

**IMPORTANT: Read these directions before completing this Application**

**Check the Appropriate Box**

- If you are applying for individual credit in your own name and are relying on your own income or assets and not the income or assets of another person as the basis for repayment of the credit requested, complete all Sections **except Section B**.
- If you are applying for joint credit with another person, complete all Sections providing information in Section B about joint applicant, OR request joint applicant to complete a separate personal loan application or personal financial statement.

We intend to apply for Joint Credit \_\_\_\_\_

Applicant

Co-Applicant

**If you are applying for individual credit, but are relying on income from alimony, child support, or separate maintenance or on the income or assets of another person as the basis for repayment of the credit requested, complete all Sections to the extent possible, providing information in Section B about the person whose alimony, support, or maintenance payments or income or assets you are relying.**

TYPE OF CREDIT REQUESTED:				
AMOUNT REQUESTED: \$	FOR HOW LONG: Months	DESIRED PAYMENT DATE:	WANT TO REPAY <input type="checkbox"/> MONTHLY <input type="checkbox"/>	COLLATERAL PROPERTY ADDRESS: Street: City: State: Zip Code: Primary Residence? <input type="checkbox"/> Yes <input type="checkbox"/> No
LOAN PURPOSE:				

SECTION A - INDIVIDUAL APPLICANT INFORMATION	SECTION B - JOINT APPLICANT/OTHER PARTY INFORMATION
Name: (First, Middle, Last)	Name: (First, Middle, Last)
Date of Birth: Education Yrs:	Date of Birth: Education Yrs:
Social Security Number: - -	Social Security Number: - -
Home Phone: Cell Phone:	Home Phone: Cell Phone:
E-Mail Address:	E-Mail Address:
PRESENT ADDRESS	PRESENT ADDRESS
Street: Own <input type="checkbox"/> Rent <input type="checkbox"/> City: State: Zip Code: Number of Years:	Street: Own <input type="checkbox"/> Rent <input type="checkbox"/> City: State: Zip Code: Number of Years:
FORMER ADDRESS (if less than 2 years at present address)	FORMER ADDRESS (if less than 2 years at present address)
Street: Own <input type="checkbox"/> Rent <input type="checkbox"/> City: State: Zip Code: Number of Years:	Street: Own <input type="checkbox"/> Rent <input type="checkbox"/> City: State: Zip Code: Number of Years:
Complete this section if individual secured credit or joint credit (secured or unsecured, when two or more individuals are primarily liable)	
Marital Status: <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (incl. Single, Divorced, Widowed)	Dependents other than listed by Other Party No. ___ Ages ___
Marital Status: <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (incl. Single, Divorced, Widowed)	Dependents other than listed by Other Party No. ___ Ages ___
EMPLOYMENT & INCOME	EMPLOYMENT & INCOME
Name and Address of Employer: Street: City/State/Zip:	Name and Address of Employer: Street: City/State/Zip:
Years employed in this line of Work or Profession? ___ yrs. Years on this job Self Employed <input type="checkbox"/>	Years employed in this line of Work or Profession? ___ yrs. Years on this job Self Employed <input type="checkbox"/>
Position/Title: Type of Business: Annual Salary: \$ Business Phone:	Position/Title: Type of Business: Annual Salary: \$ Business Phone:
Other Income* \$ /Year Source of Other Income:	Other Income* \$ /Year Source of Other Income:
Name of Nearest Relative Not Living With You: Relationship: Street Address/City/State/Zip: Telephone Number:	Name of Nearest Relative Not Living With You: Relationship: Street Address/City/State/Zip: Telephone Number:

