

Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower," as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when the income or assets of a person other than the Borrower (including the Borrower's spouse) will be used as a basis for loan qualification or the income or assets of the Borrower's spouse or other person who has community property rights pursuant to state law will not be used as a basis for loan qualification, but his or her liabilities must be considered because the spouse or other person has community property rights pursuant to applicable law and Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below):

Borrower _____ Co-Borrower _____

I. TYPE OF MORTGAGE AND TERMS OF LOAN					
Mortgage Applied for:	<input type="checkbox"/> VA	<input type="checkbox"/> Conventional	<input type="checkbox"/> Other (explain):	Agency Case Number	Lender Case Number
	<input type="checkbox"/> FHA	<input type="checkbox"/> USDA/Rural Housing Service			
Amount	Interest Rate	No. of Months	Amortization Type:	<input type="checkbox"/> Fixed Rate	<input type="checkbox"/> Other (explain):
\$	%		<input type="checkbox"/> GPM	<input type="checkbox"/> ARM (type):	

II. PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address (street, city, state & ZIP)		No. of Units
Legal Description of Subject Property (attach description if necessary)		Year Built
Purpose of Loan	<input type="checkbox"/> Purchase <input type="checkbox"/> Construction <input type="checkbox"/> Other (explain):	Property will be:
	<input type="checkbox"/> Refinance <input type="checkbox"/> Construction-Permanent	<input type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment
Complete this line if construction or construction-permanent loan.		
Year Lot Acquired	Original Cost	Amount Existing Liens
	\$	\$
		(a) Present Value of Lot
		(b) Cost of Improvements
		Total (a + b)
		\$
Complete this line if this is a refinance loan.		
Year Acquired	Original Cost	Amount Existing Liens
	\$	\$
		Purpose of Refinance
		Describe Improvements <input type="checkbox"/> made <input type="checkbox"/> to be made
		Cost: \$
Title will be held in what Name(s)		Manner in which Title will be held
		Estate will be held in:
		<input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date)
Source of Down Payment, Settlement Charges, and/or Subordinate Financing (explain)		

III. BORROWER INFORMATION

Borrower	Co-Borrower
Borrower's Name (include Jr. or Sr. if applicable)	
Co-Borrower's Name (include Jr. or Sr. if applicable)	
Social Security Number	Social Security Number
Home Phone (incl. area code)	Home Phone (incl. area code)
DOB (mm/dd/yyyy)	DOB (mm/dd/yyyy)
Yrs. School	Yrs. School
<input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed) <input type="checkbox"/> Separated	<input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed) <input type="checkbox"/> Separated
Dependents (not listed by Co-Borrower) no. ages	Dependents (not listed by Borrower) no. ages
Present Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs.	Present Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs.
Mailing Address, if different from Present Address	Mailing Address, if different from Present Address

If residing at present address for less than two years, complete the following:

Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs.	Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent _____ No. Yrs.
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IV. EMPLOYMENT INFORMATION

Borrower	Co-Borrower
Name & Address of Employer <input type="checkbox"/> Self Employed	Name & Address of Employer <input type="checkbox"/> Self Employed
Yrs. on this job	Yrs. on this job
Yrs. employed in this line of work/profession	Yrs. employed in this line of work/profession
Position/Title/Type of Business	Position/Title/Type of Business
Business Phone (incl. area code)	Business Phone (incl. area code)
If employed in current position for less than two years or if currently employed in more than one position, complete the following:	
Name & Address of Employer <input type="checkbox"/> Self Employed	Name & Address of Employer <input type="checkbox"/> Self Employed
Dates (from - to)	Dates (from - to)
Monthly Income	Monthly Income
\$	\$
Position/Title/Type of Business	Position/Title/Type of Business
Business Phone (incl. area code)	Business Phone (incl. area code)
Name & Address of Employer <input type="checkbox"/> Self Employed	Name & Address of Employer <input type="checkbox"/> Self Employed
Dates (from - to)	Dates (from - to)
Monthly Income	Monthly Income
\$	\$
Position/Title/Type of Business	Position/Title/Type of Business
Business Phone (incl. area code)	Business Phone (incl. area code)

