HOME EQUITY EARLY DISCLOSURE
VARIABLE RATE ACCOUNTS OF
PNC BANK, NATIONAL ASSOCIATION
IMPORTANT TERMS OF OUR
CHOICE HOME EQUITY LINES OF CREDIT

A. THE FOLLOWING TERMS APPLY TO ALL CONSUMER PURPOSE CHOICE HOME EQUITY LINE OF CREDIT ACCOUNTS ("Accounts"). The Account is a variable rate revolving loan account, called a line of credit, secured by a mortgage or deed of trust on your home ("Mortgage"), by which you can obtain loans from time to time during the Draw Period. You may obtain loans by writing checks on the Account or by using the Choice Access Card, which is a credit card (if applicable). During the Draw Period, you may transfer all or a portion of the balance to a part of the Account, called a Fixed Rate Part, on which the rate of interest will not change after you make the transfer. Business purpose Accounts may be required to pay different fees and charges to open and maintain an Account.

1. RETENTION OF INFORMATION. This disclosure contains important information about our Choice Home Equity Line of Credit Variable Rate Accounts ("Accounts"). You should read it carefully and keep it for your records.

2. AVAILABILITY OF TERMS.

(a) All of the terms described in this disclosure 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 you paid to us or anyone else in connection with your application.

(b) Some of the features and pricing discounts are not available to all customers. For example:

- You may qualify for a discounted Annual Percentage Rate by having your payments automatically debited from an eligible PNC Bank checking account ("Automatic Payment Plan"). The Automatic Payment Plan discount in the Annual Percentage Rate is only available if you qualify for the discount when you open your Account.
- The "Interest Only (IO) during the Draw Period" Payment Option for the Variable Rate Part, described in Part D, is not available to most customers. It is available to customers who qualify based on credit score and other credit factors.

(c) Some options are linked to other features. For example:

- The Maximum Credit Limit and Loan to Value (LTV) you choose or are qualified for will be factors in determining the Annual Percentage Rate(s) that applies to your Account.
- The repayment term that you choose for a Fixed Rate Principal and Interest Part and the amount that you transfer will be factors in determining the Annual Percentage Rate that applies to that Fixed Rate Part.
- The amount that you transfer to a Fixed Rate Interest Only Part will determine the Annual Percentage Rate that applies to that Fixed Rate Part.

3. SECURITY INTEREST. We will take a Mortgage on your home. You could lose your home if you do not meet the obligations in your agreement with us.

4. POSSIBLE ACTIONS.

(a) We can terminate your Account and require you to pay us the entire outstanding balance in one payment if:

- You engage in fraud or material misrepresentation in connection with the Account.
- You do not meet the repayment terms.
- Your action or inaction adversely affects the collateral or our rights in the collateral.

(b) We can refuse to make additional extensions of credit, reduce your Maximum Credit Limit and refuse to allow transfers to Fixed Rate Parts if:

- The value of the dwelling securing your Account declines significantly below its appraised value for purposes of the Account.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the Account agreement.
- 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% of the Maximum Credit Limit.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The Variable Rate Index plus the Variable Rate Margin is more than 24%.

(c) We can refuse to allow transfers to a Fixed Rate Part, if the Fixed Rate Index plus the applicable Fixed Rate Margin is more than 24%.

(d) The initial agreement permits us to make certain changes to the terms of the agreement at specified times or upon the occurrence of specified events.

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

B. THE FOLLOWING TERMS ARE APPLICABLE TO BOTH THE "PRINCIPAL AND INTEREST" AND THE "INTEREST ONLY" PAYMENT OPTIONS FOR THE VARIABLE RATE PART.

1. MINIMUM DRAW REQUIREMENTS. There is no minimum credit advance using a Choice Access Card (credit card; if applicable), except that there are certain limitations on transactions at automated teller machines (ATM) and other electronic or automated cash dispensing devices. The minimum amount you can transfer to a Fixed Rate Part is $5,000.00.

2. FEES AND CHARGES. To open and maintain an Account, you must pay the following fees and charges.

(a) You must pay certain fees and charges to us to open and maintain your Account:

- You will be charged an Annual Fee of $50.00 each year of the Draw Period.†
- Each time you transfer all or a portion of the Principal Balance to a Fixed Rate Part you must pay a Transfer Fee of $100.00.†
- Each time you transfer the balance in a Fixed Rate Part to the Variable Rate Part you must pay a Transfer Fee of $100.00.†
- You will be charged an Origination Fee if your property is located in any state other than Texas. There is no Origination Fee for property located in Texas. The Origination Fee will be payable with the first monthly billing statement following account opening and will be based on the approved maximum credit limit, as follows:
- For approved lines of credit up to $149,999.99, the Origination Fee will be $299. †
- For approved lines of credit of $150,000 to $499,999.99, the Origination Fee will be $399. †
- For approved lines of credit of $500,000 to $749,999.99, the Origination Fee will be $499. †
- For approved lines of credit of $750,000 or more, the Origination Fee will be $599. †
  - THE MINIMUM PAYMENT DUE WITHIN YOUR FIRST TWO MONTHLY BILLING CYCLES WILL INCLUDE: (1) THE APPLICABLE ORIGINATION FEE DUE, CHARGED IN THE FIRST BILLING CYCLE; (2) THE ANNUAL FEE, IF APPLICABLE, CHARGED BY THE SECOND BILLING CYCLE; AND (3) THE CURRENT PAYMENT OTHERWISE DUE FOR ANY VARIABLE OR FIXED RATE PARTS.

