



UNITED STATES
SENATE FEDERAL
CREDIT UNION

Members' Guide to
**Home Equity Loans &
Lines of Credit**

Equity Loan Basics

\$100,000
Value of your home



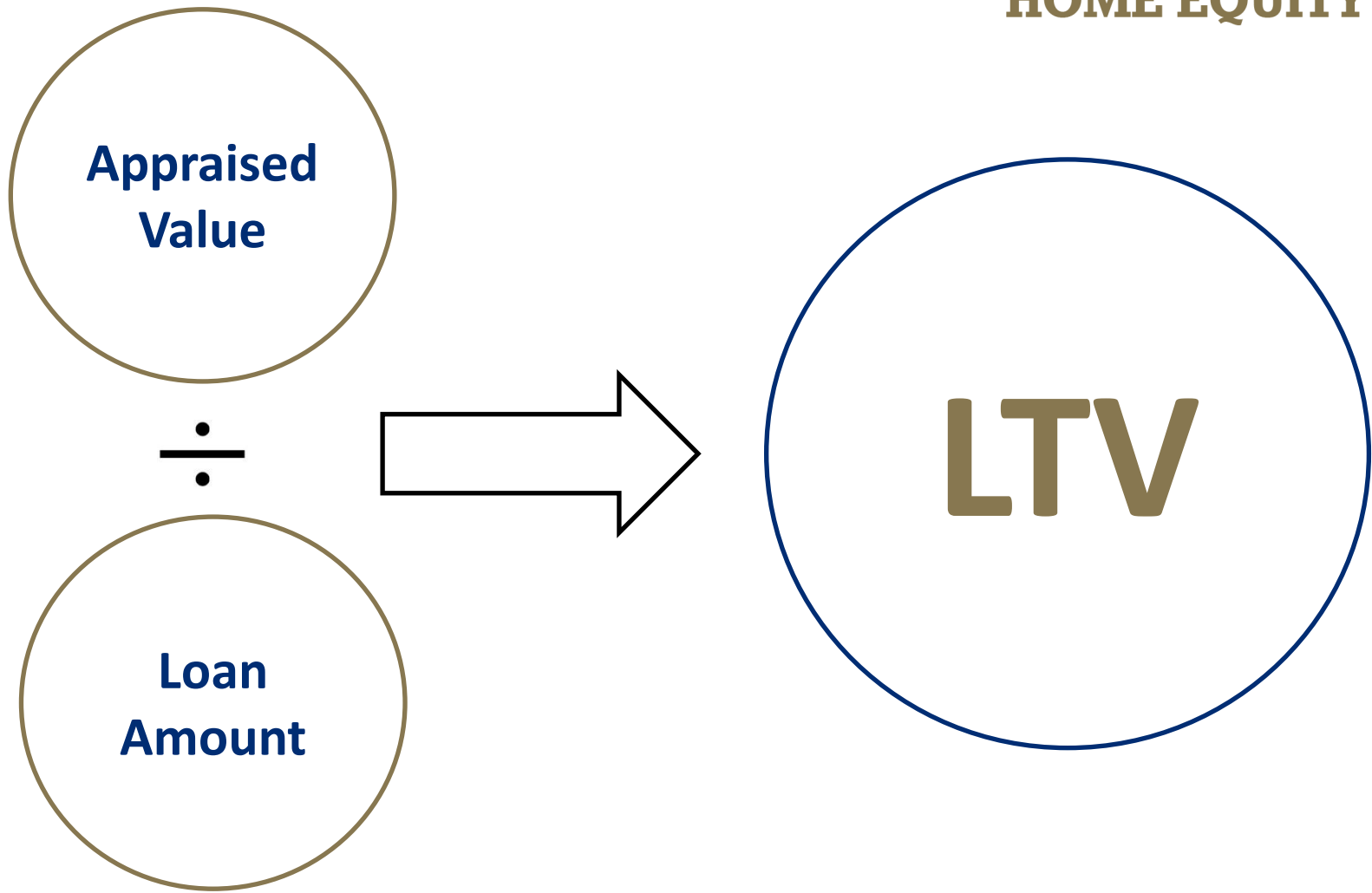
\$40,000

Equity

\$60,000

Mortgage

How Much Can You Borrow?



