Home Equity Line of Credit Booklet

Important Account Documents- Please Keep for your Records

Consumer Financial Protection Bureau

January 2014

<u>What you should know about your home equity lines of credit</u>

This booklet was initially prepared by the Board of Governors of the Federal Reserve System. The Consumer Financial Protection Bureau (CFPB) has made technical updates to the booklet to reflect new mortgage rules under Title XIV of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). A larger update of this booklet is planned in the future to reflect other changes under the Dodd-Frank Act and to align with other CFPB resources and tools for consumers as part of the CFPB's broader mission to educate consumers. Consumers are encouraged to visit the CPFB's website at consumerfinance.gov/owning-a-home to access interactive tools and resources for mortgage shoppers, which are expected to be available beginning in 2014.

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1. Introduction

If you are in the market for credit, a home equity plan is one of several options that might be right for you. Before making a decision, however, you should weigh carefully the costs of a home equity line against the benefits. Shop for the credit terms that best meet your borrowing needs without posing undue financial risks. And remember, failure to repay the amounts you've borrowed, plus interest, could mean the loss of your home.

1.1 Home equity plan checklist

Ask your lender to help you fill out this worksheet.

Basic features for comparison	Plan A	Plan B
Fixed annual percentage rate	%	%
Variable annual percentage rate	%	%
Index used and current value	%	%
Amount of margin		
Frequency of rate adjustments		
Amount/length of discount (if any)		
Interest rate cap and floor		
Length of plan		
Draw period		

Basic features for comparison (continued)	Plan A	Plan B
Repayment period		
Initial fees		
Appraisal fee		
Application fee		
Up-front charges, including points		
Closing costs		
Repayment terms		
During the draw period		
Interest and principal payments		
Interest-only payments		
Fully amortizing payments		
When the draw period ends		
Balloon payment?		
Renewal available?		
Refinancing of balance by lender?		

2. What is a home equity line of credit?

A home equity line of credit is a form of revolving credit in which your home serves as collateral. Because a home often is a consumer's most valuable asset, many homeowners use home equity credit lines only for major items, such as education, home improvements, or medical bills, and choose not to use them for day-to-day expenses.

With a home equity line, you will be approved for a specific amount of credit. Many lenders set the credit limit on a home equity line by taking a percentage (say, 75 percent) of the home's appraised value and subtracting from that the balance owed on the existing mortgage. For example:

Appraised value of home	$100,000
Percentage	x 75%
Percentage of appraised value	= $75,000
Less balance owed on mortgage	– $40,000
Potential line of credit	**$35,000**

In determining your actual credit limit, the lender will also consider your ability to repay the loan (principal and interest) by looking at your income, debts, and other financial obligations as well as your credit history.

Many home equity plans set a fixed period during which you can borrow money, such as 10 years. At the end of this "draw period," you may be allowed to renew the credit line. If your plan does not allow renewals, you will not be able to borrow additional money once the period has ended. Some plans may call for payment in full of any outstanding balance at the end of the period. Others may allow repayment over a fixed period (the “repayment period”), for example, 10 years.

Once approved for a home equity line of credit, you will most likely be able to borrow up to your credit limit whenever you want. Typically, you will use special checks to draw on your line. Under some plans, borrowers can use a credit card or other means to draw on the line.

There may be other limitations on how you use the line. Some plans may require you to borrow a minimum amount each time you draw on the line (for example, $300) or keep a minimum amount outstanding. Some plans may also require that you take an initial advance when the line is set up.

2.1 What should you look for when shopping for a plan?

If you decide to apply for a home equity line of credit, look for the plan that best meets your particular needs. Read the credit agreement carefully, and examine the terms and conditions of various plans, including the annual percentage rate (APR) and the costs of establishing the plan. Remember, though, that the APR for a home equity line is based on the interest rate alone and will not reflect closing costs and other fees and charges, so you’ll need to compare these costs, as well as the APRs, among lenders.

2.1.1 Variable interest rates

Home equity lines of credit typically involve variable rather than fixed interest rates. The variable rate must be based on a publicly available index (such as the prime rate published in some major daily newspapers or a U.S. Treasury bill rate). In such cases, the interest rate you pay for the line of credit will change, mirroring changes in the value of the index. Most lenders cite the interest rate you will pay as the value of the index at a particular time, plus a “margin,” such as 2 percentage points. Because the cost of borrowing is tied directly to the value of the index, it is important to find out which index is used, how often the value of the index changes, and how high it has risen in the past. It is also important to note the amount of the margin.

