



(425) 888-4004 | Toll Free (800) 243-7860 | Fax (425) 888-4240
Mailing Address: PO Box 1978, Snoqualmie, WA 98065
www.snofalls.com

**PLEASE BRING THE FOLLOWING ITEMS WITH
YOU WHEN YOU RETURN YOUR APPLICATION:**

- 1.) Property Tax Assessment
- 2.) Employment verification
 - 2 months' pay stubs or
 - 2 years tax returns if self-employed
- 3.) W-2's from most recent tax year
- 4.) 1 month Bank statements (if other than Sno Falls account)
- 5.) Investment statements (Includes 401K, IRA, Stock, Mutual Fund accounts, CD's)
- 6.) Copy of your Home Owners Insurance Policy
- 7.) Copy of flood insurance policy if you are in a flood hazard zone. (Will be determined by credit union service provider).
- 8.) Copy of year-end of First Mortgage statement or monthly Mortgage Statement showing current balance.



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LOAN APPLICATION ADDENDUM HOME EQUITY LOC'S

Authorization to incur and agreement to pay fees:

By signing below, you are potentially committing yourself to a number of costs, whether or not the loan is approved. The costs are limited to those actually incurred in the processing of your loan application; for example, the appraiser's fees, title insurance report fee, or cancellation fee, etc. If these costs were incurred before your application was denied by SFCU or cancelled by you, you will be responsible for their payment and for attorney or collection expenses required to enforce this agreement.

I further agree to allow Sno Falls Credit Union to verify assets and request payoff statements for any loans that may be necessary in processing my transaction.

I understand and agree to the terms and conditions described above.

I acknowledge receipt of the Home Equity Early Disclosure, The electronic brochure "What you should know about Home Equity Lines of Credit" and the Housing Counselor List.

_____ APPLICANT	_____ Date	_____ CO-APPLICANT	_____ Date
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_____ Sno Falls Loan Officer	_____ Date
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Borrower's Authorization to Release Information

To Whom It May Concern:

1. I/We have applied for a loan from Sno Falls Credit Union. As a part of the application process, the Lender may verify information contained in my/our loan application and in other documents required in connection with the loan, either before the loan is closed or as a part of its quality control program.
2. I/We authorize you to provide the lender any and all information and documentation that they request. Such information includes, but is not limited to; employment history and income, bank, money market and similar account balances, credit history, and copies of tax returns.
3. The Lender may address this authorization to any party named in the loan application or disclosed by any consumer credit reporting agency or similar source.
4. A copy of this authorization may be acceptable as an original.
5. Your prompt reply to the Lender is appreciated.

Borrower's Signature

Date

Borrower's Signature

Date

Loan Officer's Signature

Date

Request for Transcript of Tax Return

- ▶ **Do not sign this form unless all applicable lines have been completed.**
▶ **Request may be rejected if the form is incomplete or illegible.**
▶ **For more information about Form 4506-T, visit www.irs.gov/form4506t.**

OMB No. 1545-1872

Tip. Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can quickly request transcripts by using our automated self-help service tools. Please visit us at IRS.gov and click on "Get a Tax Transcript..." under "Tools" or call 1-800-908-9946. If you need a copy of your return, use **Form 4506, Request for Copy of Tax Return**. There is a fee to get a copy of your return.

1a Name shown on tax return. If a joint return, enter the name shown first.	1b First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)
2a If a joint return, enter spouse's name shown on tax return.	2b Second social security number or individual taxpayer identification number if joint tax return
3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code (see instructions)	
4 Previous address shown on the last return filed if different from line 3 (see instructions)	
5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number.	

Caution: If the tax transcript is being mailed to a third party, ensure that you have filled in lines 6 through 9 before signing. Sign and date the form once you have filled in these lines. Completing these steps helps to protect your privacy. Once the IRS discloses your tax transcript to the third party listed on line 5, the IRS has no control over what the third party does with the information. If you would like to limit the third party's authority to disclose your transcript information, you can specify this limitation in your written agreement with the third party.

6 Transcript requested. Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶ _____

a Return Transcript, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120-A, Form 1120-H, Form 1120-L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days ☐

b Account Transcript, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 10 business days ☐

c Record of Account, which provides the most detailed information as it is a combination of the Return Transcript and the Account Transcript. Available for current year and 3 prior tax years. Most requests will be processed within 10 business days ☐

7 Verification of Nonfiling, which is proof from the IRS that you **did not** file a return for the year. Current year requests are only available after June 15th. There are no availability restrictions on prior year requests. Most requests will be processed within 10 business days ☐

8 Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript. The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2011, filed in 2012, will likely not be available from the IRS until 2013. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 10 business days ☐

Caution: If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

9 Year or period requested. Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately.

/	/	/	/
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Caution: Do not sign this form unless all applicable lines have been completed.

Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, at least one spouse must sign. If signed by a corporate officer, 1 percent or more shareholder, partner, managing member, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer. **Note:** This form must be received by IRS within 120 days of the signature date.

<input type="checkbox"/> Signatory attests that he/she has read the attestation clause and upon so reading declares that he/she has the authority to sign the Form 4506-T. See instructions.	Phone number of taxpayer on line 1a or 2a _____
Sign Here ▶ Signature (see instructions)	Date
▶ Title (if line 1a above is a corporation, partnership, estate, or trust)	_____
▶ Spouse's signature	Date

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about Form 4506-T and its instructions, go to www.irs.gov/form4506t. Information about any recent developments affecting Form 4506-T (such as legislation enacted after we released it) will be posted on that page.

General Instructions

Caution: Do not sign this form unless all applicable lines have been completed.

Purpose of form. Use Form 4506-T to request tax return information. You can also designate (on line 5) a third party to receive the information. Taxpayers using a tax year beginning in one calendar year and ending in the following year (fiscal tax year) must file Form 4506-T to request a return transcript.

Note: If you are unsure of which type of transcript you need, request the Record of Account, as it provides the most detailed information.

Tip. Use Form 4506, Request for Copy of Tax Return, to request copies of tax returns.

Automated transcript request. You can quickly request transcripts by using our automated self-help service tools. Please visit us at IRS.gov and click on "Get a Tax Transcript..." under "Tools" or call 1-800-908-9946.

Where to file. Mail or fax Form 4506-T to the address below for the state you lived in, or the state your business was in, when that return was filed. There are two address charts: one for individual transcripts (Form 1040 series and Form W-2) and one for all other transcripts.

If you are requesting more than one transcript or other product and the chart below shows two different addresses, send your request to the address based on the address of your most recent return.

Chart for individual transcripts (Form 1040 series and Form W-2 and Form 1099)

If you filed an individual return and lived in:

Mail or fax to:

Alabama, Kentucky, Louisiana, Mississippi, Tennessee, Texas, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or A.P.O. or F.P.O. address	Internal Revenue Service RAIVS Team Stop 6716 AUSC Austin, TX 73301
Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, Wisconsin, Wyoming	855-587-9604
Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia	Internal Revenue Service RAIVS Team Stop 6705 P-6 Kansas City, MO 64999
	855-821-0094

Chart for all other transcripts

If you lived in or your business was in:

Mail or fax to:

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or A.P.O. or F.P.O. address	Internal Revenue Service RAIVS Team P.O. Box 9941 Mail Stop 6734 Ogden, UT 84409
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	855-298-1145
	Internal Revenue Service RAIVS Team P.O. Box 145500 Stop 2800 F Cincinnati, OH 45250
	855-800-8015

Line 1b. Enter your employer identification number (EIN) if your request relates to a business return. Otherwise, enter the first social security number (SSN) or your individual taxpayer identification number (ITIN) shown on the return. For example, if you are requesting Form 1040 that includes Schedule C (Form 1040), enter your SSN.

Line 3. Enter your current address. If you use a P.O. box, include it on this line.

Line 4. Enter the address shown on the last return filed if different from the address entered on line 3.

Note: If the addresses on lines 3 and 4 are different and you have not changed your address with the IRS, file Form 8822, Change of Address. For a business address, file Form 8822-B, Change of Address or Responsible Party — Business.

Line 6. Enter only one tax form number per request.

Signature and date. Form 4506-T must be signed and dated by the taxpayer listed on line 1a or 2a. The IRS must receive Form 4506-T within 120 days of the date signed by the taxpayer or it will be rejected. Ensure that all applicable lines are completed before signing.



You must check the box in the signature area to acknowledge you have the authority to sign and request the information. The form will not be processed and returned to you if the box is unchecked.

Individuals. Transcripts of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign Form 4506-T exactly as your name appeared on the original return. If you changed your name, also sign your current name.

Corporations. Generally, Form 4506-T can be signed by: (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, or (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer. A bona fide shareholder of record owning 1 percent or more of the outstanding stock of the corporation may submit a Form 4506-T but must provide documentation to support the requester's right to receive the information.

Partnerships. Generally, Form 4506-T can be signed by any person who was a member of the partnership during any part of the tax period requested on line 9.

All others. See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

Note: If you are Heir at law, Next of kin, or Beneficiary you must be able to establish a material interest in the estate or trust.

Documentation. For entities other than individuals, you must attach the authorization document. For example, this could be the letter from the principal officer authorizing an employee of the corporation or the letters testamentary authorizing an individual to act for an estate.

Signature by a representative. A representative can sign Form 4506-T for a taxpayer only if the taxpayer has specifically delegated this authority to the representative on Form 2848, line 5. The representative must attach Form 2848 showing the delegation to Form 4506-T.

Privacy Act and Paperwork Reduction Act Notice.

