Characteristics of a HELOC (Home Equity Line Of Credit)

Required for the Advanced Line of Credit: Paying Off Your Mortgage

When shopping for your home equity line of credit to be used as your "ALOC", make sure the equity line has the following characteristics. If no, shop another lender: must be an open ended home equity line of credit with 5-10 year draw period the longer the draw period, the better must have an interest only payment option must be attached to the primary residence in a second lien position ☐ must be a variable rate home equity credit line do not have your monthly equity line payment automatically withdrawn from a designated checking account (your income deposits will be your payment, which will force the bank to adjust your daily minimum balance) ☐ do not lock-in your equity line rate (this will remove the interest-only rate option) What You Need for Check Writing ☐ lowest dollar amount minimum per check from the HELOC □ no fee per check from the HELOC □ no limit to the number of checks written from the HELOC each month ☐ shortest amount of time to clear and process checks from the HELOC What You Need for Online Banking (if your HELOC is with your current bank) online transfer capabilities from bank checking to the HELOC and HELOC to checking no limit on the number of transfer □ no fees for online transfers □ no dollar amount limitation on transfers □ online bill pay ☐ no fees for online bill pay

shop your ALOC at: http://www.SayLending.com

Mortgage Shopping Worksheet

	Lender 1		Lender 2	
Name of Lender:				
Name of Contact:				
Date of Contact:				
Mortgage Amount:				
3.3				
Basic Information on the Loans	mortgage 1	mortgage 2	mortgage 1	mortgage 2
Type of Mortgage: fixed rate, adjustable rate, conventional, FHA, other? If adjustable, see below				
Minimum down payment required				
Loan term (length of loan)				
Contract interest rate				
Annual percentage rate (APR)				
Points (may be called loan discount points)				
Monthly Private Mortgage Insurance (PMI) premiums				
How long must you keep PMI?				
Estimated monthly escrow for taxes and hazard insurance				
Estimated monthly payment (Principal, Interest, Taxes, Insurance, PMI)				
Fees Different institutions may have different names for some fees and may charge different fees. We have listed some typical fees you may see on loan documents.				
Application fee or Loan processing fee				
Origination fee or Underwriting fee				
Lender fee or Funding fee				
Appraisal fee				
Attorney fees				
Document preparation and recording fees				
Broker fees (may be quoted as points, origination fees, or interest rate add-on)				
Credit report fee				
Other fees				
Other Costs at Closing/Settlement				
Title search/Title insurance For lender				
For you				
Estimated prepaid amounts for interest, taxes, hazard insurance, payments to escrow				
State and local taxes, stamp taxes, transfer taxes				
Flood determination				
Prepaid Private Mortgage Insurance (PMI)				
Surveys and home inspections				
Total Fees and Other Closing/Settlement Cost				

Mortgage Shopping Worksheet—continued

	Lender 1		Lender 2	
Name of Lender:				
Other Questions and Considerations about the Loan	mortgage 1	mortgage 2	mortgage 1	mortgage 2
Are any of the fees or costs waivable?				
Prepayment penalties				
Is there a prepayment penalty?				
If so, how much is it?				
How long does the penalty period last? (for example, 3 years? 5 years?)				
Are extra principal payments allowed?				
Lock-ins				
Is the lock-in agreement in writing?				
Is there a fee to lock-in?				
When does the lock-in occur—at application, approval, or another time?				
How long will the lock-in last?				
If the rate drops before closing, can you lock-in at a lower rate?				
If the loan is an adjustable rate mortgage:				
What is the initial rate?				
What is the maximum the rate could be next year?				
What are the rate and payment caps each year and over the life of the loan?				
What is the frequency of rate change and of any changes to the monthly payment?				
What is the index that the lender will use?				
What margin will the lender add to the index?				
Credit life insurance				
Does the monthly amount quoted to you include a charge for credit life insurance?				
If so, does the lender require credit life insurance as a condition of the loan?				
How much does the credit life insurance cost?				
How much lower would your monthly payment be without the credit life insurance?				
If the lender does not require credit life insurance, and you still want to buy it, what rates can you get from other insurance providers?				