

# HOME EQUITY CONSUMER LOAN APPLICATION

## IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

TO: Name/Address of Lender	What type of account are you applying for? <i>(Please check appropriate box):</i> <input type="checkbox"/> INDIVIDUAL (Own income or assets) <span style="float: right;"><input type="checkbox"/> COSIGNER</span> <input type="checkbox"/> INDIVIDUAL (Own income or assets plus income or assets from other sources) <input type="checkbox"/> JOINT <i>(please initial)</i> _____ Are you interested in Credit Life/Disability Insurance that is offered by Lender if this loan is approved? <i>(Please check appropriate box)</i> <input type="checkbox"/> YES <input type="checkbox"/> NO
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### LOAN TERMS

Loan Amount	Interest Rate	Loan Type	<input type="checkbox"/> HELOC <input type="checkbox"/> Closed End <input type="checkbox"/> Fixed Rate <input type="checkbox"/> Variable Rate (type): _____ <input type="checkbox"/> Other _____
Term	Payment	Purpose	

### COLLATERAL INFORMATION

Property Address	Year Built	Purchase Date	Present Value
Title Holder	Title Holder Address		
Insurance Carrier	Insurance Carrier Address		
Current Mortgage Holder	Current Mortgage Holder Address		Current Mortgage Holder Phone
Monthly Mortgage Payment	<input type="checkbox"/> Taxes & Insurance Included <input type="checkbox"/> not included	Home Purchase Price	Balance Owing
		Mortgage Loan Account Number	
Additional Collateral Description			
Do you intend to occupy residence as your primary residence? ___ Yes ___ No			

### APPLICANT/COSIGNER INFORMATION

Name (Last)	(First)	(MI)	(Suffix)	Taxpayer ID Number (SSN/TIN)	Date of Birth
Street Address			Driver's License/ID Number	State	Home Phone Number
City	State	ZIP Code	County	How Long There	No. of Dependents
Age of Dependents					
Previous Address <i>(if less than 2 years at current address)</i>					
Employer	Employer Address			Employer Phone Number	
Position	How Long	<input type="checkbox"/> Gross <input type="checkbox"/> Net <input type="checkbox"/> Weekly <input type="checkbox"/> Monthly \$	Average Monthly Overtime Pay \$		
Previous Employer	Previous Employer Address			Position	How Long
Nearest Relative Not Living with You			Relationship		
Relative's Address		City	State	ZIP Code	Relative's Phone Number
Immigration Status <input type="checkbox"/> U.S. Citizen <input type="checkbox"/> Perm. Resident of U.S. <input type="checkbox"/> Other:					
Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (including single, divorced, and widowed)					
Alimony, Child Support, Separate Maintenance Payments: You are not required to disclose income from alimony, child support, or separate maintenance payments. However, if you are relying on income from alimony, child support, or separate maintenance payments as a basis for repayment of this obligation, please complete the information below.					
Payment Received Pursuant to: <input type="checkbox"/> Court Order <input type="checkbox"/> Written Agreement <input type="checkbox"/> Oral Understanding					
Alimony per Month \$		Child Support per Month \$		Separate Maintenance Payment per Month \$	