† *This fee does not apply if you are a PNC Private Bank Client.*

(b) You must pay certain fees and charges to third parties to open your Account. We will pay some other fees and charges for you. The fees and charges you must pay to third parties are:

- You must carry insurance on the property that secures this Account.
- For certain types of Accounts you may be required to provide us with a lender's policy of Title Insurance, and you may incur a Settlement Fee at closing. The fees for Title Insurance and Settlement may range as shown below:
  - For approved lines of credit of $25,000.00 to $1,000,000.00, the fees may range from $450.00 to $6,593.00, depending on the Maximum Credit Limit.
  - For approved lines of credit of $1,000,001.00 to $3,000,000.00, the fees may range from $6,594.00 to $19,493.25, depending on the Maximum Credit Limit.
  - The fees may be more if the Maximum Credit Limit is above $3,000,000.00. Ask us for the types of Accounts this fee applies to.
- Recordation Tax. If your property is located in the states of GEORGIA or NEW YORK, you will be required to pay recordation and other applicable taxes imposed by the state or locality in the following amounts, depending on your locality and the maximum credit limit of the Account:
  - For Georgia, the recordation taxes will be $3.00 per $1000 of the maximum credit limit.
  - For New York, the recordation taxes range between $7.50 and $21.75 per $1000 of the maximum credit limit.
  - We will establish a zero-interest Fixed Rate Part for the total amount of recordation tax payable by you. The amount of your available credit will be reduced by the amount of recordation tax that is placed into the Fixed Rate Part. The amount of this Fixed Rate Part will be amortized over a 36-month term, and you will be billed 36 equal monthly installments calculated to pay off the entire balance over that 36-month period. This will be billed to you on a monthly basis as a component of your minimum monthly payment. This zero-interest Fixed Rate Part does not count towards any limits on the maximum number of Fixed Rate Parts that may be open at any time under this Account.
  - THE MINIMUM PAYMENT DUE WITHIN YOUR FIRST 36 MONTHLY BILLING CYCLES WILL INCLUDE: (1) THE INSTALLMENT DUE FOR THE RECORDATION TAX FIXED RATE PART, IF APPLICABLE; (2) THE APPLICABLE ORIGINATION FEE DUE, CHARGED IN THE FIRST BILLING CYCLE; (3) THE ANNUAL FEE, IF APPLICABLE, CHARGED BY THE SECOND BILLING CYCLE; AND (4) THE CURRENT PAYMENT OTHERWISE DUE FOR THE VARIABLE RATE PART OR OTHER FIXED RATE PARTS.

3. PARTS OF YOUR ACCOUNT. The Variable Rate Part is the part of your Account from which new loans will be made during the Draw Period, and to which the fees and charges will be charged. At Account opening and during the Draw Period, you may transfer all or a portion of the Principal Balance from the Variable Rate Part to a Fixed Rate Part. During the Draw Period, you may transfer the entire balance in a Fixed Rate Part to the Variable Rate Part. You may not transfer any additional balance to a Fixed Rate Part after it has been established by the initial transfer. You may transfer the balance from a Fixed Rate Part to the Variable Rate Part if you transfer the entire balance in that Fixed Rate Part. You may not transfer the balance in a Fixed Rate Part to another Fixed Rate Part.

4. DRAW AND REPAYMENT PERIODS.

(a) Draw Period. The period during which you can obtain advances of credit, establish Fixed Rate Parts and transfer the balance in a Fixed Rate Part to the Variable Rate Part is called the "Draw Period." You must make at least the minimum required payment each month of the Draw Period. The Draw Period begins on the date of your Account Agreement and ends on the tenth anniversary of the date of your Account Agreement. After the Draw Period ends, you will no longer be able to obtain advances of credit, establish Fixed Rate Parts or transfer a balance from a Fixed Rate Part to the Variable Rate Part.

(b) Repayment Period. You will be required to repay the outstanding balance in the Account, together with the applicable finance and other charges, in monthly payments over a period which is called the "Repayment Period." The Repayment Period begins on the first day following the close of the Draw Period and its length will be no more than 30 years.

5. VARIABLE RATE FEATURE. The Account has a variable rate feature. The Annual Percentage Rate (corresponding to the periodic rate), the minimum payment amount and the amount of the Finance Charges can change as a result. The Annual Percentage Rate includes only interest and no other costs.

(a) Variable Rate Part. The Annual Percentage Rate applicable to the Variable Rate Part is based on the value of the Variable Rate Index. The Variable Rate Index is the Latest Prime Rate for the U.S., published in the "Money Rates" section of *The Wall Street Journal*. The value of the Variable Rate Index for each Billing Cycle is determined based on the rate reported on the last day on which a rate is reported in the preceding calendar month. If more than one Latest Prime Rate is reported on that day, the highest rate will be used. To determine the Annual Percentage Rate that will apply to the Variable Rate Part, we add the Variable Rate Margin to the Variable Rate Index. The Variable Rate Margin we will use may depend upon a number of factors including whether you qualify for a discount, your Maximum Credit Limit, the ratio of the Maximum Credit Limit and other liens on your home to the value of your home (loan to value ratio or LTV), lien position, and our evaluation of your application.

- If you qualify for an Automatic Payment Plan discount when you open your Account, but later no longer qualify, the Variable Rate Margin may increase. This may cause your Annual Percentage Rate to increase. If either you or PNC cancels automatic payment from an eligible PNC Bank checking account, the Annual Percentage Rate is subject to increase.
- We may periodically offer an "Introductory" Annual Percentage Rate to customers in some markets. Such an Introductory Annual Percentage Rate would be lower than the Annual Percentage Rate that would otherwise apply to the Variable Rate Part, and it would not be determined by adding the Variable Rate Margin to the Variable Rate Index. The rate and payment examples below do not reflect such an Introductory Rate. The Introductory Annual Percentage Rate would be in effect for the first six months ("Introductory Period") of the Account, starting from the date of Account opening. Depending on the balance of the account, this feature would likely lower the payment on the Variable Rate Part during the Introductory Period. Beginning on the date that is six months after the date of Account opening, the Variable Rate Part Annual Percentage Rate would go into effect, as determined by adding the Variable Rate Index to the Variable Rate Margin.

Ask us for the current Variable Rate Index value, range of Variable Rate Margins which may apply, the range of Variable Rate Part Annual Percentage Rates which may apply and the discounts for which you may be eligible. After you open your Account, rate information will be provided on periodic statements that we send you.