We ask for the information on this form to establish your right to gain access to the requested tax information under the Internal Revenue Code. We need this information to properly identify the tax information and respond to your request. You are not required to request any transcript; if you do request a transcript, sections 6103 and 6109 and their regulations require you to provide this information, including your SSN or EIN. If you do not provide this information, we may not be able to process your request. Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file Form 4506-T will vary depending on individual circumstances. The estimated average time is: **Learning about the law or the form**, 10 min.; **Preparing the form**, 12 min.; and **Copying, assembling, and sending the form to the IRS**, 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506-T simpler, we would be happy to hear from you. You can write to:

Internal Revenue Service
Tax Forms and Publications Division
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224

Do not send the form to this address. Instead, see *Where to file* on this page.

Application

NOTE AND COMPLETE **NOTICE TO OHIO APPLICANTS:** The Ohio laws against discrimination require that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio Civil Rights Commission administers compliance with this law.

WISCONSIN RESIDENTS ONLY: (1) No provision of any marital property agreement, unilateral statement under Section 766.59, or court decree under Section 766.70 will adversely affect the rights of the Credit Union unless the Credit Union is furnished a copy of the agreement, statement or decree, or has actual knowledge of its terms, before the credit is granted or the account is opened. (2) Please sign if you are **not** applying for this account or loan with your spouse. The credit being applied for, if granted, will be incurred in the interest of the marriage or family of the undersigned.

☒ **SIGNATURE FOR WISCONSIN RESIDENTS ONLY** _____ **DATE** _____

Married Applicants may apply for a separate account.

☐ **Individual Credit:** Complete **Applicant** section. Complete **Co-Applicant, Spouse**, (referred to as "Other") section: (1) about your spouse if you live in a community property state (AZ, CA, ID, LA, NM, NV, TX, WA, WI), or (2) if your spouse will use the Account. Please check box to indicate whom the information is about.

☐ **Joint Credit:** Each Applicant must **individually** complete the appropriate section below. If Co-Borrower is spouse of the Applicant, mark the Co-Applicant box.

Amount Requested \$ _____ **Purpose:** _____

Repayment: ☐ Payroll Deduction ☐ Cash ☐ Automatic Payment ☐ Military Allotment ☐ _____

STATEMENT OF INTENT Are you interested in having your loan protected? ☐ Yes ☐ No
If you answer "yes", the credit union will disclose the cost to protect your loan. The protection is voluntary and does not affect your loan approval. In order for your loan to be covered, you will need to sign a separate application that explains the terms and conditions.

APPLICANT INFORMATION		APPLICANT		OTHER <input type="checkbox"/> CO-APPLICANT <input type="checkbox"/> SPOUSE	
NAME (Last - First - Initial)				NAME (Last - First - Initial)	
DRIVER'S LICENSE NUMBER/STATE		BIRTH DATE		DRIVER'S LICENSE NUMBER/STATE	
ACCOUNT NUMBER		SOCIAL SECURITY NUMBER		ACCOUNT NUMBER	
HOME PHONE		CELL PHONE		BUSINESS PHONE/EXT.	
PRESENT ADDRESS (Street - City - State - Zip) <input type="checkbox"/> OWN <input type="checkbox"/> RENT		LENGTH AT RESIDENCE		PRESENT ADDRESS (Street - City - State - Zip) <input type="checkbox"/> OWN <input type="checkbox"/> RENT	
PREVIOUS ADDRESS (Street - City - State - Zip) <input type="checkbox"/> OWN <input type="checkbox"/> RENT		LENGTH AT RESIDENCE		PREVIOUS ADDRESS (Street - City - State - Zip) <input type="checkbox"/> OWN <input type="checkbox"/> RENT	
COMPLETE FOR JOINT CREDIT, SECURED CREDIT OR IF YOU LIVE IN A COMMUNITY PROPERTY STATE: <input type="checkbox"/> MARRIED <input type="checkbox"/> SEPARATED <input type="checkbox"/> UNMARRIED (Single - Divorced - Widowed)				COMPLETE FOR JOINT CREDIT, SECURED CREDIT OR IF YOU LIVE IN A COMMUNITY PROPERTY STATE: <input type="checkbox"/> MARRIED <input type="checkbox"/> SEPARATED <input type="checkbox"/> UNMARRIED (Single - Divorced - Widowed)	
LIST AGES OF DEPENDENTS NOT LISTED BY OTHER APPLICANT (Exclude Self)				LIST AGES OF DEPENDENTS NOT LISTED BY OTHER APPLICANT (Exclude Self)	

