Important Terms of the
Bank of the West
Platinum Equity Choice
Line of Credit

And

Gold Equity Choice
Line of Credit

including

What You Should Know About Home Equity Lines of Credit

as published by the
Consumer Financial Protection Bureau

IMPORTANT TERMS OF THE

BANK OF THE WEST PLATINUM AND GOLD EQUITY CHOICE LINES OF CREDIT

Thank you for your interest in a home equity line of credit with Bank of the West. This disclosure contains important information about our Platinum Equity Choice Line of Credit and our Gold Equity Choice Line of Credit (the "Account," "plan," or "home equity line of credit"). You should read this disclosure carefully and retain a copy of it for your records.

The Platinum Equity Choice Line of Credit is offered to customers requesting a home equity line of credit to be secured by a first lien mortgage. The Gold Equity Choice Line of Credit is offered to customers requesting a home equity line of credit to be secured by a junior lien mortgage. All home equity lines of credit are subject to credit approval.

Availability of Terms

All of the terms described in this disclosure are subject to change prior to the time your Account documents are signed. 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 in connection with your application.

Security Interest

We will take a security interest in your home, which may be your primary home, a vacation home, or an investment property. You could lose your home to foreclosure if you do not meet your obligations under the home equity line of credit agreement.

Possible Actions We May Take

We may terminate your home equity line of credit and require you to pay us the entire outstanding balance in one payment and charge you certain fees if:

- You engage in fraud or material misrepresentation in connection with the plan.
- You do not meet the repayment terms of the plan for any outstanding balance.
- Your action or inaction adversely affects the property securing the plan or our security interest in that collateral.
- The property securing your home equity line of credit is sold or transferred without our permission or you fail to maintain the insurance we require on the property.
- All persons liable on the Account die.

We may reduce your credit limit or prohibit additional extensions of credit during any period in which:

- The value of the collateral declines significantly below its appraised value for purposes of the plan.
- We reasonably believe that you will not be able to meet the repayment requirements of the plan due to a material change in your financial circumstances.
- You are in default of any material obligation under your Account agreement.
- Government action prevents us from imposing the Annual Percentage Rate provided for under the plan.
- As a result of government action, the value of our security interest is less than 120% of your credit limit.
- A government authority or regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice.
- The maximum Annual Percentage Rate applicable to your Account is reached.

We may increase the Margin for your Account if (1) you have authorized us to automatically withdraw your minimum payments from your Bank of the West deposit account and (2) you later cancel that authorization, close that deposit account, or fail to maintain a balance in that deposit account to cover your minimum monthly payments. See *Incentive to Have Your Payments Processed Automatically*, below.

We may change the Index and Margin we use to determine your interest rate if the Index becomes unavailable. We can make other changes to the terms of your Account if they will be of benefit to you, if they will not have a significant effect on you or your Account, or if we obtain your written agreement to the change.

Requesting Advances

You may request advances for ten years from the date your Account is opened (the "draw period"). Each advance must be at least $100 and we have no obligation to honor any request for an advance that would cause you to exceed your credit limit.

Minimum Payment Requirements

Minimum Payments during the Draw Period. During the 10-year draw period, payments will be due monthly. Your minimum monthly payment will be the greater of $100 or the sum of the interest charged to your Account for the billing period, plus any amount past due and any other charges imposed during the billing period. If at the end of a billing period less than $100 is owed on your Account, you will be required to pay that balance in full.

Minimum Payments during the Repayment Period. At the end of the draw period, you will no longer be able to obtain advances and the repayment period will begin. The outstanding balance owing at the beginning of the repayment period will be repayable in substantially equal monthly payments over a 240-month term if that balance is $50,000 or more, over a 180-month term if that balance is at least $10,000 but less than $50,000, or over a 120-month term if that balance is less than $10,000. The amount of your monthly payments will be the minimum amount we determine to be necessary to fully repay the outstanding balance, plus all interest that will accrue during the repayment period, in substantially equal monthly payments over the full term of the repayment period. Notwithstanding the foregoing, the minimum monthly payment will never be less than $100, which, depending on your outstanding balance, may result in your Account being repaid before the end of the scheduled repayment period.