(b) Fixed Rate Part. The Annual Percentage Rate applicable to the Fixed Rate Parts is based on the value of the Fixed Rate Index. The Fixed Rate Index is the Bankrate.com US Home Mortgage 15 Year Fixed National Average APR published on Bloomberg.com under the Quotes section (Ticker ILM1NAVG:IND). If you request a Fixed Rate Part at the time of application to be established at the time of origination, the Fixed Rate Index will be the Fixed Rate Index in effect on the date of application. For Fixed Rate Parts established after origination, the value of the Fixed Rate Index is determined based on the rate reported on the last day on which the rate is reported in the calendar month preceding the calendar month in which the Fixed Rate Part is requested. To determine the Annual Percentage Rate that will apply to a Fixed Rate Part, we add the applicable Fixed Rate Margin to the Fixed Rate Index. The Fixed Rate Margin we will use will depend upon the repayment term of the Fixed Rate Part, the amount of the transfer, lien position, loan to value ratio (or LTV) and whether you qualify for a discount.

- If you qualify for an Automatic Payment Plan discount when you open your account, but later no longer qualify, the Fixed Rate Margin may increase. This may cause your Annual Percentage Rates applicable to Fixed Rate Parts established thereafter to increase. If either you or PNC cancels automatic payment from an eligible PNC Bank checking account, the Fixed Rate Margin applicable to subsequent Fixed Rate Parts is subject to increase.
- The Annual Percentage Rate on a Fixed Rate Part will not change once the Fixed Rate Part is established.

Ask us for the current Fixed Rate Index value, the range of Fixed Rate Part Annual Percentage Rates which may apply, and the discounts for which you may be eligible. After you open your Account, rate information will be provided on periodic statements that we send you.

6. RATE CHANGES. The Annual Percentage Rates on the Account may change as follows:

(a) Variable Rate Part. The Variable Rate Part Annual Percentage Rate can change monthly. Each new Variable Rate Part Annual Percentage Rate will apply to the outstanding balance in the Variable Rate Part and to all new borrowings until the rate changes again. The maximum Variable Rate Part **ANNUAL PERCENTAGE RATE** which can apply to your Account is 24%; this is the rate "cap." The minimum Variable Rate Part **ANNUAL PERCENTAGE RATE** which can apply to your Account is 2.25%; this is the rate "floor." Any discounts for which you are eligible will not cause the rate to fall below the floor. Apart from the rate "cap" and "floor," there are no limits on the amount by which the rate can change in any month or during any one-year period.

(b) Fixed Rate Parts. The Fixed Rate Part Annual Percentage Rate can change monthly. Each new Fixed Rate Part Annual Percentage Rate will apply to new Fixed Rate Parts requested while that Fixed Rate Part Annual Percentage Rate is in effect. The Annual Percentage Rate on a Fixed Rate Part will not change once the Fixed Rate Part is established. The maximum Fixed Rate Part **ANNUAL PERCENTAGE RATE** which can apply to your Account is 24%; this is the rate "cap." The minimum Fixed Rate Part **ANNUAL PERCENTAGE RATE** which can apply to your Account is 2.25%; this is the rate "floor." Any discounts for which you are eligible will not cause the rate to fall below the floor. Apart from the rate "cap" and "floor," there are no limits on the amount by which the rate can change in any month or during any one-year period.

C. THE FOLLOWING TERMS APPLY IF YOU CHOOSE THE "PRINCIPAL AND INTEREST" PAYMENT OPTION FOR THE VARIABLE RATE PART.

1. TERM OF AND PAYMENTS ON A FIXED RATE PART.

The term of a Fixed Rate Part will begin when you make the transfer to the Fixed Rate Part, and will be for a term chosen by you of not less than 60 months and not more than 360 months. You will be required to repay the outstanding balance in each Fixed Rate Part, together with applicable finance charges, in equal monthly payments over the term of the Fixed Rate Part. You may have no more than five Fixed Rate Parts open at any time in any Billing Cycle plus one Fixed Rate Part if you established it when you opened the Account.

2. MINIMUM PAYMENT REQUIREMENTS. Minimum payments will be due monthly. The minimum payment will be the total of the following:

(a) Any past due amounts.

(b) The current payment due on the Variable Rate Part, which is determined as follows:

- Through the Billing Cycle in which the Draw Period ends, the current payment on the Variable Rate Part will be the greater of (1) $25.00 or (2) the sum of the Finance Charge on the Variable Rate Part, Annual Fees, if any, and other fees (but not including Late Charges) which have accrued during the Billing Cycle plus 1/360th of the Principal Balance in the Variable Rate Part at the end of the Billing Cycle.
- Beginning with the Repayment Period's first full Billing Cycle and until the Variable Rate Part is paid in full, the current payment on the Variable Rate Part will be the greater of (1) $25.00 or (2) the sum of the Finance Charge on the Variable Rate Part, and other fees (but not including Late Charges) which have accrued during the Billing Cycle, plus the greater of (i) 1/360th of the Principal Balance in the Variable Rate Part at the end of the first Billing Cycle in the Repayment Period; or (ii) if applicable, if one or more Choice Access Card (credit card) transactions are posted to the Account during the Repayment Period, 1/*y*th of the Principal Balance in the Variable Rate Part at the end of the last Billing Cycle in which a Choice Access Card transaction was posted, where *y* equals the number of months remaining in the Repayment Period at the end of the Billing Cycle in which the last card transaction was posted.
- In no event, however, will the current payment due on the Variable Rate Part be greater than the entire outstanding balance on the Variable Rate Part.

(c) The total of the current payments due on any Fixed Rate Parts.

