

## HOME EQUITY FAQs

1. What can I use my home equity line of credit for?
  - a. You can use your home equity line of credit account for home repairs, home improvements, major expenses and more.
2. How do I make payments to my HELOC?
  - a. OUR CU offers several ways to make payments to your HELOC:
    - i. Mail your payment to: OUR Credit Union , 3070 Normandy Road, Royal Oak, MI, 48073
    - ii. Pay online with online banking at ourcuonline.org
    - iii. Pay at an OUR Credit Union branch location
    - iv. Pay by phone at 248-549-3838\* Fee of \$5 per payment by phone
    - v. Pay at any credit union family service center shared branch
3. Are there potential tax benefits associated with my HELOC?
  - a. Unlike many other forms of consumer credit, the interest paid on a home equity line of credit may be tax deductible, consult your tax advisor for more details.
4. How many years will I have to access my available credit?
  - a. OUR home equity lines of credit have 10-year draw period from the date that your line of credit was opened.
5. Can I request an increase to my HELOC?
  - a. Yes, however an increase will require a new application and processing.
6. What monthly payment options are available?
  - a. Principal plus interest- Each month, you make principal and interest payments on your account at a payment amount of 2% of your balance as of the last draw or \$100, whichever is greater.
  - b. Principal only- in addition to regular principal and interest payments, you can choose to make additional principal payments to reduce your balance faster. You can do this without penalty as long as you do not close your account
7. What does end of draw mean, and what happens?
  - a. For a HELOC, end of draw is the point at which the draw period ends and you can no longer access funds. OUR lines of credit have a 10- year draw period and then move into the repayment period, when you'll repay your outstanding balance w/ principal-and-interest payments until the loan is paid in full.
8. How far in advance should I prepare for end of draw?
  - a. It's a good idea to plan for end of draw when you first open your home equity line of credit. Making principal and interest payments from the beginning will help you when your line of credit enters the repayment period. We suggest you pay particular attention at least two years before reaching your end of draw.
9. What do I need to bring/have available when applying for a HELOC?
  - a. Verification of income (most recent paystub and last two years W-2 forms for each applicant; or last two years tax returns if self-employed)
  - b. Copy of current mortgage document and copy of most recent mortgage statement that includes current principal balance
  - c. Copy of current declaration page from homeowners insurance
  - d. Copy of current/most recent State Equalized Value Statement from the City/County in which you reside
10. What is the difference between a HELOC and a Home Equity Loan?
  - a. Home equity loans are usually used for a large, one-time expense whereas HELOC's are used for home improvement projects, large purchases, and unexpected events that may require access over a period of time. HELOCs give you ongoing access to available credit now and in the future, and Home Equity Loans lend a specific loan amount funded up-front, one time. HELOCs are variable rate, Home Equity loans are fixed rate.

Quick Comparison:

<b>HELOC (Home Equity Line of Credit)</b>	<b>Home Equity Loan (Fixed Term/Installment)</b>
Borrow up to 80% of value less any first lien	Borrow up to 80% of value less any first lien
Variable Rate tied to Prime Rate	Fixed Rate for term of loan
10 year draw period; open end repayment period	Terms to 20 years
Payments 2% of outstanding balance as of last draw	
Access Line of Credit through online banking	Perfect for a set amount of funds needed at one time to be repaid over time with low fixed payments.
Flexible revolving line of credit- Use it when you need it.	