\*Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

ASSETS			LIABILITIES			
TYPE	DESCRIBE	VALUE	TYPE	CREDITOR	MONTHLY PAYMENT	BALANCE
Checking	Acct. #	\$	Mortgage/Rent	Acct. #	\$	\$
Savings	Acct. #	\$	2 <sup>nd</sup> Mortgage	Acct. #	\$	\$
Stock	Acct. #	\$	Credit Cards	Acct. #	\$	\$
Mutual Funds	Acct. #	\$	Unsecured Loans	Acct. #	\$	\$
Home Location/Date Acquired		\$	Car Loan	Acct. #	\$	\$
Autos Year/Make/Model		\$	Other	Acct. #	\$	\$
Other		\$	Other	Acct. #	\$	\$
Other		\$	Other	Acct. #	\$	\$
Use Separate Sheet if Necessary <input type="checkbox"/> Check Here if Separate Asset and Liability Statement is Attached						

MISCELLANEOUS	YES	NO	MISCELLANEOUS	YES	NO
All prior years Fed & State Income Tax Rtns filed?	<input type="checkbox"/>	<input type="checkbox"/>	Are there any claims for prior yrs taxes?	<input type="checkbox"/>	<input type="checkbox"/>
Are there any outstanding judgments against you?	<input type="checkbox"/>	<input type="checkbox"/>	Have you ever declared bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
Are you a party to any lawsuit?	<input type="checkbox"/>	<input type="checkbox"/>	Pay alimony, child support payments?	<input type="checkbox"/>	<input type="checkbox"/>
Are you a U.S. Citizen?	<input type="checkbox"/>	<input type="checkbox"/>	If "No" are you a resident alien?	<input type="checkbox"/>	<input type="checkbox"/>
Have you had property foreclosed or given title or Deed in lieu thereof in the last 7 years?	<input type="checkbox"/>	<input type="checkbox"/>	Are you a co-maker or guarantor on any loan contract? If yes, to whom?	<input type="checkbox"/>	<input type="checkbox"/>

**Right to Receive a Copy of Appraisal Disclosure (ECOA)**

This notice is being provided to you pursuant to 12 CFR § 1002.14 (a).

For loans or Home Equity Lines of Credit secured by a residential dwelling, we may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

By signing this application you hereby acknowledge reading and understanding all of the information disclosed above and receiving a copy of this notice on the date indicated on this application.

The information contained in this statement and any attachment is provided to Capital Bank for the purpose of obtaining, or maintaining credit on behalf of the undersigned. Capital Bank may keep this application whether or not the loan request is approved. I/We understand that the Bank is relying upon the information provided herein (including the designation made as to ownership of property) in deciding to grant or continue credit. I/We represent and warrant that the information provided is true and complete and that the Bank may consider this statement as continuing to be true and correct until a written notice of a change is given by the undersigned. The Bank is authorized to make all inquiries deemed necessary to verify the accuracy of the statements made herein and to determine my/our creditworthiness. The Bank is authorized to answer questions about its credit experience with me/us. If approved for a loan, Capital Bank may verify information the Applicant provides to Capital Bank either before or after the loan is closed. The Applicant authorizes a financial institution(s) with whom the Applicant has current/existing banking relationships to provide Capital Bank with any and all information and documentation that Capital Bank may request. By signing this application I/we understand, represent and agree that if this application is approved, the written loan documents will represent the final agreement between the parties, there will be no unwritten oral agreements between the parties, and the written loan documents may not be contradicted later by evidence of any prior, contemporaneous, or subsequent oral agreements or understandings of the parties. I/We understand that it is a federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts on the application as applicable under the provisions of Title 18, USC § 1014.

\_\_\_\_\_  
**APPLICANT SIGNATURE**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**OTHER SIGNATURE**      **DATE**  
 (By signing, I acknowledge I am a Joint Applicant)



CAPITAL BANK IS AN EQUAL HOUSING LENDER



FDIC INSURED



2275 Research Boulevard, Suite 600

Rockville, MD 20850

301-468-8848

## **IMPORTANT INFORMATION REGARDING YOUR HOME EQUITY LINE OF CREDIT APPLICATION**

In order to process your request for a Home Equity Line of Credit, the following information must be submitted with your completed and signed application:

