

INTEREST RATES

Home Equity Lines of Credit (HELOC)

A HELOC is a variable rate open-ended line of credit. Members may borrow up to 100% of their available equity up to \$150,000. Rate is based on the prime rate as published in the Wall Street Journal. The rate and the payment may change monthly. However, the rate is based on the prime rate, which does not change frequently. The minimum rate of 7% and the maximum rate is 25%. However, the prime rate would have to be 23% for this rate to come into effect (prime+2), which has never happened before. No other future advance mortgages are permitted under credit union policy guidelines.

Variable-Rate Feature: This plan has a variable-rate feature and the annual percentage rate (corresponding to the periodic rate), and minimum payment can change as a result. The annual percentage rate includes only interest and no other costs. The annual percentage rate is based on the value of an index. The following rate guidelines apply:

Up to 80% LTV (loan to value):	Prime Rate*
80% - 90% LTV (loan to value):	Prime Rate + 1*
90% - 100% LTV (loan to value):	Prime Rate + 2*

Second Mortgages

Our 2nd mortgages are closed-end fixed rate non-purchase mortgages available only on a member's primary residence. Rates are based on the loan to value ratio for the property. Loans up to \$40,000 may be granted with a five year maturity to fully amortize or with a 10 year amortization and a balloon payment after 5 years. Loans exceeding \$40,000 may be granted for a 10 year maturity to fully amortize over 20 years.

<u>Range of Balances</u>	<u>Payoff Period</u>
Up to \$40,000	120 Monthly Payments
\$40,000.01 & Over	240 Monthly Payments

Home Improvement Loans

Home improvement loans are special purpose loans available all year. Loans are available up to \$5,000. Rates are based on creditworthiness. Loans may not exceed 15% of the member's annual gross income or 25% of the member's net worth. The following maturity schedule will be used.

12 mo. - \$1,000 • 24 mo. - \$2,000 • 36 mo. - \$2,000+
Home improvement loans must be for the improvement of the member's primary residence. Checks must be made payable to the vendor or contractor and member.

WHERE TO GO FOR HELP

National Credit Union Administration

1775 Duke Street
Alexandria, VA 22314
(703) 518-6330
www.ncua.gov

IMPORTANT QUESTIONS TO ASK EACH LENDER:

Fixed Annual Percentage Rate or Variable Percentage Rate
If Variable, What Is The Interest Rate Cap & Floor
Length of Draw Period
Repayment Period
Appraisal Fee
Application Fee
Balloon Payment
Refinancing Of Balance By Lender
Fully Amortized Payments
Upfront Charges
Closing Costs

BRANCH LOCATIONS:

958 W. Monroe St., Jackson MI 49202
Phone: 517-787-2220 • Fax: 517-787-7082
3600 Cooper St, Jackson MI 49201
Phone: 517-796-0610 • Fax: 517-787-8557
2000 Curtis Rd., Adrian MI 49221
Phone: 517-266-1994 • Fax: 517-266-1944



Home Loans



*Real People.
Real Service.*

www.southcentralcu.org

SCCU ADHERES TO THE FOLLOWING POLICY GUIDELINES:

- Any member may apply for a loan
- Any member has the right to file a written loan application for a second mortgage, home equity line of credit or home improvement loan
- Any member has the right to receive a written response to a loan inquiry or application

CREDITWORTHINESS

It is the credit union's policy to consider the creditworthiness of an applicant. The general factors used for establishing creditworthiness include:

- The applicant's income is sufficient to repay the loan according to its terms.
- The applicant's total debt load will not impair repayment of the loan requested. (Example: No more than 45% of applicant's income is used to repay installment debts.)
- The applicant's past credit history with this credit union and other credit grantors has been satisfactory.
- The applicant's income and time lived at current address illustrate stability.
- The applicant's signature and/or collateral are sufficient to cover the loan requested.

MARKET VALUE

Market value is the most probable price a property should bring in a competitive and open market under all conditions for a fair sale, assuming the price is not affected by undue stimulus. The credit union will consider the market value of the proposed security when evaluating a loan application.

LENDING AREA

We grant second mortgages, home equity lines of credit and home improvement loans on properties located in: Jackson, Lenawee, Branch, Calhoun, Eaton, Livingston, Hillsdale, Washtenaw and Ingham counties.

HOME OWNER'S INSURANCE

All second mortgages, home equity lines of credit and home improvement loans are required to show proof of home owners insurance and maintain this insurance for the duration of the loan term. Flood Hazard coverage is required in applicable areas.

For second mortgages and home equity Lines, SCCU must list us a secured party on your home owner's insurance policy. The amount that you are insured for must be adequate to cover your first mortgage & your second mortgage with SCCU.

RATE CHANGES

All of the terms described below are subject to change prior to the closing of your loan. If these terms change and you decide, as a result, not to enter into an agreement with us, you are financially responsible for any appraisal fees already incurred.

VERIFICATION OF FUNDS

When reviewing applications the credit union reserves the right to evaluate your ability to pay closing costs and other obligations as well as verify assets and funds for down payment.

COSIGNERS/GUARANTORS

The following guidelines will be used when evaluating a cosigner or guarantor on a loan a) past credit history b) employment record c) length of residence d) ability to pay present and future obligations.

SECURITY INTEREST

We will take a security interest in your home. You could lose your home if you do not meet the obligations of the agreement.

POSSIBLE ACTIONS

We can accelerate your mortgage, requiring you to pay us the entire outstanding balance in one payment if:

- You engage in fraud or material misrepresentation in connection with the loan.
- You do not meet the repayment terms.
- Your action or inaction adversely affects the collateral or our rights in the collateral.
- The value of the dwelling securing the loan declines significantly below its appraised value for purposes of the mortgage.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You're in default of a material obligation in the agreement, such as delinquent taxes, cancellation of home owners insurance showing SCCU as lien holder & liens of public record.

ASSOCIATED FEES

APPRAISAL FEE

The objective of the appraisal is to determine if the collateral is of sufficient value to cover the requested loan amount. In certain cases, current SEV may suffice in place of an appraisal.

TITLE SEARCH

The seller should have a clear title to the property. There may be problems completing any transactions, in which liens, assessments or judgments exist.

THIRD PARTY FEES

You must pay certain fees to third parties. These fees generally include title work, appraisal, recording fee and flood certification. If you ask we will give you an itemization of these fees.

LOAN REQUIREMENTS:

- Current home owner's insurance policy
- Paid property tax statement
- Legal description of property

IMPORTANT DISCLOSURES

The Federal Truth in Lending Act requires lenders to disclose the important terms and costs of their home equity or mortgages including APR, miscellaneous charges, payment terms, and information about any other variable rate feature. Neither the lender or anyone else may charge a fee until after you've received this information.

THREE DAY RIGHT OF RESCISSION

With both second mortgages and home equity lines of credit, the transaction puts your home at risk. If the home involved is your principal dwelling, the Truth in Lending Act gives you three days from the day the account was opened to change your mind for any reason. You must simply inform the credit union in writing within that three day time period. The check will not be disbursed until the third day.

TAX DEDUCTIBILITY

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