3. MINIMUM PAYMENT EXAMPLE. If you took a single $10,000.00 advance, made only the minimum monthly payments, took no other advances and did not transfer any of the balance to a Fixed Rate Part:

- If your loan to value ratio fell within the traditional range, your Maximum Credit Limit fell within the high range, and the **ANNUAL PERCENTAGE RATE** was 6.49%, it would take you 39 years and 7 months to pay the account. During that time, you would make 120 payments varying from $81.86 to $58.79; 313 payments varying from $58.63 to $25.06; 41 payments of $25.00; and a final payment of $22.50.
- If your loan to value ratio fell within the higher range, your Maximum Credit Limit fell within the lowest range and the **ANNUAL PERCENTAGE RATE** was 11.50%, it would take you 39 years and 10 month(s) to pay the account. During that time, you would make 120 payments varying from $123.61 to $88.78; 334 payments varying from $88.53 to $25.04; 23 payments of $25.00; and a final payment of $4.29.

4. MAXIMUM RATE AND PAYMENT EXAMPLES. If you had an outstanding balance of $10,000.00 in the Variable Rate Part and had not established any Fixed Rate Parts, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 24% would be $227.78. The maximum Annual Percentage Rate could be reached during the first Billing Cycle.

5. HISTORICAL EXAMPLES. The historical examples are located at Tables 1 and 2.

D. THE FOLLOWING TERMS APPLY IF YOU CHOOSE THE "INTEREST ONLY DURING THE DRAW PERIOD" PAYMENT OPTION FOR THE VARIABLE RATE PART.

1. FIXED RATE PART FEATURE. Fixed Rate Parts can be either:

(a) "Fixed Rate Principal and Interest" Parts, which may also be called "Fixed Rate P&I" Parts, on which the Minimum Payment will include principal repayment and accrued finance charge; or

(b) "Fixed Rate Interest Only" Parts, which may also be called "Fixed Rate IO" Parts, on which the Minimum Payment will include only accrued interest.

You may not make a transfer to either a Fixed Rate P&I Part or a Fixed Rate IO Part in any Billing Cycle in which there was a balance on five or more Fixed Rate P&I Parts (excluding one Fixed Rate P&I Part established at Account opening) or five or more Fixed Rate IO Parts (excluding one Fixed Rate IO Part established at Account opening), or any combination of either, during that Billing Cycle.

2. HOW WE DETERMINE THE ANNUAL PERCENTAGE RATE ON THE FIXED RATE PARTS.

(a) Fixed Rate P&I Part. To determine the Annual Percentage Rate that will apply to a Fixed Rate P&I Part, we add the applicable Fixed Rate P&I Margin to the Fixed Rate Index. The Fixed Rate P&I Margin we will use will depend upon the repayment term of the Fixed Rate P&I Part, the amount of the transfer, and whether you qualify for a discount.

(b) Fixed Rate IO Part. To determine the Annual Percentage Rate that will apply to a Fixed Rate IO Part, we add the applicable Fixed Rate IO Margin to the Fixed Rate Index. The Fixed Rate IO Margin we will use will depend upon the amount of the transfer and whether you qualify for a discount.

3. TERM OF AND PAYMENTS ON A FIXED RATE PART.

(a) Fixed Rate P&I Part. The term of a Fixed Rate P&I Part will begin when you make the transfer to the Fixed Rate P&I Part, and will be for a term chosen by you of not less than 60 months and not more than 360 months. You will be required to repay the outstanding balance in each Fixed Rate P&I Part, together with applicable finance charges, in equal monthly payments over the term of the Fixed Rate P&I Part.

(b) Fixed Rate IO Part. The term of a Fixed Rate IO Part will begin when you make the transfer to the Fixed Rate IO Part, and will be for a term of 60 months. You will be required to pay monthly payments of the finance charges which accrue each month on the Fixed Rate IO Part. At the end of the term of a Fixed Rate IO Part, any outstanding Principal Balance on the Fixed Rate IO Part will be transferred to the Variable Rate Part.

4. MINIMUM PAYMENT REQUIREMENTS. Minimum payments will be due monthly. The minimum payment will be the total of the following:

(a) Any past due amounts.

(b) The current payment due on the Variable Rate Part, which is determined as follows:

- Through the Billing Cycle in which the Draw Period ends, the current payment on the Variable Rate Part will be the sum of the Finance Charge on the Variable Rate Part, Annual Fees, if any, and other fees (but not including Late Charges) which have accrued during the Billing Cycle.
- Beginning with the Repayment Period's first full Billing Cycle and until the Variable Rate Part is paid in full, the current payment on the Variable Rate Part will be the greater of (i) $25.00 or (ii) the sum of the Finance Charge on the Variable Rate Part, and other fees (but not including Late Charges) which have accrued during the Billing Cycle, plus the greatest of (i) 1/360th of the Principal Balance in the Variable Rate Part at the end of the first Billing Cycle in the Repayment Period; (ii) if the balance of one or more Fixed Rate IO Parts has been transferred to the Variable Rate Part during the Repayment Period, 1/*x*th of the Principal Balance in the Variable Rate Part at the end of the Billing Cycle in which the last transfer was made, where *x* equals the number of months remaining in the Repayment Period, as of the Billing Cycle in which the last transfer was made; or (iii) if applicable, if one or more Choice Access Card (credit card) transactions are posted to the Account during the Repayment Period, 1/*y*th of the Principal Balance in the Variable Rate Part at the end of the last Billing Cycle in which a Choice Access Card transaction was posted, where *y* equals the number of months remaining in the Repayment Period at the end of the Billing Cycle in which the last card transaction was posted.
- In no event, however, will the current payment due on the Variable Rate Part be greater than the entire outstanding balance on the Variable Rate Part.

(c) The total of the current payments due on any Fixed Rate Parts.

5. MINIMUM PAYMENT EXAMPLE. If you took a single $10,000.00 advance, made only the minimum monthly payments, took no other advances and, if applicable, did not transfer any of the balance to a Fixed Rate Part:

- If your loan to value ratio fell within the traditional range, your Maximum Credit Limit fell within the high range, and the **ANNUAL PERCENTAGE RATE** was 6.49% it would take you 40 years to pay the account. During that time, you would make 120 payments of $54.08, and 360 payments varying from $81.86 to $27.93.
- If your loan to value ratio fell within the higher range, your Maximum Credit Limit fell within the lowest range and the **ANNUAL PERCENTAGE RATE** was 11.50%, it would take you 40 years to pay the account. During that time, you would make 120 payments of $95.83 and 360 payments varying from $123.61 to $28.04.