### CO-APPLICANT INFORMATION

Name (Last)	(First)	(MI)	(Suffix)	Taxpayer ID Number (SSN/TIN)	Date of Birth
Street Address			Driver's License/ID Number	State	Home Phone Number
City	State	ZIP Code	County	How Long There	No. of Dependents
Age of Dependents					
Previous Address <i>(if less than 2 years at current address)</i>					
Employer	Employer Address			Employer Phone Number	
Position	How Long	<input type="checkbox"/> Gross <input type="checkbox"/> Net <input type="checkbox"/> Weekly <input type="checkbox"/> Monthly \$	Average Monthly Overtime Pay \$		
Previous Employer	Previous Employer Address			Position	How Long
Nearest Relative Not Living with You			Relationship		
Relative's Address		City	State	ZIP Code	Relative's Phone Number
Immigration Status <input type="checkbox"/> U.S. Citizen <input type="checkbox"/> Perm. Resident of U.S. <input type="checkbox"/> Other:					
Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (including single, divorced, and widowed)					
Alimony, Child Support, Separate Maintenance Payments: You are not required to disclose income from alimony, child support, or separate maintenance payments. However, if you are relying on income from alimony, child support, or separate maintenance payments as a basis for repayment of this obligation, please complete the information below.					
Payment Received Pursuant to: <input type="checkbox"/> Court Order <input type="checkbox"/> Written Agreement <input type="checkbox"/> Oral Understanding					
Alimony per Month \$		Child Support per Month \$		Separate Maintenance Payment per Month \$	

### ADDITIONAL INFORMATION

Other Income: Applicant	• Amount \$	• Source	
Other Income: Co-Applicant	• Amount \$	• Source	
If you, a joint applicant, or other party answers "yes" to any of the following questions, please explain in the space provided.			
Are you a guarantor or co-maker of any leases, contracts, or debts?	Applicant: <input type="checkbox"/> Yes <input type="checkbox"/> No	Joint Applicant/Other Party: <input type="checkbox"/> Yes <input type="checkbox"/> No	
Are there any suits or judgments pending against you?	Applicant: <input type="checkbox"/> Yes <input type="checkbox"/> No	Joint Applicant/Other Party: <input type="checkbox"/> Yes <input type="checkbox"/> No	
Have you been declared bankrupt in the last 10 years?	Applicant: <input type="checkbox"/> Yes <input type="checkbox"/> No	Joint Applicant/Other Party: <input type="checkbox"/> Yes <input type="checkbox"/> No	CSI



# BORROWER'S BLANKET AUTHORIZATION

**PRIVACY ACT NOTICE:** This information is to be used by the agency collecting it or its assignees in determining whether you qualify as a prospective mortgagor or borrower under its program. It will not be disclosed outside the agency except as required by law. You do not have to provide this information, but if you do not your application for approval as a prospective mortgagor or borrower may be delayed or rejected. The information requested in this form is authorized by Title 38 USC, Chapter 37 (if VA); by 12 USC, Section 1701 et seq. (if HUD/FHA); by 42 USC, Section 1452b (if HUD/CPD); and Title 42 USC, 1471 et seq., or 7 USC, 1921 et seq. (if USDA/FMHA).

<p><b>Borrower Information</b></p> <p>Name 1: Social Security Number 1: Name 2: Social Security Number 2: Street Address 1: Street Address 2: City/ST/ZIP:</p>	<p><b>Lender Information</b></p> <p>Name 1: Street Address 1: Street Address 2: City/ST/ZIP:</p>
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DATE	LOAN NUMBER			

**BORROWER AUTHORIZATION:** I hereby authorize the Lender to verify my past and present employment earnings records, bank accounts, stock holdings, and any other balances that are needed to process my loan application. I further authorize the Lender to order a consumer credit report and verify other credit information, including past and present mortgage and landlord references. It is understood that a copy of this form will also serve as authorization.

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date



## DEBT PROTECTION Execuline Lines of Credit

### **Protect Your Family's Home from the Unforeseen**

Debt Protection is designed to waive your line of credit balance or make payments on your behalf in the event of your death or disability. This can mean welcome relief from extra financial strain for your family in a time of sudden hardship. Why do homeowners need debt protection?

- Unintentional injuries were the fifth-leading cause of death in the U.S. in 2002. (Injury Facts, 2005-2006 Edition, National Safety Council, p.2.)
- There are, on average, eleven unintentional injury deaths each hour in the U.S. (National Safety Council's 2002 injury Facts ®)

### **BENEFITS OF DEBT PROTECTION**

- Convenient – The cost of protection is included in the monthly payment
- Protection is activated even when other insurance is in force
- Helps reduce financial risk
- Helps provide security and peace of mind for you and your family
- Helps protect your credit standing

### **ELIGIBILITY**

- The applicant is a natural person (not a partnership, corporation or association);
- The applicant requests and agrees to pay the protection fee for the protected event elected and shown in the schedule;
- Qualified applicants between the ages of 18 and 65; and
- The applicant is a borrower or co-borrower. Maximum of two borrowers per loan.

