIMUM MONTHLY PAYMENT FOR A 10-YEAR DRAW PERIOD FOLLOWED BY A 10-YEAR REPAYMENT PERIOD				
Year	Index (%)	Margin <sup>(1)</sup> (%)	ANNUAL PERCENTAGE RATE (%)	Monthly Payment (\$)
2011	3.250	0.000	5.000 <sup>(3)</sup>	41.67
2012	3.250	0.000	5.000 <sup>(3)</sup>	41.67
2013	3.250	0.000	5.000 <sup>(3)</sup>	41.67
2014	3.250	0.000	5.000 <sup>(3)</sup>	41.67
2015	3.250	0.000	5.000 <sup>(3)</sup>	41.67
2016	3.500	0.000	5.000 <sup>(3)</sup>	41.67
2017	3.750	0.000	5.000 <sup>(3)</sup>	41.67
2018	4.500	0.000	5.000 <sup>(3)</sup>	41.67
2019	5.500	0.000	5.500	45.83
2020	4.750	0.000	5.000 <sup>(3)</sup>	41.67
2021	3.250	0.000	5.000 <sup>(3)</sup>	106.53 <sup>(2)</sup>
2022	3.250	0.000	5.000 <sup>(3)</sup>	106.53
2023	7.500	0.000	7.500	117.02
2024	8.500	0.000	8.500	120.88
2025	7.500	0.000	7.500	117.51

(1) This is a margin we have used recently. Your margin may be different.  
(2) The Repayment Period begins this year.  
(3) This A.P.R. reflects a 5.000 percent floor

# FACTS

## WHAT DOES CREWS BANK & TRUST DO WITH YOUR PERSONAL INFORMATION?

### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.

### What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and account balances
- Transaction history and credit history
- Account transactions and checking account information

When you are *no longer* our customer, we continue to share your information as described in this notice.

### How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Crews Bank & Trust chooses to share; and whether you can limit this sharing.

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

### Questions?

Call (888)406-2220 or go to [www.crews.bank/privacy](http://www.crews.bank/privacy)

## What we do

<b>How does Crews Bank &amp; Trust protect my personal information?</b>	<p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>The bank maintains physical, electronic, and procedural safeguards that comply with federal regulations to guard nonpublic personal information.</p>
<b>How does Crews Bank &amp; Trust collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>- Open an account or deposit money</li> <li>- Pay your bills or apply for a loan</li> <li>- Show your driver's license</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>- sharing for affiliates' everyday business purposes - information about your creditworthiness</li> <li>- affiliates from using your information to market to you</li> <li>- sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>

## Definitions

<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <p>- <i>Our affiliates include companies with a Crews Bank &amp; Trust name and others, such as Crews Banking Corporation.</i></p>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <p>- <i>Crews Bank &amp; Trust does not share with nonaffiliates so they can market to you.</i></p>
<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <p>- <i>Crews Bank &amp; Trust doesn't jointly market.</i></p>

## APPRAISAL NOTICE

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.

Statement of Anti-Coercion

Florida

Lender: Crews Bank & Trust

**THE FOLLOWING STATEMENT IS REQUIRED UNDER RULE 69B-124.002, F.A.C, OF THE RULES AND REGULATIONS PROMULGATED BY THE CHIEF FINANCIAL OFFICER RELATIVE TO ANTI-COERCION:**

The Insurance Laws of this state provide that the lender may not require the borrower to take insurance through any insurance agent or company to protect the mortgaged property.

The borrower, subject to the rules adopted by the Chief Financial Officer, has the right to have the insurance placed with an insurance agent or company of his choice, provided the company meets the requirements of the lender. The lender has the right to designate reasonable financial requirements as to the company and the adequacy of the coverage.

I have read the foregoing statement, or the rules of the Chief Financial Officer relative thereto and understand my rights and privileges and those of the lender relative to the placing of such insurance.

I have selected the \_\_\_\_\_ to write the hazard insurance covering the property located:

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**USA PATRIOT ACT**  
**IMPORTANT INFORMATION ABOUT PROCEDURES**  
**FOR OPENING A NEW ACCOUNT**

Provided by: Crews Bank & Trust, NMLS #406389

To help the government fight the funds of terrorism and money laundering activities, Federal law requires all financial institution to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your drivers license or other identifying documents.

WHAT YOU SHOULD KNOW ABOUT

# Home Equity Lines of Credit (HELOC)

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Borrowing from the  
value of your home



Consumer Financial  
Protection Bureau



An official publication of the U.S. government

## 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](https://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

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.

## TIP

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

MONEY SOURCE	HOW MUCH CAN YOU BORROW	VARIABLE OR FIXED RATE	IS YOUR HOME AT RISK?	TYPICAL ADVANTAGES	TYPICAL DISADVANTAGES
<b>HELOC</b> <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
<b>SECOND MORTGAGE OR HOME EQUITY LOAN</b> <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
<b>CASH-OUT REFINANCE</b> <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
<b>PERSONAL LINE OF CREDIT</b> <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
<b>RETIREMENT PLAN LOAN</b> <i>You borrow from your retirement savings in a 401(k) or similar plan through your current employer</i>	Generally, up to 50% of your vested balance or \$50,000, whichever is less	Fixed	No	Repay through paycheck deductions; paperwork required but no credit check and no impact on your credit score	If you leave or lose your job, repay the whole amount at that time or pay taxes and penalties; spouse may need to consent
<b>HOME EQUITY CONVERSION MORTGAGE (HECM)</b> <i>You must be age 62 or older, and you borrow against the equity in your home</i>	Depends on your age, the interest rate on your loan, and the value of your home	Fixed or variable	Yes	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	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
<b>CREDIT CARD</b> <i>You borrow money from the credit card company and repay as you go</i>	Up to the amount of your credit limit, as determined by the credit card company	Fixed or variable	No	No minimum purchase; consumer protections in the case of fraud or lost or stolen card	Higher interest rate than a loan that uses your home as collateral
<b>FRIENDS AND FAMILY</b> <i>You borrow money from someone you are close to</i>	Agreed on by the borrower and lender	Variable, fixed or other	No	Reduced waiting time, fees, and paperwork compared to a formal loan	Forgiven loans and unreported or forgiven interest can complicate taxes, especially for large loans; can jeopardize important personal relationships if something goes wrong

# 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** 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?				



## 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.

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### 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](https://cfpb.gov)

**Answers to common questions**  
[cfpb.gov/askcfpb](https://cfpb.gov/askcfpb)

**Tools and resources for home buyers**  
[cfpb.gov/owning-a-home](https://cfpb.gov/owning-a-home)

**Talk to a HUD-approved housing counselor**  
[cfpb.gov/find-a-housing-counselor](https://cfpb.gov/find-a-housing-counselor)

**Submit a complaint**  
[cfpb.gov/complaint](https://cfpb.gov/complaint)