University of Michigan Credit Union

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about your Home Equity Line of Credit ("HELOC"). Please read this document carefully and keep a copy for your records. "we"/ "us"/ "our" means University of Michigan Credit Union, "you" and "your" means the recipient of this disclosure, "account" means "Equity loan".

1. **Availability of Terms:** All terms disclosed below are subject to change. If any terms change (other than annual percentage rate) and you decide as a result, to not enter into an agreement with us, you are entitled to a refund of any fees that you paid in connection with your application.
2. **Security Interest:** As security for repayment of your Account obligations, we will take a security interest in your home or your rental home (collateral). You could lose your home (or your rental home) if you do not meet the obligations in your agreement with us.
3. **Possible Actions:** We may take the following actions with respect to your Account under the circumstances listed below:

   A. Termination and Acceleration: We may terminate your Account and require you to pay the entire outstanding balance immediately, and charge you certain fees if any of the following occur:

   i. You engage in any fraud or material misrepresentation in connection with your Account. For example, if there are false statements or omissions on your application or financial statements;

   ii. You do not meet the repayment terms of your line; or

   iii. Your action or inaction adversely affects the collateral or our rights in the collateral. For example, if you transfer title to or sell the collateral, or fail to maintain insurance, pay taxes, prevent the foreclosure of any items, or prevent waste of thecollateral.

   B. Suspension of Credit/Reduction of Credit Limit: We may refuse to make additional advances on your line of credit or reduce your credit limit if any of the following occur:

   i. Any of the following listed in 3.A. above;

   ii. The value of your dwelling securing your Account declines significantly below its appraised value for purposes of your Account;

   iii. We reasonably believe you will not be able to meet repayment requirements of your Account due to a material change in your financial circumstances;

   iv. Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line;

   v. A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; or

   vi. The maximum annual percentage rate is reached.

4. **Minimum Payment Requirements:**

   A. Variable Rate Line: For the Equity line accounts, you may obtain credit advances for the initial Ten (10) years ("draw period"). Payments will be due on a monthly basis during the draw period. Your minimum monthly payment will be the greater of 0.75% of your outstanding loan balance at statement cutoff, interest owed or $50.00. At the end of the 10 year draw period you will no longer be able to obtain credit advances. The remaining balance of the line at the end of the draw period will be converted into a 15 year adjustable rate where the payment is re-amortized to maturity. A minimum monthly payment of $100.00 applies. All payments are due the 27th of each month and will be applied as follows: Late Charges, interest due then principal. If you only pay the minimum payment, you may not pay off all of the outstanding balance by the end of the Repayment Period, in which case you will have to pay off the entire unpaid balance on the twenty-fifth anniversary of the opening of your line of credit in a single lump sum payment.

5. **Minimum Payment Example:**

   A. Primary Variable Rate Line: If you took a single $10,000 advance at an ANNUAL PERCENTAGE RATE of **4.25%** and made only the minimum monthly payments, it would take one hundred twenty-four (124) months to pay off your Account. During that period, you would make one hundred twenty-three (123) monthly payments of $100.00 and a final payment of approximately $66.75.

6. **Fees and Charges:**
   - **A.** All closing fees and charges arewaived.
   - **B.** There is no annual fee or pre-payment penalty.
   - **C.** If the minimum payment is not made by the 10^{th} of the month following the payment due date, a late charge of $30 will be assessed.
   - **D.** Each loan check on which you stop payment is subject to a $30.00 fee, which you agree to pay. All stop payment requests are subject to the Credit Union's current policy related to stop payments, please refer to your Membership and Account Agreement.
   - **E.** The Credit Union will not return cancelled checks but will, upon specific request, provide you with photocopies of those checks. You agree to pay a $2.00 fee for each photocopy, unless the request is related to an alleged billing error, and our investigation shows that the alleged error occurred.
   - **F.** The first HELOC Credit Card is provided at no charge. You agree to pay a $5.00 fee for each replacement card. For additional fees related to your HELOC Credit Card please refer to the current fee schedule available at www.UMCU.org.