EMPLOYMENT INFORMATION		EMPLOYMENT INFORMATION	
NAME AND ADDRESS OF EMPLOYER		NAME AND ADDRESS OF EMPLOYER	
YOUR TITLE/GRADE		SUPERVISOR'S NAME	
START DATE		HOURS AT WORK	
IF EMPLOYED IN CURRENT POSITION LESS THAN FIVE YEARS, COMPLETE PREVIOUS EMPLOYER NAME AND ADDRESS		IF EMPLOYED IN CURRENT POSITION LESS THAN FIVE YEARS, COMPLETE PREVIOUS EMPLOYER NAME AND ADDRESS	
STARTING DATE		ENDING DATE	
MILITARY: IS DUTY STATION TRANSFER EXPECTED DURING NEXT YEAR <input type="checkbox"/> YES <input type="checkbox"/> NO		WHERE	
ENDING/SEPARATION DATE		ENDING/SEPARATION DATE	

INCOME INFORMATION		INCOME INFORMATION	
NOTICE: Alimony, child support, or separate maintenance income need not be revealed if you do not choose to have it considered.		NOTICE: Alimony, child support, or separate maintenance income need not be revealed if you do not choose to have it considered.	
EMPLOYMENT INCOME \$ _____ PER _____ <input type="checkbox"/> NET <input type="checkbox"/> GROSS		EMPLOYMENT INCOME \$ _____ PER _____ <input type="checkbox"/> NET <input type="checkbox"/> GROSS	
OTHER INCOME \$ _____ PER _____		OTHER INCOME \$ _____ PER _____	
SOURCE		SOURCE	

REFERENCES		REFERENCES	
NAME AND ADDRESS OF NEAREST RELATIVE NOT LIVING WITH YOU		NAME AND ADDRESS OF NEAREST RELATIVE NOT LIVING WITH YOU	
RELATIONSHIP		RELATIONSHIP	
HOME PHONE		HOME PHONE	
NAME AND ADDRESS OF PERSONAL FRIEND - NOT A RELATIVE		NAME AND ADDRESS OF PERSONAL FRIEND - NOT A RELATIVE	
HOME PHONE		HOME PHONE	

