

TYPE OF ACCOUNT REQUESTED

Check one to indicate the type of account you are requesting. Note: Married applicants may apply for separate accounts.

If you are applying for an individual account in your own name and are relying on your own income or assets and not the income or assets of another person as the basis for repayment of the credit requested, complete all sections except the section "Joint Applicant or Other Party Information".

If you are applying for a joint account or an account that you and another person will use, complete all sections, providing information in the section "Joint Applicant or Other Party Information" about the joint applicant or user.

We intend to apply for joint credit. _____
 (Please initial) Applicant Co-Applicant

If you are applying for an individual account, but are relying on income from alimony, child support, or separate maintenance or on the income or assets of another person as the basis for repayment of the credit requested, complete all sections to the extent possible, providing information in the section "Joint Applicant or Other Party Information" about the person on whose alimony, child support, or maintenance payments or income or assets you are relying.

TERMS REQUESTED

Amount \$	Interest Rate %	Type of Loan <input type="checkbox"/> Fixed Rate <input type="checkbox"/> ARM (type) <input type="checkbox"/> Other:
No. of Months	Payment \$	Purpose <input type="checkbox"/> Home Improvement <input type="checkbox"/> Pay Debt <input type="checkbox"/> Other:

COLLATERAL PROPERTY

Address			
Year Built	Date Purchased	Present Value	Balance Owing
Title in Name(s) of			
Address of Title Holder			
Name and Address of Insurance Carrier			
Name and Address of Mortgage Holder			
Phone No.		Account No.	

INDIVIDUAL APPLICANT INFORMATION

Name		Birthdate	Social Security No.	
Address (Street, City, State, Zip)				
County		Driver's License No.		
Home Phone	Business Phone	No. of Dependents	Ages of Dependents	
Employer/Self-Employed		Position	Years Employed	
Employer's Address				
Wages, Salary & Commissions: Gross \$		/month	Net \$	/month
How often paid				
Previous Employer		Position	Years Employed	
Previous Employer's Address				
Name and Address of Applicant's Nearest Relative			Relationship	
Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered. Alimony, child support, separate maintenance received pursuant to: <input type="checkbox"/> Court Order <input type="checkbox"/> Written Agreement <input type="checkbox"/> Oral Understanding				
Other Income: Source			Amount/month	
Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (includes single, divorced and widowed)				

JOINT APPLICANT OR OTHER PARTY INFORMATION

Provide the information in this section for a joint applicant, another party that will use or contribute assets or income toward repayment on the account.

Name		Birthdate	Social Security No.	
Address (Street, City, State, Zip)				
County		Driver's License No.		
Home Phone	Business Phone		No. of Dependents	Ages of Dependents
Employer/Self-Employed		Position		Years Employed
Employer's Address				
Wages, Salary & Commissions: Gross \$		/month	Net \$	/month
			How often paid	
Previous Employer		Position		Years Employed
Previous Employer's Address				
Name and Address of Joint Applicant's or Other Party's Nearest Relative				
			Relationship	
Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered. Alimony, child support, separate maintenance received pursuant to: <input type="checkbox"/> Court Order <input type="checkbox"/> Written Agreement <input type="checkbox"/> Oral Understanding				
Other Income: Source			Amount/month	
Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (includes single, divorced and widowed)				

GENERAL INFORMATION

If you or a joint applicant or other party answers "yes" to any of the following questions, please explain in the space provided.

Are you a guarantor or co-maker of any leases, contracts or debts? Applicant : Yes No Joint Applicant/Other Party: Yes No

Are there any suits or judgements pending against you? Applicant : Yes No Joint Applicant/Other Party: Yes No
(Include amount)

Have you been declared bankrupt in the last 10 years? Applicant : Yes No Joint Applicant/Other Party: Yes No

PREVIOUS CREDIT REFERENCES

Describe any previous debt obligations. Please mark Applicant-related information with an "A"

1.	\$	Date Paid
2.	\$	Date Paid

ASSET AND DEBT INFORMATION

If "Joint Applicant or Other Party Information" section was completed above, this section should be completed giving information about both the Applicant and the Joint Applicant or Other Party. Attach additional sheets if necessary.

