

LOCATIONS

ANCHORAGE
Dimond Branch*
8725 Old Seward Hwy.

Eastchester Branch*
1821 Gambell Street

Metro Branch*
360 K Street, Suite 100

Muldoon Branch*
1100 Muldoon Road

North Star Branch*
5850 Westover Avenue

Northern Lights Branch*
1210 W. Northern Lights Blvd.

South Center Branch*
201 W. 36th Avenue

U-Med Branch*
3650 Piper Street

BETHEL
Kuskokwim Branch
700 Front Street

CORDOVA
Cordova Branch*
528 First Street

EAGLE RIVER
Eagle River Branch*
11412 Business Blvd.

FAIRBANKS
Golden Valley Branch*
1300 Washington Drive

Johansen Branch*
430 Merhar Avenue

GLENNALLEN
Glennallen Branch*
Mile 187 Glenn Hwy., Suite C

HAINES
Haines Branch*
123 Main Street

HEALY
Healy Branch*
Mile Post 248.2
W. George Parks Hwy.

HOMER
Homer Branch*
3655 Heath Street

JUNEAU
Juneau Regional Branch*
840 W. 10th Street

Valley Centre Branch*
8990 Glacier Hwy.

KENAI
Kenai Branch*
11408 Kenai Spur Hwy.

KETCHIKAN
Loan Production Office
1621 Tongass Ave.
W. Flight Bldg., Suite 100

KODIAK
Kodiak Branch*
218 Center Avenue

PALMER
Palmer Branch*
303 W. Evergreen Avenue

SEWARD
Seward Branch*
303 4th Avenue

SITKA
Sitka Branch*
318 Lincoln Street

SOLDOTNA
Soldotna Branch*
44501 Sterling Hwy.

VALDEZ
Valdez Branch*
101 Egan Street

WASILLA
Wasilla Branch*
775 E. Parks Hwy.

CORPORATE HEADQUARTERS
101 W. 36th Avenue
Anchorage, Alaska
99503-5904

OPERATIONS CENTER
1751 Gambell Street
Anchorage, Alaska
99501-5324

* ATM Locations

HOMEFLEX EQUITY LINE OF CREDIT



1
First National Bank
ALASKA MEMBER FDIC

FNBAAlaska.com

777-4FNB (4362)

Anchorage/Eagle River

1-800-856-4FNB (4362)

other communities

100
1 **First National Bank**
ALASKA MEMBER FDIC

1922-2022

Shaping Tomorrow

INDEX

HomeFlex Equity Line product description	1
Calculation worksheet	3
HomeFlex Equity Line product example	3
Using your HomeFlex Equity Line	5
Five steps to application	7
What you should know about Home Equity Lines of Credit	8
Home equity plan checklist	9

WHAT IS A HOME EQUITY LINE OF CREDIT?

What should you look for when shopping for a plan?	11
Costs of establishing and maintaining a home equity line	12
How will you repay your home equity plan?	13
Line of credit vs. traditional second mortgage loans	14
What if the lender freezes or reduces your line of credit?	16
Defined terms	17
More information	19
Contact information	20

WELCOME

We welcome your interest in First National Bank Alaska's HomeFlex Equity Line of credit. This booklet contains everything you need to apply for your own HomeFlex Equity Line.

Be sure to read the section titled "What You Should Know About Home Equity Lines Of Credit" beginning on page 8.

If you choose to apply for a HomeFlex Equity Line, be sure to keep this booklet in your files.

And remember, no matter what you want to do... you can do it with First National's HomeFlex Equity Line!

FIRST NATIONAL BANK ALASKA

Equal Opportunity Lender Statement

First National Bank Alaska is an equal opportunity lender. It is the policy of the bank to make credit available on a fair and consistent basis to all people and organizations who meet the bank's lending standards without regard to race, color, religion, national origin, sex, marital status, age (providing the applicant has the capacity to enter into a binding contract), receipt of public assistance, exercise of legal rights under the Consumer Credit Protection Act, or any other law, handicap or familial status.

PUT YOUR EQUITY TO WORK

GET CASH NOW FOR THE THINGS YOU NEED.

APPLY FOR FIRST NATIONAL BANK ALASKA'S

HOMEFLEX EQUITY LINE.

For years you've been diligently paying your mortgage and building equity in your home* hoping, someday, it will work in your favor. Now you can put your equity to work for you with First National's HomeFlex Equity Line. HomeFlex allows you to borrow against the equity you've built in your home to get cash for the things you need. And, just like your mortgage payments, the interest you pay on your HomeFlex Equity Line may be up to 100% tax deductible.**

* Does not have to be owner-occupied to qualify.

** Please consult your tax advisor.

HOMEFLEX IS THE MOST FLEXIBLE

HOME EQUITY PROGRAM AROUND

Unlike some home equity loan programs, HomeFlex gives you two interest rate options with one program – a variable rate and a fixed rate. You choose when to draw on your line of credit and when to convert the interest rate from a rate that varies to one that is fixed. First National's HomeFlex lets you choose the interest rate option that best meets your personal borrowing needs.