### **QUALIFIED LOANS**

- Execuline Lines of Credit

### **PLAN TYPE**

- Accidental Death, Accidental Disability and Critical Period Death.

### **COVERAGES**

- Accidental Death: Maximum protected balance of \$100,000
- Accidental Disability: Maximum of 6 cancelled monthly payments per occurrence of accidental disability for a total maximum of 12 cancelled payments for an amount up to the lesser of (1) the minimum monthly payment, (2) 2% of the outstanding balance or (3) \$1,000.
- Critical Period Death: Maximum of 6 cancelled monthly payments in the event of death for an amount up to the lesser of (1) the minimum monthly payment, (2) 2% of the outstanding balance or (3) \$1,000.

### **EXCLUSIONS**

- Intentionally self-inflicted injury;
- War or any act of war;
- Use of any drug, sedative or narcotic, unless as prescribed by a licensed treating physician;
- Flight in a non-scheduled aircraft, unless as a fare-paying passenger or crew member on a regularly-scheduled commercial airline;
- Use of alcohol or any other intoxicants; and
- Participation in a riot or commission of an assault or felony.
- Suicide;
- Sickness, illness, disease or treatment of disease, or any medical treatment unless for the direct and necessary treatment of the accidental injury; and
- Infection, unless the infection is the direct result of the accidental injury.

### **TERMINATION**

Protection terminates when the first of the following occurs:

- The expiration date shown in the schedule;
- The date you reach age 66;
- The protection fee remains unpaid 90 days after the due date;
- The date the loan is considered in default or is subject to charge off;
- The date the loan collateral has been repossessed;
- The date the loan is discharged, paid off or refinanced, including discharge by cancellation of a protected balance;
- The loan is transferred to a non-affiliated creditor and is no longer serviced by the creditor;
- 60 days after notification the protection is being terminated;
- When the maximum amount of protection shown in the schedule has been cancelled due to a protected event;
- Any borrower commits a fraudulent action relative to this agreement; or
- The borrower requests termination in writing.



**Capitol  
Federal**

*True Blue® for over 115 years*

## CUSTOMER APPLICATION CHECKLIST

**Please complete and return the items indicated below.**

**You also may apply on-line through Capitol Federal's web site at [www.capfed.com](http://www.capfed.com).**

### EXECULINE LINE OF CREDIT

- \_\_\_\_\_ Complete the "Home Equity Loan Application" in its entirety and return it to us. Remember to sign and date the application. Complete the names, addresses, and loan numbers of other creditors, including creditors to be paid off with the proceeds of this loan.
- \_\_\_\_\_ Copies of two consecutive, recent pay stubs for each applicant. The previous year's W-2's also will be required if the paystubs cover a time period less than six months or if there has been a change of employment within the last two years.
- \_\_\_\_\_ Self-employed persons and applicants otherwise relying on a significant amount of business income (such as commissioned salespersons) must furnish complete copies of the previous two year's tax returns.
- \_\_\_\_\_ A copy of your first mortgage document (deed of trust if in Missouri) and promissory note, if that loan is not with Capitol Federal.
- \_\_\_\_\_ A copy of your most recent county tax valuation statement.
- \_\_\_\_\_ A copy of the trust documents, if the property securing this loan is under the ownership of a trust.
- \_\_\_\_\_ Complete, sign, date and return the "Borrower Blanket Authorization" form.
- \_\_\_\_\_ Sign, date and return the "Appraisal Disclosure." [NOTE: This disclosure is required only if a new appraisal is being obtained for this loan or if an existing appraisal previously obtained by Capitol Federal is being used. Use of the county valuation does not require this disclosure.]
- \_\_\_\_\_ Sign, date and return one copy of the "Home Equity Line of Credit Early Disclosure." Retain the other copy and the "Federal Reserve Board Consumer Handbook" disclosure for your records.
- \_\_\_\_\_ A copy of the "Debt Protection Execuline Lines of Credit" Fact Sheet is provided for your information (not applicable for Interest Only Lines of Credit).