ASSETS

DESCRIPTION OF CURRENT ASSETS	NAME(S) OF OWNER(S)	SUBJECT TO DEBT: YES/NO	VALUE
Checking Accounts (Institution, Account No.)			\$
Savings Accounts (Institution, Account No.)			
Automobiles (Make, Model, Year)			
Marketable Securities (Issuer, Type, No. of Shares)			

Life Insurance Cash Value (Issuer)			
Other Real Estate (Location, when acquired)			
Other Assets (Describe)			
Total Assets			

ASSET AND DEBT INFORMATION

OUTSTANDING DEBTS (include all charge accounts, installment contracts, credit cards, rents, mortgages and other obligations)

CREDITOR	ACCOUNT NUMBER	NAME(S) IN WHICH THE ACCOUNT IS CARRIED	ORIGINAL AMOUNT	PRESENT BALANCE	MONTHLY PAYMENTS
Auto Loans					
Credit or Charge Cards					
Landlord or Mortgage Holder on other Real Estate					
Other					
TOTAL DEBTS			\$	\$	\$

NOTICE - APPRAISAL COPY

You have the right to a copy of the appraisal report used in connection with your application for credit. If you wish receive a copy, please write to us at this address: TotalBank Consumer Lending, P.O. Box 450678, Miami, FL 33245-0678. We must hear from you no later than 90 days after we notify you about the action taken on your credit application or you withdraw your application. In your letter, give us the following information: Loan or application number (if known), date of application, name(s) of loan applicant(s), property address, and current mailing address.

I certify that everything I have stated in this application and on any attachments is correct. You may keep this application whether or not it is approved. By signing below, I authorize you to check my credit and employment history, to have a consumer credit report prepared on me for the purpose of evaluating this application for credit, and to answer questions others may ask you about my credit record with you. I understand that I must update this credit information at your request and if my financial condition changes.

I acknowledge receipt of the Home Equity Brochure and the lender's Home Equity disclosure statement on today's date.

Applicant

Date

Joint-Applicant

Date

CREDITOR USE ONLY

This application was taken by face-to-face interview mail telephone fax internet

Date Application Received

Received by

Amount Requested

Date Application Completed

Approved by

Amount Approved

Rescindable? yes no

RESPA Applicable? yes no

Funding Date

Initial Advance



2720 CORAL WAY
MIAMI, FL 33145

HOME EQUITY LINE OF CREDIT INTEREST ONLY

In this disclosure the words "you" and "your" mean the recipient of this disclosure, and the words "we", "us" and "our" mean, TotalBank, the lender listed above. "e" means an estimate.

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

RETENTION OF INFORMATION

This disclosure contains important information about our home equity line of credit, HOME EQUITY LINE OF CREDIT INTEREST ONLY ("Account"). You should read it carefully and keep a copy for your records.

AVAILABILITY OF TERMS

All of the terms described below are subject to change. If these terms change (other than the Annual Percentage Rate) and you decide, as a result, not to enter into an Agreement with us, you are entitled to a refund of any fees you paid to us or anyone else in connection with your application.

SECURITY INTEREST

We will take a security interest in your home (collateral). You could lose your home if you do not meet the obligations in your Agreement with us.

POSSIBLE ACTIONS

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; or, you do not meet the repayment terms; and/or, your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if: the value of the dwelling securing the Account declines significantly below its appraised value for purposes of the Account; or, we reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances; or, you are in default of a material obligation in the Agreement; or, government action prevents us from imposing the Annual Percentage Rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line; or, a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; and/or, the maximum Annual Percentage Rate is reached.

MINIMUM PAYMENT REQUIREMENTS

You can obtain advances of credit for 120 months (the "Draw Period"). During the Draw Period, payments will be due monthly. Your minimum periodic payment will be equal to the interest that has accrued on your Account as of the closing date of each billing statement.

BALLOON PAYMENT

After the Draw Period ends you will no longer be able to obtain credit advances. Paying only your minimum payment may repay less than the outstanding balance at the end of the Draw Period. You will be required to pay the entire unpaid balance that you owe and any outstanding fees or charges at the end of the Draw Period in a single balloon payment.