Lenders sometimes offer a temporarily discounted interest rate for home equity lines – an "introductory" rate that is unusually low for a short period, such as six months.

Variable-rate plans secured by a dwelling must, by law, have a ceiling (or cap) on how much your interest rate may increase over the life of the plan. Some variable-rate plans limit how much your payment may increase and how low your interest rate may fall if the index drops.

Some lenders allow you to convert from a variable interest rate to a fixed rate during the life of the plan, or let you convert all or a portion of your line to a fixed-term installment loan.

2.2 Costs of establishing and maintaining a home equity line

Many of the costs of setting up a home equity line of credit are similar to those you pay when you get a mortgage. For example:

- A fee for a property appraisal to estimate the value of your home;
- An application fee, which may not be refunded if you are turned down for credit;
- Up-front charges, such as one or more "points" (one point equals 1 percent of the credit limit); and
- Closing costs, including fees for attorneys, title search, mortgage preparation and filing, property and title insurance, and taxes.

In addition, you may be subject to certain fees during the plan period, such as annual membership or maintenance fees and a transaction fee every time you draw on the credit line.

You could find yourself paying hundreds of dollars to establish the plan. And if you were to draw only a small amount against your credit line, those initial charges would substantially increase the cost of the funds borrowed. On the other hand, because the lender's risk is lower than for other forms of credit, as your home serves as collateral, annual percentage rates for home equity lines are generally lower than rates for other types of credit. The interest you save could offset the costs of establishing and maintaining the line. Moreover, some lenders waive some or all of the closing costs.

2.3 How will you repay your home equity plan?

Before entering into a plan, consider how you will pay back the money you borrow. Some plans set a minimum monthly payment that includes a portion of the principal (the amount you borrow) plus accrued interest. But, unlike with typical installment loan agreements, the portion of your payment that goes toward principal may not be enough to repay the principal by the end of the term. Other plans may allow payment of only the interest during the life of the plan, which means that you pay nothing toward the principal. If you borrow $10,000, you will owe that amount when the payment plan ends.

Regardless of the minimum required payment on your home equity line, you may chose to pay more, and many lenders offer a choice of payment options. However, some lenders may require you to pay special fees or penalties if you choose to pay more, so check with your lender. Many consumers choose to pay down the principal regularly as they do with other loans. For example, if you use your line to buy a boat, you may want to pay it off as you would a typical boat loan.

Whatever your payment arrangement during the life of the plan – whether you pay some, a little, or none of the principal amount of the loan – when the plan ends, you may have to pay the entire balance owed, all at once. You must be prepared to make this “balloon payment” by refinancing it with the lender, by obtaining a loan from another lender, or by some other means. If you are unable to make the balloon payment, you could lose your home.

If your plan has a variable interest rate, your monthly payments may change. Assume, for example, that you borrow $10,000 under a plan that calls for interest-only payments. At a 10 percent interest rate, your monthly payments would be $83. If the rate rises over time to 15 percent, your monthly payments will increase to $125. Similarly, if you are making payments that cover interest plus some portion of the principal, your monthly payments may increase, unless your agreement calls for keeping payments the same throughout the plan period.

If you sell your home, you will probably be required to pay off your home equity line in full, immediately. If you are likely to sell your home in the near future, consider whether it makes sense to pay the up-front costs of setting up a line of credit. Also keep in mind that renting your home may be prohibited under the terms of your agreement.

2.4 Line of credit vs. traditional second mortgage loans

If you are thinking about a home equity line of credit, you might also want to consider a traditional second mortgage loan. This type of loan provides you with a fixed amount of money, repayable over a fixed period. In most cases, the payment schedule calls for equal payments that pay off the entire loan within the loan period. You might consider a second mortgage instead of a home equity line if, for example, you need a set amount for a specific purpose, such as an addition to your home.

In deciding which type of loan best suits your needs, consider the costs under the two alternatives. Look at both the APR and other charges. Do not, however, simply compare the APRs, because the APRs on the two types of loans are figured differently:

- The APR for a traditional second mortgage loan takes into account the interest rate charged plus points and other finance charges.
- The APR for a home equity line of credit is based on the periodic interest rate alone. It does not include points or other charges.