ASSETS/PROPERTY		Check box for Applicant/Other. List all assets and account number(s)-- Attach other sheets if necessary.												
APPLICANT					OTHER (CO-APPLICANT, SPOUSE)									
SHARE DRAFT OR CHECKING AMOUNT \$		NAME AND ADDRESS OF DEPOSITORY					SHARE DRAFT OR CHECKING AMOUNT \$		NAME AND ADDRESS OF DEPOSITORY					
SAVINGS AMOUNT \$		NAME AND ADDRESS OF DEPOSITORY					SAVINGS AMOUNT \$		NAME AND ADDRESS OF DEPOSITORY					
APPLICANT	OTHER		LIST HOME AND ALL OTHER ITEMS YOU OWN AND LOCATION OF PROPERTY For Example: Auto, Boat, Stocks, Bonds, Cash, Household Goods, Real Estate, etc.				MARKET VALUE		PLEGDED AS COLLATERAL FOR ANOTHER LOAN					
		HOME*					\$			YES		NO		
							\$			YES		NO		
							\$			YES		NO		
*LIST EVERY LIEN AGAINST YOUR HOME -- This section must be completed for the property which will be given as security, if applicable. A lien is a legal claim filed against property as security for payment of a debt. Liens include mortgages, deeds of trust, land contracts, judgments and past due taxes.														
FIRST MORTGAGE HELD BY						OTHER LIENS (Describe)								
PRESENT BALANCE \$														
IS THE PROPERTY DESCRIBED IN THIS SECTION: YOUR PRINCIPAL DWELLING? <input type="checkbox"/> YES <input type="checkbox"/> NO														
LISTED AS THE APPLICANT'S ADDRESS IN THE "APPLICANT INFORMATION" SECTION? <input type="checkbox"/> YES <input type="checkbox"/> NO														
IS ANYONE OTHER THAN YOUR SPOUSE A PART OWNER OF YOUR HOME? <input type="checkbox"/> YES <input type="checkbox"/> NO														
DEBTS In addition to Rent/Mortgage list all other debts (for example, auto loans, credit cards, second mortgage, home assoc. dues, alimony, child support, child care, medical, utilities, auto insurance, IRS liabilities, etc.) Please use a separate line for each credit card and auto loan. Attach other sheets if necessary.														
APPLICANT	OTHER	<input type="checkbox"/> RENT <input type="checkbox"/> MORTGAGE (incl. Tax & Ins.)		CREDITOR NAME AND ADDRESS		ACCOUNT NUMBER		ORIGINAL BALANCE	PRESENT BALANCE	MONTHLY PAYMENT	PAST DUE			
								\$	\$	\$				
								\$	\$	\$				
								\$	\$	\$				
								\$	\$	\$				
								\$	\$	\$				
								\$	\$	\$				
								\$	\$	\$				
LIST ANY NAMES UNDER WHICH YOUR CREDIT REFERENCES AND CREDIT HISTORY CAN BE CHECKED								TOTALS	\$	\$	\$			
FINANCIAL INFORMATION				These questions apply to both Applicant and Other.										
IF A "YES" ANSWER IS GIVEN TO A QUESTION, EXPLAIN ON AN ATTACHED SHEET														
DO YOU HAVE ANY OUTSTANDING JUDGMENTS?														
HAVE YOU EVER FILED FOR BANKRUPTCY OR HAD A DEBT ADJUSTMENT PLAN CONFIRMED UNDER CHAPTER 13?														
HAVE YOU HAD PROPERTY FORECLOSED UPON OR GIVEN A DEED IN LIEU OF FORECLOSURE IN THE LAST 7 YEARS?														
ARE YOU A PARTY IN A LAWSUIT?														
ARE YOU OTHER THAN A U.S. CITIZEN OR PERMANENT RESIDENT ALIEN?														
IS YOUR INCOME LIKELY TO DECLINE IN THE NEXT TWO YEARS?														
ARE YOU A CO-MAKER, CO-SIGNER OR GUARANTOR ON ANY LOAN NOT LISTED ABOVE?														
FOR WHOM (Name of Others Obligated on Loan):						TO WHOM (Name of Creditor):								
SIGNATURES														
You promise that everything you have stated in this application is correct to the best of your knowledge and that the above information is a complete listing of all your debts and obligations. You authorize the credit union to obtain credit reports in connection with this application for credit and for any update, renewal or extension of the credit received. If you request, the credit union will tell you the name and address of any credit bureau from which it received a credit report on you. You understand that it is a crime to willfully and deliberately provide incomplete or incorrect information in this application.														
If there are any important changes, you will notify us in writing immediately. You also agree to notify us of any change in your name, address or employment within a reasonable time thereafter.														
<div>X</div> <div>(SEAL)</div>						<div>X</div> <div>(SEAL)</div>								
APPLICANT'S SIGNATURE						OTHER SIGNATURE								
DATE						DATE								
CREDIT UNION INFORMATION														
<input type="checkbox"/> LOAN OFFICER														
<input type="checkbox"/> CREDIT COMMITTEE OR OTHER														
ADVANCE APPROVED: <input type="checkbox"/> YES <input type="checkbox"/> NO														
COUNTER OFFER WILL BE MADE, IF ACCEPTED, ADVANCE APPROVED														
OUTSIDE INFORMATION CONSIDERED: <input type="checkbox"/> YES <input type="checkbox"/> NO														
IF YES, ATTACH ADDITIONAL SHEET AND DESCRIBE														
\$ APPROVED LIMIT DEBT RATIO														
REFERRED TO/REASON(S) FOR REFERRAL:														
DESCRIBE COUNTER OFFER:														
SPECIFIC REASON(S) FOR REJECTION:														
SIGNATURES:														
DATE														
DATE														
DATE														
DATE														
ECO A NOTICE AND REASON FOR REJECTION SENT OR DELIVERED ON (DATE) BY (INITIALS)														
LOAN ORIGINATOR ORGANIZATION														
NMLSR ID NUMBER														
LOAN ORIGINATOR														
NMLSR ID NUMBER														



9025 Meadowbrook Way SE
PO Box 1978
Snoqualmie, WA 98065
(425) 888-4004
Fax: (425) 888-4240
www.snofalls.com

Demographic Information of Applicant and Co-Applicant

DEMOGRAPHIC INFORMATION OF APPLICANT AND CO-APPLICANT

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

Account Number:

Property Address:

APPLICANT

Name:

Ethnicity:

- ☐ Hispanic or Latino – *Check one or more*
- ☐ Mexican
- ☐ Puerto Rican
- ☐ Cuban
- ☐ Other Hispanic or Latino – *Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on:*

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

Race: Check one or more

- ☐ American Indian or Alaska Native - *Print name of enrolled or principal tribe:*

- ☐ Asian
- ☐ Asian Indian
- ☐ Chinese
- ☐ Filipino
- ☐ Japanese
- ☐ Korean
- ☐ Vietnamese
- ☐ Other Asian – *Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on:*

- ☐ Black or African American
- ☐ Native Hawaiian or Other Pacific Islander
- ☐ Native Hawaiian
- ☐ Guamanian or Chamorro
- ☐ Samoan
- ☐ Other Pacific Islander – *Print race, for example, Fijian, Tongan, and so on:*

- ☐ White
- ☐ I do not wish to provide this information

Sex:

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

CO-APPLICANT

Name:

Ethnicity:

- ☐ Hispanic or Latino – *Check one or more*
- ☐ Mexican
- ☐ Puerto Rican
- ☐ Cuban
- ☐ Other Hispanic or Latino – *Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on:*

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

Race: Check one or more

- ☐ American Indian or Alaska Native - *Print name of enrolled or principal tribe:*

- ☐ Asian
- ☐ Asian Indian
- ☐ Chinese
- ☐ Filipino
- ☐ Japanese
- ☐ Korean
- ☐ Vietnamese
- ☐ Other Asian – *Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on:*

- ☐ Black or African American
- ☐ Native Hawaiian or Other Pacific Islander
- ☐ Native Hawaiian
- ☐ Guamanian or Chamorro
- ☐ Samoan
- ☐ Other Pacific Islander – *Print race, for example, Fijian, Tongan, and so on:*

- ☐ White
- ☐ I do not wish to provide this information

Sex:

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

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

Was the ethnicity of the applicant collected on the basis of visual observation or surname?

