



MEMBER FDIC

CONSUMER LOAN APPLICATION

Northeast Branch
1248 Old Steese Hwy.
Fairbanks, AK 99701
(907) 374-7075
Fax: (907) 451-3505

University Branch
1380 University Ave.
Fairbanks, AK 99709
(907) 474-1770
Fax: (907) 451-3502

MAIN OFFICE
500 Fourth Ave.
P.O. Box 73880
Fairbanks, AK 99707
(907) 452-1751
Fax: (907) 451-3550

North Pole Branch
45 St. Nicholas Dr.
North Pole, AK 99705
(907) 488-4438
Fax: (907) 451-3503

Delta Branch
1680 Richardson Hwy.
Delta Junction, AK 99737
(907) 895-4350
Fax: (907) 451-3504



I am applying for: Individual Credit
 Joint Credit

Borrower Initials _____

Co-Borrower Initials _____

AMOUNT REQUESTED:	Type of Loan Requested: <input type="checkbox"/> Consumer Loan (Specify) _____ <input type="checkbox"/> Home Equity Line of Credit
TERM REQUESTED:	
Are you a depositor of Mt. McKinley Bank? <input type="checkbox"/> Yes <input type="checkbox"/> No	Would you like auto pay? <input type="checkbox"/> Yes <input type="checkbox"/> No

Borrower			Co-Borrower		
Full Legal Name			Full Legal Name		
Are you: <input type="checkbox"/> Married <input type="checkbox"/> Unmarried <input type="checkbox"/> Separated			Are you: <input type="checkbox"/> Married <input type="checkbox"/> Unmarried <input type="checkbox"/> Separated		
Mailing Address			Mailing Address		
City	State	Zip	City	State	Zip
Physical Address			Physical Address		
City	State	Zip	City	State	Zip
Home Phone	Cell	Work	Home Phone	Cell	Work
Date of Birth	Social Security No.		Date of Birth	Social Security No.	
Employer	Length of Employment		Employer	Length of Employment	
Position/Title	Gross Monthly Income		Position/Title	Gross Monthly Income	
Former Employer & Position	Years	Months	Former Employer & Position	Years	Months
Type and amount of other monthly income*			Type and amount of other monthly income*		

*Alimony, Child Support or Separate Maintenance do not need to be disclosed unless you wish to have them considered as part of your income.

Home Equity Line of Credit:

Subject Property Physical Address	Use of Property <input type="checkbox"/> Owner Occupied <input type="checkbox"/> Rental
Legal Description	

REAL ESTATE OWNED (Include Subject Property)

NOTE: Attach additional sheet if necessary. Indicate in whose name the account is held **(A) APPLICANT (C) CO-APPLICANT (J) JOINT**

(A) (C) (J)	DESCRIPTION (HOME, LAND, ETC.)	MORTGAGE HOLDER	CURRENT VALUE	CURRENT BALANCE	RENTAL INCOME	MO. PAYMENT	TAXES/INS.

FINANCIAL STATEMENT

(A) (C) (J)	ASSETS	CURRENT VALUE	(A) (C) (J)	DEBT OUTSTANDING	MO. PAYMENT	BALANCE
	Cash in Mt. McKinley Bank			Total all Real Estate Loans		
	Cash in other Banks (Name of Bank)			Rent Payment		
				Auto Loan		
				Auto Loan		
				Credit Card (List)		
	Market Value of Stocks/Bonds					
	Total Current Value of Real Estate (See Real Estate Owned)					
	Automobile Yr. Make					
	Boat/Recreational Vehicle Yr. Make					
	Profit Sharing/Retirement					
	Other Assets (Describe)			Alimony/Child Support		
				Other Debt		
				TOTAL	\$	\$
	TOTAL	\$		Net Worth (Assets Minus Debt)	\$	\$
	Do you have any other credit applications pending?	<input type="checkbox"/> Yes <input type="checkbox"/> No		Are you party to a lawsuit?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Do you have current or pending judgements against you?	<input type="checkbox"/> Yes <input type="checkbox"/> No		Have you ever filed for Bankruptcy?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