2.4.1 Disclosures from lenders

The federal Truth in Lending Act requires lenders to disclose the important terms and costs of their home equity plans, including the APR, miscellaneous charges, the payment terms, and information about any variable-rate feature. And in general, neither the lender nor anyone else may charge a fee until after you have received this information. You usually get these disclosures when you receive an application form, and you will get additional disclosures before the plan is opened. If any term (other than a variable-rate feature) changes before the plan is opened, the lender must return all fees if you decide not to enter into the plan because of the change. Lenders are also required to provide you with a list of homeownership counseling organizations in your area.

When you open a home equity line, 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 cancel the credit line. This right allows you to change your mind for any reason. You simply inform the lender in writing within the three-day period. The lender must then cancel its security interest in your home and return all fees— including any application and appraisal fees—paid to open the account.

The Home Ownership and Equity Protection Act of 1994 (HOEPA) addresses certain unfair practices and establishes requirements for certain loans with high rates and fees, including certain additional disclosures. HOEPA now covers some HELOCs. You can find out more information by contacting the CFPB at the website address and phone number listed in the Contact information appendix, below.

2.5 What if the lender freezes or reduces your line of credit?

Plans generally permit lenders to freeze or reduce a credit line if the value of the home "declines significantly" or when the lender "reasonably believes" that you will be unable to make your payments due to a "material change" in your financial circumstances. If this happens, you may want to:

- **Talk with your lender.** Find out what caused the lender to freeze or reduce your credit line and what, if anything, you can do to restore it. You may be able to provide additional information to restore your line of credit, such as documentation showing that your house has retained its value or that there has not been a "material change" in your financial circumstances. You may want to get copies of your credit reports (go to the CFPB's website at consumerfinance.gov/askcfpb/5/can-i-review-my-credit-report.html for information about how to get free copies of your credit reports) to make sure all the information in them is correct. If your lender suggests getting a new appraisal, be sure you discuss appraisal firms in advance so that you know they will accept the new appraisal as valid.
- **Shop around for another line of credit**. If your lender does not want to restore your line of credit, shop around to see what other lenders have to offer. If another lender is willing to offer you a line of credit, you may be able to pay off your original line of credit and take out another one. Keep in mind, however, that you may need to pay some of the same application fees you paid for your original line of credit.

APPENDIX A:

Defined terms

This glossary provides general definitions for terms commonly used in the real estate market. They may have different legal meanings depending on the context.

DEFINED TERM	
ANNUAL MEMBERSHIP OR MAINTENANCE FEE	An annual charge for access to a financial product such as a line of credit, credit card, or account. The fee is charged regardless of whether or not the product is used.
ANNUAL PERCENTAGE RATE (APR)	The cost of credit, expressed as a yearly rate. For closed-end credit, such as car loans or mortgages, the APR includes the interest rate, points, broker fees, and other credit charges that the borrower is required to pay. An APR, or an equivalent rate, is not used in leasing agreements.
APPLICATION FEE	Fees charged when you apply for a loan or other credit. These fees may include charges for property appraisal and a credit report.
BALLOON PAYMENT	A large extra payment that may be charged at the end of a mortgage loan or lease.
CAP (INTEREST RATE)	A limit on the amount that your interest rate can increase. Two types of interest-rate caps exist. *Periodic adjustment caps* limit the interest-rate increase from one adjustment period to the next. *Lifetime caps* limit the interest-rate increase over the life of the loan. By law, all adjustable-rate mortgages have an overall cap.

CLOSING OR SETTLEMENT COSTS	Fees paid when you close (or settle) on a loan. These fees may include application fees; title examination, abstract of title, title insurance, and property survey fees; fees for preparing deeds, mortgages, and settlement documents; attorneys' fees; recording fees; estimated costs of taxes and insurance; and notary, appraisal, and credit report fees. Under the Real Estate Settlement Procedures Act, the borrower receives a good faith estimate of closing costs within three days of application. The good faith estimate lists each expected cost as an amount or a range.
CREDIT LIMIT	The maximum amount that may be borrowed on a credit card or under a home equity line of credit plan.
EQUITY	The difference between the fair market value of the home and the outstanding balance on your mortgage plus any outstanding home equity loans.
INDEX	The economic indicator used to calculate interest-rate adjustments for adjustable-rate mortgages or other adjustable-rate loans. The index rate can increase or decrease at any time. See also Selected index rates for ARMs over an 11-year period (consumerfinance.gov/f/201204_CFPB_ARMs-brochure.pdf) for examples of common indexes that have changed in the past.
INTEREST RATE	The percentage rate used to determine the cost of borrowing money, stated usually as a percentage of the principal loan amount and as an annual rate.
MARGIN	The number of percentage points the lender adds to the index rate to calculate the adjustable-rate-mortgage interest rate at each adjustment.
MINIMUM PAYMENT	The lowest amount that you must pay (usually monthly) to keep your account in good standing. Under some plans, the minimum payment may cover interest only; under others, it may include both principal and interest.

