



KS StateBank Credit Application

KS StateBank NMLS ID: 410602

Loan Officer Name: _____ NMLS ID: _____

IMPORTANT: Please read these directions before completing this Application, and mark the appropriate box below.

- If you are applying for individual credit in your own name, and are relying on your own income or assets and not the income or assets of another person as the basis for repayment of the credit requested, complete only Sections A and D. If the requested credit is to be secured, also complete the first part of Section C and Section E.
- If you are applying for joint credit with another person, complete all Sections except E, providing information in Section B about the joint applicant. If the requested credit is to be secured, then complete Section E.

WE INTEND TO APPLY FOR JOINT CREDIT APPLICANT: _____ CO-APPLICANT: _____

- If you are applying for individual credit, but are relying on income from alimony, child support, or separate maintenance or on the income or assets of another person as the basis for repayment of the credit requested, complete all Sections except E to the extent possible, providing information in Section B about the person on whose alimony, support, or maintenance payments or income or assets you are relying. If the requested credit is to be secured, then complete Section E.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism and money laundering activities, the USA Patriot Act requires all financial institutions 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, physical address, date of birth, taxpayer identification number and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents. We will let you know if additional information is required.

AMOUNT REQUESTED \$ _____	PROCEEDS OF CREDIT TO BE USED FOR _____
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SECTION A – INFORMATION REGARDING APPLICANT

FULL NAME (Last, First Middle)				BIRTH DATE		HOME PHONE		BUSINESS PHONE		EXT.		
IF U.S. PERSON: (Complete all that apply)	DRIVERS LICENSE NUMBER		STATE	DATE OF ISSUANCE		DATE OF EXPIRATION		SOCIAL SECURITY NUMBER OR TAX ID NUMBER				
	STATE ID CARD NUMBER		STATE	DATE OF ISSUANCE		DATE OF EXPIRATION		OTHER (MILITARY, TRIBAL ID, ETC.)				
IF NON U.S. PERSON: (Complete all that apply)	DRIVERS LICENSE NUMBER	STATE	DATE OF ISSUANCE		DATE OF EXPIRATION		SOCIAL SECURITY OR TAX ID NUMBER		STATE ID NUMBER	STATE	DATE OF ISSUANCE	DATE OF EXPIRATION
	PASSPORT NUMBER AND COUNTRY OF ISSUANCE		INDIVIDUAL TAXPAYER ID NUMBER		NO TAXPAYER ID NUMBER, BUT HAVE FILED APPLICATION FOR ONE. WHEN FILED:		GOVERNMENT ISSUED DOCUMENT NUMBER AND COUNTRY OF ISSUANCE:		OTHER			
PHYSICAL RESIDENTIAL OR BUSINESS STREET ADDRESS AND MAILING ADDRESS (Street, PO Box, City, State & ZIP) OR; IF MILITARY, APO OR FPO ADDRESS OR; IF N/A, NEXT OF KIN OR FRIEND										HOW LONG AT PRESENT ADDRESS?		
PREVIOUS ADDRESS (Street, City, State & ZIP)					HOW LONG AT PREVIOUS ADDRESS			EMAIL ADDRESS				
PRESENT EMPLOYER (Company Name & Address)			OCCUPATION	POSITION OR TITLE		HOW LONG WITH PRESENT EMPLOYER?						
PREVIOUS EMPLOYER (Company Name & Address)								HOW LONG WITH PREVIOUS EMPLOYER?				
YOUR PRESENT GROSS SALARY OR COMMISSION			NUMBER OF DEPENDENTS			AGES OF DEPENDENTS						
\$ _____ PER												
Alimony, child support or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.												
Alimony, child support, or separate maintenance received under: <input type="checkbox"/> Court order <input type="checkbox"/> Written Agreement <input type="checkbox"/> Oral Understanding												
OTHER INCOME (TOTAL)			SOURCES OF OTHER INCOME (Retirement, Social Security, Alimony, Child Support, or Separate Maintenance, etc.)									
\$ _____ PER												
NAME AND ADDRESS OF NEAREST RELATIVE NOT LIVING WITH YOU							RELATIONSHIP		PHONE NUMBER (Include Area Code)			

SECTION B – INFORMATION REGARDING JOINT APPLICANT OR ANOTHER PARTY (Use separate sheets if necessary.)