Minimum Payment Example

If you took an immediate advance of $10,000 as soon as you opened your Account, took no other advances, and did not elect to convert any portion of this advance into a Fixed Rate Loan Option (see *Fixed Rate Loan Option* below), then based upon an **ANNUAL PERCENTAGE RATE** of 6.75%, it would take 12.25 years to fully repay your Account. During that period, you would have to make 147 monthly payments of $100.00 (the minimum monthly payment) and a final payment of about $37.93.

Fees and Charges

We may impose the following fees to open, use, or maintain your Account, subject to applicable state law limitations:

- <u>Annual Fee of $0 to $75</u>. The Annual Fee will be payable during your 13th billing period and every 12th billing period thereafter. The Annual Fee is $75 unless the state law applicable to your Account limits the fee to a lesser amount or prohibits an Annual Fee. Your home equity line of credit agreement will indicate which state law applies to your account, and the Annual Fee, if any, applicable to your Account. If the state law applicable to your Account is that of Kansas, Minnesota, or Oklahoma, your Annual Fee is $50.00. If your Account is a Gold Equity Choice Line of Credit and the state law applicable to your Account is the law of Missouri, the fee is $50. No Annual Fee is charged if the state law applicable to your Account is Iowa law, or if your Account is a Platinum Equity Choice Line of Credit and Missouri law applies to your Account. Further, no Annual Fee is charged if Arizona law applies and your credit limit is $10,000 or less. We may waive the Annual

Fee for Bank of the West customers with certain relationships with the Bank.

- Fixed Rate Loan Option Fee of $100. This fee will be payable each time you establish a Fixed Rate Loan Option or reverse an established Fixed Rate Loan Option back to a variable rate, as discussed in the *Fixed Rate Loan Option* section below. We may waive the Fixed Rate Loan Option Fee for Bank of the West customers with certain relationships with the Bank.

- Insurance. You must carry, and pay for, insurance on the property that secures your Account.

- Other fees. Other fees may be charged in connection with the servicing of your Account and/or when you request certain services in connection with your Account.

Tax Deductibility

You should consult a tax advisor regarding the deductibility of interest and charges under the plan. Bank of the West is not a tax advisor.

Variable Rate Feature for the Draw Period

Except for any amounts you set aside pursuant to a Fixed Rate Loan Option (see below), your Account will have a variable interest rate during the 10-year draw period. During the draw period, the Annual Percentage Rate applicable to your Account and your minimum monthly payments may change due to the variable rate feature. The Annual Percentage Rate does not include any costs other than interest. The Prime Rate as published in the *Wall Street Journal* (the "Index") will be the Index used in making rate adjustments. To determine the Annual Percentage Rate that will apply to your Account during the draw period, we will add a Margin to the Index.

The Annual Percentage Rate during the draw period is subject to change monthly as of the first day of each billing period and, for a given billing period, will be based on the value of the Index on the last business day of the calendar month that ended immediately before that billing period. If you are enrolled in the Bank of the West Wealth Management program, the Annual Percentage Rate during the draw period is subject to change monthly on the first calendar day of the month and, for a given billing period, will be based on the value of the Index on the last business day of the calendar month *previous to the month* that ended immediately before that billing period.

Ask us for the current Index, Margin, and Annual Percentage Rate. After you open your Account, rate information will be provided on monthly billing statements that we will send you.

Fixed Rate of Interest for the Repayment Period

Your Account will have a fixed rate of interest during the repayment period, which begins when the draw period ends. Your Annual Percentage Rate during the repayment period will be based upon the Index (the Prime Rate, see above) in effect on the last business day of the calendar month before the repayment period begins. A Margin will be added to the Index to determine your Annual Percentage Rate for the entirety of the repayment period. The amount of the Margin applicable to your Account during the repayment period will be set forth in the Account agreement you will sign when you open your Account, and will likely be higher than the Margin applicable during the draw period.

Incentive to Have Your Payments Processed Automatically

The Margin that is added to the Index to calculate your Annual Percentage Rate will be discounted if you elect to have your payments made automatically via electronic withdrawal from a Bank of the West deposit account. The Margin discount will be 0.25% during the draw and repayment periods and also for any Fixed Rate Loan Option, if you have authorized automatic payments at the time the Fixed Rate Loan Option is established. However, if you authorize automatic payments at Account opening or before the end of the draw period and you later (i) cancel that authorization; (ii) close the account from which the payments are to be taken without authorizing us to charge a different Bank of the West account; or (iii) fail to maintain a balance in your account sufficient to cover your minimum monthly payments, the discount may be discontinued and your Margin, and consequently your Annual Percentage Rate, may increase to their normal, undiscounted level, which may result in an increase in your monthly payments.