- ☐ Yes
- ☐ No

Was the race of the applicant collected on the basis of visual observation or surname?

- ☐ Yes
- ☐ No

Was the sex of the applicant collected on the basis of visual observation or surname?

- ☐ Yes
- ☐ No

Was the ethnicity of the co-applicant collected on the basis of visual observation or surname?

- ☐ Yes
- ☐ No

Was the race of the co-applicant collected on the basis of visual observation or surname?

- ☐ Yes
- ☐ No

Was the sex of the co-applicant collected on the basis of visual observation or surname?

- ☐ Yes
- ☐ No

To Be Completed by Interviewer:

- ☐ Face to face interview
- ☐ Mail
- ☐ Telephone
- ☐ Internet

Interviewer's Name

Interviewer's Signature

Date

X

(Seal)

Interviewer's Phone Number

Name and Address of Interviewer's Employer





9025 Meadowbrook Way SE
PO Box 1978
Snoqualmie, WA 98065
(425) 888-4004
Fax: (425) 888-4240
www.snofalls.com

Home Equity Early Disclosure

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN

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

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 pay to us or anyone else in connection with your application.

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.

POSSIBLE ACTIONS: We can terminate your line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if (1) you engage in fraud or material misrepresentation in connection with the plan; (2) you do not meet the repayment terms of this plan, or (3) 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 (1) any reasons mentioned above exist; (2) the value of the dwelling securing the line declines significantly below its appraised value for purposes of the line; (3) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (4) you are in default of a material obligation of the agreement; (5) government action prevents us from imposing the annual percentage rate provided for in the agreement; (6) the priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit line; (7) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (8) the maximum annual percentage rate is reached.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 5 years. This period is called the "draw period." At our option, we may renew or extend the draw period. After the draw period ends the repayment period will begin. The length of the repayment period will depend on the balance at the time of the last advance you obtain before the draw period ends. You will be required to make monthly payments during both the draw and repayment periods. At the time of each credit advance a payoff period will be established. The payoff period may vary depending on the amount of your outstanding credit balance after you obtain an advance. The payoff period is shown in the following table:

Range of Balances		Payoff Period
Up to	\$99,999.99	180 Monthly Payments
\$100,000.00	And above	240 Monthly Payments

The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. Your payment will be set to repay the balance after the advance, at the

current annual percentage rate, within the payoff period. Your payment will be rounded up to the nearest dollar. Your payment will remain the same unless you obtain another credit advance. Your payment may also change if the annual percentage rate increases or decreases. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the original payoff period. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than the smaller of \$150.00, or the full amount that you owe.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 6 years 9 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.75%. During that period, you would make 80 payments of \$150.00 and one (1) final payment of \$77.42.

FEES AND CHARGES: In order to open, use and maintain a line of credit plan, you must pay the following fees to us:

Document Preparation Fee: \$200.00 (Due at closing)

You must pay certain fees to third parties to open the plan. These fees generally total between \$300.00 and \$1,500.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

PROPERTY INSURANCE: You must carry insurance on the property that secures this plan. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available.

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.

TRANSACTION REQUIREMENTS: The minimum credit advance that you can receive is \$5,000.00 for the first advance and \$1,000.00 for each subsequent advance.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the plan.

VARIABLE RATE FEATURE: This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum payment may 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 published in the Money Rates column of *The Wall Street Journal*. When a range of rates has been published the highest rate will be used. We will use the most recent index value available to us as of 10 days before the date of any annual percentage rate adjustment. To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. If the rate is not already rounded we then round up to the next 0.125%. From time to time we may offer an annual percentage



rate that is "discounted" - it is not based on the index and margin used for later rate adjustments. If we offer an initial discounted rate it will be in effect for 6 or 12 months. Ask us for the current index value, margin, discount and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

RATE CHANGES: The annual percentage rate can change quarterly on the first day of January, April, July and October. The rate cannot increase or decrease more than 2.0 percentage points in any one year period. The initial discount rate will not be taken into account in applying this periodic rate cap. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.0% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 4.0% at any time during the term of the plan.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$162.00. This annual percentage rate could be reached at the time of the 73rd payment.