FULL NAME (Last, First Middle)				BIRTH DATE		HOME PHONE		BUSINESS PHONE		EXT.		
IF U.S. PERSON: (Complete all that apply)	DRIVERS LICENSE NUMBER		STATE	DATE OF ISSUANCE		DATE OF EXPIRATION		SOCIAL SECURITY # OR TAX ID NUMBER				
	STATE ID CARD NUMBER		STATE	DATE OF ISSUANCE		DATE OF EXPIRATION		OTHER (MILITARY, TRIBAL ID, ETC.)				
IF NON U.S. PERSON: (Complete all that apply)	DRIVERS LICENSE NUMBER	STATE	DATE OF ISSUANCE		DATE OF EXPIRATION		SOCIAL SECURITY OR TAX ID NUMBER		STATE ID NUMBER	STATE	DATE OF ISSUANCE	DATE OF EXPIRATION
	PASSPORT NUMBER AND COUNTRY OF ISSUANCE		INDIVIDUAL TAXPAYER ID NUMBER		NO TAXPAYER ID NUMBER, BUT HAVE FILED APPLICATION FOR ONE. WHEN FILED:		GOVERNMENT ISSUED DOCUMENT NUMBER AND COUNTRY OF ISSUANCE:		OTHER			



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PREVIOUS ADDRESS (Street, City, State & ZIP)		HOW LONG AT PREVIOUS ADDRESS	EMAIL ADDRESS	
PRESENT EMPLOYER (Company Name & Address)	OCCUPATION	POSITION OR TITLE	HOW LONG WITH PRESENT EMPLOYER?	
PREVIOUS EMPLOYER (Company Name & Address)			HOW LONG WITH PREVIOUS EMPLOYER?	
YOUR PRESENT GROSS SALARY OR COMMISSION	NUMBER OF DEPENDENTS	AGES OF DEPENDENTS		
\$ _____ PER				
Alimony, child support or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation. Alimony, child support, or separate maintenance received under: <input type="checkbox"/> Court order <input type="checkbox"/> Written Agreement <input type="checkbox"/> Oral Understanding				
OTHER INCOME (TOTAL)	SOURCES OF OTHER INCOME (Retirement, Social Security, Alimony, Child Support, or Separate Maintenance, etc.)			
\$ _____ PER				
NAME AND ADDRESS OF NEAREST RELATIVE NOT LIVING WITH YOU			RELATIONSHIP	PHONE NUMBER (Include Area Code)

SECTION C – MARITAL STATUS (Do not complete if this is an Application for individual unsecured credit.)

APPLICANT	<input type="checkbox"/> Married	<input type="checkbox"/> Separated	<input type="checkbox"/> Unmarried (including single, divorced, widowed, civil union, domestic partnership, or registered reciprocal beneficiary relationship)
OTHER PARTY	<input type="checkbox"/> Married	<input type="checkbox"/> Separated	<input type="checkbox"/> Unmarried (including single, divorced, widowed, civil union, domestic partnership, or registered reciprocal beneficiary relationship)

SECTION D – ASSET AND DEBT INFORMATION

If Section B has been completed, this Section should be completed giving information about both the Applicant and the Joint Applicant or Other Person. Please mark Applicant-related information with an "A." If Section B was not completed, only give information about the Applicant in this Section.

ASSETS OWNED (Use separate sheet if necessary.)

DESCRIPTION OF ASSETS	VALUE	SUBJECT TO DEBT? Yes/No	NAMES OF OWNERS
CASH (Checking, Savings, Money Market, CD, Mutual Fund, Retirement, etc)	\$ _____		
AUTOMOBILES (Make, Model, Year)			
1. _____			
2. _____			
3. _____			
CASH VALUE OF LIFE INSURANCE (Issuer, Face Value)			
REAL ESTATE - Location, Date Acquired, & Occupancy (PR, SH, IP)			
1. _____			
2. _____			
3. _____			
MARKETABLE SECURITIES (Issuer, Type, # of Shares)			
OTHER (List)			
TOTAL ASSETS	\$ _____		

OUTSTANDING DEBTS (Include charge accounts, installment contracts, credit cards, rent, mortgages, etc. Use separate sheet if necessary.)