MINIMUM-PAYMENT EXAMPLE

If you made only the minimum monthly payments and took no other credit advances, it would take 10.000 years to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 4.00%. During the Draw Period, you would make 119 monthly payments of \$33.33. This would be followed by one final payment of \$10,033.33.

FEES AND CHARGES

To open and maintain your Account, you must carry insurance on the property securing your Account and pay us the following fees:

Annual Maintenance Fee \$50.00*

*The fee will be billed to your account annually

You must also pay certain fees to third parties. These fees generally total between \$465.00 and \$1,785.00. If you ask, we will give you an itemization of the fees that you will have to pay to third parties.

This bank product features no closing costs up to \$1,500.00 on loan amounts of \$250,000.00 or less; provided that an auto-debit payment is established from a TotalBank deposit account prior to closing. A prepayment penalty, not to exceed \$1,500.00, will be applied if the loan is pre-paid prior to the third year from the closing date.

If you tell us you have decided not to enter into the Account within three days of receiving this Disclosure and the brochure "When Your Home Is on the Line: What You Should Know About Home Equity Lines of Credit" in person, or within six days after the day we mail them to you, as the case might be, any fees or charges you might have already paid will be refunded.



2720 CORAL WAY
MIAMI, FL 33145

**HOME EQUITY LINE OF CREDIT
INTEREST ONLY**

TAX DEDUCTIBILITY

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

OTHER PRODUCTS

If you ask, we will provide you with information on our other available home equity products.

MINIMUM TRANSACTION REQUIREMENTS

The minimum ongoing credit advance for this Account is \$250.00.

VARIABLE RATE FEATURE

The Account has a variable rate feature. The Annual Percentage Rate (corresponding to the periodic rate) and minimum payment can change as a result. This Annual Percentage Rate does not include costs other than interest. The Annual Percentage Rate is based on the value of an index. The index is the Wall Street Journal published Prime Rate ("Index") (if published in a range, the highest number in the range will be used) and is published in the Wall Street Journal. To determine the Annual Percentage Rate that will apply to your Account, we add a margin to the value of the index. Ask us for the current index value, margin and Annual Percentage Rate. After you open an Account, rate information will be provided on periodic statements that we furnish to you.

RATE CHANGES

The Annual Percentage Rate can change monthly. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.000%. Apart from this rate cap, there is no limit on the amount by which the rate can change in any one-year period, except that under no circumstances will the rate ever be less than 4.00% per annum.

MAXIMUM-RATE AND PAYMENT EXAMPLE

If the **ANNUAL PERCENTAGE RATE** equaled the 18.000% maximum and you had an outstanding balance of \$10,000.00, your minimum payment would be \$150.00. The maximum Annual Percentage Rate could be reached the first time your Annual Percentage Rate changes, unless your initial rate is equal to the maximum, in which case it would be reached immediately.

HISTORICAL EXAMPLE

The following table shows how the Annual Percentage Rate and the minimum 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 July of each year. While only one payment amount per year is shown, payments would have varied during each year of the Draw Period.

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

Year	Index	Margin*	ANNUAL PERCENTAGE RATE	Minimum Periodic Payment
1997	8.500%	2.000%	10.500%	\$87.50
1998	8.500%	2.000%	10.500%	\$87.50
1999	8.000%	2.000%	10.000%	\$83.33
2000	9.500%	2.000%	11.500%	\$95.83
2001	6.750%	2.000%	8.750%	\$72.92
2002	4.750%	2.000%	6.750%	\$56.25
2003	4.000%	2.000%	6.000%	\$50.00
2004	4.250%	2.000%	6.250%	\$52.08
2005	6.250%	2.000%	8.250%	\$68.75
2006	8.250%	2.000%	10.250%	\$85.42 ¹
2007	8.250%	2.000%	10.250%	\$0.00
2008	5.000%	2.000%	7.000%	\$0.00
2009	3.250%	2.000%	5.250%	\$0.00
2010	3.250%	2.000%	5.250%	\$0.00
2011	3.250%	2.000%	5.250%	\$0.00

*This is a margin we have used recently.

¹ Draw period ends on the 120th month.