POINTS (ALSO CALLED DISCOUNT POINTS)	One point is equal to 1 percent of the principal amount of a mortgage loan. For example, if a mortgage is $200,000, one point equals $2,000. Lenders frequently charge points in both fixed-rate and adjustable-rate mortgages to cover loan origination costs or to provide additional compensation to the lender or broker. These points usually are paid at closing and may be paid by the borrower or the home seller, or may be split between them. In some cases, the money needed to pay points can be borrowed (incorporated in the loan amount), but doing so will increase the loan amount and the total costs. Discount points (also called discount fees) are points that you voluntarily choose to pay in return for a lower interest rate.
SECURITY INTEREST	If stated in your credit agreement, a creditor, lessor, or assignee’s legal right to your property (such as your home, stocks, or bonds) that secures payment of your obligation under the credit agreement. The property that secures payment of your obligation is referred to as “collateral.”
TRANSACTION FEE	Fee charged each time a withdrawal or other specified transaction is made on a line of credit, such as a balance transfer fee or a cash advance fee.
VARIABLE RATE	An interest rate that changes periodically in relation to an index, such as the prime rate. Payments may increase or decrease accordingly.

APPENDIX B:

More information

For more information about mortgages, including home equity lines of credit, visit consumerfinance.gov/mortgage. For answers to questions about mortgages and other financial topics, visit consumerfinance.gov/askcfpb. You may also visit the CFPB's website at consumerfinance.gov/owning-a-home to access interactive tools and resources for mortgage shoppers, which are expected to be available beginning in 2014.

Housing counselors can be very helpful, especially for first-time home buyers or if you're having trouble paying your mortgage. The U.S. Department of Housing and Urban Development (HUD) supports housing counseling agencies throughout the country that can provide free or low-cost advice. You can search for HUD-approved housing counseling agencies in your area on the CFPB's web site at consumerfinance.gov/find-a-housing-counselor or by calling HUD's interactive toll-free number at 800-569-4287.

The company that collects your mortgage payments is your loan servicer. This may not be the same company as your lender. If you have concerns about how your loan is being serviced or another aspect of your mortgage, you may wish to submit a complaint to the CFPB at consumerfinance.gov/complaint or by calling (855) 411-CFPB (2372).

When you submit a complaint to the CFPB, the CFPB will forward your complaint to the company and work to get a response. Companies have 15 days to respond to you and the CFPB. You can review the company's response and give feedback to the CFPB.

APPENDIX C:

Contact information

For additional information or to submit a complaint, you can contact the CFPB or one of the other federal agencies listed below, depending on the type of institution. If you are not sure which agency to contact, you can submit a complaint to the CFPB and if the CFPB determines that another agency would be better able to assist you, the CFPB will refer your complaint to that agency and let you know.

Regulatory agency	Regulated entities	Contact information
Consumer Financial Protection Bureau (CFPB) P.O. Box 4503 Iowa City, IA 52244	Insured depository institutions and credit unions with assets greater than $10 billion (and their affiliates), and non-bank providers of consumer financial products and services, including mortgages, credit cards, debt collection, consumer reports, prepaid cards, private education loans, and payday lending	(855) 411-CFPB (2372) consumerfinance.gov consumerfinance.gov/complaint
Board of Governors of the Federal Reserve System (FRB) Consumer Help P.O. Box 1200 Minneapolis, MN 55480	Federally insured state-chartered bank members of the Federal Reserve System	(888) 851-1920 federalreserveconsumerhelp.gov