HISTORICAL EXAMPLE: The following table shows how the annual percentage rate and the minimum payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 15 years. The index values are as of the last business day of January of each year. While only one payment per year is shown, payments may have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

WALL STREET JOURNAL PRIME RATE INDEX TABLE – WITH DISCOUNT

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2006.....	7.500	1.000	4.990 ⁽²⁾	\$150.00 ⁽⁴⁾
2007.....	8.250	1.000	9.250	\$150.00 ⁽⁴⁾
2008.....	6.000	1.000	7.250 ⁽³⁾	\$150.00 ⁽⁴⁾
2009.....	3.250	1.000	5.250 ⁽³⁾	\$150.00 ⁽⁴⁾
2010.....	3.250	1.000	4.250	\$150.00 ⁽⁴⁾
2011.....	3.250	1.000	4.250	\$150.00 ⁽⁴⁾
2012.....	3.250	1.000	4.250	\$150.00 ⁽⁴⁾
2013.....	3.250	1.000	4.250	
2014.....	3.250	1.000	4.250	
2015.....	3.250	1.000	4.250	
2016.....	3.500	1.000	4.500	
2017.....	3.750	1.000	4.750	
2018.....	4.500	1.000	5.500	
2019.....	5.500	1.000	6.500	
2020.....	4.750	1.000	5.750	

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** reflects an annual percentage rate periodic cap of 2.000% per year.

⁽⁴⁾ This payment reflects the minimum payment of \$150.00.

WALL STREET JOURNAL PRIME RATE INDEX TABLE – WITHOUT DISCOUNT

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2006.....	7.500	1.000	8.500	\$150.00 ⁽³⁾
2007.....	8.250	1.000	9.250	\$150.00 ⁽³⁾
2008.....	6.000	1.000	7.250 ⁽²⁾	\$150.00 ⁽³⁾
2009.....	3.250	1.000	5.250 ⁽²⁾	\$150.00 ⁽³⁾
2010.....	3.250	1.000	4.250	\$150.00 ⁽³⁾
2011.....	3.250	1.000	4.250	\$150.00 ⁽³⁾
2012.....	3.250	1.000	4.250	\$150.00 ⁽³⁾
2013.....	3.250	1.000	4.250	\$150.00 ⁽³⁾
2014.....	3.250	1.000	4.250	
2015.....	3.250	1.000	4.250	
2016.....	3.500	1.000	4.500	
2017.....	3.750	1.000	4.750	
2018.....	4.500	1.000	5.500	
2019.....	5.500	1.000	6.500	
2020.....	4.750	1.000	5.750	

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects an annual percentage rate periodic cap of 2.000% per year.

⁽³⁾ This payment reflects the minimum payment of \$150.00.



Housing counselors near you



10 CLOSEST RESULTS TO ZIP CODE 98065

The counseling agencies on this list are approved by the U.S. Department of Housing and Urban Development (HUD), and they can offer independent advice about whether a particular set of mortgage loan terms is a good fit based on your objectives and circumstances, often at little or no cost to you. This list shows you several approved agencies in your area. You can find other approved counseling agencies at the Consumer Financial Protection Bureau's (CFPB) website: consumerfinance.gov/mortgagehelp or by calling 1-855-411-CFPB (2372). You can also access a list of nationwide HUD-approved counseling intermediaries at http://portal.hud.gov/hudportal/HUD?src=/ohc_nint

- | | | Distance |
|-------|--|-----------------|
| 1. | Homesight
5117 Rainier Ave S Seattle, WA 98118-1928

Website: http://homesightwa.org

Phone: 206-723-4355

Email Address: Not available

Languages:
Cambodian, English

Services:
Mortgage Delinquency and Default Resolution Course Pre-purchase Counseling
 Pre-purchase Homebuyer Education Workshops | 22.3 miles |
| <hr/> | | |
| 2. | El Centro De La Raza
2524 16th Ave S Seattle, WA 98144-5104

Website: http://www.elcentrodelaraza.org/

Phone: 206-957-4605

Email Address: homeownership@elcentrodelaraza.org

Languages:
English, Spanish

Services:
Mortgage Delinquency and Default Resolution Course Financial Management/
Budget Counseling Pre-purchase Counseling Pre-purchase Homebuyer
Education Workshops | 23.6 miles |
-

- | | | |
|-------|---|-------------------------------|
| 3. | Urban League of Metropolitan Seattle
105 14th Ave Suite 200 Seattle, WA 98122-5569

Website: http://www.urbanleague.org

Phone: 206-461-3792

Email Address: ltaylor@urbanleague.org

Languages:
ASL, English

Services:
Mortgage Delinquency and Default Resolution Course Resolving/Preventing Mortgage Delinquency Workshop Financial Management/Budget Counseling Financial, Budgeting and Credit Repair Workshops Fair Housing Pre-Purchase Education Workshops Non-Delinquency Post Purchase Workshops Predatory Lending Education Workshops Pre-purchase Counseling Pre-purchase Homebuyer Education Workshops Rental Housing Counseling Rental Housing Workshops Reverse Mortgage Counseling | Distance
23.8 miles |
| <hr/> | | |
| 4. | Interim Cda
310 Maynard Ave S Seattle, WA 98104-2719