6. MAXIMUM RATE AND PAYMENT EXAMPLES. If you had an outstanding balance of $10,000.00 in the Variable Rate Part and had not established any Fixed Rate Parts, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 24% would be $200.00 during the Draw Period and $227.78 during the Repayment Period. The maximum Annual Percentage Rate could be reached during the first Billing Cycle.

7. HISTORICAL EXAMPLES. The historical examples are located at Tables 3 and 4.

Table 1 is an historical example of an Account for which the principal and interest payment option was chosen, with a loan to value ratio within the traditional range and with a Maximum Credit Limit within the high range. Table 2 is an historical example of an Account for which the principal and interest payment option was chosen, with a loan to value ratio within the higher range and with a Maximum Credit Limit within the lowest range. They show how the Annual Percentage Rate and the monthly payments for a single $10,000.00 credit advance would have changed based on changes in the Index over the past 15 years. The Index values are from the last business day of January of each year. The tables assume that no additional credit advances were taken, that only the minimum payments were made, that the rate remained constant during each year and that no Fixed Rate Parts were established. It does not necessarily indicate what your margin will be or how the Index or your payments will change in the future.

Table 1 - Historical Example for the Choice Home Equity Line of Credit Account
Principal and Interest Payment Option - Traditional LTV and High Credit Limit

Period	**Year**	**Index (%)**	**Margin (%)***	**ANNUAL PERCENTAGE RATE (%)**	**Minimum Payment ($)**
Draw	2012	3.25	-0.26	2.99	52.69
	2013	3.25	-0.26	2.99	50.96
	2014	3.25	-0.26	2.99	49.29
	2015	3.50	-0.26	3.24	49.56
	2016	3.75	-0.26	3.49	49.75
	2017	4.50	-0.26	4.24	53.41
	2018	5.50	-0.26	5.24	58.48
	2019	4.75	-0.26	4.49	51.61
	2020	3.25	-0.26	2.99	40.35
	2021	3.25	-0.26	2.99	39.02
Repayment	2022	7.50	-0.26	7.24	63.11
	2023	7.50	-0.26	7.24	61.66
	2024	8.50	-0.26	8.24	65.79
	2025	7.50	-0.26	7.24	58.78
	2026	6.75	-0.26	6.49	53.46

* This is a Margin we have used recently.

Table 2 - Historical Example for the Choice Home Equity Line of Credit Account
Principal and Interest Payment Option - Higher LTV and Lowest Credit Limit

Period	**Year**	**Index (%)**	**Margin (%)***	**ANNUAL PERCENTAGE RATE (%)**	**Minimum Payment ($)**
Draw	2012	3.25	4.75	8.00	94.44
	2013	3.25	4.75	8.00	91.34
	2014	3.25	4.75	8.00	88.35
	2015	3.50	4.75	8.25	87.33
	2016	3.75	4.75	8.50	86.29
	2017	4.50	4.75	9.25	88.74
	2018	5.50	4.75	10.25	92.65
	2019	4.75	4.75	9.50	84.66
	2020	3.25	4.75	8.00	72.31
	2021	3.25	4.75	8.00	69.94
Repayment	2022	7.50	4.75	12.25	93.01
	2023	7.50	4.75	12.25	90.57
	2024	8.50	4.75	13.25	93.70
	2025	7.50	4.75	12.25	85.70
	2026	6.75	4.75	11.50	79.38

* This is a Margin we have used recently.

Table 3 is an historical example of an Account for which the interest only during the Draw Period payment option was chosen, with a loan to value ratio within the traditional range and with a Maximum Credit Limit within the high range. Table 4 is an historical example of an Account for which the interest only during the Draw Period payment option was chosen, with a loan to value ratio within the higher range and with a Maximum Credit Limit within the lowest range. They show how the Annual Percentage Rate and the monthly payments for a single $10,000.00 credit advance would have changed based on changes in the Index over the past 15 years. The Index values are from the last business day of January of each year. The tables assume that no additional credit advances were taken, that only the minimum payments were made, that the rate remained constant during each year and that no Fixed Rate Parts were established. It does not necessarily indicate what your margin will be or how the Index or your payments will change in the future.

Table 3 - Historical Example for the Choice Home Equity Line of Credit Account
Interest Only Payment Option - Traditional LTV and High Credit Limit

Period	**Year**	**Index (%)**	**Margin (%)***	**ANNUAL PERCENTAGE RATE (%)**	**Minimum Payment ($)**
Draw	2012	3.25	-0.26	2.99	24.92
	2013	3.25	-0.26	2.99	24.92
	2014	3.25	-0.26	2.99	24.92
	2015	3.50	-0.26	3.24	27.00
	2016	3.75	-0.26	3.49	29.08
	2017	4.50	-0.26	4.24	35.33
	2018	5.50	-0.26	5.24	43.67
	2019	4.75	-0.26	4.49	37.42
	2020	3.25	-0.26	2.99	24.92
	2021	3.25	-0.26	2.99	24.92
Repayment	2022	7.50	-0.26	7.24	88.11
	2023	7.50	-0.26	7.24	86.10
	2024	8.50	-0.26	8.24	91.87
	2025	7.50	-0.26	7.24	82.08
	2026	6.75	-0.26	6.49	74.65

* This is a Margin we have used recently.

Table 4 - Historical Example for the Choice Home Equity Line of Credit Account
Interest Only Payment Option - Higher LTV and Lowest Credit Limit

Period	**Year**	**Index (%)**	**Margin (%)***	**ANNUAL PERCENTAGE RATE (%)**	**Minimum Payment ($)**
Draw	2012	3.25	4.75	8.00	66.67
	2013	3.25	4.75	8.00	66.67
	2014	3.25	4.75	8.00	66.67
	2015	3.50	4.75	8.25	68.75
	2016	3.75	4.75	8.50	70.83
	2017	4.50	4.75	9.25	77.08
	2018	5.50	4.75	10.25	85.42
	2019	4.75	4.75	9.50	79.17
	2020	3.25	4.75	8.00	66.67
	2021	3.25	4.75	8.00	66.67
Repayment	2022	7.50	4.75	12.25	129.86
	2023	7.50	4.75	12.25	126.46
	2024	8.50	4.75	13.25	130.83
	2025	7.50	4.75	12.25	119.65
	2026	6.75	4.75	11.50	110.83

* This is a Margin we have used recently.