CUSTOMER IDENTIFICATION REQUIREMENTS

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

NOTICE: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance programs; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is: Federal Deposit Insurance Corporation, Consumer Response Center, 1100 Walnut St, Box #11, Kansas City, MO 64106

DISCLOSURE OF APPLICANTS RIGHT TO RECEIVE COPY OF APPRAISAL ON 1-4 UNIT RESIDENTIAL STRUCTURE

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. Please include the following information: your name, mailing address, the type of loan application applied for, and the action taken on your application. Please send requests to:

Mt. McKinley Bank • Attn: Consumer Loans • P.O. Box 73880 • Fairbanks, AK 99707 • (907) 452-1751

I certify that all statements herein are true and complete and are submitted for the purpose of inducing you to extend credit. I acknowledge that Title 18, Section 1014 of the U.S. Code makes it a federal crime for anyone to make false statements for the purpose of inducing or influencing the action of a Bank or Federal Credit Union for any credit related purpose.

I expressly authorize Mt. McKinley Bank to obtain credit and employment history; authorizing any person, partnership, association, firm, corporation, or personnel office or officer to furnish information about me relevant to the evaluation of this application or any subsequent re-evaluation in the future.

Applicant's Signature

Date

Co-Applicant's Signature

Date

**Main Office**

500 Fourth Ave.
(907) 452-1751 phone
(907) 451-3540 fax

www.mtmckinleybank.com

University Branch

1380 S. University Ave.
(907) 474-1770 phone
(907) 451-3502 fax

North Pole Branch

45 St. Nicholas Dr.
(907) 488-4438 phone
(907) 451-3503 fax

Delta Junction Branch

1680 Richardson Hwy.
(907) 895-4350 phone
(907) 451-3504 fax

Northeast Branch

1248 Old Steese Hwy.
(907) 374-7075 phone
(907) 451-3505 fax

MEMBER FDIC

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

(This disclosure contains information about our Home Equity Line of Credit. You should read it carefully and keep a copy for your records.)

Information applicable to the Home Equity Line of Credit.

- 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 the Bank, you are entitled to a refund of any fees that you pay in connection with your application.
- 2. Security Interest.** The Bank will record a deed of trust on your home. You could lose your home if you do not meet the obligations in your Agreement with us.
- 3. Possible Actions.** The Bank can terminate your credit account and require you to pay the entire outstanding balance in one payment if; a) You do not pay the full amount of each payment when it is due; or b) All or any part of the property is sold or transferred. (This loan is not assumable) or; c) You fail to perform any of the material terms and conditions of the Deed of Trust given under Section 3 of this disclosure or any prior Deed of Trust or; d) You permit a lien or encumbrance on the property which adversely affects the Bank's security for this Agreement; or e) Any of you engages in fraud or material misrepresentation with respect to this Agreement.

The Bank can refuse to make additional extensions of credit or reduce your credit limit and begin the repayment period if:

- a)** You are in default under this Agreement;
- b)** Any of the Borrowers who sign the Deed of Trust decease.
- c)** The index plus margin exceeds the Maximum Annual Percentage Rate;
- d)** The Bank reasonably believes that you may be unable to repay the Bank what you owe due to a material change in your financial condition (including, but not limited to your insolvency or filing for bankruptcy, or attempt by your other creditors to take your money or other property) and the Bank notifies you in writing;
- e)** The value of the property declines significantly below its estimated value for purposes of this Agreement;
- f)** The Bank has been notified by a regulatory agency that continued advances would constitute an unsafe and unsound practice;
- g)** The Bank is entitled to terminate your Credit Line and to demand immediate payment in full under the terms of your Agreement with us, but have decided to take, temporarily, the alternative of prohibiting additional advances or of reducing the maximum credit limit.

Generally, the terms of the Home Equity Line of Credit may not be changed except upon mutual written consent of the Bank and you. However, the Agreement permits us to make changes in the terms of the Credit Line at specified times, or on the occurrence of specific events. We may also change the terms of your Credit Line if the changes are insignificant, or it is beneficial to you.