7. **Insurance:** You must carry insurance on the property that secures this Account. Fire and Extended Coverage Insurance is required, with loss payable to the University of Michigan Credit Union from any insurance company of your choice which is acceptable to the Lender. Under some circumstances, if your property is located in a flood hazard zone and you live in a participating community, you may be required to obtain flood insurance to cover the property.

8. **Loan Amount Requirements:** In general, the minimum loan amount is $10,000.00 and the maximum is $750,000.00. There is a $50,000 maximum loan amount on income- producing (that is, non-owner-occupied) properties.

9. **Property Types:** Owner-occupied homes or condominiums or non-owner-occupied (vacation, rental, or investment properties) in Michigan are eligible as security.

10. **Percentage of Property Value Allowed:** Property may be financed up to 95% of the value if the property if it is owner-occupied; and up to 70% if it is non-owner-occupied, subject to credit qualification.

11. **Tax Deductibility:** We suggest borrowers consult their tax advisors regarding tax deductibility of interest and charges under their Account.

12. **ANNUAL PERCENTAGE RATE:**
    - **A.** Primary Variable Rate Line: Your account has a variable rate feature, and the annual percentage rate (corresponding to the periodic rate) and the number of payments may change as a result. The annual percentage rate includes interest and no other costs. Any increase or decrease in the ANNUAL PERCENTAGE RATE will affect the number of payments youmake.

13. **Variable Rate Calculation:** The annual percentage rate is based on the value of an Index. The Index is the Wall Street Journal published Prime Rate (if published in a range, the highest rate will be used). Information on this Index is published in the Wall Street Journal. To determine the annual percentage rate that will apply to your Account, we add a Margin to the value of the Index. The amount of the Margin for your Account is based on your credit worthiness. Ask us for the current Index value, Margins, and annual percentage rate. After you open a variable rate line of credit, rate information will be provided on periodic statements sent to you. Changes in the Index will cause changes to the annual percentage rate effective the first date of each calendar quarter following an index change.

14. **Variable Rate Changes:** The annual percentage rate can change quarterly. The change will take effect on the first day of each calendar quarter. The maximum annual interest rate adjustment is 5.00% with a minimum ANNUAL PERCENTAGE RATE of **3.50%** and a maximum ANNUAL PERCENTAGE RATE of **25.00%**. Your actual rate is determined by your credit profile and loan to value of the property.

15. Maximum Variable Rate and Payment Examples: If you had an outstanding balance of $10,000 at the beginning of your draw period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of **25.00%** would be $205.48. If you had an outstanding balance of $10,000 at the beginning of the repayment period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of **25.00%** would be $227.69. The maximum interest rate can be reached the first time your interest rate changes, unless your initial rate is equal to the maximum, in which case it would be reached immediately.

16. Historical Example: The following table shows how the annual percentage rate and minimum monthly payments for a single $10,000.00 credit advance would have changed on a Home Equity Line of Credit based on Index changes over the last 15 years. The Index values are the Wall Street Journal published prime rate from July 1st of each year. The table assumes no additional credit advances were taken, the minimum payment was made each month, and the rate remained constant during each year. The table does not necessarily indicate how the index or your payments would change in the future.

HISTORICAL PAYMENT EXAMPLE

Year	Index	Margin*	Annual Percentage Rate	Monthly Minimum Payment
Draw Period				
2002	4.75	0.75	5.50	$100.00
2003	4.00	0.75	4.75	$100.00
2004	4.25	0.75	5.00	$100.00
2005	6.25	0.75	7.00	$100.00
2006	8.25	0.75	9.00	$100.00
2007	8.25	0.75	9.00	$100.00
2008	5.00	0.75	5.75	$100.00
2009	3.25	0.75	4.00	$100.00
2010	3.25	0.75	4.00	$100.00
2011	3.25	0.75	4.00	$100.00
Repayment Period				
2012	3.25	0.75	4.00	$100.00
2013	3.25	0.75	4.00	$100.00
2014	3.25	0.75	4.00	$0.00
2015	3.25	0.75	4.00	$0.00
2016	3.5	0.75	4.25	$0.00

* This is a margin we have used recently for accounts with excellent credit and a combined loan-to-value below 80%. Your margin may be different. The minimum payment reflects an account minimum monthly payment restriction of $100.00.