- Most Recent 2 Months Paystubs for all salaried Applicants**
- Most Recent 2 Years Personal Federal Income Tax Returns including all schedules**
- Most Recent 2 Years Business Federal Income Tax Returns including all schedules** (For Self Employed Applicants)
- Most Recent 2 Months Bank Account Statements**
- Most Recent Lender Statement for any existing Mortgage Loans**
- Copy of Current Declaration Page from Homeowners Insurance Policy**

## E-SIGN AGREEMENT

### **INSTRUCTIONS TO CUSTOMER:**

### ***PLEASE CLICK THE "I ACCEPT" BUTTON AT THE END OF THIS DISCLOSURE TO ACCEPT E-DELIVERY OF REQUIRED DISCLOSURES***

This **CAPITAL Bank** Online E-Sign Agreement ("Agreement") contains important information about Electronic delivery of required disclosures to you for banking products and services. You should keep a copy of this Agreement for your Files. **An email return/reply to the Bank** of this E-Sign Agreement is required to indicate your acceptance of the **Terms of this Agreement described below**. An in person confirmation, phone call, or written reply other than from the email you wish to use is by law not adequate to confirm acceptance of this Agreement.

This **Agreement** applies to each account you select now, or in the future ("Accounts"), for which disclosures are required. The words "**Bank**", "**we**", "**us**", and "**our**" mean "Capital Bank", and the words "**you**" and "**your**" mean you the individual(s) or entity that is identified on the Accounts as the **Owner**, or **Authorized Signer**, or **Holder** on the Accounts.

### **Scope of Disclosures Provided in Electronic Form**

When you respond by email and authorize electronic delivery of disclosures, you agree that we may provide you with any communications relating to your Accounts in electronic format, and we may discontinue sending paper communication to you, unless and until you withdraw your consent as described below. Your consent to receive electronic communications includes but is not limited to:

-Initial disclosures or agreements for your Accounts &/or payment features

### **Privacy policies or disclosures**

All disclosures we provide to you in electronic form will be accessed through a secure email connection if they contain confidential information; other disclosures that do not contain confidential information may be sent by unencrypted email. We may at our option or your request send you a paper disclosure as well as the electronic version.

All disclosures in either electronic or paper format from us to you will be considered "in writing". You should print or download a **Copy** of this **Agreement** for your records. Please print electronic documents you file.

In the event our system is unavailable, We reserve the right, but assume no obligation, to provide a paper (instead of electronic) copy of any disclosure statement that we are required to provide to you.

### **Hardware and Software Requirements**

In order to access, view, print and retain electronic disclosures that we make available to you, you must have:

- A **Personal Computer (PC)** with connections to the internet capable of receiving, accessing, displaying, and either -printing or storing- statements received in electronic format from the Bank.
- A current version of computer operating software and internet browser.
- An Internet Browser that supports **128 bit** encryption.
- A valid **e-mail account** (with recommended anti-virus & anti-spyware).
- Sufficient electronic storage capacity on your computer's hard drive.

Disclosures are provided in **PDF format**. To download the most current version of "Adobe Acrobat" go to [www.adobe.com](http://www.adobe.com) for the website or if need to add "Acrobat Reader" go to [www.adobe/products/acrobat/](http://www.adobe/products/acrobat/) and Download.

**The Bank** will notify you if there is a material change in hardware or software requirements that creates a risk that you will not be able to access or retain subsequent disclosures. If you are unable to update your system you will then have the right to withdraw your consent to receive Disclosures without incurring any fees or consequences not previously disclosed and request to be placed on Hard Copy.

### **How to Update Your Records**

It is your responsibility to provide us with a true, accurate and complete: e-mail address, contact and other information related to this Agreement and your Accounts, and to maintain and update promptly any changes in this information. You may update such information by calling us by phone at 301-468-8848 or by emailing us at [loanoperations@capitalbankmd.com](mailto:loanoperations@capitalbankmd.com). You may also mail the bank a Written Notice but we request you date and sign the form.

### **Requesting Paper Copies**

We will not send you paper copies of any Disclosures where you have consented to receive electronic versions of the Disclosures unless requested in writing. You can print a paper copy, or inquire on of any Disclosure yourself. If you need to

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request a paper copy, contact us by calling 301-468-8848. We will not assess a service charge for the delivery of paper copies of any Disclosures you have elected to receive electronically.