Picture identification is REQUIRED for ALL parties before the loan closing can be completed. This documentation cannot be expired. Remember to bring this documentation not later than at loan closing.

Thanks you for requesting home equity loan information from Capitol Federal. We look forward to the opportunity to assist with your financing needs. If you have any questions please, contact us.

FEDERAL RESERVE BOARD  
**CONSUMER HANDBOOK**

**What You Should Know About Home Equity Lines of Credit**

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.

**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%) of the home's appraised value and subtracting from that the balance owed on the existing mortgage. For example:

Appraisal value of home	\$ 100,000
Percentage	*75%
Percentage of appraised value	= \$ 75,000
<u>Less balance owed on mortgage</u>	<u>- \$ 40,000</u>
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.

**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.

**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 6 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.

### **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 buy a home. 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 one percent of the credit limit).
- Closing costs, including fees for attorneys, title search, and 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 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.

### **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 *interest only* 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 choose to pay more, and many lenders offer a choice of payment options. 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 arrangements 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% interest rate, your monthly payments would be \$83. If the rate rises over time to 15%, 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.

### **Lines 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.

### **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.

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 3 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 3-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.

**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 there has not been a “material change” in your financial circumstances. You may want to get copies of your credit reports (go to the Federal Trade Commission’s website, at [www.ftc.gov/freereports](http://www.ftc.gov/freereports), for information about free copies) 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. You may be able to pay off your original line of credit and take out another one. Keep in mind, however, that you need to pay some of the same application fees you paid for your original line of credit.

## Glossary

**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 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 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; attorney's 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 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 mortgage 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 ([www.federalreserve.gov/pubs/arms/arms\\_english.htm](http://www.federalreserve.gov/pubs/arms/arms_english.htm)) 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 ARM 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's, lessor's, 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.

**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.

## Where to Go for Help

For additional information or to file a complaint about a bank, savings and loan, credit union, or other financial institution, contact one of the following federal agencies, depending on the type of institution.

### **State-chartered bank members of the Federal Reserve System**

Federal Reserve Consumer Help  
PO Box 1200  
Minneapolis, MN 55480  
888-851-1920 (toll free)  
877-766-8533 (TTY) (toll free)  
877-888-2520 (fax) (toll free)  
e-mail: [ConsumerHelp@FederalReserve.gov](mailto:ConsumerHelp@FederalReserve.gov)  
[www.FederalReserveConsumerHelp.gov](http://www.FederalReserveConsumerHelp.gov)

### **Federally insured state-chartered banks that are not members of the Federal Reserve System**

Federal Deposit Insurance Corporation (FDIC)  
Consumer Response Center  
2345 Grand Blvd., Suite 100  
Kansas City, MO 64108  
877-ASK-FDIC (877-275-3342) (toll free)  
email: [consumeralerts@fdic.gov](mailto:consumeralerts@fdic.gov)  
[www.fdic.gov/consumers/consumer/ccc/index.html](http://www.fdic.gov/consumers/consumer/ccc/index.html)

### **National banks and national-bank-owned mortgage companies (1)**

Office of the Comptroller of the Currency (OCC)  
Customer Assistance Group  
1301 McKinney Street, Suite 3450  
Houston, TX 77010  
800-613-6743 (toll free)  
713-336-4301 (fax)  
email: [customer.assistance@occ.treas.gov](mailto:customer.assistance@occ.treas.gov)  
[www.occ.treas.gov](http://www.occ.treas.gov)  
[www.helpwithmybank.gov](http://www.helpwithmybank.gov)

