

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- do not** have your monthly equity line payment automatically withdrawn from a designated checking account (your income deposits will be your payment, which will force the bank to adjust your daily minimum balance)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—continued

Lender 1

Lender 2

Name of Lender:

mortgage 1

mortgage 2

mortgage 1

mortgage 2

Other Questions and Considerations about the Loan

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?