**How to Withdraw Your Consent**

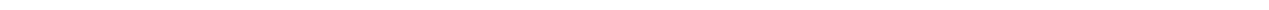
You may withdraw your consent to receive communications in electronic form for any of your Accounts at any time by calling us at 301-468-8848. Or mail a Request to us at Capital Bank, 2275 Research Boulevard, Suite 600, Rockville, MD 20850.

**Termination**

We reserve the right, in our sole discretion, to discontinue the provision of your electronic Disclosures, or to terminate or change the terms and conditions by which we provide Disclosures. We will provide you with notice of any termination or change as required by law. There is no fee to withdraw this Agreement.

CLICK THE BELOW BUTTON TO ACCEPT E-DISCLOSURES

Your e-mail program will launch, send the email as it is addressed.



WHAT YOU SHOULD KNOW ABOUT

# Home Equity Lines of Credit (HELOC)

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Borrowing from the  
value of your home



Consumer Financial  
Protection Bureau



An official publication of the U.S. government

## How to use the booklet

When you and your lender discuss home equity lines of credit, often referred to as HELOCs, you receive a copy of this booklet. It helps you explore and understand your options when borrowing against the equity in your home.

You can find more information from the Consumer Financial Protection Bureau (CFPB) about home loans at [cfpb.gov/mortgages](https://cfpb.gov/mortgages). You'll also find other mortgage-related CFPB resources, facts, and tools to help you take control of your borrowing options.

## About the CFPB

The CFPB is a 21st century agency that implements and enforces federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive.

This pamphlet, titled What you should know about home equity lines of credit, was created to comply with federal law pursuant to 15 U.S.C. 1637a(e) and 12 CFR 1026.40(e).

## How can this booklet help you?

This booklet can help you decide whether home equity line of credit is the right choice for you, and help you shop for the best available option.

A home equity line of credit (HELOC) is a loan that allows you to borrow, spend, and repay as you go, using your home as collateral.

Typically, you can borrow up to a specified percentage of your equity. Equity is the value of your home minus the amount you owe on your mortgage.

**Consider a HELOC if you are confident you can keep up with the loan payments. If you fall behind or can't repay the loan on schedule, you could lose your home.**

## After you finish this booklet:

- You'll understand the effect of borrowing against your home
- You'll think through your borrowing and financing options, besides a HELOC
- You'll see how to shop for your best HELOC offer
- You'll see what to do if the economy or your situation changes

# Compare a HELOC to other money sources

Before you decide to take out a HELOC, it might make sense to consider other options that might be available to you, like the ones below.

## TIP

Renting your home out to other people may be prohibited under the terms of your line of credit.

MONEY SOURCE	HOW MUCH CAN YOU BORROW	VARIABLE OR FIXED RATE	IS YOUR HOME AT RISK?	TYPICAL ADVANTAGES	TYPICAL DISADVANTAGES
<b>HELOC</b> <i>You borrow against the equity in your home</i>	Generally a percentage of the appraised value of your home, minus the amount you owe on your mortgage	Variable, typically	Yes	Continue repaying and borrowing for several years without additional approvals or paperwork	Repayment amount varies; repayment is often required when you sell your home
<b>SECOND MORTGAGE OR HOME EQUITY LOAN</b> <i>You borrow against the equity in your home</i>	Generally a percentage of the appraised value of your home, minus the amount you owe on your mortgage	Fixed	Yes	Equal payments that pay off the entire loan	If you need more money, you need to apply for a new loan; repayment is often required when you sell your home
<b>CASH-OUT REFINANCE</b> <i>You replace your existing mortgage with a bigger mortgage and take the difference in cash</i>	Generally a percentage of the appraised value of your home; the amount of your existing loan plus the amount you want to cash out	Variable or fixed	Yes	Continue to make just one mortgage payment	Closing costs are generally higher; it may take longer to pay off your mortgage; interest rate may be higher than your current mortgage
<b>PERSONAL LINE OF CREDIT</b> <i>You borrow based on your credit, without using your home as collateral</i>	Up to your credit limit, as determined by the lender	Variable, typically	No	Continue repaying and borrowing for several years without additional approvals or paperwork	Solid credit is required; you may need to pay the entire amount due once a year; higher interest rate than a loan that uses your home as collateral