Website: http://www.apialliance.org

Phone: 206-623-5132-318

Email Address: cjames@interimicda.org

Languages:
Cambodian, Cantonese, Chinese Mandarin, English, French, Korean, Vietnamese, Other

Services:
Services for Homeless Counseling Rental Housing Counseling | Distance
24.3 miles |
| <hr/> | | |
| 5. | Washington State Housing Finance Commission
1000 2nd Avenue Suite 2700 Seattle, WA 98104-3601

Website: http://www.wshfc.org

Phone: 206-287-4449

Email Address: bill.conner@wshfc.org

Languages:
English

Services:
Pre-purchase Homebuyer Education Workshops | Distance
24.8 miles |

- | | |
|--|-------------------------------|
| 6. American Financial Solutions
2815 2nd Avenue Suite 280 Seattle, WA 98121-1272

Website: http://www.myfinancialgoals.org

Phone: 888-864-8699

Email Address: housing@myfinancialgoals.org

Languages:
English

Services:
Mortgage Delinquency and Default Resolution Course Pre-purchase Counseling
 Pre-purchase Homebuyer Education Workshops | Distance
25.6 miles |
| <hr/> | |
| 7. Solid Ground Washington
1501 North 45th St Seattle, WA 98103-6708

Website: http://www.solid-ground.org/

Phone: 206-694-6766

Email Address: housingcounseling@solid-ground.org

Languages:
English

Services:
Mortgage Delinquency and Default Resolution Course Predatory Lending
Education Workshops | Distance
25.7 miles |
| <hr/> | |
| 8. Clearpoint Financial Solutions, Inc.
9725 3rd Ave NE Ste 400
- Seattle, WA 98115-2024

Website: http://www.clearpointccs.org

Phone: 877-877-1995

Email Address: customer.service@clearpointccs.org

Languages:
ASL, English, Spanish, Other

Services:
Mortgage Delinquency and Default Resolution Course Financial Management/
Budget Counseling Pre-purchase Counseling | Distance
25.8 miles |
| <hr/> | |

- | | | |
|-------|--|---------------------------------------|
| 9. | <p>Washington Homeownership Center
17544 Midvale Ave N
Ste LL Shoreline, WA 98133-4921</p> <p>Website: http://www.homeownership-wa.org</p> <p>Phone: 206-542-6612</p> <p>Email Address: info@homeownership-wa.org</p> <p>Languages:
Chinese Mandarin, English, Farsi, Hindi, Korean, Spanish, Vietnamese</p> <p>Services:
Mortgage Delinquency and Default Resolution Course Resolving/Preventing Mortgage Delinquency Workshop Financial Management/Budget Counseling Financial, Budgeting and Credit Repair Workshops Fair Housing Pre-Purchase Education Workshops Home Improvement and Rehabilitation Counseling Services for Homeless Counseling Non-Delinquency Post Purchase Workshops Predatory Lending Education Workshops Pre-purchase Counseling Pre-purchase Homebuyer Education Workshops Rental Housing Counseling Rental Housing Workshops Reverse Mortgage Counseling</p> | <p>Distance
28.2 miles</p> |
| <hr/> | | |
| 10. | <p>Parkview Services
17544 Midvale Avenue North Suite LL Shoreline, WA 98133-4921</p> <p>Website: http://www.parkviewservices.org</p> <p>Phone: 206-542-6644-150</p> <p>Email Address: marc@parkviewservices.org</p> <p>Languages:
Chinese Mandarin, English, Farsi, Hindi, Korean, Spanish, Vietnamese, Other</p> <p>Services:
Mortgage Delinquency and Default Resolution Course Non-Delinquency Post Purchase Workshops Pre-purchase Counseling Pre-purchase Homebuyer Education Workshops</p> | <p>Distance
28.2 miles</p> |
-

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 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.

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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	%	%
<input type="checkbox"/> Index used and current value	%	%
<input type="checkbox"/> Amount of margin		
<input type="checkbox"/> Frequency of rate adjustments		
<input type="checkbox"/> Amount/length of discount (if any)		
<input type="checkbox"/> 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. <i>Periodic adjustment caps</i> limit the interest-rate increase from one adjustment period to the next. <i>Lifetime caps</i> 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 3 rd 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 21 st Street, N.W. Washington, DC 20581	Commodity brokers, commodity trading advisers, commodity pools, and introducing brokers	(866) 366-2382 cftc.gov/consumer-protection

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 7 th Street, S.W. Washington, DC 20410	Fair lending and housing issues	(800) 669-9777 hud.gov/complaints