Rates are based on credit history and credit qualifications. This disclosure statement and the handbook entitled “What you should know about home equity lines of credit” are provided to you as required by law.

UMCU

Home Equity Line of Credit*

Property Types	Owner-Occupied homes or condominiums, or non-owner occupied (vacation, rental, or investment properties) in Michigan
Percentage of property value allowed	Up to 95% Loan to Value for Owner- Occupied Properties Up to 70% Loan to Value for Non-owner Properties
Interest Rate	Adjustable rate. Changes quarterly. See current rate sheet.
Determination of Annual Percentage Rate	The adjustable annual percentage rate is equal to the Wall Street Journal Published Prime (plus a margin), in effect on the last business day prior to the beginning of each calendar quarter ("index"), rounded to the nearest .125%. Changes in the Index will cause changes in the APR as of the first date of each calendar quarter following an index change. The APR will never be less than 3.5% or more than 25.00% per annum. The annual percentage rate will never increase or decrease more than 5.0% during any full year starting from the date your Plan is opened.
Tax Deductible Interest	We suggest members consult their tax advisors for any tax advantages.
Terms	25 years with advances allowed for the first 10 years followed by a 15 year repayment period.
Minimum - maximum loan amount allowed	$10,000 - $750,000**
Payment Plan	During the initial 10 year draw period the minimum monthly payment is the greater of $50 or .75% of the outstanding balance. Balance at the end of the draw period is amortized over 15 years with a fixed monthly payment of no less than $100. A single lump sum payment may be required to pay off the balance on the 25th anniversary of the opening of the loan.
Funds Disbursement	Borrower may access funds on the fourth business day after their loan closing date. A loan advance may then be completed by writing an equity check, by using a VISA card, by visiting any branch or online through MemberNet
Pre-Payment Penalty	None
Closing Costs & Fees	None
Late Charge	If more than 10 days late, a late charge may be assessed. The late charge will be $30.00 for any one late payment.
When finance charges begin to accrue	If the entire statement balance is not paid within 27 days of the statement date, then finance charges will accrue on each purchase separately from the date it is posted to the account. Cash advances are always subject to Finance Charges from the date they are posted to the account.
Balance on which finance charge may be imposed	Finance charge will be assessed on the average daily unpaid loan balance for every day the balance is outstanding during the billing cycle.
Method of determining the finance charge	Finance charges will not accrue on your account purchase balance if you pay the balance in full every month within 27 days of your statement closing date. Otherwise, finance charge is determined by multiplying the applicable monthly periodic rate by the average balance (your daily balance divided by the number of days in the billing cycle) of your account. The statement cycle is the period of time that expires between account statements.

** All home lending products are subject to credit and property approval. Rates, program terms and conditions are subject to change without notice. Property insurance is required. Not valid with any other offer. APR=Annual Percentage Rate. Other restrictions and limitations may apply.*
*** $1000 minimum loan amount for home improvements; $49,900 maximum loan amount on income producing properties.*

UMCU (NMLS #712343)

What you should know about home equity lines of credit

Consumer Financial Protection Bureau

January 2014

This booklet was initially prepared by the Board of Governors of the Federal Reserve System. The Consumer Financial Protection Bureau (CFPB) has made technical updates to the booklet to reflect new mortgage rules under Title XIV of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). A larger update of this booklet is planned in the future to reflect other changes under the Dodd-Frank Act and to align with other CFPB resources and tools for consumers as part of the CFPB's broader mission to educate consumers. Consumers are encouraged to visit the CPFB's website at consumerfinance.gov/owning-a-home to access interactive tools and resources for mortgage shoppers, which are expected to be available beginning in 2014.