# Compare a HELOC to other money sources

MONEY SOURCE	HOW MUCH CAN YOU BORROW	VARIABLE OR FIXED RATE	IS YOUR HOME AT RISK?	TYPICAL ADVANTAGES	TYPICAL DISADVANTAGES
<p><b>RETIREMENT PLAN LOAN</b>  <i>You borrow from your retirement savings in a 401(k) or similar plan through your current employer</i></p>	<p>Generally, up to 50% of your vested balance or \$50,000, whichever is less</p>	<p>Fixed</p>	<p>No</p>	<p>Repay through paycheck deductions; paperwork required but no credit check and no impact on your credit score</p>	<p>If you leave or lose your job, repay the whole amount at that time or pay taxes and penalties; spouse may need to consent</p>
<p><b>HOME EQUITY CONVERSION MORTGAGE (HECM)</b>  <i>You must be age 62 or older, and you borrow against the equity in your home</i></p>	<p>Depends on your age, the interest rate on your loan, and the value of your home</p>	<p>Fixed or variable</p>	<p>Yes</p>	<p>You don't make monthly loan payments—instead, you typically repay the loan when you move out, or your survivors repay it after you die</p>	<p>The amount you owe grows over time; you might not have any value left in your home if you want to leave it to your heirs</p>
<p><b>CREDIT CARD</b>  <i>You borrow money from the credit card company and repay as you go</i></p>	<p>Up to the amount of your credit limit, as determined by the credit card company</p>	<p>Fixed or variable</p>	<p>No</p>	<p>No minimum purchase; consumer protections in the case of fraud or lost or stolen card</p>	<p>Higher interest rate than a loan that uses your home as collateral</p>
<p><b>FRIENDS AND FAMILY</b>  <i>You borrow money from someone you are close to</i></p>	<p>Agreed on by the borrower and lender</p>	<p>Variable, fixed or other</p>	<p>No</p>	<p>Reduced waiting time, fees, and paperwork compared to a formal loan</p>	<p>Forgiven loans and unreported or forgiven interest can complicate taxes, especially for large loans; can jeopardize important personal relationships if something goes wrong</p>

# How HELOCs work

## PREPARE FOR UP-FRONT COSTS

Some lenders waive some or all of the up-front costs for a HELOC. Others may charge fees. For example, you might get charged:

- A fee for a property **appraisal**, which is a formal estimate of the value of your home
- An application fee, which might not be refunded if you are turned down
- Closing costs, including fees for attorneys, title search, mortgage preparation and filing, property and title insurance, and taxes

## PULL MONEY FROM YOUR LINE OF CREDIT

Once approved for a HELOC, you can generally spend up to your credit limit whenever you want. When your line of credit is open for spending, you are in the you are in the **borrowing period**, also called the **draw period**. Typically, you use special checks or a credit card to draw on your line. Some plans require you to borrow a minimum amount each time (for example, \$300) or keep a minimum amount outstanding. Some plans require you to take an initial amount when the credit line is set up.

## MAKE REPAYMENTS DURING THE “DRAW PERIOD”

Some plans set a minimum monthly payment that includes a portion of the **principal** (the amount you borrow) plus accrued interest. The portion of your payment that goes toward principal typically does not repay the principal by the end of the term. Other plans may allow payment of the interest only, during the draw period, which means that you pay nothing toward the principal.

If your plan has a variable interest rate, your monthly payments may change even if you don't draw more money.

## ENTER THE “REPAYMENT PERIOD”

Whatever your payment arrangements during the draw period—whether you pay some, a little, or none of the principal amount of the loan—when the draw period ends you enter a repayment period. Your lender may set a schedule so that you repay the full amount, often over ten or 15 years.