Regulatory agency	Regulated entities	Contact information
Office of the Comptroller of the Currency (OCC) Customer Assistance Group 1301 McKinney Street Suite 3450 Houston, TX 77010	National banks and federally chartered savings banks/associations	(800) 613-6743 occ.treas.gov helpwithmybank.gov
Federal Deposit Insurance Corporation (FDIC) Consumer Response Center 1100 Walnut Street, Box #11 Kansas City, MO 64106	Federally insured state-chartered banks that are not members of the Federal Reserve System	(877) ASK-FDIC or (877) 275-3342 fdic.gov fdic.gov/consumers
Federal Housing Finance Agency (FHFA) Consumer Communications Constitution Center 400 7th Street, S.W. Washington, DC 20024	Fannie Mae, Freddie Mac, and the Federal Home Loan Banks	Consumer Helpline (202) 649-3811 fhfa.gov fhfa.gov/Default.aspx?Page=369 ConsumerHelp@fhfa.gov
National Credit Union Administration (NCUA) Consumer Assistance 1775 Duke Street Alexandria, VA 22314	Federally charted credit unions	(800) 755-1030 ncua.gov mycreditunion.gov
Federal Trade Commission (FTC) Consumer Response Center 600 Pennsylvania Ave, N.W. Washington, DC 20580	Finance companies, retail stores, auto dealers, mortgage companies and other lenders, and credit bureaus	(877) FTC-HELP or (877) 382-4357 ftc.gov ftc.gov/bcp

Regulatory agency	Regulated entities	Contact information
Securities and Exchange Commission (SEC) Complaint Center 100 F Street, N.E. Washington, DC 20549	Brokerage firms, mutual fund companies, and investment advisers	(202) 551-6551 sec.gov sec.gov/complaint/select.shtml
Farm Credit Administration Office of Congressional and Public Affairs 1501 Farm Credit Drive McLean, VA 22102	Agricultural lenders	(703) 883-4056 fca.gov
Small Business Administration (SBA) Consumer Affairs 409 3rd Street, S.W. Washington, DC 20416	Small business lenders	(800) U-ASK-SBA or (800) 827-5722 sba.gov
Commodity Futures Trading Commission (CFTC) 1155 21st Street, N.W. Washington, DC 20581	Commodity brokers, commodity trading advisers, commodity pols, and introducing brokers	(866) 366-2382 cftc.gov/consumer-protection

Regulatory agency	Regulated entities	Contact information
U.S. Department of Justice (DOJ) Civil Rights Division 950 Pennsylvania Ave, N.W. Housing and Civil Enforcement Section Washington DC 20530	Fair lending and housing issues	(202) 514-4713 TTY–(202) 305-1882 FAX–(202) 514-1116 To report an incident of housing discrimination: 1-800-896-7743 fairhousing@usdoj.gov
Department of Housing and Urban Development (HUD) Office of Fair Housing/Equal Opportunity 451 7th Street, S.W. Washington, DC 20410	Fair lending and housing issues	(800) 669-9777 hud.gov/complaints

IMPORTANT INFORMATION ABOUT CITIBANK'S HOME EQUITY LINE OF CREDIT (HELOC)

This disclosure contains important information about our home equity line of credit. You should read it carefully and keep a copy for your records. Except when the context demands otherwise, "you", "yours" means any person signing the agreement for the account as a borrower. "We", "us", "our" and "ours" mean Citibank. This disclosure is not an agreement by us to make a loan or open an account for you.

AVAILABILITY OF TERMS

All of the terms disclosed are subject to change before you open an account. If a disclosed term does change (other than a change due to fluctuations in the index) before you open an account and as a result, you elect not to open the account, you will receive a refund of all fees paid to us or anyone else in connection with your application.

SECURITY INTEREST

We will acquire a security interest in your home (the "Property"). You could lose your home if you default under your agreement with us.

POSSIBLE ACTIONS

Under certain conditions, we may (1) terminate your account and require payment of the outstanding balance in full in a single payment, (2) prohibit additional extensions of credit or reduce the credit limit, and (3) as specified in the agreement, implement certain changes in the account. The conditions under which such actions may occur are described below.

TERMINATE THE ACCOUNT AND DEMAND REPAYMENT IN FULL

We may close your account and require payment of the outstanding balance in full in a single payment if:

A. You fail to meet the repayment terms of the agreement for any outstanding balance.
B. There has been fraud or a material misrepresentation by you in connection with the account.
C. You take any action or fail to take any action, which adversely affects the Property of our security interest in the Property, including but not limited to:
    1. A transfer of title to the Property or sale of the Property without our written permission.
    2. A failure to maintain any required insurance on the Property
    3. Failure to pay taxes on the Property.
    4. You permit the filing of a lien senior to that which is held by us.
    5. The sole borrower obligated on the account dies.
    6. The property is taken through eminent domain.
    7. A prior lien holder forecloses.
    8. You commit waste or otherwise destructively use or fail to maintain the Property in a way that adversely affects the Property.
    9. There is illegal use of the Property, which could subject the Property to seizure.
    10. One of the two co-borrowers dies and our security is thereby adversely affected.
    11. You move out of the Property and our security interest is thereby adversely affected.
D. You are or become an "executive officer" of Citibank as defined in Federal Reserve Board Regulation O and we determine to require payment in full to comply with this Federal regulation.