Here's how it works:

1. Approved HomeFlex Equity Line borrowers qualify for a maximum loan amount.
2. Based on the amount for which a borrower qualifies, the minimum HomeFlex Equity Line is \$10,000, and the maximum is \$250,000.
3. Draw on the available credit in your HomeFlex Equity Line whenever you need, for whatever you like. Once each year, at any time during the year, you may choose to convert a portion or all of your outstanding balance from a variable rate to a fixed rate of interest.
4. You have seven years to draw and repay on the line and up to 10 more years to repay the remaining outstanding balance.

HOMEFLEX EQUITY LINE INTEREST RATE OPTIONS

VARIABLE RATE

First National's HomeFlex Equity Line offers you the flexibility and convenience of a credit card – with more favorable terms. You can draw on your approved HomeFlex Equity Line for vacations, college tuition, remodeling projects or anything else you need, whenever you want. There is no minimum draw.

FIXED RATE

Once every 365 days, you can convert a portion or all of your outstanding HomeFlex balance to a fixed interest rate (\$5,000 minimum; repayment term no longer than 10 years). You can have up to three fixed-rate conversions as part of your HomeFlex account at one time. Your request for a fixed-rate conversion must be submitted in writing, by mail or delivered to a First National branch.

The variable-rate and fixed-rate options of First National's HomeFlex Equity Line allow you to determine which interest option best meets your needs.

HOW TO CALCULATE YOUR MAXIMUM POTENTIAL HOMEFLEX EQUITY LINE CREDIT LIMIT

You can easily determine in advance the HomeFlex Equity Line amount for which you might qualify. Just follow the simple, two-step calculation outlined below. All you need to know is the current assessed or appraised* value of your home and the existing balance on your mortgage.

To calculate the approximate maximum amount for which you may qualify:

1. Multiply the assessed or appraised value of your home by 75% (0.75). *
2. Subtract the balance of your existing mortgage, if any.

It's that easy.

* Percentage may be different depending on lien priority and owner occupancy.

Use this simple worksheet for your calculations

Example		Your Home
\$200,000	Appraised or assessed value of your home	\$ <input type="text"/>
<u>x 0.75</u>	Multiply by 75%	<u>x 0.75</u>
\$150,000		\$ <input type="text"/>
<u>-\$100,000</u>	Subtract the existing balance of your mortgage	\$ <input type="text"/>
\$50,000	Maximum potential HomeFlex Equity Line for which you may qualify	\$ <input type="text"/>

* Current assessed value of your home can be found on your most recent tax valuation card. If you think the assessed amount does not accurately reflect the value of your property, you may request the bank to order an appraisal. Cost of appraisal will be borne by you.

EXAMPLES OF HOW FIRST NATIONAL'S HOMEFLEX MIGHT WORK FOR YOU:

YEAR 1

The Sheldons obtain a \$50,000 HomeFlex Equity Line. The first day, they draw \$25,000: \$24,000 for purposes of paying off other debt and \$1,000 more to buy a new computer. The Sheldons then convert \$24,000 of their outstanding HomeFlex Equity Line balance to a fixed-rate loan with a three-year term, leaving \$1,000 of the outstanding balance at a variable rate. This leaves \$25,000 available credit on their HomeFlex Equity Line.

YEAR 2

On the first day of the second year, the Sheldons pay off the outstanding \$1,000 variable-rate balance, carry an outstanding balance of \$16,250 on their fixed-rate conversion, and decide to install a hot tub on their deck. Using a FlexCheck, they draw \$6,000 on their HomeFlex Equity Line to pay for the hot tub. Then, they convert \$6,000 of their outstanding balance to a second fixed-rate loan, this time with a two-year term. That leaves \$27,750 of available credit on the Sheldons' HomeFlex Equity Line. The only other activities on their HomeFlex Equity Line, for the remainder of this year, are regularly scheduled payments.

YEAR 3

On the first day of the third year, the Sheldons have \$39,350 of available credit on their HomeFlex Equity Line. On the same day, to celebrate their 10th wedding anniversary, the Sheldons draw \$36,500: \$1,500 for a Caribbean cruise and another \$35,000 to buy a new car. The Sheldons then convert \$35,000 of their outstanding HomeFlex Equity Line balance to a fixed-interest rate.

APPROVED HOMEFLEX EQUITY LINE = \$50,000

	Year 1	Year 2	Year 3
Variable Rate	\$1,000 Computer		\$1,500 Cruise
Fixed Rate 1 Conversion	\$24,000 Debt Consolidation	\$16,250	\$7,400
Fixed Rate 2	Conversion	\$6,000	\$3,250 Hot tub
Fixed Rate 3 Conversion			\$35,000 New Car
Available Credit	\$25,000	\$27,750	\$2,850

The example above shows just a few ways you can use First National's flexible HomeFlex Equity Line to manage your personal borrowing. Use it for anything, anytime. And remember, you choose when and how much to draw on your line of credit, whether your interest rate will vary or be fixed, and the length of the repayment term. With First National's HomeFlex Equity Line, you're practically your own loan officer!