CREDITOR	TYPE OF DEBT OR ACCOUNT NUMBER	NAME IN WHICH ACCOUNT IS CARRIED	ORIGINAL DEBT	PRESENT BALANCE	MONTHLY PAYMENTS	PAST DUE? Yes/No
LANDLORD OR MORTGAGE HOLDER	<input type="checkbox"/> Rent Payment <input type="checkbox"/> Mortgage		Omit rent \$ _____	Omit Rent \$ _____	\$ _____	
TOTAL DEBTS			\$ _____	\$ _____	\$ _____	

CREDIT REFERENCES (Paid off Accounts)

			DATE PAID OFF
		\$ _____	

MEMBER FDIC | EQUAL HOUSING LENDER



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HOME OWNERS INSURANCE AGENT: (Name & Address)	
AUTO INSURANCE AGENT: (Name & Address)	
Are you the co-maker, endorser, or guarantor on any loan or contract?	<input type="checkbox"/> No <input type="checkbox"/> Yes – For Whom? _____ To Whom?
Are there any unsatisfied judgments against you?	<input type="checkbox"/> No <input type="checkbox"/> Yes – Amount Owed? _____ If Yes, To Whom Owed?
Have you conveyed title to any property in lieu of foreclosure in the past 7 years?	<input type="checkbox"/> No <input type="checkbox"/> Yes
Have you had a pre-foreclosure sale or short sale in the past 7 years (the property was sold to a 3 rd party & lender agreed to accept less than mortgage balance due)?	<input type="checkbox"/> No <input type="checkbox"/> Yes
Have you had property foreclosed upon in the last 7 years?	<input type="checkbox"/> No <input type="checkbox"/> Yes
Have you been declared bankrupt in the last 7 years?	<input type="checkbox"/> No <input type="checkbox"/> Yes – For Where? _____ Year?
Did you (or your deceased spouse) ever serve, or are currently serving, in the U.S. Armed Forces?	<input type="checkbox"/> No <input type="checkbox"/> Yes - <input type="checkbox"/> Currently Active Duty w/projected expiration date of service/tour _____ <input type="checkbox"/> Currently retired, discharged, or separated from service <input type="checkbox"/> Only service was non-activated member - Reserve/National Guard <input type="checkbox"/> Surviving Spouse

SECTION E – SECURED CREDIT (Complete only if credit is to be secured.) Briefly describe the property to be given as security:

PROPERTY DESCRIPTION

NAMES AND ADDRESSES OF ALL CO-OWNERS OF THE PROPERTY

IF THE SECURITY IS REAL ESTATE, GIVE THE FULL NAME OF YOUR SPOUSE (if any):

CREDIT DISCLOSURES: An insurance product or annuity may be offered to you. If you purchase an insurance product or annuity: (1) The insurance product or annuity is not a deposit or other obligation of, or guaranteed by, this institution or our affiliate(s); (2) With exception of the Federal Flood Insurance or Federal Crop Insurance, the insurance product or annuity is not insured by the Federal Deposit Insurance Corporation or any other agency of the United States, this institution, or our affiliate(s); and (3) In the case of an insurance product or annuity that involves an investment risk, there is investment risk associated with the insurance product, including the possible loss of value. If an insurance product or annuity is offered, we cannot condition an extension of credit on either of the following: (1) Your purchase of an insurance product or annuity from us or any of our affiliates; or, (2) Your agreement not to obtain, or a prohibition on you from obtaining, an insurance product or annuity from an unaffiliated entity.