SUSPENSION OF ACCOUNT AND REDUCTION OF CREDIT

We may prohibit additional extensions of credit or reduce your credit limit during any period in which:

A. You or any person on the account requests a suspension of the account or a reduction of the credit limit.
B. The maximum annual percentage rate is reached.
C. The value of the property declines significantly below the Property's appraised value for purposes of the account. For example, if the value of the Property declines such that the initial difference between the credit limit and the available equity (based on the Property's appraised value) is reduced by 50%, such an event would constitute a significant decline in the value of the Property.
D. We reasonably believe that you will be unable to fulfill the repayment obligations under the agreement because of a material change in your financial circumstances.
E. You are in default of any material obligation under the agreement or mortgage.
F. We are precluded by government action from imposing the annual percentage rate provided for in the agreement.
G. The priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120% of the credit limit.
H. We are notified by our regulatory agency that continued loan advances constitute an unsafe and unsound practice.

Requests to reopen an account or restore a credit limit must be made to us in writing and you must pay any bona fide and reasonable appraisal and credit report fees incurred by us to investigate whether the above circumstances continue to exist. If we suspend your account or reduce your credit limit as a result of your request, the request for reinstatement must be signed by everyone obligated on the account. You may also not attempt to obtain any additional credit extensions once you know that your credit privileges have been terminated or suspended. As required by law, a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations under the agreement.

CHANGES TO YOUR ACCOUNT

As specified in the agreement, we may change the index and margin used under the agreement if the original index is no longer available, the new index has a historical movement substantially similar to that of the original index, and the new index and margin would have resulted in an annual percentage rate substantially similar to the rate in effect at the time the original index became unavailable. We may make a specified change to the account if you specifically agree to the change in writing at that time. We may make changes to the account that will unequivocally benefit you throughout the remainder of the account. We may make insignificant changes in the terms of the account, including but not limited to: changing the address to which payments are sent; minor changes to features such as the billing cycle date, the payment due date and the day of the month on which the index values are measured; changes in the rounding practices with the tolerance rules allowed by applicable regulation; and changes to balance computation methods if the change produces an insignificant difference in the finance charge you pay.

PAYMENT TERMS

The draw period during which loan advances may be made is 5 years and 25 days from the date of the agreement. The repayment period during which loan advances may not be made is the 20 years immediately following the draw period. Minimum periodic payments are due monthly. During the draw period, the minimum monthly payment will equal the sum of any past due and over credit limit amounts, plus accrued and unpaid finance charges and any other unpaid fees or charges imposed pursuant to the agreement.

Paying the minimum monthly payment during the draw period will not reduce the principal balance of loan advances which you owe us, except to the extent over credit limit amounts are paid. During the repayment period, the minimum monthly payment will equal the finance charges that have accrued on the outstanding balance for the billing period, plus principal equal to the greater of $50 or 1/240th of the principal balance as of the end of the draw period, plus the sum of the following amounts when applicable: past due amounts on your draw account, amount owing in excess of your credit limit, late charges and miscellaneous fees.

FEES AND CHARGES

You must carry insurance on the Property which secures the HELOC account. You may have to pay a fee to release a prior lien on the Property. You may receive, upon request, a good faith itemization of such fees. We will pay certain fees to third parties such as appraisers, attorneys, government agencies, title companies, surveyors and overnight mail services to open an account. The cost of title insurance and mortgage recording tax will be based on the maximum amount of the credit line available, whether advanced or not. If you ask, we will give you an itemization of the fees to be paid to third parties within a reasonable time after your request. Shown below are estimated total amount of the fees that may be paid to third parties as a part of this transaction. The fee table is based on the Credit Line Amount and Property location.