Fixed Rate Loan Option (FRLO)

You may at any time during the draw period convert all or a portion of any previously advanced and outstanding balance on your Account from a variable rate to a fixed rate. We call this a "Fixed Rate Loan Option" or "FRLO." For the fee stated above, a FRLO may be established at your request in accordance with the terms and conditions of your Account agreement, the key provisions of which are as follows:

Amount of FRLO. You will determine the amount of a FRLO, provided that it is at least $5,000 and that the amount of the FRLO, when added to the outstanding balances of any other FRLOs already in place and to the outstanding balance of the variable rate portion of your Account, does not exceed your credit limit.

Frequency and Number of FRLOs. You cannot establish more than three FRLOs during any 12-month period, nor can you have more than three FRLOs open at the same time. You may use a new FRLO to combine and/or pay off one or more existing FRLOs.

FRLO Term. The maximum term of a FRLO will depend upon the initial amount of the FRLO balance. FRLOs for less than $10,000 will have a maximum term of 120 months. FRLOs of at least $10,000 but less than $20,000 will have a maximum term of 180 months. FRLOs for $20,000 or more will have a maximum term of 240 months. You may choose the maximum term or a shorter term. Further, the maximum term may be limited by the required minimum monthly payment of $100.

Interest Rate for FRLOs. The Annual Percentage Rate for a FRLO will be fixed throughout the term of the FRLO at a rate that will be determined at the time you request the FRLO. The Annual Percentage Rate that will apply to a FRLO will be based on the Index (the Prime Rate, see above) plus a Margin or such other rate as we may offer. If you are ever interested in a FRLO, ask us for the current rates. Of course, you are never obligated to establish a FRLO.

Payments on FRLOs. Your FRLO payment will be the amount required to repay the FRLO balance, including interest, over the FRLO term in substantially equal monthly payments. The minimum monthly payment for each FRLO is $100.

Effect of FRLO on Credit Limit. The credit limit that will be specified in your Account agreement is the overall credit limit on the Account. If you establish a FRLO, your Account will consist of a variable rate portion and up to three FRLOs. The available credit on your Account will be reduced by the total amount of any outstanding FRLOs and the outstanding variable rate portion. Principal reductions paid on the FRLO or variable rate portion will increase the available credit on your Account by an equal amount during the draw period.

Reversal of FRLOs Back to a Variable Rate. During the draw period and for the fee stated above, a FRLO balance may be reversed and converted back to the variable rate portion of your Account, at which time all terms and provisions of your Account agreement related to the variable rate portion shall again apply to that balance.

Annual Percentage Rate Cap and Floor

Notwithstanding the provisions described above for determining your Annual Percentage Rate, whether applicable to your Account balance during the draw period or the repayment period, or applicable to a FRLO, and whether or not you are receiving a discount for having your payments made automatically (see *Incentive to Have Your Payments Processed Automatically*, above), the maximum **ANNUAL PERCENTAGE RATE** will be 18% (13% in Oklahoma) and the minimum **ANNUAL PERCENTAGE RATE** will be 3% (2.5% if you are enrolled in the Bank of the West Wealth Management program). Apart from these limitations, there is no limit on the amount by which the rate can change during any one-month period based on changes to the Index, and there is no annual limitation on changes to the rate.

Maximum Rate and Payment Examples

It is possible that the maximum Annual Percentage Rate (as described above) could apply as early as your first billing period, immediately after your Account is opened. If this were to happen and you immediately obtained an advance of $10,000, your first and highest minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be $150 during the draw period. If you had $10,000 outstanding at the beginning of the repayment period, your monthly periodic payment at the maximum Annual Percentage Rate of 18% during the 180-month repayment period would be $161.04. These payments would be in addition to the payments due on any FRLOs you have established.

Historical Examples

The table below shows how the Annual Percentage Rate and the minimum monthly payments for a single $10,000 advance would have changed based on changes in the Index over the past 15 years. While only one payment amount per year is shown, payments might have varied during each of the first 10 years. The table assumes that no additional advances were taken and that only the minimum payment was made each month. The table does not necessarily indicate how the Index or your payments will change in the future. The table does not reflect what would happen if some or all of the balance owing on the Account were converted to a FRLO.