Initials: _____

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION

Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	\$	\$	\$	Rent	\$	
Overtime				First Mortgage (P&I)		\$
Bonuses				Other Financing (P&I)		
Commissions				Hazard Insurance		
Dividends/Interest				Real Estate Taxes		
Net Rental Income				Mortgage Insurance		
Other (before completing, see the notice in "describe other income," below)				Homeowner Assn. Dues		
				Other:		
Total	\$	\$	\$	Total	\$	\$

* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

B/C	Describe Other Income	Monthly Amount
	Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.	\$

VI. ASSETS AND LIABILITIES

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise, separate Statements and Schedules are required. If the Co-Borrower section was completed about a non-applicant spouse or other person, this Statement and supporting schedules must be completed about that spouse or other person also.

Completed Jointly Not Jointly

ASSETS	Cash or Market Value	LIABILITIES	
		Monthly Payment & Months Left to Pay	Unpaid Balance
Liabilities and Pledged Assets. List the creditor's name, address, and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities, which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.			
Description		Name and address of Company	\$ Payment/Months
Cash deposit toward purchase held by:	\$		\$
List checking and savings accounts below			
Name and address of Bank, S&L, or Credit Union		Acct. no.	
Acct. no.	\$	Name and address of Company	\$ Payment/Months
Name and address of Bank, S&L, or Credit Union		Acct. no.	\$
Acct. no.	\$	Name and address of Company	\$ Payment/Months
Name and address of Bank, S&L, or Credit Union		Acct. no.	\$
Acct. no.	\$	Name and address of Company	\$ Payment/Months
Name and address of Bank, S&L, or Credit Union		Acct. no.	\$
Acct. no.	\$	Name and address of Company	\$ Payment/Months
Name and address of Bank, S&L, or Credit Union		Acct. no.	\$
Acct. no.	\$	Name and address of Company	\$ Payment/Months
Acct. no.	\$	Name and address of Company	\$ Payment/Months
Stocks & Bonds (Company name/number & description)	\$	Acct. no.	
Life insurance net cash value	\$	Name and address of Company	\$ Payment/Months
Face amount: \$		Acct. no.	\$
Subtotal Liquid Assets	\$		
Real estate owned (enter market value from schedule of real estate owned)	\$	Name and address of Company	\$ Payment/Months
Vested interest in retirement fund	\$	Acct. no.	\$
Net worth of business(es) owned (attach financial statement)	\$		
Automobiles owned (make and year)	\$	Name and address of Company	\$ Payment/Months
		Acct. no.	\$
Other Assets (itemize)	\$	Alimony/Child Support/Separate Maintenance Payments Owed to:	\$
		Job-Related Expense (child care, union dues, etc.)	\$
		Total Monthly Payments	\$
Total Assets a.	\$	Net Worth (a minus b)	\$
		Total Liabilities b.	\$

Initials: _____

CONTINUATION SHEET/RESIDENTIAL LOAN APPLICATION

Use this continuation sheet if you need more space to complete the Residential Loan Application. Mark **B** for Borrower or **C** for Co-Borrower.

Borrower:	Agency Case Number:
Co-Borrower:	Lender Case Number:

I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.

Borrower's Signature: X	Date	Co-Borrower's Signature: X	Date
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Initials: _____

Notice Regarding Title Protection Documents


Lender**Borrower**

The First National Bank and Trust Company of Broken
Arrow
121 S. Main St.
Broken Arrow, OK 74012

With respect to the loan for which you ("*Borrower*") are applying, we ("*Lender*") intend to obtain the following title protection document(s):

Attorney's Title Opinion Letter Title Insurance Policy _____

Any title protection document(s) we obtain will will not provide protection to you. You should seek independent, competent advice as to whether you should obtain any additional title protection document(s). In the event you desire additional title protection, you must obtain it in a timely manner in order to avoid undue delay of the closing under the terms of the contract of sale and such additional protection will be at your expense.



Right to Receive a Copy of Appraisal Report

Lender

The First National Bank and Trust Company of Broken
Arrow
121 S. Main St.
Broken Arrow, OK 74012

“We” means Lender.

Borrower

“You” means Borrower or Cosigner.

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.