### **Savings and loan associations (3)**

Office of Thrift Supervision (OTS)  
Consumer Affairs  
1700 G. Street, N.W.  
Washington, D.C. 20552  
800-842-6929 (toll free)  
800-877-8339 (TTY) (toll free)  
[www.ots.treas.gov](http://www.ots.treas.gov)

### **Federal chartered credit unions (2)**

National Credit Union Administration (NCUA)  
1775 Duke Street  
Alexandria, VA 22314  
800-755-1030 (toll free)  
703-518-6409 (fax)  
email: [consumerassistance@ncua.gov](mailto:consumerassistance@ncua.gov)  
[www.ncua.gov](http://www.ncua.gov)

### **Mortgage companies and other lenders**

Federal Trade Commission (FTC)  
Consumer Response Center  
600 Pennsylvania Avenue, NW  
Washington, DC 20580  
(202) 326-3758 or (877) FTC-HELP  
866-FTC-HELP (877-382-4357) (toll free)  
[www.ftc.gov](http://www.ftc.gov)

For state chartered credit unions, contact the regulatory agency in the state in which the credit union is chartered.  
[www.ncua.gov/consumerinformation/consumer%20complaints/statechartered.htm](http://www.ncua.gov/consumerinformation/consumer%20complaints/statechartered.htm)

- (1) Banks with "National" in their name or "N.A." after the name.
- (2) Credit unions with "Federal" in their name.
- (3) Federally chartered and some state-chartered associations.

### **More Resources and ordering information**

For more resources on mortgages and other financial topics, visit [www.federalreserve.gov/consumerinfo](http://www.federalreserve.gov/consumerinfo).

### **Print Orders**

To request additional copies of this brochure, please send you name, address, and the number of copies requested to Publications Fulfillment, Board of Governors of the Federal Reserve System, Washington, DC 20551, or see our online ordering instructions at [www.federalreserve.gov/pubs/order.htm](http://www.federalreserve.gov/pubs/order.htm).

**Check List**

*Ask your lender to help fill out this check list.*

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**Basic Features**

**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

\_\_\_\_\_

\_\_\_\_\_

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?

\_\_\_\_\_

\_\_\_\_\_

**Capitol Federal Savings Bank**  
700 S Kansas Ave  
Topeka KS 66603  
785-235-1341

In this disclosure the words "you" and "your" mean the recipient of this disclosure, and the words "we", "us" and "our" mean Capitol Federal Savings Bank, the Lender listed above. "e" means an estimate.

**IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT**

**RETENTION OF INFORMATION**

This disclosure contains important information about our home equity line of credit, Execuline Home Equity Line of Credit - 7 Year Draw Term ("Account"). You should read it carefully and keep a copy for your records.

**AVAILABILITY OF TERMS**

All of the terms described below are subject to change. If these terms change (other than the Annual Percentage Rate) and you decide, as a result, not to enter into an Agreement with us, you are entitled to a refund of any fees you paid to us or anyone else in connection with your application.

**SECURITY INTEREST**

We will take a security interest in your home (collateral). You could lose your home if you do not meet the obligations in your Agreement with us.

**POSSIBLE ACTIONS**

We can terminate your Account, and require you to pay us the entire outstanding balance in one payment if: you engage in fraud or material misrepresentation in connection with the Account; or, you do not meet the repayment terms; or, your action or inaction adversely affects the collateral or our rights in the collateral; and/or, federal law dealing with credit extended by us to you specifically requires that as a condition of your Account the credit shall become due and payable on demand.

We can refuse to make additional extensions of credit or reduce your credit limit if: the value of the dwelling securing the Account declines significantly below its appraised value for purposes of the Account; or, we reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances; or, you are in default of a material obligation in the Agreement; or, government action prevents us from imposing the Annual Percentage Rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line; or, a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; and/or, the maximum Annual Percentage Rate is reached.