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1. Introduction

If you are in the market for credit, a home equity plan is one of several options that might be right for you. Before making a decision, however, you should weigh carefully the costs of a home equity line against the benefits. Shop for the credit terms that best meet your borrowing needs without posing undue financial risks. And remember, failure to repay the amounts you've borrowed, plus interest, could mean the loss of your home.

1.1 Home equity plan checklist

Ask your lender to help you fill out this worksheet.

Basic features for comparison	Plan A	Plan B
Fixed annual percentage rate	%	%
Variable annual percentage rate	%	%
Index used and current value	%	%
Amount of margin		
Frequency of rate adjustments		
Amount/length of discount (if any)		
Interest rate cap and floor		
Length of plan		
Draw period		

Basic features for comparison (continued)	Plan A	Plan B
Repayment period		
Initial fees		
Appraisal fee		
Application fee		
Up-front charges, including points		
Closing costs		
Repayment terms		
During the draw period		
Interest and principal payments		
Interest-only payments		
Fully amortizing payments		
When the draw period ends		
Balloon payment?		
Renewal available?		
Refinancing of balance by lender?		

2. What is a home equity line of credit?

A home equity line of credit is a form of revolving credit in which your home serves as collateral. Because a home often is a consumer's most valuable asset, many homeowners use home equity credit lines only for major items, such as education, home improvements, or medical bills, and choose not to use them for day-to-day expenses.

With a home equity line, you will be approved for a specific amount of credit. Many lenders set the credit limit on a home equity line by taking a percentage (say, 75 percent) of the home's appraised value and subtracting from that the balance owed on the existing mortgage. For example:

Appraised value of home	$100,000
Percentage	x 75%
Percentage of appraised value	= $75,000
Less balance owed on mortgage	– $40,000
Potential line of credit	**$35,000**

In determining your actual credit limit, the lender will also consider your ability to repay the loan (principal and interest) by looking at your income, debts, and other financial obligations as well as your credit history.

Many home equity plans set a fixed period during which you can borrow money, such as 10 years. At the end of this "draw period," you may be allowed to renew the credit line. If your plan does not allow renewals, you will not be able to borrow additional money once the period has ended. Some plans may call for payment in full of any outstanding balance at the end of the period. Others may allow repayment over a fixed period (the “repayment period”), for example, 10 years.

Once approved for a home equity line of credit, you will most likely be able to borrow up to your credit limit whenever you want. Typically, you will use special checks to draw on your line. Under some plans, borrowers can use a credit card or other means to draw on the line.

There may be other limitations on how you use the line. Some plans may require you to borrow a minimum amount each time you draw on the line (for example, $300) or keep a minimum amount outstanding. Some plans may also require that you take an initial advance when the line is set up.

2.1 What should you look for when shopping for a plan?

If you decide to apply for a home equity line of credit, look for the plan that best meets your particular needs. Read the credit agreement carefully, and examine the terms and conditions of various plans, including the annual percentage rate (APR) and the costs of establishing the plan. Remember, though, that the APR for a home equity line is based on the interest rate alone and will not reflect closing costs and other fees and charges, so you’ll need to compare these costs, as well as the APRs, among lenders.

2.1.1 Variable interest rates

Home equity lines of credit typically involve variable rather than fixed interest rates. The variable rate must be based on a publicly available index (such as the prime rate published in some major daily newspapers or a U.S. Treasury bill rate). In such cases, the interest rate you pay for the line of credit will change, mirroring changes in the value of the index. Most lenders cite the interest rate you will pay as the value of the index at a particular time, plus a “margin,” such as 2 percentage points. Because the cost of borrowing is tied directly to the value of the index, it is important to find out which index is used, how often the value of the index changes, and how high it has risen in the past. It is also important to note the amount of the margin.