FACTS**WHAT DOES THE FIRST NATIONAL BANK AND TRUST COMPANY OF BROKEN ARROW 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
- Payment history and transaction history
- Credit history and account transactions

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 **The First National Bank and Trust Company of Broken Arrow** chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does The First National Bank and Trust Company of Broken Arrow 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	Yes	No
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 918-251-5371 or go to www.fnbba.com

Who we are

Who is providing this notice?

The First National Bank and Trust Company of Broken Arrow**What we do**

How does The First National Bank and Trust Company of Broken Arrow 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 The First National Bank and Trust Company of Broken Arrow collect my personal information?

We collect your personal information, for example, when you

- Open an account or pay your bills
- Apply for a loan or use your credit or debit card
- Make deposits or withdrawals from your account

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

- 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 nonfinancial companies.

- The First National Bank and Trust Company of Broken Arrow does not share with our affiliates.

Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- The First National Bank and Trust Company of Broken Arrow does not share with nonaffiliates so they can market to you.

Joint marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- The First National Bank and Trust Company of Broken Arrow doesn't jointly market.

Consent to Contact You By Telephone, Text and Email

Creditor

The First National Bank and Trust Company of Broken Arrow
121 S. Main St.
Broken Arrow, OK 74012

Consumer

Name:
Address:

Date:

“We” means Creditor, agents and assignees. “You” means the Consumer.

We thank you for your business. We want to provide you with the best possible service in our ongoing business relationship for the account referenced above and all other accounts and services (“Your Account”) in your name solely, jointly or as a representative of others. This consent updates any previous Consent and further supersedes previous revocations of consent, if any, by you.

To accomplish this, we may need to contact you from time to time by telephone, text messaging or email about Your Account. However, we first obtain your consent to contact you about Your Account in compliance with applicable consumer protection provisions in the federal *Telephone Consumer Protection Act of 1991* (TCPA), *CAN-SPAM Act* and the associated federal regulations and orders issued by the Federal Communications Commission (FCC).

- Your consent is limited to Your Account.
- Your consent is voluntary; and any purchase of products or services from us is not conditioned on your consent.

With the above understandings and by signing below, you authorize us to contact you regarding Your Account throughout its existence using any telephone numbers or email addresses that:

- You have previously provided to us by virtue of an existing business relationship;
- You have provided below; and
- You may subsequently provide to us.

This consent is regardless of whether the number we use to contact you is assigned to a landline, a paging service, a cellular wireless service, a specialized mobile radio service, other radio common carrier service or any other service for which you may be charged for the call. You further authorize us to contact you through the use of voice, voice mail and text messaging, including the use of pre-recorded or artificial voice messages and an automated dialing device.

If necessary, you may change or remove any of the telephone numbers or email addresses at any time using any reasonable means to notify us. We thank you again for your business and this opportunity to serve you.

Consumer

Date

Primary Phone:

Cell/Mobile

Secondary:

Cell/Mobile

Email:

The First National Bank and Trust Company of
Broken Arrow
121 S. Main St.
Broken Arrow, OK 74012
Telephone: 918-251-5371
Web Address: www.fnba.com

Lender

Borrower

3 YEAR INTEREST ONLY HELOC

This disclosure contains important information about our 3 Year Interest Only HELOC. You should read it carefully and keep a copy for your records.

1. AVAILABILITY OF TERMS. All of 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.

2. 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.

3. POSSIBLE ACTIONS. Under certain circumstances, we can:

- A. Terminate your line of credit and require you to pay us the entire outstanding balance in one payment;
- B. Refuse to make additional extensions of credit; and
- C. Reduce your credit limit.

If you ask, we will give you more specific information about when we can take these actions.

4. MINIMUM PAYMENT REQUIREMENTS. You can obtain credit advances for 36 months. During this period, payments will be due monthly. Your minimum monthly payment will equal the following:

- * The amount of accrued finance charges on the last day of the billing cycle.

The minimum payment amount will be rounded to the nearest \$.01. The minimum monthly payments will not reduce the principal that is outstanding on your line of credit by the end of 36 months. You will then be required to pay the entire balance in a single payment.