Important Facts about Interest Only Home Equity Lines of Credit

Whether you are buying a house or refinancing your mortgage, this information can help you decide if an interest-only home equity line of credit (HELOC) is right for you. Our "interest-only" HELOC allows you to pay only the interest on the money you borrowed for the term of the loan. However, if you only pay the minimum amount due (interest and any fees), once the loan matures:

- You will still owe the original amount you borrowed.
- You must pay off the balance of the loan in full or seek alternative financing.

Benefits	Risks
<ul style="list-style-type: none">▪ Interest-only mortgage payments during the term of the loan.▪ A home equity line of credit is reusable source of funds.▪ No negative amortization▪ Easy access to your equity credit line with checks.▪ May be able to borrow up to 75% of your primary home's value.▪ * Interest incurred with a home equity line of credit may be tax deductible.	<ul style="list-style-type: none">▪ If you pay the minimum due, you will still owe the original amount you borrowed at the end of the term.

* Consult your tax advisor regarding the deductibility of the home equity interest charges. Subject to certain terms and conditions.

Additional Information:

Home Equity: Home equity is created when the value of your home increases and/or when you reduce the amount you owe on you home through your loan payments. If your home does not increase in value and you make interest-only payments, you are not building equity. This may make it harder to refinance your mortgage or to receive funds from the sale of your home. In fact, if the amount you owe on your home, along with the costs associated with selling it (such as the real estate sales commissions and closing costs) exceed the sales price, you will not receive any cash when you sell and will have to pay additional funds to your lender or to other parties when you pay off your mortgage.