Credit Limits	**$1,000 - $100,000**	**$100,001 - $250,000**	**$250,001 - $500,000**
New York	$174 - $1985	$624 - $4685	$1374 - $9185
All other states	$130 - $1475	$130 - $3275	$130 - $6275

If you chose to retain the services of a mortgage broker, the amount of any mortgage broker fee will be determined by your agreement with your broker. We do not require that you retain a broker, and the mortgage broker fee is not imposed by us.

To open, use and maintain an account, you must pay us the following fees:

- You will be charged a late charge if we do not receive the full amount of any monthly payment due under your HELOC agreement within 15 calendar days of the due date.
- If your payment is returned unpaid for any reason, we will charge you a return item fee of $25.00.
- You agree to pay any reasonable cost incurred by the Bank in connection with the enforcement of its rights and remedies under the HELOC agreement, including but not limited to any reasonable attorney’s fees and other collection costs.

EARLY CLOSURE RELEASE FEE

If we pay the closing costs to open your account and, within 36 months of the date of the agreement, you request that your account be closed or take any other action which will result in a release of our security interest in the property, you will pay an early closure release fee, which will consist of all costs we incurred to open your account.

TRANSACTION REQUIREMENTS

You may draw loan advances during the draw period up to your credit limit if your account has not been closed or suspended or your credit limit reduced to where further loan advances would not be permitted.

TAX DEDUCTIBILITY

You should consult a tax advisor regarding the deductibility of interest and other charges under the agreement.

VARIABLE RATE FEATURE

Our home equity line of credit has a variable interest rate. As a result, the annual percentage rate (corresponding to the daily periodic rate) and the minimum payment can change. The annual percentage rate includes only charges that are interest and not other costs.

The annual percentage rate is based on the value of an index. The index is the prime rate as published each Business Day in the 'Money Rates' section of The Wall Street Journal.

To determine the annual percentage rate that will apply to your account we will add a margin to the value of the index. Your margin may be a negative number. With a negative number, we subtract the margin from the index to get the annual percentage rate.

During any initial introductory pricing offering, your annual percentage rate will not be based on the value of the index and margin used to make later adjustments. This initial discounted rate, which will vary as the index varies, will be in effect for up to twelve months.

We may offer an interest rate option based on your utilization of at least a certain dollar amount of your line at account opening.

Ask for the current index value, margin(s), any discounts or promotions and annual percentage rate(s). After you open an account, the rate information will be provided on billing statements that we send you.

The annual percentage rate may change each Business Day. There are no annual or other periodic limitations on changes in the annual percentage rate. However, the maximum ANNUAL PERCENTAGE RATE that will be applied to your account ranges between 10% - 18%, depending on where the property securing your account is located. In most states, the maximum annual percentage rate is 18%. Please ask us about the rate limitations currently available.

You may choose at any time to have your scheduled monthly payment deducted each month from your Citibank checking, savings or money market account. If interested, ask us for more details. .

MINIMUM PAYMENT EXAMPLE

If at the beginning of the draw period you had an outstanding balance of $10,000 and the ANNUAL PERCENTAGE RATE was 5.04% (the 2013 rate shown in the APR column in the table below), it would take 300 months to pay off the loan if you made only the minimum monthly payments. During the draw period, you would make 60 interest-only payments of $42.00. At the end of the draw period, you would owe $10,000. During the repayment period, you would make 240 payments varying between $43.77 and $83.67. This example assumes that the 2013 ANNUAL PERCENTAGE RATE OF 5.04% remain constant throughout the five-year draw period and the twenty-year repayment period.

MAXIMUM PAYMENT EXAMPLE

If at the beginning of the draw period you had an outstanding balance of $10,000 without any other fees or charges, your minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be $150.00. This annual percentage rate could be reached during the first month of the draw period. If you had an outstanding balance of

$10,000 at the beginning of the repayment period without any other fees or charges, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be $191.67. This annual percentage rate could be reached during the first month of the repayment period.

HISTORICAL EXAMPLE

The following table shows how the annual percentage rate of a $10,000 loan advance would have varied based on changes in the index over the past 15 years. The margin is a margin we have used recently. Your margin may be different. While only one payment amount per year is shown, payments would have varied during each year. The payment amounts do not include any voluntary life insurance premiums.

The table assumes that no additional loan advances were taken, that only the minimum payment was made each month, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future. The table depicts both draw period and a portion of the repayment period.