5. MINIMUM PAYMENT EXAMPLE. If you made only the minimum monthly payment and took no other credit advances, it would take 3 years to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 9.000%. During that period, you would make 35 payments of \$75.00 with a final payment of \$10,075.00.

6. FEES AND CHARGES. To open and maintain a line of credit, you must pay the following fees to us:

- * Electronic Filing: \$5.00
- * Loan Origination: \$250.00 (due when account is opened)

Note that some fees may only apply upon the occurrence of an event and have been provided for informational purposes only.

You must also pay certain fees to third parties, such as appraisers, credit reporting firms, and government agencies. These fees generally total \$250.00 to \$2,000.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

7. REFUNDABILITY OF FEES. If you decide not to enter into this plan within three business days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

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

9. AVAILABILITY OF OTHER HOME EQUITY PLANS. If you ask, we will provide you with information on our other available home equity lines of credit.

10. VARIABLE RATE FEATURES. This line of credit has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result. The annual percentage rate includes only interest and not other costs. The annual percentage rate is based on the value of an index. The index is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks known as the Wall Street Journal U.S. Prime Rate and is published daily in the Wall Street Journal. To determine the annual percentage rate that will apply to your line of credit, we add a margin to the value of the index. Ask us for the current index value, margin, and annual percentage rate. After you open a line of credit, rate information will be provided on periodic statements that we send you.

11. RATE CHANGES. The annual percentage rate can change daily. There is no limit on the amount by which the rate can change in any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the line of credit is 21.000 percent. The minimum **ANNUAL PERCENTAGE RATE** that can apply during the line of credit is 9.000 percent.

12. MAXIMUM RATE AND PAYMENT EXAMPLES. If you had an outstanding balance of \$10,000.00 the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 21.000 percent would be \$175.00. The maximum annual percentage rate could be reached in the 1st month (1 month) following an initial hold of 1 day.

13. HISTORICAL EXAMPLES. The following table shows how the annual percentage rate and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the last 15 years. The index values are from the first business day of January. While only one payment amount per year is shown, payments would have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payment was made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

Year	Index (%)	Margin * (%)	ANNUAL PERCENTAGE RATE (%)	Minimum Monthly Payment (\$)
2009	3.250	1.500	9.000 (K)	75.00
2010	3.250	1.500	9.000 (K)	75.00
2011	3.250	1.500	9.000 (K)	75.00
2012	3.250	1.500	9.000 (K)	N/A
2013	3.250	1.500	9.000 (K)	N/A
2014	3.250	1.500	9.000 (K)	N/A
2015	3.250	1.500	9.000 (K)	N/A
2016	3.500	1.500	9.000 (K)	N/A
2017	3.750	1.500	9.000 (K)	N/A
2018	4.500	1.500	9.000 (K)	N/A
2019	5.500	1.500	9.000 (K)	N/A
2020	4.750	1.500	9.000 (K)	N/A
2021	3.250	1.500	9.000 (K)	N/A
2022	3.250	1.500	9.000 (K)	N/A
2023	7.500	1.500	9.000	N/A

* This is a margin we have used recently; your margin may be different.

(K) This reflects a lifetime floor of 9.000 percent.

This is not a commitment to make a loan.

The First National Bank and Trust Company of
Broken Arrow

121 S. Main St.

Broken Arrow, OK 74012

Telephone: 918-251-5371

Web Address: www.fnbbba.com

Lender

Borrower

3 YEAR INTEREST ONLY HELOC LIST OF CONDITIONS

This disclosure contains important information about our 3 Year Interest Only HELOC. You should read it carefully and keep a copy for your records.

POSSIBLE ACTIONS. Under certain circumstances, we can:

- A. Terminate your line of credit and require you to pay us the entire outstanding balance in one payment;
- B. Refuse to make additional extensions of credit; and
- C. Reduce your credit limit.

We can terminate your line of credit and require you to pay us the entire outstanding balance in one payment if:

- A. You engage in fraud or material misrepresentation in connection with the line of credit;
- B. You fail to make a payment as required by the agreement; or
- C. Your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- A. The value of the dwelling securing the line of credit declines significantly below its appraised value for purposes of the line of credit;
- B. We reasonably believe you will not be able to meet the repayment requirements under the line of credit due to a material change in your financial circumstances;
- C. You are in default of a material obligation of the agreement;
- D. Government action prevents us from imposing the annual percentage rate provided for in the agreement, or impairs our security interest such that the value of the interest is less than 120 percent of the credit limit on the line of credit;
- E. A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; or
- F. The maximum annual percentage rate is reached.