**MINIMUM PAYMENT REQUIREMENTS**

You can obtain advances of credit for 7 years (the "Draw Period"). During the Draw Period, payments will be due monthly. Your minimum periodic payment will be equal to the greater of 1.500% of the outstanding principal balance of your Account as of the closing date of each billing statement or \$50.00, unless your unpaid balance is less than the latter amount, in which case your minimum payment will be that amount.

After the Draw Period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance over 10 years (the "Repayment Period"). Your minimum monthly payment during the Repayment Period will be determined based on the outstanding balance of your Account at the beginning of the Repayment Period and using the interest rate in effect at the beginning of the Repayment Period to calculate the monthly payment amount. If the interest rate increases, the monthly payment will increase to fully amortize the loan over the repayment period.

**MINIMUM-PAYMENT EXAMPLE**

If you made only the minimum monthly payments and took no other credit advances, it would take 17.000 years to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 5.000 %. During the Draw Period, you would make 84 monthly payments varying between \$150.00 and \$56.63. During the Repayment Period you would make 120 monthly payments of \$43.26.

**FEES AND CHARGES**

To open and maintain your Account, you must carry insurance on the property securing your Account.

You must also pay certain fees to third parties. These fees generally total between \$0.00 and \$500.00. If you ask, we will give you an itemization of the fees that you will have to pay to third parties.

If you tell us you have decided not to enter into the Account within three days of receiving this Disclosure and the brochure "When Your Home Is On The Line: What You Should Know About Home Equity Lines of Credit" in person, or within six days after the day we mail them to you, as the case might be, any fees or charges you might have already paid will be refunded.

**TAX DEDUCTIBILITY**

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

**OTHER PRODUCTS**

If you ask, we will provide you with information on our other available home equity products.

**MINIMUM TRANSACTION REQUIREMENTS**

All advances, except advances with a credit card, must be for at least \$100.00 or the minimum advance fee will apply. Lender is not obligated to accept such requests or requests that will increase the outstanding principal balance above your Credit Limit.

**VARIABLE RATE FEATURE**

The Account has a variable rate feature. 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 index is the Wall Street Journal published Prime Rate (if published in a range, the highest number in the range will be used) and is published in the Wall Street Journal. To determine the Annual Percentage Rate that will apply to your Account, we add a margin to the value of the index. Ask us for the current index value, margin and Annual Percentage Rate. After you open an Account, rate information will be provided on periodic statements that we furnish to you.

**RATE CHANGES**

The Annual Percentage Rate can change monthly. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.000%. Apart from this rate cap, there is no limit on the amount by which the rate can change in any one-year period, except that under no circumstances will the rate ever be less than 5.000% per annum.

**MAXIMUM-RATE AND PAYMENT EXAMPLE**

If the **ANNUAL PERCENTAGE RATE** during the Draw Period equaled the 18.000 % maximum and you had an outstanding balance of \$10,000.00, your minimum payment would be \$150.00. The maximum Annual Percentage Rate could be reached the first time your Annual Percentage Rate changes, unless your initial rate is equal to the maximum, in which case it would be reached immediately.

If you had an outstanding balance of \$10,000.00 at the beginning of the Repayment Period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.000 % would be \$180.19. This Annual Percentage Rate could be reached at the beginning of the Repayment Period.

**HISTORICAL EXAMPLE**

The following table shows how the Annual Percentage Rate and the minimum payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the past 15 years. The index values are from the first business day of July of each year. While only one payment amount per year is shown, payments would have varied during each year.

The table assumes that no additional credit advances were taken, that only the minimum payments were made, 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.