HISTORICAL RATE TABLE - STANDARD PRICING

							Original Balance:	$10,000.00
Year	**Index**	**Margin**	**APR**	**Current Year**	**Total**	**Monthly Principal**	**Interest**	**Remaining Balance**
1999	7.75%	1.79%	9.54%	1	$79.50	$0.00	$79.50	$10,000.00
2000	8.50%	1.79%	10.29%	2	$85.75	$0.00	$85.75	$10,000.00
2001	9.00%	1.79%	10.79%	3	$89.92	$0.00	$89.92	$10,000.00
2002	4.75%	1.79%	6.54%	4	$54.50	$0.00	$54.50	$10,000.00
2003	4.25%	1.79%	6.04%	5	$50.33	$0.00	$50.33	$10,000.00
2004	4.00%	1.79%	5.79%	6	$89.92	$41.67	$48.25	$9,500.00
2005	5.25%	1.79%	7.04%	7	$97.40	$41.67	$55.73	$9,000.00
2006	7.25%	1.79%	9.04%	8	$109.47	$41.67	$67.80	$8,500.00
2007	8.25%	1.79%	10.04%	9	$112.78	$41.67	$71.12	$8,000.00
2008	6.00%	1.79%	7.79%	10	$93.60	$41.67	$51.93	$7,500.00
2009	3.25%	1.79%	5.04%	11	$73.17	$41.67	$31.50	$7,000.00
2010	3.25%	1.79%	5.04%	12	$71.07	$41.67	$29.40	$6,500.00
2011	3.25%	1.79%	5.04%	13	$68.97	$41.67	$27.30	$6,000.00
2012	3.25%	1.79%	5.04%	14	$66.87	$41.67	$25.20	$5,500.00
2013	3.25%	1.79%	5.04%	15	$64.77	$41.67	$23.10	$5,000.00

(Note: assumes repayment term of 240 months)

OPTIONAL FIXED RATE CONVERTED BALANCE FEATURE:

You may have the option to convert all or a portion of your account balance to a fixed rate amortizing repayment schedule. The fixed rate convertible option is available during the draw period and repayment period. The optional fixed rate converted balance feature is subject to your available credit limit, account being in good standing and your eligibility to obtain loan advances pursuant to the terms of the Account Agreement. Once converted, the interest rate on any converted amount shall be fixed and will no longer vary. The unpaid balances of all outstanding Converted Balances will reduce your available credit limit within the revolving portion of your account. As you repay each Converted Balance, your available credit limit will be replenished in like amounts subject to your general availability to obtain loan advances under the terms of your account agreement. The minimum amount of each Converted Balance is $10,000.00 and available loan terms range between 12 to 359 months, not to exceed the remaining line term. You may establish a maximum of three (3) Converted Balances at any one time and may not establish more than five (5) Converted Balances during the term of your account. You may establish a new Converted Balance to pay off all or part of an existing Converted Balance.

The minimum monthly payment on each Converted Balance will be an amount of principal and interest sufficient to repay the Converted Balance in amortized installments over the term selected provided that you make all payments by the scheduled due date. The payment amount is in addition to the minimum monthly payment for the revolving portion of your account and will not change when the repayment period of your account begins. If you still owe any part of the Converted Balance or interest thereon as of the final payment date, any remaining unpaid amounts will be due and payable.

The ANNUAL PERCENTAGE RATE for each Converted Balance is fixed and will be determined by the value of an index. We will take the index in effect on the date the Converted Balance is established by us and add a margin. The index we will use is the Federal Reserve Statistical Release H.15 "Select Interest Rates" Interest Rate Swaps (3-Year). At our sole discretion, from time to time we may offer a promotional ANNUAL PERCENTAGE RATE on the Converted Balance that is not based on the referenced index. The maximum ANNUAL PERCENTAGE RATE (APR) that can apply to a Converted Balance is 18%. Please ask us for the current APR for a Converted Balance.

If you made the minimum monthly payments on a $10,000, 20 year Converted Balance with an ANNUAL PERCENTAGE RATE (APR) of 7.45%, you would make 240 payments of $80.25.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT TO CITIGROUP.

To help the United States Government fight terrorism and money laundering, Federal law requires us to obtain, verify and record information that identifies each person that opens an account. What this means for you: when you open an account, we will ask for your name, a street address, date of birth, and an identification number, such as a Social Security number, that Federal law requires us to obtain. We may also ask to see your driver's license or other identifying documents that will allow us to identify with you. We appreciate your cooperation.