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Broken Arrow
121 S. Main St.
Broken Arrow, OK 74012
Telephone: 918-251-5371
Web Address: www.fnbb.com

Lender

Borrower

5 YEAR INTEREST ONLY HELOC

This disclosure contains important information about our 5 Year Interest Only HELOC. You should read it carefully and keep a copy for your records.

1. AVAILABILITY OF TERMS. All of 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.

2. 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.

3. POSSIBLE ACTIONS. Under certain circumstances, we can:

- A. Terminate your line of credit and require you to pay us the entire outstanding balance in one payment;
- B. Refuse to make additional extensions of credit; and
- C. Reduce your credit limit.

If you ask, we will give you more specific information about when we can take these actions.

4. MINIMUM PAYMENT REQUIREMENTS. You can obtain credit advances for 60 months. During this period, payments will be due monthly. Your minimum monthly payment will equal the following:

- * The amount of accrued finance charges on the last day of the billing cycle.

The minimum payment amount will be rounded to the nearest \$.01. The minimum monthly payments will not reduce the principal that is outstanding on your line of credit by the end of 60 months. You will then be required to pay the entire balance in a single payment.

5. MINIMUM PAYMENT EXAMPLE. If you made only the minimum monthly payment and took no other credit advances, it would take 5 years to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 9.000%. During that period, you would make 59 payments of \$75.00 with a final payment of \$10,075.00.

6. FEES AND CHARGES. To open and maintain a line of credit, you must pay the following fees to us:

- * Electronic Filing: \$5.00
- * Loan Origination: \$250.00 (due when account is opened)

Note that some fees may only apply upon the occurrence of an event and have been provided for informational purposes only.

You must also pay certain fees to third parties, such as appraisers, credit reporting firms, and government agencies. These fees generally total \$250.00 to \$2,000.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

7. REFUNDABILITY OF FEES. If you decide not to enter into this plan within three business days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

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

9. AVAILABILITY OF OTHER HOME EQUITY PLANS. If you ask, we will provide you with information on our other available home equity lines of credit.

10. VARIABLE RATE FEATURES. This line of credit has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result. The annual percentage rate includes only interest and not other costs. The annual percentage rate is based on the value of an index. The index is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks known as the Wall Street Journal U.S. Prime Rate and is published daily in the Wall Street Journal. To determine the annual percentage rate that will apply to your line of credit, we add a margin to the value of the index. Ask us for the current index value, margin, and annual percentage rate. After you open a line of credit, rate information will be provided on periodic statements that we send you.

11. RATE CHANGES. The annual percentage rate can change daily. There is no limit on the amount by which the rate can change in any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the line of credit is 21.000 percent. The minimum **ANNUAL PERCENTAGE RATE** that can apply during the line of credit is 9.000 percent.

12. MAXIMUM RATE AND PAYMENT EXAMPLES. If you had an outstanding balance of \$10,000.00 the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 21.000 percent would be \$175.00. The maximum annual percentage rate could be reached in the 1st month (1 month) following an initial hold of 1 day.

13. HISTORICAL EXAMPLES. The following table shows how the annual percentage rate and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the last 15 years. The index values are from the first business day of January. While only one payment amount per year is shown, payments would have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payment was made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

Year	Index (%)	Margin * (%)	ANNUAL PERCENTAGE RATE (%)	Minimum Monthly Payment (\$)
2009	3.250	1.500	9.000 (K)	75.00
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2015	3.250	1.500	9.000 (K)	N/A
2016	3.500	1.500	9.000 (K)	N/A
2017	3.750	1.500	9.000 (K)	N/A
2018	4.500	1.500	9.000 (K)	N/A
2019	5.500	1.500	9.000 (K)	N/A
2020	4.750	1.500	9.000 (K)	N/A
2021	3.250	1.500	9.000 (K)	N/A
2022	3.250	1.500	9.000 (K)	N/A
2023	7.500	1.500	9.000	N/A

* This is a margin we have used recently; your margin may be different.