The table used is based upon the Bank of the West Gold Equity Choice Line of Credit Product.

YEAR	INDEX[1]	MARGIN[2]	**ANNUAL PERCENTAGE RATE**	MINIMUM MONTHLY PAYMENT[3]
2003	4.00%	1.00%	5.00%	$100.00
2004	4.75%	1.00%	5.75%	$100.00
2005	6.75%	1.00%	7.75%	$100.00
2006	8.25%	1.00%	9.25%	$100.00
2007	7.75%	1.00%	8.75%	$100.00

[1] These index values are for the last day of September of each year.
[2] The 1.00% margin is a margin we have recently used for LTVs of 80% or less with automatic payment.
[3] These payments do not include the Annual Fee, due once per year. The payments in this column ordinarily would be equal to the interest that is imposed during the month until 2013, when the payments would also include principal; however, with a starting balance of only $10,000, the interest each month was less than $100, and the alternate $100 minimum payment amount is instead required, during both the draw period and the repayment period.

2008	5.00%	1.00%	6.00%	$100.00
2009	3.25%	1.00%	4.25%	$100.00
2010	3.25%	1.00%	4.25%	$100.00
2011	3.25%	1.00%	4.25%	$100.00
2012	3.25%	1.00%	4.25%	$100.00
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2013[4]	3.25%	2.50%	5.75%	$100.00
2014	3.25%	2.50%	5.75%	$100.00[5]
2015	3.25%	2.50%	5.75%	$0.00
2016	3.50%	2.50%	5.75%	$0.00
2017	4.25%	2.50%	5.75%[6]	$0.00

[4] This year is the beginning of the repayment period.[5] The account balance would have been repaid after the 11th payment during this year; this last payment would have been about $60.17. No further payments would have been required.

[5] The account balance would have been repaid after the 11th payment during this year; this last payment would have been about $60.17. No further payments would have been required.

[6] The Annual Percentage Rate does not change during the repayment period, despite changes in the Index.

<u>What You Should Know About Home Equity Lines of Credit</u>

(as published by the Consumer Finance Protection Bureau)

1. Introduction

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

1.1 Home equity plan checklist

Ask your lender to help you fill out this worksheet.

Basic features for comparison	Plan A	Plan B
Fixed annual percentage rate	%	%
Variable annual percentage rate	%	%
▪ Index used and current value	%	%
▪ Amount of margin		
▪ Frequency of rate adjustments		
▪ Amount/length of discount (if any)		
▪ Interest rate cap and floor		
Length of plan		
Draw period		
Repayment period		
Initial fees		
Appraisal fee		
Application fee		
Up-front charges, including points		
Closing costs		
Basic features for comparison (continued)		

	Plan A	Plan B
Repayment terms		
During the draw period		
Interest and principal payments		
Interest-only payments		
Fully amortizing payments		
When the draw period ends		
Balloon payment?		
Renewal available?		
Refinancing of balance by lender?		

2. What is a home equity line of credit?

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

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

For example:

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

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

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

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

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

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

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

2.1.1 Variable interest rates

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

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

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

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

2.2 Costs of establishing and maintaining a home equity line

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

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

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

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

2.3 How will you repay your home equity plan?

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

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

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

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

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

2.4 Line of credit vs. traditional second mortgage loans

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

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

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

2.4.1 Disclosures from lenders

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

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

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

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

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

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

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

APPENDIX A:
Defined terms

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

DEFINED TERM	
ANNUAL MEMBERSHIP OR MAINTENANCE FEE	An annual charge for access to a financial product such as a line of credit, credit card, or account. The fee is charged regardless of whether or not the product is used.
ANNUAL PERCENTAGE RATE (APR)	The cost of credit, expressed as a yearly rate. For closed-end credit, such as car loans or mortgages, the APR includes the interest rate, points, broker fees, and other credit charges that the borrower is required to pay. An APR, or an equivalent rate, is not used in leasing agreements.
APPLICATION FEE	Fees charged when you apply for a loan or other credit. These fees may include charges for property appraisal and a credit report.
BALLOON PAYMENT	A large extra payment that may be charged at the end of a mortgage loan or lease.
CAP (INTEREST RATE)	A limit on the amount that your interest rate can increase. Two types of interest-rate caps exist. *Periodic adjustment caps* limit the interest-rate increase from one adjustment period to the next. *Lifetime caps* limit the interest-rate increase over the life of the loan. By law, all adjustable-rate mortgages have an overall cap.
CLOSING OR SETTLEMENT COSTS	Fees paid when you close (or settle) on a loan. These fees may include application fees; title examination, abstract of title, title insurance, and property survey fees; fees for preparing deeds, mortgages, and settlement documents; attorneys' fees; recording fees; estimated costs of taxes and insurance; and notary, appraisal, and credit report fees. Under the Real Estate Settlement Procedures Act, the borrower receives a good faith estimate of closing costs within three days of application. The good faith estimate lists each expected cost as an amount or a range.