Lenders sometimes offer a temporarily discounted interest rate for home equity lines—an “introductory” rate that is unusually low for a short period, such as six months.

Variable-rate plans secured by a dwelling must, by law, have a ceiling (or cap) on how much your interest rate may increase over the life of the plan. Some variable-rate plans limit how much your payment may increase and how low your interest rate may fall if the index drops.

Some lenders allow you to convert from a variable interest rate to a fixed rate during the life of the plan, or let you convert all or a portion of your line to a fixed-term installment loan.

2.2 Costs of establishing and maintaining a home equity line

Many of the costs of setting up a home equity line of credit are similar to those you pay when you get a mortgage. For example:

- A fee for a property appraisal to estimate the value of your home;
- An application fee, which may not be refunded if you are turned down for credit;
- Up-front charges, such as one or more “points” (one point equals 1 percent of the credit limit); and
- Closing costs, including fees for attorneys, title search, mortgage preparation and filing, property and title insurance, and taxes.

In addition, you may be subject to certain fees during the plan period, such as annual membership or maintenance fees and a transaction fee every time you draw on the credit line.

You could find yourself paying hundreds of dollars to establish the plan. And if you were to draw only a small amount against your credit line, those initial charges would substantially increase the cost of the funds borrowed. On the other hand, because the lender’s risk is lower than for other forms of credit, as your home serves as collateral, annual percentage rates for home equity lines are generally lower than rates for other types of credit. The interest you save could offset the costs of establishing and maintaining the line. Moreover, some lenders waive some or all of the closing costs.

2.3 How will you repay your home equity plan?

Before entering into a plan, consider how you will pay back the money you borrow. Some plans set a minimum monthly payment that includes a portion of the principal (the amount you borrow) plus accrued interest. But, unlike with typical installment loan agreements, the portion of your payment that goes toward principal may not be enough to repay the principal by the end of the term. Other plans may allow payment of only the interest during the life of the plan, which means that you pay nothing toward the principal. If you borrow $10,000, you will owe that amount when the payment plan ends.

Regardless of the minimum required payment on your home equity line, you may choose to pay more, and many lenders offer a choice of payment options. However, some lenders may require you to pay special fees or penalties if you choose to pay more, so check with your lender. Many consumers choose to pay down the principal regularly as they do with other loans. For example, if you use your line to buy a boat, you may want to pay it off as you would a typical boat loan.

Whatever your payment arrangements during the life of the plan—whether you pay some, a little, or none of the principal amount of the loan—when the plan ends, you may have to pay the entire balance owed, all at once. You must be prepared to make this "balloon payment" by refinancing it with the lender, by obtaining a loan from another lender, or by some other means. If you are unable to make the balloon payment, you could lose your home.

If your plan has a variable interest rate, your monthly payments may change. Assume, for example, that you borrow $10,000 under a plan that calls for interest-only payments. At a 10 percent interest rate, your monthly payments would be $83. If the rate rises over time to 15 percent, your monthly payments will increase to $125. Similarly, if you are making payments that cover interest plus some portion of the principal, your monthly payments may increase, unless your agreement calls for keeping payments the same throughout the plan period.

If you sell your home, you will probably be required to pay off your home equity line in full immediately. If you are likely to sell your home in the near future, consider whether it makes sense to pay the up-front costs of setting up a line of credit. Also keep in mind that renting your home may be prohibited under the terms of your agreement.

2.4 Line of credit vs. traditional second mortgage loans

If you are thinking about a home equity line of credit, you might also want to consider a traditional second mortgage loan. This type of loan provides you with a fixed amount of money, repayable over a fixed period. In most cases, the payment schedule calls for equal payments that pay off the entire loan within the loan period. You might consider a second mortgage instead of a home equity line if, for example, you need a set amount for a specific purpose, such as an addition to your home.

In deciding which type of loan best suits your needs, consider the costs under the two alternatives. Look at both the APR and other charges. Do not, however, simply compare the APRs, because the APRs on the two types of loans are figured differently:

- The APR for a traditional second mortgage loan takes into account the interest rate charged plus points and other finance charges.
- The APR for a home equity line of credit is based on the periodic interest rate alone. It does not include points or other charges.