SIGNATURES

Everything that I have stated in this Application is correct to the best of my knowledge. I understand that you will retain this Application whether or not it is approved. You are authorized to check my credit and employment history and answer questions about your credit experience with me.	Unless I have purchased the insurance product(s) by mail or if the Credit Disclosures are provided electronically, by signing below, I acknowledge that I have received the Credit Disclosures orally at the time I have applied for credit and fully understand the disclosures noted above. I am also being provided with a copy of these disclosures and I acknowledge receipt by my signature.
APPLICANT'S SIGNATURE	OTHER SIGNATURE (WHERE APPLICABLE)
DATE	DATE
X	X

MEMBER FDIC | EQUAL HOUSING LENDER



HOME MORTGAGE DISCLOSURE ACT (HMDA) INFORMATION

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "Ethnicity" and one or more designations for "Race." The law provides that we may not discriminate on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

Full Name _____

Ethnicity: *Check one or more*

- Hispanic or Latino
 - Mexican Puerto Rican Cuban
 - Other Hispanic or Latino – *Print origin:* _____

For example: Argentinean, Columbian, Dominican, Nicaraguan, Salvadoran, Spaniard, etc.

- Not Hispanic or Latino
- I do not wish to provide this information

Sex

- Female
- Male
- I do not wish to provide this information

Race: *Check one or more*

- American Indian or Alaska Native – Print name of enrolled or principal tribe: _____

- Asian
 - Asian Indian Chinese Filipino
 - Japanese Korean Vietnamese

- Other Asian – *Print race:* _____
For example: Hmong, Laotian, Thai, Pakistani, Cambodian, etc.

- Black or African American
- Native Hawaiian or Other Pacific Islander
 - Native Hawaiian Guamanian or Chamorro Samoan
 - Other Pacific Islander – *Print race:* _____
For example: Fijian, Tongan, etc.

- White
- I do not wish to provide this information

To Be Completed by Financial Institution (for application taken in person):

- Was the ethnicity of the Borrower collected on the basis of visual observation or surname? Yes No
- Was the sex of the Borrower collected on the basis of visual observation or surname? Yes No
- Was the race of the Borrower collected on the basis of visual observation or surname? Yes No

The Demographic Information was provided through:

- Face-to-Face Interview (Includes Electronic Media w/Video Component) Telephone Interview Fax or Mail Email or Internet



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FACTS

WHAT DOES KS STATEBANK 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
- Income
- Account balances
- Payment history
- Checking account information
- Wire transfer instructions

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 KS StateBank chooses to share; and whether you can limit this sharing.

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

Questions?

Call toll-free at 800-588-6805 or visit us online at ksstate.bank.

What We Do	
How does KS StateBank protect my personal information?	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. We also maintain other physical, electronic and procedural safeguards to protect this information and we limit access to information to those employees for whom access is appropriate.
How does KS StateBank collect my personal information?	We collect your personal information, for example, when you: <ul style="list-style-type: none"> • Open an account • Apply for a loan • Provide account information • Give us your contact information • Show us your driver's license We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only: <ul style="list-style-type: none"> • sharing for affiliates' everyday business purposes - information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and non-financial companies. <ul style="list-style-type: none"> • <i>KS StateBank does not share with our affiliates.</i>
Nonaffiliates	Companies not related by common ownership or control. They can be financial and non-financial companies. <ul style="list-style-type: none"> • <i>KS StateBank does not share with nonaffiliates so they can market to you.</i>
Joint Marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> • <i>KS StateBank doesn't jointly market.</i>

Other Important Information

This notice is available at any time at ksstate.bank or by calling 800-588-6805.

WHAT YOU SHOULD KNOW ABOUT

Home Equity Lines of Credit (HELOC)

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

Compare a HELOC to other money sources

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

How HELOCs work

PREPARE FOR UP-FRONT COSTS

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

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

PULL MONEY FROM YOUR LINE OF CREDIT

Once approved for a HELOC, you can generally spend up to your credit limit whenever you want. When your line of credit is open for spending, you are in the 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.

TIP

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

If something changes during the course of the loan

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

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



WELL DONE!

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

In this booklet:

ASK YOURSELF

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

Have I shopped around for HELOC features and fees?

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

ONLINE TOOLS

CFPB website
cfpb.gov

Answers to common questions
cfpb.gov/askcfpb

Tools and resources for home buyers
cfpb.gov/owning-a-home

Talk to a HUD-approved housing counselor
cfpb.gov/find-a-housing-counselor

Submit a complaint
cfpb.gov/complaint