The Federal Reserve Board

What you should know about
**Home Equity Lines
of Credit**

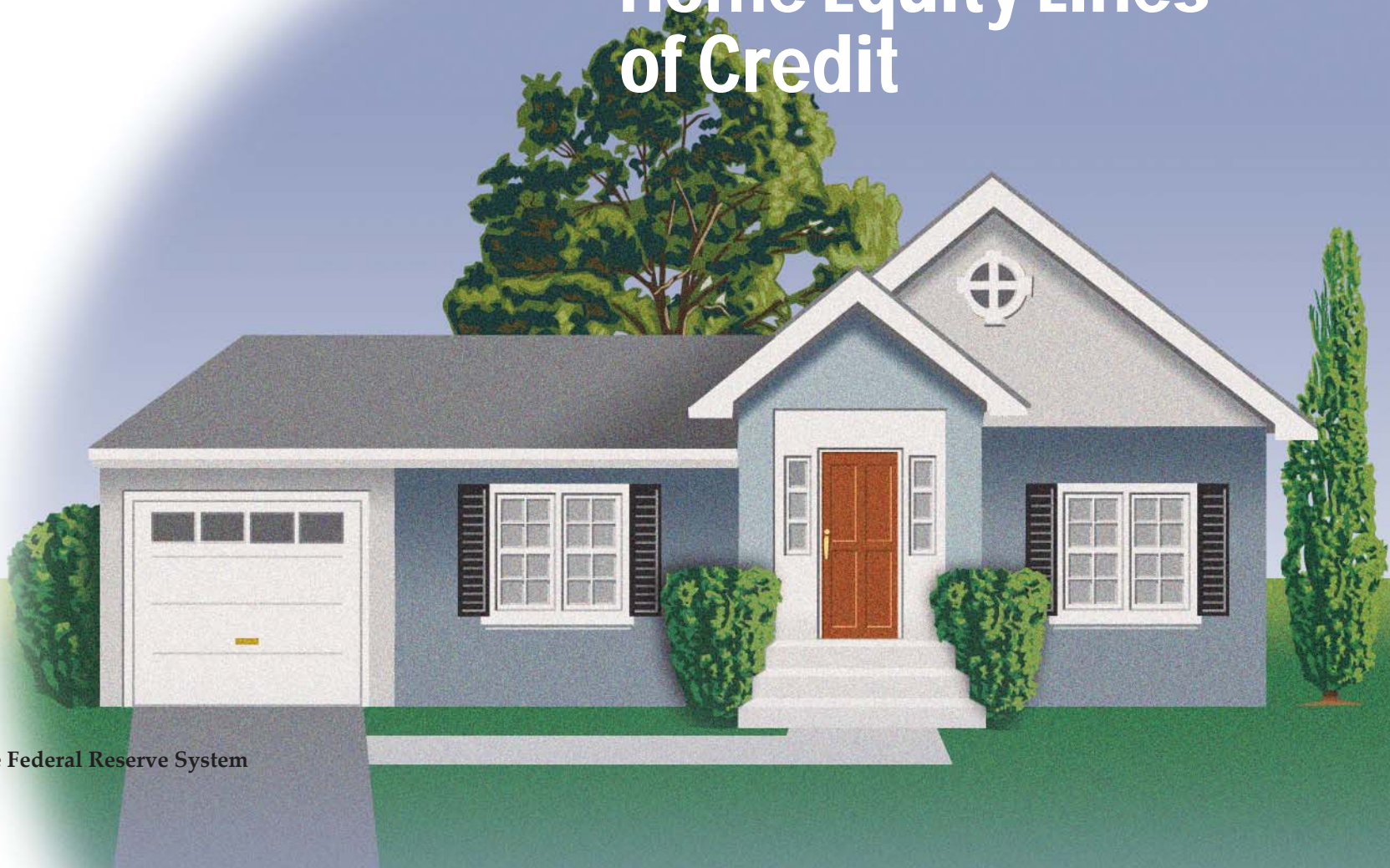


Table of contents

Home Equity Plan Checklist	2
What is a home equity line of credit?	3
What should you look for when shopping for a plan?	4
Costs of establishing and maintaining a home equity line	5
How will you repay your home equity plan?	6
Lines of credit vs. traditional second mortgage loans	8
What if the lender freezes or reduces your line of credit?	10
Glossary	A1
Where to go for help	A4
More resources and ordering information	A6
Print orders	A6



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.

Home Equity Plan Checklist

Ask your lender to help fill out this checklist.

Basic Features	Plan A	Plan B
Fixed annual percentage rate	%	%
Variable annual percentage rate	%	%
<ul style="list-style-type: none"> ■ Index used and current value 	%	%
<ul style="list-style-type: none"> ■ Amount of margin 		
<ul style="list-style-type: none"> ■ Frequency of rate adjustments 		
<ul style="list-style-type: none"> ■ Amount/length of discount (if any) 		
<ul style="list-style-type: none"> ■ 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		
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?		

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%) 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
<hr/>	
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.

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.

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 6 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.

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.

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 *interest only* 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. 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.

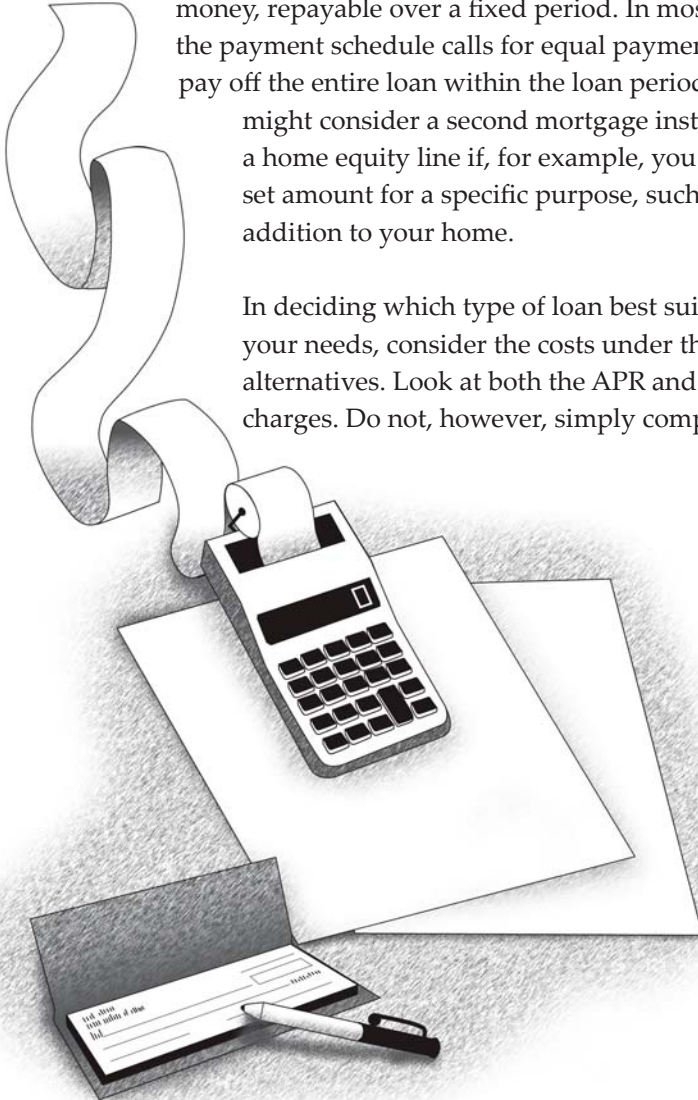
If your plan has a variable interest rate, your monthly payments may change. Assume, for example, that you borrow \$10,000 under a plan that calls for interest-only payments. At a 10% interest rate, your monthly payments would be \$83. If the rate rises over time to 15%, your monthly payments will increase 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.