2.4.1 Disclosures from lenders

The federal Truth in Lending Act requires lenders to disclose the important terms and costs of their home equity plans, including the APR, miscellaneous charges, the payment terms, and information about any variable-rate feature. And in general, neither the lender nor anyone else may charge a fee until after you have received this information. You usually get these disclosures when you receive an application form, and you will get additional disclosures before the plan is opened. If any term (other than a variable-rate feature) changes before the plan is opened, the lender must return all fees if you decide not to enter into the plan because of the change. Lenders are also required to provide you with a list of homeownership counseling organizations in your area.

When you open a home equity line, the transaction puts your home at risk. If the home involved is your principal dwelling, the Truth in Lending Act gives you three days from the day the account was opened to cancel the credit line. This right allows you to change your mind for any reason. You simply inform the lender in writing within the three-day period. The lender must then cancel its security interest in your home and return all fees— including any application and appraisal fees—paid to open the account.

The Home Ownership and Equity Protection Act of 1994 (HOEPA) addresses certain unfair practices and establishes requirements for certain loans with high rates and fees, including certain additional disclosures. HOEPA now covers some HELOCs. You can find out more information by contacting the CFPB at the website address and phone number listed in the Contact information appendix, below.

2.5 What if the lender freezes or reduces your line of credit?

Plans generally permit lenders to freeze or reduce a credit line if the value of the home "declines significantly" or when the lender "reasonably believes" that you will be unable to make your payments due to a "material change" in your financial circumstances. If this happens, you may want to:

- **Talk with your lender.** Find out what caused the lender to freeze or reduce your credit line and what, if anything, you can do to restore it. You may be able to provide additional information to restore your line of credit, such as documentation showing that your house has retained its value or that there has not been a "material change" in your financial circumstances. You may want to get copies of your credit reports (go to the CFPB's website at consumerfinance.gov/askcfpb/5/can-i-review-my-credit-report.html for information about how to get free copies of your credit reports) to make sure all the information in them is correct. If your lender suggests getting a new appraisal, be sure you discuss appraisal firms in advance so that you know they will accept the new appraisal as valid.

- **Shop around for another line of credit.** If your lender does not want to restore your line of credit, shop around to see what other lenders have to offer. If another lender is willing to offer you a line of credit, you may be able to pay off your original line of credit and take out another one. Keep in mind, however, that you may need to pay some of the same application fees you paid for your original line of credit.

APPENDIX A:

Defined terms

This glossary provides general definitions for terms commonly used in the real estate market. They may have different legal meanings depending on the context.

DEFINED TERM	
ANNUAL MEMBERSHIP OR MAINTENANCE FEE	An annual charge for access to a financial product such as a line of credit, credit card, or account. The fee is charged regardless of whether or not the product is used.
ANNUAL PERCENTAGE RATE (APR)	The cost of credit, expressed as a yearly rate. For closed-end credit, such as car loans or mortgages, the APR includes the interest rate, points, broker fees, and other credit charges that the borrower is required to pay. An APR, or an equivalent rate, is not used in leasing agreements.
APPLICATION FEE	Fees charged when you apply for a loan or other credit. These fees may include charges for property appraisal and a credit report.
BALLOON PAYMENT	A large extra payment that may be charged at the end of a mortgage loan or lease.
CAP (INTEREST RATE)	A limit on the amount that your interest rate can increase. Two types of interest-rate caps exist. *Periodic adjustment caps* limit the interest-rate increase from one adjustment period to the next. *Lifetime caps* limit the interest-rate increase over the life of the loan. By law, all adjustable-rate mortgages have an overall cap.