(K) This reflects a lifetime floor of 9.000 percent.

This is not a commitment to make a loan.

The First National Bank and Trust Company of
Broken Arrow

121 S. Main St.

Broken Arrow, OK 74012

Telephone: 918-251-5371

Web Address: www.fnbbba.com

Lender

Borrower

5 YEAR INTEREST ONLY HELOC LIST OF CONDITIONS

This disclosure contains important information about our 5 Year Interest Only HELOC. You should read it carefully and keep a copy for your records.

POSSIBLE ACTIONS. Under certain circumstances, we can:

- A. Terminate your line of credit and require you to pay us the entire outstanding balance in one payment;
- B. Refuse to make additional extensions of credit; and
- C. Reduce your credit limit.

We can terminate your line of credit and require you to pay us the entire outstanding balance in one payment if:

- A. You engage in fraud or material misrepresentation in connection with the line of credit;
- B. You fail to make a payment as required by the agreement; or
- C. Your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- A. The value of the dwelling securing the line of credit declines significantly below its appraised value for purposes of the line of credit;
- B. We reasonably believe you will not be able to meet the repayment requirements under the line of credit due to a material change in your financial circumstances;
- C. You are in default of a material obligation of the agreement;
- D. Government action prevents us from imposing the annual percentage rate provided for in the agreement, or impairs our security interest such that the value of the interest is less than 120 percent of the credit limit on the line of credit;
- E. A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; or
- F. The maximum annual percentage rate is reached.

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Lender

Borrower

PRIVATE BANKING - 3 YEAR INTEREST ONLY HELOC

This disclosure contains important information about our Private Banking - 3 Year Interest Only HELOC. You should read it carefully and keep a copy for your records.

1. AVAILABILITY OF TERMS. All of 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.

2. 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.

3. POSSIBLE ACTIONS. Under certain circumstances, we can:

- A. Terminate your line of credit and require you to pay us the entire outstanding balance in one payment;
- B. Refuse to make additional extensions of credit; and
- C. Reduce your credit limit.

If you ask, we will give you more specific information about when we can take these actions.

4. MINIMUM PAYMENT REQUIREMENTS. You can obtain credit advances for 36 months. During this period, payments will be due monthly. Your minimum monthly payment will equal the following:

* The amount of accrued finance charges on the last day of the billing cycle.

The minimum payment amount will be rounded to the nearest \$.01. The minimum monthly payments will not reduce the principal that is outstanding on your line of credit by the end of 36 months. You will then be required to pay the entire balance in a single payment.

5. MINIMUM PAYMENT EXAMPLE. If you made only the minimum monthly payment and took no other credit advances, it would take 3 years to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 7.625%. During that period, you would make 35 payments of \$63.54 with a final payment of \$10,063.54.

6. FEES AND CHARGES. To open and maintain a line of credit, you must pay the following fees to us:

- * Electronic Filing: \$5.00
- * Loan Origination: \$250.00 (due when account is opened)

Note that some fees may only apply upon the occurrence of an event and have been provided for informational purposes only.

You must also pay certain fees to third parties, such as appraisers, credit reporting firms, and government agencies. These fees generally total \$250.00 to \$2,000.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

7. REFUNDABILITY OF FEES. If you decide not to enter into this plan within three business days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

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

9. AVAILABILITY OF OTHER HOME EQUITY PLANS. If you ask, we will provide you with information on our other available home equity lines of credit.

10. VARIABLE RATE FEATURES. This line of credit has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result. The annual percentage rate includes only interest and not other costs. The annual percentage rate is based on the value of an index. The index is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks known as the Wall Street Journal U.S. Prime Rate and is published daily in the Wall Street Journal. To determine the annual percentage rate that will apply to your line of credit, we add a margin to the value of the index. Ask us for the current index value, margin, and annual percentage rate. After you open a line of credit, rate information will be provided on periodic statements that we send you.

11. RATE CHANGES. The annual percentage rate can change daily. There is no limit on the amount by which the rate can change in any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the line of credit is 21.000 percent. The minimum **ANNUAL PERCENTAGE RATE** that can apply during the line of credit is 7.625 percent.