Year	Index	Margin [1]	<b>ANNUAL PERCENTAGE RATE</b>	Minimum Periodic Payment
<u>1997</u>	<u>8.500 %</u>	<u>0.750 %</u>	<u>9.250 %</u>	<u>\$150.00</u>
<u>1998</u>	<u>8.500 %</u>	<u>0.750 %</u>	<u>9.250 %</u>	<u>\$137.39</u>
<u>1999</u>	<u>8.000 %</u>	<u>0.750 %</u>	<u>8.750 %</u>	<u>\$125.84</u>
<u>2000</u>	<u>9.500 %</u>	<u>0.750 %</u>	<u>10.250 %</u>	<u>\$114.68</u>
<u>2001</u>	<u>6.750 %</u>	<u>0.750 %</u>	<u>7.500 %</u>	<u>\$106.10</u>
<u>2002</u>	<u>4.750 %</u>	<u>0.750 %</u>	<u>5.500 %</u>	<u>\$95.48</u>
<u>2003</u>	<u>4.000 %</u>	<u>0.750 %</u>	<u>5.000 %<sup>[3]</sup></u>	<u>\$84.21<sup>[5]</sup></u>
<u>2004</u>	<u>4.250 %</u>	<u>0.750 %</u>	<u>5.000 %</u>	<u>\$52.25</u>
<u>2005</u>	<u>6.250 %</u>	<u>0.750 %</u>	<u>7.000 %</u>	<u>\$56.73</u>
<u>2006</u>	<u>8.250 %</u>	<u>0.750 %</u>	<u>9.000 %</u>	<u>\$60.96</u>
<u>2007</u>	<u>8.250 %</u>	<u>0.750 %</u>	<u>9.000 %</u>	<u>\$60.96</u>
<u>2008</u>	<u>5.000 %</u>	<u>0.750 %</u>	<u>5.750 %</u>	<u>\$55.65</u>
<u>2009</u>	<u>3.250 %</u>	<u>0.750 %</u>	<u>5.000 %<sup>[3]</sup></u>	<u>\$54.65</u>
<u>2010</u>	<u>3.250 %</u>	<u>0.750 %</u>	<u>5.000 %<sup>[3]</sup></u>	<u>\$54.65</u>
<u>2011</u>	<u>3.250 %</u>	<u>0.750 %</u>	<u>5.000 %<sup>[3]</sup></u>	<u>\$54.66</u>

[1] This is a margin we have used recently.

[3] This rate reflects the lifetime rate change limit.

[5] This reflects the end of the Draw Period.

#### **ACKNOWLEDGEMENT**

The undersigned hereby acknowledge(s) receipt of a copy of this Disclosure and a copy of the Federal Reserve Board brochure "When Your Home Is On The Line: What You Should Know About Home Equity Lines of Credit" on the date indicated below.

\_\_\_\_\_  
Borrower's Signature  
Date:

\_\_\_\_\_  
Borrower's Signature  
Date:

\_\_\_\_\_  
Borrower's Signature  
Date:

\_\_\_\_\_  
Borrower's Signature  
Date:

**NOTICE OF RIGHT TO COPY OF APPRAISAL REPORT**

**Capitol Federal Savings Bank  
700 S Kansas Ave  
Topeka, Kansas 66603  
(785)235-1341**

LOAN NUMBER	NOTICE DATE	
"	*****	

**APPLICANT INFORMATION**

"

The following Notice is being provided to you as an Applicant for credit secured by a lien on a dwelling. The notice states your right under federal law to receive a copy of any appraisal report Lender may have obtained on the dwelling offered as collateral.

**NOTICE TO APPLICANT**

**You have the right to a copy of the appraisal report used in connection with the application for credit. You may write to Lender at the above mailing address to obtain a copy of the report. Lender must hear from you no later than 90 days after you receive notification from Lender about the action taken on your credit application or you withdraw the application.**

**In the request letter, please provide Lender with the following information:**

- **The name and address of the Applicant making the request**
- **The date of the application for credit**

**By signing below, you acknowledge that you have received and read a copy of the above Notice.**

\_\_\_\_\_  
Date