CREDIT LIMIT	The maximum amount that may be borrowed on a credit card or under a home equity line of credit plan.
EQUITY	The difference between the fair market value of the home and the outstanding balance on your mortgage plus any outstanding home equity loans.
INDEX	The economic indicator used to calculate interest-rate adjustments for adjustable-rate mortgages or other adjustable-rate loans. The index rate can increase or decrease at any time. See also Selected index rates for ARMs over an 11-year period (consumerfinance.gov/f/201204_CFPB_ARMs-brochure.pdf) for examples of common indexes that have changed in the past.
INTEREST RATE	The percentage rate used to determine the cost of borrowing money, stated usually as a percentage of the principal loan amount and as an annual rate.
MARGIN	The number of percentage points the lender adds to the index rate to calculate the adjustable-rate-mortgage interest rate at each adjustment.
MINIMUM PAYMENT	The lowest amount that you must pay (usually monthly) to keep your account in good standing. Under some plans, the minimum payment may cover interest only; under others, it may include both principal and interest.
POINTS (ALSO CALLED DISCOUNT POINTS)	One point is equal to 1 percent of the principal amount of a mortgage loan. For example, if a mortgage is $200,000, one point equals $2,000. Lenders frequently charge points in both fixed-rate and adjustable-rate mortgages to cover loan origination costs or to provide additional compensation to the lender or broker. These points usually are paid at closing and may be paid by the borrower or the home seller, or may be split between them. In some cases, the money needed to pay points can be borrowed (incorporated in the loan amount), but doing so will increase the loan amount and the total costs. Discount points (also called discount fees) are points that you voluntarily choose to pay in return for a lower interest rate.

SECURITY INTEREST	If stated in your credit agreement, a creditor, lessor, or assignee's legal right to your property (such as your home, stocks, or bonds) that secures payment of your obligation under the credit agreement. The property that secures payment of your obligation is referred to as "collateral."
TRANSACTION FEE	Fee charged each time a withdrawal or other specified transaction is made on a line of credit, such as a balance transfer fee or a cash advance fee.
VARIABLE RATE	An interest rate that changes periodically in relation to an index, such as the Prime Rate. Payments may increase or decrease accordingly.

APPENDIX B:
More information

For more information about mortgages, including home equity line 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
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

Regulatory agency	Regulated entities	Contact information	R
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 Avenue, 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	
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	

Regulatory agency	Regulated entities	Contact information
Farm Credit Administration Office of Congressional and Public Affairs 1501 Farm Credit Drive McLean, VA 22102	Agricultural lenders	(703) 883-4056 fca.gov
Small Business Administration (SBA) Consumer Affairs 409 3rd Street, S. W. Washington, DC 20416	Small business lenders	(800) U-ASK-SBA or (800) 827-5722 sba.gov
Commodity Futures Trading Commission (CFTC) 1155 21st Street, N.W. Washington, DC 20581	Commodity brokers, commodity trading advisors, commodity pools, and introducing brokers	(866) 366-2382 cftc.gov/consumer-protection/index.htm
U.S. Department of Justice (DOJ) Civil Rights Division 950 Pennsylvania Avenue, N.W. Housing and Civil Enforcement Section Washington, DC 20530	Fair lending and housing issues	(202) 514-4713 TTY-(202) 305-1882 FAX-(202) 514-1116 To report an incident of housing discrimination: 1-800-896-7743 fairhousing@usdoj.gov
Department of Housing and Urban Development (HUD) Office of Fair Housing/Equal Opportunity 451 7th Street, S.W. Washington, DC 20410	Fair lending and housing issues	(800) 669-9777 hud.gov/complaints

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