Lines 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.

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.

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 3 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 3-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.

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 Federal Trade Commission’s website, at www.ftc.gov/freereports, for information about free copies) 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. 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.

Glossary

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 (www.federalreserve.gov/pubs/arms/arms_english.htm) 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 ARM 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's, lessor's, 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.

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.

Where to go for help

For additional information or to file a complaint about a bank, savings and loan, credit union, or other financial institution, contact one of the following federal agencies, depending on the type of institution.

State-chartered bank members of the Federal Reserve System

Federal Reserve Consumer Help

PO Box 1200

Minneapolis, MN 55480

888-851-1920 (toll free)

877-766-8533 (TTY) (toll free)

877-888-2520 (fax) (toll free)

e-mail: ConsumerHelp@FederalReserve.gov

www.FederalReserveConsumerHelp.gov

National banks and national-bank-owned mortgage companies and federal savings associations¹

Office of the Comptroller of the Currency (OCC)

Customer Assistance Group

1301 McKinney Street, Suite 3450

Houston, TX 77010

800-613-6743 (toll free)

713-336-4301 (fax)

e-mail: customer.assistance@occ.treas.gov

www.occ.treas.gov

www.helpwithmybank.gov

Federally chartered credit unions²

National Credit Union Administration (NCUA)

Office of Public and Congressional Affairs

1775 Duke Street

Alexandria, VA 22314

800-755-1030 (toll free)

703-518-6409 (fax)

e-mail: consumerassistance@ncua.gov

www.ncua.gov/ConsumerInformation/index.htm

¹ Banks with “National” in their name or “N.A.” after the name.

² Credit unions with “Federal” in their name.

For state-chartered credit unions, contact the regulatory agency in the state in which the credit union is chartered.

www.ncuia.gov/consumerinformation/consumer%20complaints/statechartered.htm

Federally insured state-chartered banks that are not members of the Federal Reserve System

Federal Deposit Insurance Corporation (FDIC)

Consumer Response Center

1100 Walnut Street, Box #11

Kansas City, MO 64106

877-ASK-FDIC (877-275-3342) (toll free)

e-mail: consumeralerts@fdic.gov

www.fdic.gov/consumers/consumer/ccc/index.html

Mortgage companies and other lenders

Federal Trade Commission (FTC)

Consumer Response Center

600 Pennsylvania Avenue, NW

Washington, DC 20580

202-326-3758 or (877) FTC-HELP

866-FTC-HELP (877-382-4357) (toll free)

www.ftc.gov

Credit cards, mortgages, and consumer financial products

Consumer Financial Protection Bureau (CFPB)

PO Box 4503

Iowa City, IA 52244

Phone: 855-411-2372

855-729-2372 (TTY/TDD)

www.consumerfinance.gov

More resources and ordering information

For more resources on mortgages and other financial topics, visit www.federalreserve.gov/consumerinfo.

Print orders

To request additional copies of this brochure, please send your name, address, and the number of copies requested to Publications Fulfillment, Board of Governors of the Federal Reserve System, Washington, DC 20551, or see our online ordering instructions at www.federalreserve.gov/pubs/order.htm.