- 4. Fees and Charges.** To open and maintain a line of credit, you must pay certain fees to us and/or related third parties. You may pay an origination fee to us in the amount of \$350.00. Other third-party fees will generally range from \$250.00 to \$1,500.00, depending upon your credit limit. You must also carry sufficient insurance on the property that will secure your line of

credit, the minimum amount of which will be established at the time of your loan approval.

If so requested, a detailed itemization will be provided to you of the fees and charges paid to us and to any related third parties in conjunction with obtaining your line of credit.

- 5. Tax Deductibility.** You should consult a tax advisor regarding the deductibility of interest and charges for the Credit Line.

- 6. Minimum Draw Requirement and Credit Limit.** There is no minimum initial draw or subsequent draw amount required.

- 7. Fees Payable to the Bank.** To open a Home Equity account, you may be required to pay an origination fee; however, you will not be charged with an annual fee. Fees are charged for stop payment requests, if you exceed your line of credit limit, or for any Home Equity check that is returned for insufficient funds.

- 8. Minimum Payment Requirements.** The term of the Home Equity account from which you can obtain advances will be Five (5) years. After the draw period ends, the Bank will no longer be obligated to make advances under the Home Equity account. The Bank will convert your Home Equity line of credit to a payment plan that will allow you to pay off your account in full over ten (10) years.

During the draw period and repayment period payments will be due monthly. During the draw period, your minimum monthly payment will be interest only on the balance shown on your monthly statement or \$25.00. If your balance is less than \$25.00 the full amount will be due. The minimum payment may also include any past due amounts and certain other charges.

After the draw period ends, you will no longer be able to obtain advances. You will repay the outstanding balance over a period of ten (10) years by making consecutive monthly payments. Your minimum monthly payment will be the amount necessary to amortize the remaining principal balance over ten (10) years, plus finance charges. Your minimum payment will also include any past due amounts.

- 9. Minimum Payment Examples for Draw Period and Repayment Period.** If you took a single \$10,000.00 advance on the first day of your Home Equity account, and the ANNUAL PERCENTAGE RATE was 6.00%, it would take fifteen (15) years to pay off the advance if you make only the minimum payments. You would make sixty (60) interest only payments of \$50.00 during the "draw period" followed by one hundred and twenty (120) monthly payments of \$111.02.

- 10. Variable Rate Feature.** The Home Equity Line of Credit has a variable rate feature, and the annual percentage rate (corresponding to the periodic rate), term, and the final payment amount can change as a result. The annual percentage rate includes only interest and no other costs.

The annual percentage rate is based on the value of an index. The index is the "Prime Rate" as published in The Wall Street Journal. When more than one Prime Rate may be published in any edition, the index will be the highest of the Prime Rates set forth. To determine the annual percentage rate that will apply to

your Home Equity Line of Credit, we add a margin to the value of the index as of the last Bank business day of the month preceding the beginning of each billing cycle.

Ask us for the current index value, margin, and annual percentage rate. After you open a Home Equity account, rate information will be provided on periodic statements that the Bank will provide to you.

11. **Rate changes.** The annual percentage rate can change each month. The minimum ANNUAL PERCENTAGE RATE that can apply during the term of the "Home Equity" line of credit is 5.25%. The maximum ANNUAL PERCENTAGE RATE that can apply during the term of the line of credit is 18.9%. Apart from this rate "floor" and rate "cap" there is no limit on the amount by which the rate can change during any one-year period.

12. **Maximum Rate and Payment Examples for the Draw Period.** If the ANNUAL PERCENTAGE RATE equaled the maximum rate of 18.9% and you had an

outstanding balance of \$10,000.00, the minimum monthly payment would be \$157.50. Assuming the values assigned to the index and margin in the last year of the Historical Example shown below are in effect at the beginning of the draw period, this ANNUAL PERCENTAGE RATE could be reached during the second month of the draw period.