USING YOUR **HOMEFLEX** EQUITY LINE IS EASY

Using your approved credit is convenient with a HomeFlex Equity Line. Once approved, you'll have immediate access to your available credit. Here's how:

HOMEFLEX MASTERCARD® DEBIT CARD

- Just like a regular debit card, use the HomeFlex debit card to draw on your available line of credit for anything, anytime, anywhere Mastercard debit cards are accepted.
- The HomeFlex debit card is a convenient and secure way to access your line of credit.

BANK NOW! *ONLINE*

- Draw on HomeFlex Equity Line and transfer money from your loan account to a First National account online.

BANK NOW! *BY PHONE*

- Draw on HomeFlex Equity Line and transfer money from your loan account to a First National account by phone.

FLEXCHECKS

- These personalized paper checks allow you to draw on your available line of credit by writing checks for anything, anytime, anywhere.

BRANCH VISITS

- Draw on your HomeFlex Equity Line in person by visiting any First National branch.
- Convert an amount of your outstanding variable rate balance to a fixed rate by submitting a request in writing, by mail or in person (\$5,000 minimum).

REPAYING YOUR HOMEFLEX EQUITY LINE IS CONVENIENT

For your convenience, you'll receive one account statement every month during the life of your HomeFlex Equity line.

The HomeFlex monthly account activity statements will track and report both the variable rate draws and the balances you have converted to a fixed-interest rate.

You will have up to 17 years to repay your HomeFlex Equity Line – seven years in which payments toward the principal increase your available credit and up to 10 more years to retire the outstanding debt.

PAY BY MAIL OR AT ANY FIRST NATIONAL BRANCH

- Remit payment coupon from statement along with payment.

PAY THROUGH AUTO CHARGE

- Your First National checking or savings account will be automatically debited for your payment amount.

PAY USING BANK NOW! *ONLINE*

- You can make your payment online using either the Express Transfer or Transfer function. Simply transfer funds from your checking or savings account to your HomeFlex Equity Line.

PAY USING BANK NOW! *BY PHONE*

- Make your payment anytime and anywhere using First National's touch-tone telephone banking system.

PUT YOUR EQUITY TO WORK

FIVE SIMPLE STEPS TO APPLYING FOR YOUR HOMEFLEX EQUITY LINE

1. Calculate the maximum HomeFlex Equity Line amount for which you might qualify using the formula and worksheet on page 3.
2. Determine the actual amount for which you want to apply. It can be the full amount of your calculation or less.
3. Carefully read the Home Equity Disclosures.
4. Complete the enclosed application.
5. Submit your completed application to a First National branch.

MAKE SURE TO INCLUDE THE FOLLOWING INFORMATION IN YOUR APPLICATION

- Most recent property tax assessment notice
- Legal description of property
- Existing mortgage data
 - financial institution name
 - account number
 - current balance

The following information is needed if you are relying on any form of income other than, or in addition to, base employment income.

- Two years of tax returns - including W-2s.
- Public assistance office computer printout of benefits received if you will be relying on such income as a source of repayment.

INFORMATION PROVIDED BY THE CONSUMER FINANCIAL PROTECTION BUREAU

WHAT YOU SHOULD KNOW ABOUT HOME EQUITY LINES OF CREDIT (HELOC)

The following information was initially prepared by the Board of Governors of the Federal Reserve System. The Consumer Financial Protection Bureau (CFPB) has made technical updates to this information 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 information 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.

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.

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	----- %	----- %
Index used and current value	----- %	----- %
Amount of margin	-----	-----
Frequency of rate adjustments	-----	-----
Amount/length of discount (if any)	-----	-----
Interest-rate cap and floor	-----	-----

Length of Plan

Draw period	-----	-----
Repayment period	-----	-----

Initial fees

Appraisal fee	-----	-----
Application fee	-----	-----
Up-front charges, including points	-----	-----
Closing costs	-----	-----

REPAYMENT TERMS	PLAN A	PLAN B
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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?	-----	-----

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%) 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 debit 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.

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.

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.

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.

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% interest rate, your monthly payments would be \$83. If the rate rises over time to 15%, 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.

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.

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 on page 20.

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 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.

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.

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. Periodic adjustment caps limit the interest-rate increase from one adjustment period to the next. Lifetime caps 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.

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.

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.

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.

CONTACT INFORMATION

For additional information or to file a complaint.

NATIONAL BANKS AND NATIONAL-BANK-OWNED MORTGAGE COMPANIES

Office of the Comptroller of the Currency (OCC)
Customer Assistance Group
1301 McKinney Street, Suite 3450
Houston, TX 77010

800-613-6743 (toll free)

713-336-4301 (fax)

helpwithmybank.gov

Consumer Financial Protection Bureau (CFPB)
P.O. Box 4503
Iowa City, IA 52244

855-411-CFPB (2372)

consumerfinance.gov