12. MAXIMUM RATE AND PAYMENT EXAMPLES. If you had an outstanding balance of \$10,000.00 the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 21.000 percent would be \$175.00. The maximum annual percentage rate could be reached in the 1st month (1 month) following an initial hold of 1 day.

13. HISTORICAL EXAMPLES. The following table shows how the annual percentage rate and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the last 15 years. The index values are from the first business day of January. While only one payment amount per year is shown, payments would have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payment was made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

Year	Index (%)	Margin* (%)	ANNUAL PERCENTAGE RATE (%)	Minimum Monthly Payment (\$)
2009	3.250	0.125	7.625 (K)	63.54
2010	3.250	0.125	7.625 (K)	63.54
2011	3.250	0.125	7.625 (K)	63.54
2012	3.250	0.125	7.625 (K)	N/A
2013	3.250	0.125	7.625 (K)	N/A
2014	3.250	0.125	7.625 (K)	N/A
2015	3.250	0.125	7.625 (K)	N/A
2016	3.500	0.125	7.625 (K)	N/A
2017	3.750	0.125	7.625 (K)	N/A
2018	4.500	0.125	7.625 (K)	N/A
2019	5.500	0.125	7.625 (K)	N/A
2020	4.750	0.125	7.625 (K)	N/A
2021	3.250	0.125	7.625 (K)	N/A
2022	3.250	0.125	7.625 (K)	N/A
2023	7.500	0.125	7.625	N/A

* This is a margin we have used recently; your margin may be different.

(K) This reflects a lifetime floor of 7.625 percent.

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Lender

Borrower

PRIVATE BANKING - 3 YEAR INTEREST ONLY HELOC LIST OF CONDITIONS

This disclosure contains important information about our Private Banking - 3 Year Interest Only HELOC. You should read it carefully and keep a copy for your records.

POSSIBLE ACTIONS. Under certain circumstances, we can:

- A. Terminate your line of credit and require you to pay us the entire outstanding balance in one payment;
- B. Refuse to make additional extensions of credit; and
- C. Reduce your credit limit.

We can terminate your line of credit and require you to pay us the entire outstanding balance in one payment if:

- A. You engage in fraud or material misrepresentation in connection with the line of credit;
- B. You fail to make a payment as required by the agreement; or
- C. Your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- A. The value of the dwelling securing the line of credit declines significantly below its appraised value for purposes of the line of credit;
- B. We reasonably believe you will not be able to meet the repayment requirements under the line of credit due to a material change in your financial circumstances;
- C. You are in default of a material obligation of the agreement;
- D. Government action prevents us from imposing the annual percentage rate provided for in the agreement, or impairs our security interest such that the value of the interest is less than 120 percent of the credit limit on the line of credit;
- E. A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; or
- F. The maximum annual percentage rate is reached.

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PRIVATE BANKING - 5 YEAR INTEREST ONLY HELOC

This disclosure contains important information about our Private Banking - 5 Year Interest Only HELOC. You should read it carefully and keep a copy for your records.

1. AVAILABILITY OF TERMS. All of 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.

2. 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.

3. POSSIBLE ACTIONS. Under certain circumstances, we can:

- A. Terminate your line of credit and require you to pay us the entire outstanding balance in one payment;
- B. Refuse to make additional extensions of credit; and
- C. Reduce your credit limit.

If you ask, we will give you more specific information about when we can take these actions.

4. MINIMUM PAYMENT REQUIREMENTS. You can obtain credit advances for 60 months. During this period, payments will be due monthly. Your minimum monthly payment will equal the following:

- * The amount of accrued finance charges on the last day of the billing cycle.

The minimum payment amount will be rounded to the nearest \$.01. The minimum monthly payments will not reduce the principal that is outstanding on your line of credit by the end of 60 months. You will then be required to pay the entire balance in a single payment.

5. MINIMUM PAYMENT EXAMPLE. If you made only the minimum monthly payment and took no other credit advances, it would take 5 years to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 7.625%. During that period, you would make 59 payments of \$63.54 with a final payment of \$10,063.54.