13. **Maximum Rate and Payment Example for the Repayment Period.** If you had an outstanding balance of \$10,000.00 at the beginning of the repayment period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18.9% would be \$186.02. Assuming the values assigned to the index and margin in the last year of the Historical Example shown below are in effect at the beginning of the repayment period, this ANNUAL PERCENTAGE RATE could be reached during the second month of the repayment period.

Historical Example: The following table shows how the annual percentage rate and the minimum monthly payments for a single \$10,000.00 advance would have changed based on changes in the index over the past fifteen (15) years. This example also assumes a sixty (60) month Draw Period and a one hundred and twenty (120) month Repayment Period.

The table assumes that no additional credit advances were taken and that only the minimum monthly payment was made and that the annual percentage rate remained constant during each year. It does not necessarily indicate how the index rate or your payments would change in the future.

HELOC Disclosure
Historical Example for 2024 Disclosure

DRAW PERIOD					
Year	Index (%)	Margin* (%)	Annual Percentage Rate	Minimum Monthly Payment	Remaining Balance
2010	3.25%	2.00%	5.25%	\$ 43.75 **	\$ 10,000.00
2011	3.25%	2.00%	5.25%	\$ 43.75 **	\$ 10,000.00
2012	3.25%	2.00%	5.25%	\$ 43.75 **	\$ 10,000.00
2013	3.25%	2.00%	5.25%	\$ 43.75 **	\$ 10,000.00
2014	3.25%	2.00%	5.25%	\$ 43.75 **	\$ 10,000.00
REPAYMENT PERIOD					
2015	3.25%	2.00%	5.25%	\$ 107.29	\$ 9,218.88
2016	3.50%	2.00%	5.50%	\$ 108.41	\$ 8,404.67
2017	3.75%	2.00%	5.75%	\$ 109.43	\$ 7,552.56
2018	4.50%	2.00%	6.50%	\$ 112.15	\$ 6,671.74
2019	5.50%	2.00%	7.50%	\$ 115.36	\$ 5,756.76
2020	4.75%	2.00%	6.75%	\$ 113.31	\$ 4,755.01
2021	3.25%	2.00%	5.25%	\$ 110.04	\$ 3,658.00
2022	3.25%	2.00%	5.25%	\$ 110.04	\$ 2,502.02
2023	7.50%	2.00%	9.50%	\$ 114.88	\$ 1,310.15
2024	8.50%	2.00%	10.50%	\$ 115.49	\$ -

* This is a margin we have recently used.

**This represents interest only.

THERE IS NO GUARANTEE THAT YOU WILL BE ABLE TO REFINANCE TO LOWER YOUR RATE AND PAYMENTS.

I/WE ACKNOWLEDGE RECEIPT OF THIS DISCLOSURE AND A COPY OF THE "WHAT YOU SHOULD KNOW ABOUT HOME EQUITY LINES OF CREDIT" BOOKLET AT TIME OF APPLICATION.

Signature

Date

Signature

Date

OR

THIS DISCLOSURE AND A COPY OF THE "WHAT YOU SHOULD KNOW ABOUT HOME EQUITY LINES OF CREDIT" BOOKLET WAS MAILED OR GIVEN AT TIME OF APPLICATION.

Loan Officer

Date

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

Mt. McKinley Bank

Customer Information Sheet

We require the following information on each signer:

- Name_____
- Date of birth_____
- Social Security Number_____
- Mother's Maiden Name and/or Pass Phrase_____
- Place of Birth_____
- Mailing Address_____
- Physical Address_____
- Home Phone Number _____
- Cell Phone Number _____
- Work Phone Number_____
- Employer Name_____
- Occupation/Title_____
- Contact email address(s) _____
- Gender_____
- NAICS Code_____

***Please provide us with a current legible copy of your photo identification.**

****For a customer that has an out of state ID, please provide us with two different current legible copies of identification.**

ACKNOWLEDGEMENT

Signing below authorizes Mt. McKinley Bank to make inquiries from any consumer reporting agency, including a check protection service, in connection with this account.

Signature: _____ Date: _____

Bank Use:

- ID information_____ 2nd ID info_____
- #_____ #_____
- Issue Date_____ Issue Date_____
- Expiration Date_____ Expiration Date_____