CLOSING OR SETTLEMENT COSTS	Fees paid when you close (or settle) on a loan. These fees may include application fees; title examination, abstract of title, title insurance, and property survey fees; fees for preparing deeds, mortgages, and settlement documents; attorneys' fees; recording fees; estimated costs of taxes and insurance; and notary, appraisal, and credit report fees. Under the Real Estate Settlement Procedures Act, the borrower receives a good faith estimate of closing costs within three days of application. The good faith estimate lists each expected cost as an amount or a range.
CREDIT LIMIT	The maximum amount that may be borrowed on a credit card or under a home equity line of credit plan.
EQUITY	The difference between the fair market value of the home and the outstanding balance on your mortgage plus any outstanding home equity loans.
INDEX	The economic indicator used to calculate interest-rate adjustments for adjustable-rate mortgages or other adjustable-rate loans. The index rate can increase or decrease at any time. See also Selected index rates for ARMs over an 11-year period (consumerfinance.gov/f/201204_CFPB_ARMs-brochure.pdf) for examples of common indexes that have changed in the past.
INTEREST RATE	The percentage rate used to determine the cost of borrowing money, stated usually as a percentage of the principal loan amount and as an annual rate.
MARGIN	The number of percentage points the lender adds to the index rate to calculate the adjustable-rate-mortgage interest rate at each adjustment.
MINIMUM PAYMENT	The lowest amount that you must pay (usually monthly) to keep your account in good standing. Under some plans, the minimum payment may cover interest only; under others, it may include both principal and interest.

POINTS (ALSO CALLED DISCOUNT POINTS)	One point is equal to 1 percent of the principal amount of a mortgage loan. For example, if a mortgage is $200,000, one point equals $2,000. Lenders frequently charge points in both fixed-rate and adjustable-rate mortgages to cover loan origination costs or to provide additional compensation to the lender or broker. These points usually are paid at closing and may be paid by the borrower or the home seller, or may be split between them. In some cases, the money needed to pay points can be borrowed (incorporated in the loan amount), but doing so will increase the loan amount and the total costs. Discount points (also called discount fees) are points that you voluntarily choose to pay in return for a lower interest rate.
SECURITY INTEREST	If stated in your credit agreement, a creditor, lessor, or assignee's legal right to your property (such as your home, stocks, or bonds) that secures payment of your obligation under the credit agreement. The property that secures payment of your obligation is referred to as "collateral."
TRANSACTION FEE	Fee charged each time a withdrawal or other specified transaction is made on a line of credit, such as a balance transfer fee or a cash advance fee.
VARIABLE RATE	An interest rate that changes periodically in relation to an index, such as the prime rate. Payments may increase or decrease accordingly.

APPENDIX B:

More information

For more information about mortgages, including home equity lines of credit, visit consumerfinance.gov/mortgage. For answers to questions about mortgages and other financial topics, visit consumerfinance.gov/askcfpb. You may also visit the CFPB's website at consumerfinance.gov/owning-a-home to access interactive tools and resources for mortgage shoppers, which are expected to be available beginning in 2014.

Housing counselors can be very helpful, especially for first-time home buyers or if you're having trouble paying your mortgage. The U.S. Department of Housing and Urban Development (HUD) supports housing counseling agencies throughout the country that can provide free or low-cost advice. You can search for HUD-approved housing counseling agencies in your area on the CFPB's web site at consumerfinance.gov/find-a-housing-counselor or by calling HUD's interactive toll-free number at 800-569-4287.

The company that collects your mortgage payments is your loan servicer. This may not be the same company as your lender. If you have concerns about how your loan is being serviced or another aspect of your mortgage, you may wish to submit a complaint to the CFPB at consumerfinance.gov/complaint or by calling (855) 411-CFPB (2372).

When you submit a complaint to the CFPB, the CFPB will forward your complaint to the company and work to get a response. Companies have 15 days to respond to you and the CFPB. You can review the company's response and give feedback to the CFPB.