6. FEES AND CHARGES. To open and maintain a line of credit, you must pay the following fees to us:

- * Electronic Filing: \$5.00
- * Loan Origination: \$250.00 (due when account is opened)

Note that some fees may only apply upon the occurrence of an event and have been provided for informational purposes only.

You must also pay certain fees to third parties, such as appraisers, credit reporting firms, and government agencies. These fees generally total \$250.00 to \$2,000.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

7. REFUNDABILITY OF FEES. If you decide not to enter into this plan within three business days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

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

9. AVAILABILITY OF OTHER HOME EQUITY PLANS. If you ask, we will provide you with information on our other available home equity lines of credit.

10. VARIABLE RATE FEATURES. This line of credit has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result. The annual percentage rate includes only interest and not other costs. The annual percentage rate is based on the value of an index. The index is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks known as the Wall Street Journal U.S. Prime Rate and is published daily in the Wall Street Journal. To determine the annual percentage rate that will apply to your line of credit, we add a margin to the value of the index. Ask us for the current index value, margin, and annual percentage rate. After you open a line of credit, rate information will be provided on periodic statements that we send you.

11. RATE CHANGES. The annual percentage rate can change daily. There is no limit on the amount by which the rate can change in any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the line of credit is 21.000 percent. The minimum **ANNUAL PERCENTAGE RATE** that can apply during the line of credit is 7.625 percent.

12. MAXIMUM RATE AND PAYMENT EXAMPLES. If you had an outstanding balance of \$10,000.00 the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 21.000 percent would be \$175.00. The maximum annual percentage rate could be reached in the 1st month (1 month) following an initial hold of 1 day.

13. HISTORICAL EXAMPLES. The following table shows how the annual percentage rate and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the last 15 years. The index values are from the first business day of January. While only one payment amount per year is shown, payments would have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payment was made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

Year	Index (%)	Margin* (%)	ANNUAL PERCENTAGE RATE (%)	Minimum Monthly Payment (\$)
2009	3.250	0.125	7.625 (K)	63.54
2010	3.250	0.125	7.625 (K)	63.54
2011	3.250	0.125	7.625 (K)	63.54
2012	3.250	0.125	7.625 (K)	63.54
2013	3.250	0.125	7.625 (K)	63.54
2014	3.250	0.125	7.625 (K)	N/A
2015	3.250	0.125	7.625 (K)	N/A
2016	3.500	0.125	7.625 (K)	N/A
2017	3.750	0.125	7.625 (K)	N/A
2018	4.500	0.125	7.625 (K)	N/A
2019	5.500	0.125	7.625 (K)	N/A
2020	4.750	0.125	7.625 (K)	N/A
2021	3.250	0.125	7.625 (K)	N/A
2022	3.250	0.125	7.625 (K)	N/A
2023	7.500	0.125	7.625	N/A

* This is a margin we have used recently; your margin may be different.

(K) This reflects a lifetime floor of 7.625 percent.

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PRIVATE BANKING - 5 YEAR INTEREST ONLY HELOC LIST OF CONDITIONS

This disclosure contains important information about our Private Banking - 5 Year Interest Only HELOC. You should read it carefully and keep a copy for your records.

POSSIBLE ACTIONS. Under certain circumstances, we can:

- A. Terminate your line of credit and require you to pay us the entire outstanding balance in one payment;
- B. Refuse to make additional extensions of credit; and
- C. Reduce your credit limit.

We can terminate your line of credit and require you to pay us the entire outstanding balance in one payment if:

- A. You engage in fraud or material misrepresentation in connection with the line of credit;
- B. You fail to make a payment as required by the agreement; or
- C. Your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- A. The value of the dwelling securing the line of credit declines significantly below its appraised value for purposes of the line of credit;
- B. We reasonably believe you will not be able to meet the repayment requirements under the line of credit due to a material change in your financial circumstances;
- C. You are in default of a material obligation of the agreement;
- D. Government action prevents us from imposing the annual percentage rate provided for in the agreement, or impairs our security interest such that the value of the interest is less than 120 percent of the credit limit on the line of credit;
- E. A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; or
- F. The maximum annual percentage rate is reached.

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