Home Equity Loans



Function like a mortgage with a loan amount based on your home's equity.

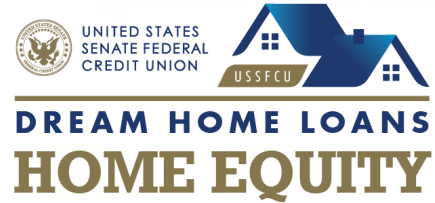
**One up-front
lump-sum.**

**Locked in
interest rate.**

**Fixed
payments.**

Non-Recurring Expenses:
Major Home Renovations
Consolidating Debt

HELOCs



Functions like a credit card with a limit based on home's equity.

**Draw funds as
needed.**

**Variable
interest rate.**

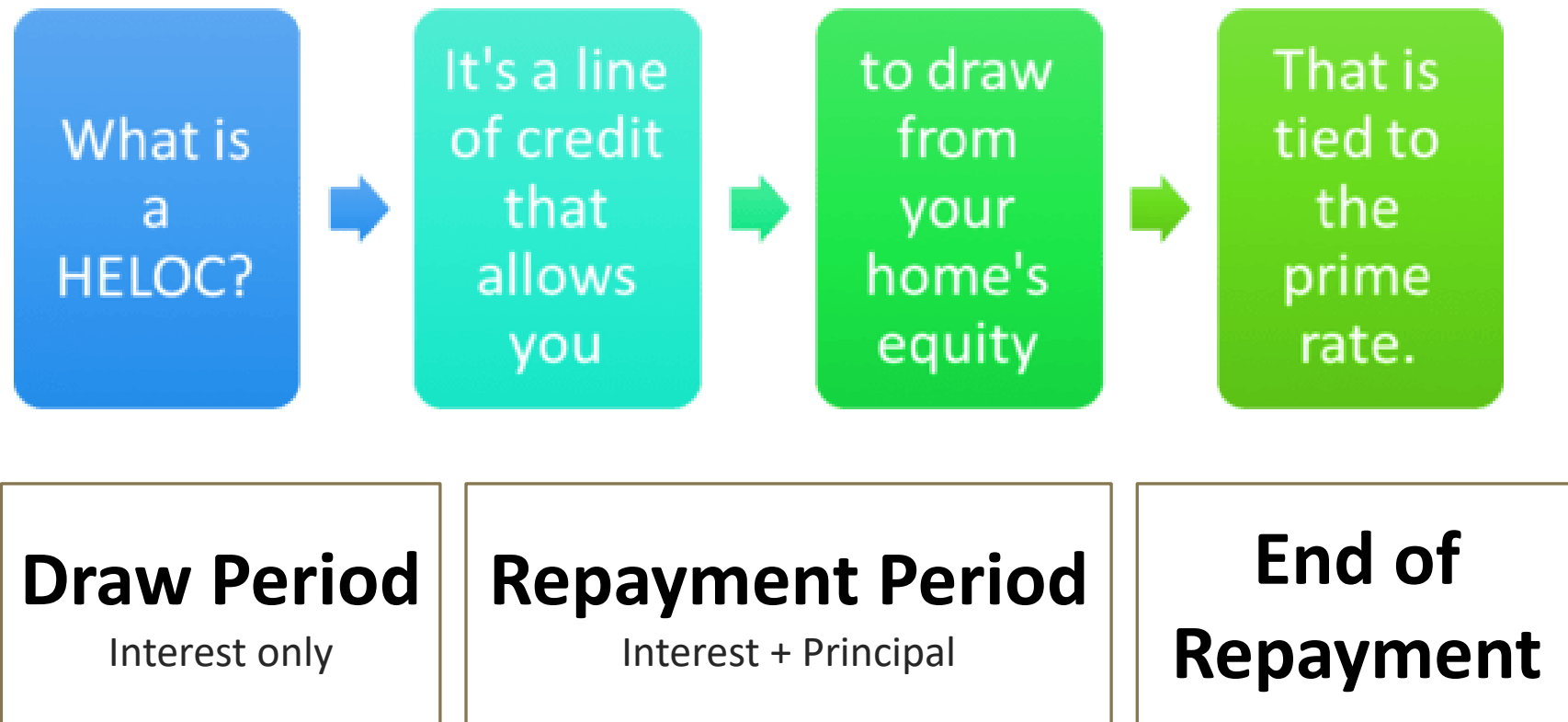
**Payments may
fluctuate.**

Recurring Expenses:

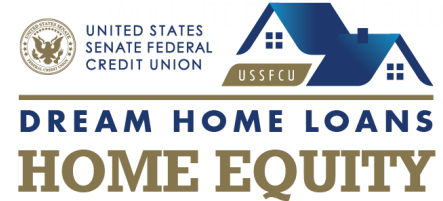
College Tuition | Medical Expenses

Home Improvement Projects

How Does a HELOC Work?



Home Equity and HELOC Pros and Cons



Pros

- Lower cost than many other types of loans
- The ability to borrow a relatively large amount of cash
- Potential tax breaks if you use the funds on the home
- The safety of fixed interest rates on home equity loans

Cons

- When you use your home as collateral, you shrink the amount of equity in your home.
- If the real estate market takes a dip, those with higher combined loan-to-value (CLTV) ratios run the risk of going “underwater” on their loan.

Home Equity Product Comparison



	Home Equity Loan	HELOC
How funds are distributed	Lump sum	Credit line
Repayment terms	Up to 15 years	10 - 20 years
Monthly payments	Fixed	Variable
Fees/closing costs	Origination, appraisal, funding and possible broker fees	Application, appraisal, title and filing fees