Fee Range Chart: To open an Account, you must pay the following fees to third parties. Unless otherwise noted, we will pay these fees for you, if you agree to reimburse us for the full amount we paid on your behalf, if you close your Account within three years of the date you open it.

State	Credit Report	Flood Report	Valuation	Property Search	Recording Fee	Attorney Review Fee	Total Range of Fees		Taxes/Other Fees
AK[4]	$0.85 - $1.80	$2.00 - $6.00	$83 - $1,600	$35 - $300	$50 - $142		$170.85 - $2,049.80		
AL	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,485	$70 - $530	$21 - $62		$118.85 - $2,084.80	plus	$1.50 per $1,000 of the Credit Limit
AR	$0.85 - $1.80	$2.00 - $6.00	$25 - $950	$78 - $156	$45 - $80		$150.85 - $1,193.80		
AZ	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,330	$44 - $180	$30 - $40		$101.85 - $1,557.80		
CA	$0.85 - $1.80	$2.00 - $6.00	$25 - $2,030	$56.50 - $180	$50 - $450		$134.35 - $2,667.80		
CO	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,950	$55 - $180	$43 - $133		$125.85 - $2,270.80		
CT	$0.85 - $1.80	$2.00 - $6.00	$25 - $950	$61 - $145	$90 - $130		$178.85 - $1,232.80		
DC	$0.85 - $1.80	$2.00 - $6.00	$147 - $1,014	$65 - $180	$155 - $166		$369.85 - $1,367.80		
DE	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,650	$35 - $215	$70 - $225		$132.85 - $2,097.80		
FL	$0.85 - $1.80	$2.00 - $6.00	$25 - $2,500	$25.71 - $180	$69.50 - $169.50		$123.06 - $2,857.30	plus	$5.50 per $1,000 of the Credit Limit
GA	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,214	$60 - $265	$25 - $75		$112.85 - $1,561.80	plus	$10.00 Residential Mortgage Act Fee. In addition, See B. 2.(b) above.
HI[4]	$0.85 - $1.80	$2.00 - $6.00	$83 - $1,600	$105 - $400	$36 - $151		$226.85 - $2,158.80		
IA	$0.85 - $1.80	$2.00 - $6.00	$25 - $925	$75 - $140	$37 - $97		$139.85 - $1,169.80		
ID	$0.85 - $1.80	$2.00 - $6.00	$83 - $1,250	$65 - $143	$45 - $70		$195.85 - $1,470.80		
IL	$0.85 - $1.80	$2.00 - $6.00	$20 - $2,400	$38 - $183	$54 - $130		$114.85 - $2,720.80		
IN	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,630	$35 - $280	$55 - $135		$117.85 - $2,052.80		
KS	$0.85 - $1.80	$2.00 - $6.00	$83 - $880	$77 - $154	$123 - $174		$285.85 - $1,215.80		
KY	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,055	$45 - $315	$80 - $130	$50	$202.85 - $1,557.80		
LA[4]	$0.85 - $1.80	$2.00 - $6.00	$83 - $1,600	$35 - $240	$200 - $255		$320.85 - $2,102.80	plus	$325.00 documentary tax of Orleans Parish only
MA	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,130	$70 - $190.27	$235 - $335		$332.85 - $1,663.07		
MD	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,130	$35 - $188.50	$60 - $120		$122.85 - $1,446.30	plus	Between $5.00 and $16.00 per $1,000 of the Credit Limit
ME	$0.85 - $1.80	$2.00 - $6.00	$75 - $980	$70 - $135	$38 - $58		$185.85 - $1,180.80		
MI	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,581	$50 - $280	$30 - $88		$107.85 - $1,956.80		
MN	$0.85 - $1.80	$2.00 - $6.00	$25 - $882	$82 - $164	$46 - $92		$155.85 - $1,145.80	plus	$2.30 or $2.40 per $1,000 of the Credit Limit. Additional $5.00 conservation

