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## Frequently Asked Questions: Oregon Community Credit Union Home Equity Lines of Credit

### How does the Home Equity Line of Credit work?

We have several Home Equity Line of Credit (“HELOC”) options.

- If you’re looking for our lowest rate and a low payment, we offer a **Select Home Equity LOC** option with a 15-year draw period and the ability to borrow up to 80% of the value of your home. You can spread out expenses during the draw period and only pay the interest owing on the outstanding balance each month. After the 15-year draw period ends, your ability to take advances from your line of credit will end and any balance owing will be amortized over a 15-year repayment period.
- If you need the maximum equity available in a home we offer **Flex Home Equity LOC** option that allows you to borrow up to 95% of the value of your home. It features a five-year draw period with principal and interest payments during the draw period. After the five-year draw period ends, your ability to take advances from your line of credit will end and any balance owing will be amortized over a 10-year repayment period.
- We even offer an option that does not require any equity. With our **Courtesy Lien LOC**, we offer a low rate and base your available line of credit solely on your creditworthiness and other factors as you continue to build equity in your home. It features a maximum limit of \$50,000 and a five-year draw period with principal and interest payments during the draw period. After the five-year draw period ends, your ability to take advances from your line of credit will end and any balance owing will be amortized over a 10-year repayment period.

### Will a lien be placed on my home?

Yes, all of our Home Equity Lines of Credit require a signed deed of trust resulting in the placement of a lien on your home. The lien will be removed when the HELOC is paid off and closed.

### Is there an annual fee?

No, there is no annual fee.



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**Are there any tax advantages to a Home Equity Line of Credit?**

Home Equity Lines of Credit may have potential tax benefits. IRS regulations govern the deductibility of interest and charges associated with equity-based loans but can vary with each individual property and loan situation. The interest on the portion of a credit extension that is greater than the fair market value of the dwelling is not tax deductible for Federal income tax purposes. Before considering whether any home equity product is right for you, please consult your tax advisor for further information regarding the deductibility of interest and charges.

**What are the minimum and maximum line of credit amounts available?**

The minimum line of credit is \$5,000 and the maximum is \$250,000 depending on the specific program option you choose.

**How much do I qualify for?**

The amount depends on several factors, including the value of your property (except the Courtesy Lien option) and whether you meet certain credit criteria. We will calculate this for you.

**Is there a fee to apply?**

No, there is not an application fee. However, there is a \$175 loan origination fee upon opening the line of credit.

**How will I access my credit line?**

There are several ways; the easiest is to use Internet Banking to transfer funds into your Oregon Community checking account. You can also contact our Call Center to transfer funds or request a check be sent to you, or see a teller at any Oregon Community branch location to make an advance.

**How will I know my minimum payment amount each month?**

Minimum payments vary based on the type of Home Equity Line of Credit and our representatives can explain exactly how your payments will be calculated. The minimum payment due will be located on the account statement you'll receive early each month. You can also find the information by accessing your account in Internet Banking. Ask a credit union representative how!

**Can I make extra payments?**

Of course! You can always pay more than your minimum monthly payment amount at any time.

**Can I choose my due date?**

All Home Equity Line of Credit payments are due on the 25th of each month. However, you can always make your payment earlier, and we can even set up an automatic payment for the day of the month that is most convenient for you.



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**Can I have the payments taken directly from my Oregon Community checking or savings account?**

Yes! A representative will be happy set that up for you or, if you prefer, show you how to set it up yourself in Internet Banking.

**Will my interest rate change?**

Since the line of credit is indexed to the prime rate, it may change as of the first business day of the preceding month and as published by the Wall Street Journal (Western Ed.). To view a 10-year history of the Prime Rate to get an idea of how your rate might fluctuate, you can visit <http://www.nfsn.com/library/prime.htm>.

**Can I increase my line of credit later?**

Yes, although you will need to re-qualify, pay applicable fees and sign loan documents again. You will avoid these future fees and loan processes if you establish your initial line of credit for the maximum amount you qualify for at the time. Remember, you only pay interest and make monthly payments on the balance owing, not the unused portion of your line of credit.

**Is there a prepayment penalty?**

No.

**What are Fixed Segments and how do they work?**

With the Fixed Segment option, you can choose to lock in a portion of the balance owing on your Home Equity Line of Credit at a fixed interest rate, at any time...and you won't have to reapply or pay additional fees. That portion of your line of credit will then become a fixed loan - you'll have fixed monthly payments and a set repayment term. You can have up to five (5) separate fixed portions at any given time in addition to your open line of credit. Plus, you can use the Fixed Segment option to pay off your existing Oregon Community Credit Union Auto or Recreational Vehicle loans and we'll match or beat your current rates.

Example: You open a \$50,000 line of credit and want to lock-in three portions for various needs:

- Fixed portion #1 - \$5,000 Purchase a new deck
- Fixed portion #2 - \$10,000 Purchase new kitchen appliances or take a dream vacation
- Fixed portion #3 - \$20,000 Payoff your Oregon Community Auto Loan at 3.9% and keep that great rate.

You still have a revolving line of credit of \$15,000 available when you need it most! Best yet, as you pay down your fixed portions you'll free up money to add to your available line of credit. In the example above, if you paid \$5,000 toward your fixed portion for the new kitchen appliances or dream vacation, you would then have \$20,000 available on your line of credit.

A \$25.00 Fixed Rate Advance Fee may apply.



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## **How do I know if a Home Equity Line of Credit with Fixed Segments is right for me?**

It may be right for you if:

- You have a long-term project in the works for which payments are due in stages
- You need to consolidate significant high-interest debt
- You enjoy the security of having cash readily available for emergencies, but don't want to pay interest on the money until you need it
- You enjoy the flexibility of being able to lock in a portion of your balance at any time, while still having a line of credit available, just in case

For more information on how an Oregon Community Credit Union Home Equity Line of Credit can help you today, please see a credit union representative or call us at 541.687.2347 or 800.365.1111.

To see current home equity line of credit rates and other terms and conditions, [visit the OCCU Home Equity page](#).



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