Home Equity Product Comparison

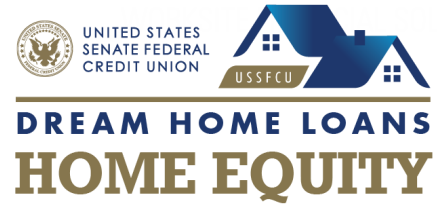


	Home Equity Loan	HELOC
Pros	Predictable repayment costs.	Flexibility to draw on whenever needed; no interest payments on money you don't need.
Cons	Usually, higher interest than HELOCs because of fixed-rate feature; lack of flexibility.	Temptation to use for nonessential purchases.
Best For	One-time needs where you know exactly how much you need.	Situations where you need access to funds at different times.

Why Borrow from Your Equity?



- Home renovations that will increase your home's value, like kitchen, bathroom, or energy efficiency upgrades.
- Necessary or unexpected home repairs, like replacing an air conditioner, the furnace, or an aging roof.
- Paying off or consolidating higher-interest loans—such as credit card balances.



Getting a Loan

1. Determine how much equity is in your home.
2. Check your credit score.
3. Calculate your debt-to-income ratio.
4. Compare rates and fees.
5. Apply!

Beware of HELOC Fraud



- Thieves can gain access to your HELOC and take your funds by stealing your identity and tricking lenders.
- To reduce the risk of fraud, check your HELOC statements regularly and examine your credit reports for inaccurate information.
- If you suspect fraud, call your lender, file a police report, and contact the credit reporting agencies to request that a fraud alert be placed on your credit reports.