State	Credit Report	Flood Report	Valuation	Property Search	Recording Fee	Attorney Review Fee	Total Range of Fees		Taxes/Other Fees
									fee applicable to Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Waseca, Washington, Winona and Wright counties
MO	$0.85 - $1.80	$2.00 - $6.00	$25 - $900	$70 - $175	$42 - $94		$139.85 - $1,176.80		
MS[4]	$0.85 - $1.80	$2.00 - $6.00	$83 - $1,600	$35 - $300	$28 - $41		$148.85 - $1,948.80		
MT	$0.85 - $1.80	$2.00 - $6.00	$83 - $1,180	$85 - $145	$90 - $180		$260.85 - $1,512.80		
NC	$0.85 - $1.80	$2.00 - $6.00	$25 - $2,600	$60 - $285	$64 - $89		$151.85 - $2,981.80		
ND	$0.85 - $1.80	$2.00 - $6.00	$83 - $1,330	$100 - $130	$65 - $85		$250.85 - $1,552.80		
NE	$0.85 - $1.80	$2.00 - $6.00	$83 - $800	$35 - $100	$52 - $76		$172.85 - $983.80		
NH	$0.85 - $1.80	$2.00 - $6.00	$25 - $950	$70 - $140	$65 - $97		$162.85 - $1,194.80		
NJ	$0.85 - $1.80	$2.00 - $6.00	$83 - $2,200	$25.71 - $190	$90 - $345		$201.56 - $2,742.80		
NM	$0.85 - $1.80	$2.00 - $6.00	$83 - $1,450	$98 - $208	$25 - $50		$208.85 - $1,715.80		
NV[4]	$0.85 - $1.80	$2.00 - $6.00	$600 - $850	$76 - $200	$37 - $63		$715.85 - $1,120.80		
NY	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,214	$84 - $231.39	$58 - $718		$169.85 - $2,171.19	plus	See B. 2.(b) above.
OH	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,650	$35 - $220	$82 - $243		$144.85 - $2,120.80		
OK	$0.85 - $1.80	$2.00 - $6.00	$83 - $750	$40 - $140	$30 - $85		$155.85 - $982.80	plus	$1.00 per $1,000 of the Credit Limit plus $5.00 certification fee
OR	$0.85 - $1.80	$2.00 - $6.00	$83 - $980	$70 - $158	$115 - $221		$270.85 - $1,366.80		
PA	$0.85 - $1.80	$2.00 - $6.00	$25 - $2,630	$25.71 - $305	$37 - $284.75		$90.56 - $3,227.55		
RI	$0.85 - $1.80	$2.00 - $6.00	$83 - $850	$70 - $140	$70 - $106		$225.85 - $1,103.80		
SC	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,164	$90 - $315	$25 - $210		$142.85 - $1,696.80		
SD[4]	$0.85 - $1.80	$2.00 - $6.00	$83 - $1,600	$35 - $256	$30 - $70		$150.85 - $1,933.80		
UT	$0.85 - $1.80	$2.00 - $6.00	$25 - $950	$60 - $133	$40 - $60		$127.85 - $1,150.80		
VA	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,150	$55 - $585	$43 - $83		$125.85 - $1,825.80	plus	$1.80 or $2.50 per $1,000 of the Credit Limit plus 0.3333 of that amount
VT	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,150	$70 - $140	$90 - $162		$187.85 - $1,459.80		
WA	$0.85 - $1.80	$2.00 - $6.00	$25 - $1,530	$58 - $2,582.93	$311.50 - $385.50		$397.35 - $4,506.23	plus	$80 Foreclosure Mediation Program
WI	$0.85 - $1.80	$2.00 - $6.00	$25 - $950	$51 - $180	$30 - $60		$108.85 - $1,197.80		
WV	$0.85 - $1.80	$2.00 - $6.00	$83 - $900	$38 - $165	$33 - $98.25		$156.85 - $1,171.05		

State	Credit Report	Flood Report	Valuation	Property Search	Recording Fee	Attorney Review Fee	Total Range of Fees		Taxes/Other Fees
WY	$0.85 - $1.80	$2.00 - $6.00	$543 - $1,100	$104 - $215	$30 - $60		$679.85 - $1,382.80		

Notes:

1. The Valuation Fee range shown above assumes that the property that secures the Account is a single-family dwelling. If the property is a two-family dwelling, the Valuation Fee will be between $400 and $2,900 in all states.
2. The Valuation Fee range shown above assumes the application is for an amount less than $2 million dollars. If you apply for a line amount equal to or greater than $2 million dollars, two full appraisals will be required and the Valuation Fee for your application will be based on the actual cost associated with the two full appraisals.
3. If the property that secures this Account is located in Maryland, the tax may be paid on (1) the Credit Limit, if paid when you open your account or (2) on the amount of each advance, if paid when you take the advance. If you choose to have the tax paid on the Credit Limit when you open your Account, we will pay the tax for you, subject to reimbursement. If you choose to pay the tax when you take each advance, you must pay the tax yourself when it is due.
4. If you are a PNC Private Bank Client, contact your Advisor for product availability in these states.

In addition to the fees set forth above, we may pay one or more of the following fees (except for the Certificate of Good Standing Fee that you may incur outside of closing) on your behalf, subject to reimbursement, regardless of the state where your property is located. The fees will depend on your specific circumstances. For example, if you choose to close with a mobile notary, you will incur a fee within the range listed below for Mobile Notary. If an attorney is required to be present for your closing, you will incur a fee within the range listed below for Attorney Fee. We will furnish additional information and an itemization of such fees upon your request.

Extended Property Search	Property Condition Report	Instant Income Verification	Mobile Notary or Electronic Close	Attorney Fee	Settlement Fee (If simultaneous close with PNC Mortgage 1st lien)	Certificate of Good Standing Fee (If property held by an entity)	Total Range of Fees
$45 - $118	$40 - $225	$27.55 - $55.10	$100 - $550	$100 - $1,250	$50 - $4,055.25	$5 - $52	$367.55 - $6,305.35

WHAT YOU SHOULD KNOW ABOUT

Home Equity Lines of Credit

(HELOC)

Borrowing from the value of your home

How to use the booklet

When you and your lender discuss home equity lines of credit, often referred to as HELOCs, you receive a copy of this booklet. It helps you explore and understand your options when borrowing against the equity in your home. You can find more information from the Consumer Financial Protection Bureau (CFPB) about home loans at cfpb.gov/mortgages. You'll also find other mortgage-related CFPB resources, facts, and tools to help you take control of your borrowing options.

About the CFPB

The CFPB is a 21st century agency that implements and enforces federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive. This pamphlet, titled What you should know about home equity lines of credit, was created to comply with federal law pursuant to 15 U.S.C. 1637a(e) and 12 CFR 1026.40(e).

How can this booklet help you?

This booklet can help you decide whether home equity line of credit is the right choice for you, and help you shop for the best available option.

A home equity line of credit (HELOC) is a loan that allows you to borrow, spend, and repay as you go, using your home as collateral. Typically, you can borrow up to a specified percentage of your equity. Equity is the value of your home minus the amount you owe on your mortgage.

Consider a HELOC if you are confident you can keep up with the loan payments. If you fall behind or can't repay the loan on schedule, you could lose your home.

After you finish this booklet:

• You'll understand the effect of borrowing against your home

• You'll think through your borrowing and financing options, besides a HELOC

• You'll see how to shop for your best HELOC offer

• You'll see what to do if the economy or your situation changes

Compare a HELOC to other money sources

Before you decide to take out a HELOC, it might make sense to consider other options that might be available to you, like the ones below.