APPENDIX C:

Contact information

For additional information or to submit a complaint, you can contact the CFPB or one of the other federal agencies listed below, depending on the type of institution. If you are not sure which agency to contact, you can submit a complaint to the CFPB and if the CFPB determines that another agency would be better able to assist you, the CFPB will refer your complaint to that agency and let you know.

Regulatory agency	Regulated entities	Contact information
Consumer Financial Protection Bureau (CFPB) P.O. Box 4503 Iowa City, IA 52244	Insured depository institutions and credit unions with assets greater than $10 billion (and their affiliates), and non-bank providers of consumer financial products and services, including mortgages, credit cards, debt collection, consumer reports, prepaid cards, private education loans, and payday lending	(855) 411-CFPB (2372) consumerfinance.gov consumerfinance.gov/complaint
Board of Governors of the Federal Reserve System (FRB) Consumer Help P.O. Box 1200 Minneapolis, MN 55480	Federally insured state-chartered bank members of the Federal Reserve System	(888) 851-1920 federalreserveconsumerhelp.gov

Regulatory agency	Regulated entities	Contact information
Office of the Comptroller of the Currency (OCC) Customer Assistance Group 1301 McKinney Street Suite 3450 Houston, TX 77010	National banks and federally chartered savings banks/associations	(800) 613-6743 occ.treas.gov helpwithmybank.gov
Federal Deposit Insurance Corporation (FDIC) Consumer Response Center 1100 Walnut Street, Box #11 Kansas City, MO 64106	Federally insured state-chartered banks that are not members of the Federal Reserve System	(877) ASK-FDIC or (877) 275-3342 fdic.gov fdic.gov/consumers
Federal Housing Finance Agency (FHFA) Consumer Communications Constitution Center 400 7th Street, S.W. Washington, DC 20024	Fannie Mae, Freddie Mac, and the Federal Home Loan Banks	Consumer Helpline (202) 649-3811 fhfa.gov fhfa.gov/Default.aspx?Page=369 ConsumerHelp@fhfa.gov
National Credit Union Administration (NCUA) Consumer Assistance 1775 Duke Street Alexandria, VA 22314	Federally chartered credit unions	(800) 755-1030 ncua.gov mycreditunion.gov
Federal Trade Commission (FTC) Consumer Response Center 600 Pennsylvania Ave, N.W. Washington, DC 20580	Finance companies, retail stores, auto dealers, mortgage companies and other lenders, and credit bureaus	(877) FTC-HELP or (877) 382-4357 ftc.gov ftc.gov/bcp

Regulatory agency	Regulated entities	Contact information
Securities and Exchange Commission (SEC) Complaint Center 100 F Street, N.E. Washington, DC 20549	Brokerage firms, mutual fund companies, and investment advisers	(202) 551-6551 sec.gov sec.gov/complaint/select.shtml
Farm Credit Administration Office of Congressional and Public Affairs 1501 Farm Credit Drive McLean, VA 22102	Agricultural lenders	(703) 883-4056 fca.gov
Small Business Administration (SBA) Consumer Affairs 409 3rd Street, S.W. Washington, DC 20416	Small business lenders	(800) U-ASK-SBA or (800) 827-5722 sba.gov
Commodity Futures Trading Commission (CFTC) 1155 21st Street, N.W. Washington, DC 20581	Commodity brokers, commodity trading advisers, commodity pools, and introducing brokers	(866) 366-2382 cftc.gov/ConsumerProtection/index.htm

Regulatory agency	Regulated entities	Contact information
U.S. Department of Justice (DOJ) Civil Rights Division 950 Pennsylvania Ave, N.W. Housing and Civil Enforcement Section Washington DC 20530	Fair lending and housing issues	(202) 514-4713 TTY–(202) 305-1882 FAX–(202) 514-1116 To report an incident of housing discrimination: 1-800-896-7743 fairhousing@usdoj.gov
Department of Housing and Urban Development (HUD) Office of Fair Housing/Equal Opportunity 451 7th Street, S.W. Washington, DC 20410	Fair lending and housing issues	(800) 669-9777 hud.gov/complaints