Loan Qualifications

- Home equity of at **least 15% to 20%**
- Satisfactory credit score
- Qualifying debt-to-income ratio
- Source of **income**
- Appraisal

Documentation:

- Proof of income
- Documents for certain life events
- Proof of home ownership & insurance



Home Equity Loan¹ or Home Equity Line of Credit (HELOC)²

Borrow up to 90% equity³ | Amounts up to \$500,000³

April 1 - June 30, 2023

Apply for a Home Equity Loan or Line of Credit and
RECEIVE \$500 Towards Your Closing Costs*

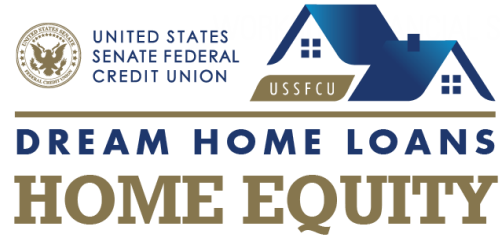
Apply Online

- Quick & easy online application
- Helpful, expert service throughout the entire process

Get Started at ussfcu.org/equity.

800.374.2758

Personalized Advice



Meet with a Home Equity Advisor

Bowman Branch - Tuesdays | Senate Hart Branch - Thursdays

Make your appointment to meet in person and discuss rates, loan types, get some advice or start the loan process. There is no obligation or commitment with these meetings. They are simply a service to our members to inform and help members make the decision that is best for them.

Make Your Appointment:

mortgageadvisor@ussfcu.org

800.374.2758

ussfcu.org/equity

Disclosure

APR = Annual Percentage Rate. All loans subject to credit approval. Rates are based on creditworthiness, income and debts. Not all applicants will qualify for the lowest rate. Rates subject to change. For a listing of current rates visit ussfcu.org/rates.

1: Fixed rates and repayment terms up to 180 months. A fixed-rate Home Equity Loan with an original balance of \$70,000 and a 60-month term with an APR of 6.63% totals a monthly payment of \$ 1,374. A fixed-rate Home Equity Loan with an original balance of \$500,000 and a 180-month term with an APR of 7.38% totals a monthly payment of \$4,601. Payment examples does not include taxes or insurance; your actual obligation may be higher. If an appraisal is required or if there are title issues, the process may take longer. Also, if a full appraisal is required, we will need to collect the appraisal fee and other closing fees up front in order to proceed with the application.

2: Home equity line of credit (HELOC) variable interest rate subject to change quarterly. Variable rates and repayment terms up to 120 months. Rate equal to the WSJ Prime Rate in effect on the last day of each calendar quarter subject to a floor of 3.00%. Maximum APR is 18.00%. Rates will not adjust until the 1st day of the billing cycle on the 15th of that month. FEES AND CHARGES: To open or maintain a home equity line of credit, you must pay certain fees to third parties. These fees generally range from \$500.00 to \$1,300.00. An itemization of the fees is available upon request by calling 800.374.2758. . LATE PAYMENT FEE: If your payment is more than 10 days late, you will be charged 5.00% of the payment due. PROPERTY INSURANCE: You must carry insurance on the property that secures this plan.

Home Equity Loan products are not currently available in the state of Texas.

3: 90% LTV on loans not exceeding \$400,000. 80% LTV on loans between \$401,000 - \$500,000.

* Offer valid April 1 through June 30, 2023. USSFCU will issue a lender's credit up to \$500 towards the closing costs associated with a Home Equity Loan or Line of Credit applied for and approved during April 1 through June 30, 2023. The credit of \$500 must be applied to a USSFCU Home Equity Loan or Line of Credit within 45 days of pre-approval date. Void where prohibited. USSFCU reserves the right to modify, update or discontinue this promotion at any time and without advance notice. To open or maintain a home equity loan or line of credit, you must pay certain fees to third parties. An itemized list of third-party fees is available upon request by calling 800.374.2758. Other fees may apply. You must carry insurance on the property that secures this plan. If a full appraisal is required, we will need to collect the appraisal fee and other closing fees up front to proceed with the application.



The United States Senate Federal Credit Union complies with the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E. Act). A list of our registered originators can be found by searching for the United States Senate Federal Credit Union here.