TIP

Renting your home out to other people may be prohibited under the terms of your line of credit.

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

Compare a HELOC to other money sources

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

How HELOCs work

Prepare for up-front costs

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

• A fee for a property appraisal, which is a formal estimate of the value of your home

• An application fee, which might not be refunded if you are turned down

• Closing costs, including fees for attorneys, title search, mortgage preparation and filing, property and title insurance, and taxes

PULL MONEY FROM YOUR LINE OF CREDIT

Once approved for a HELOC, you can generally spend up to your credit limit whenever you want. When your line of credit is open for spending, you are in the borrowing period, also called the draw period. Typically, you use special checks or a credit card to draw on your line. Some plans require you to borrow a minimum amount each time (for example, $300) or keep a minimum amount outstanding. Some plans require you to take an initial amount when the credit line is set up.

MAKE REPAYMENTS DURING THE "DRAW PERIOD"

Some plans set a minimum monthly payment that includes a portion of the principal (the amount you borrow) plus accrued interest. The portion of your payment that goes toward principal typically does not repay the principal by the end of the term. Other plans may allow payment of the interest only, during the draw period, which means that you pay nothing toward the principal.

If your plan has a variable interest rate, your monthly payments may change even if you don't draw more money.

ENTER THE "REPAYMENT PERIOD"

Whatever your payment arrangements during the draw period—whether you pay some, a little, or none of the principal amount of the loan—when the draw period ends you enter a repayment period. Your lender may set a schedule so that you repay the full amount, often over ten or 15 years.

Or, you may have to pay the entire balance owed, all at once, which might be a large amount called a balloon payment. You must be prepared to make this balloon payment by refinancing it with the lender, getting a loan from another lender, or some other means. If you are unable to pay the balloon payment in full, you could lose your home.

RENEW OR CLOSE OUT THE LINE OF CREDIT

At the end of the repayment period, your lender might encourage you to leave the line of credit open. This way you don't have to go through the cost and expense of a new loan, if you expect to borrow again. Be sure you understand if annual maintenance fees or other fees apply, even if you are not actively using the credit line.

TIP

If you sell your home, you are generally required to pay off your HELOC in full immediately. If you are likely to sell your home in the near future, consider whether or not to pay the up-front costs of setting up a line of credit.

GET THREE HELOC ESTIMATES Shopping around lets you compare costs and features, so you can feel confident you're making the best choice for your situation.		Offer A	Offer B	Offer C
Initiating the HELOC				
Credit limit	$			
First transaction	$			
Minimum transaction	$			
Minimum balance	$			
Fixed annual percentage rate	%			
Variable annual percentage rate	%			
- Index used and current value				
- Amount of margin				
- Frequency of rate adjustments				
- Amount/length of discount rate (if any)				
- Interest rate cap and floor				
Length of plan				
- Draw period				
- Repayment period				
Initial fees				
- Appraisal fee	$			
- Application fee	$			
- Up-front charges, including points	$			
- Early termination fee	$			
- Closing costs				
During the draw period				
- Interest and principal payments	$			
- Interest only payments?	$			
- Fully amortizing payments	$			
- Annual fee (if applicable)	$			
- Transaction fee (if applicable)	$			
- Inactivity fee	$			
- Prepayment and other penalty fees	$			

GET THREE HELOC ESTIMATES Shopping around lets you compare costs and features, so you can feel confident you're making the best choice for your situation.	Offer A	Offer B	Offer C
During the repayment period			
- Penalty for overpayments?			
- Fully amortizing payment amount?			
- Balloon repayment of full balance owed?			
- Renewal available?			
- Refinancing of balance by lender?			
- Conversion to fixed-term loan?			

My best HELOC offer is: _______

How variable interest rates work

Home equity lines of credit typically involve variable rather than fixed interest rates.

A variable interest rate generally has two parts: the index and the margin.

An index is a measure of interest rates generally that reflects trends in the overall economy. Different lenders use different indexes in their loans. Common indexes include the U.S. prime rate and the Constant Maturity Treasury (CMT) rate. Talk with your lender to find out more about the index they use.

The margin is an extra percentage that the lender adds to the index.

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

Rights and responsibilities

Lenders are required to disclose the terms and costs of their home equity lines of credit. They need to tell you:

• Annual percentage rate (APR)

• Information about variable rates

• Payment terms

• Requirements on transactions, such as minimum draw amounts and number of draws allowed per year

• Annual fees

• Miscellaneous charges

You usually get these disclosures when you receive a loan application, and you get additional disclosures before the line of credit is opened. In general, the lender cannot charge a nonrefundable fee as part of your application until three days after you have received the disclosures.

If the lender changes the terms before the loan is made, you can decide not to go forward with it, and the lender must return all fees. There is one exception: the variable interest rate might change, and in that case if you decide not to go ahead with the loan, your fees are not refunded.

Lenders must give you a list of HUD-approved housing counselors in your area. You can talk to counselor about how HELOCs work and get free or low-cost help with budgeting and money management.

Right to cancel (also called right to rescind)

If you change your mind for any reason, under federal law, you can cancel the credit line in the first three days. Notify the lender in writing within the first three days after the account was opened. The lender must then cancel the loan and return the fees you paid, including application and appraisal fees.

TIP

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

If something changes during the course of the loan

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

• **Talk with your lender.** Find out the reason for the freeze or reduction. You might need to check your credit reports for errors that might have caused a downgrade in your credit. Or, you might need to talk with your lender about a new appraisal on your home and make sure the lender agrees to accept a new appraisal as valid.

• **Shop for another line of credit.** If another lender offers you a line of credit, you may be able to use that to pay off your original line of credit. Application fees and other fees may apply for the new loan.

WELL DONE!

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

In this booklet:

ASK YOURSELF

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

Have I shopped around for HELOC features and fees?

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

ONLINE TOOLS

CFPB website
cfpb.gov

Answers to common questions
cfpb.gov/askcfpb

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

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

Submit a complaint
cfpb.gov/complaint