Or, you may have to pay the entire balance owed, all at once, which might be a large amount called a **balloon payment** by refinancing it with the lender, getting a loan from another lender, or some other means. If you are unable to pay the balloon payment in full, you could lose your home.

## RENEW OR CLOSE OUT THE LINE OF CREDIT

At the end of the repayment period, your lender might encourage you to leave the line of credit open. This way you don't have to go through the cost and expense of a new loan, if you expect to borrow again. Be sure you understand if annual maintenance fees or other fees apply, even if you are not actively using the credit line.

## TIP

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If you sell your home, you are generally required to pay off your HELOC in full immediately. If you are likely to sell your home in the near future, consider whether or not to pay the up-front costs of setting up a line of credit.



### GET THREE HELOC ESTIMATES

Shopping around lets you compare costs and features, so you can feel confident you're making the best choice for your situation.

		OFFER A	OFFER B	OFFER C
Initiating the HELOC				
Credit limit	\$			
First transaction	\$			
Minimum transaction	\$			
Minimum balance	\$			
Fixed annual percentage rate	%			
Variable annual percentage rate	%			
» Index used and current value				
» Amount of margin				
» Frequency of rate adjustments				
» Amount/length of discount rate (if any)				
» Interest rate cap and floor				
Length of plan				
» Draw period				
» Repayment period				
Initial fees				
» Appraisal fee	\$			
» Application fee	\$			



### GET THREE HELOC ESTIMATES

Shopping around lets you compare costs and features, so you can feel confident you're making the best choice for your situation.

		OFFER A	OFFER B	OFFER C
» Up-front charges, including points	\$			
» Early termination fee	\$			
» Closing costs				
During the draw period				
» Interest and principal payments	\$			
» Interest-only payments?	\$			
» Fully amortizing payments	\$			
» Annual fee (if applicable)	\$			
» Transaction fee (if applicable)	\$			
» Inactivity fee	\$			
» Prepayment and other penalty fees	\$			
During the repayment period				
» Penalty for overpayments?				
» Fully amortizing payment amount?				
» Balloon repayment of full balance owed?				
» Renewal available?				
» Refinancing of balance by lender?				
» Conversion to fixed-term loan?				

## How variable interest rates work

Home equity lines of credit typically involve variable rather than fixed interest rates.

A variable interest rate generally has two parts: the index and the margin.

An **index** is a measure of interest rates generally that reflects trends in the overall economy. Different lenders use different indexes in their loans. Common indexes include the U.S. prime rate and the Constant Maturity Treasury (CMT) rate. Talk with your lender to find out more about the index they use.

The **margin** is an extra percentage that the lender adds to the index.

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

## Rights and responsibilities

Lenders are required to disclose the terms and costs of their home equity lines of credit. They need to tell you:

- Annual percentage rate (APR)
- Information about variable rates
- Payment terms
- Requirements on transactions, such as minimum draw amounts and number of draws allowed per year

- Annual fees
- Miscellaneous charges

You usually get these disclosures when you receive a loan application, and you get additional disclosures before the line of credit is opened. In general, the lender cannot charge a nonrefundable fee as part of your application until three days after you have received the disclosures.

If the lender changes the terms before the loan is made, you can decide not to go forward with it, and the lender must return all fees. There is one exception: the variable interest rate might change, and in that case if you decide not to go ahead with the loan, your fees are not refunded.

Lenders must give you a list of HUD-approved housing counselors in your area. You can talk to counselor about how HELOCs work and get free or low-cost help with budgeting and money management.

### **Right to cancel (also called right to rescind)**

If you change your mind for any reason, under federal law, you can cancel the credit line in the first three days. Notify the lender in writing within the first three days after the account was opened. The lender must then cancel the loan and return the fees you paid, including application and appraisal fees.

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### **TIP**

Some HELOCs let you convert some of your balance to a fixed interest rate. The fixed interest rate is typically higher than the variable rate, but it means more predictable payments.

## If something changes during the course of the loan

HELOCs generally permit the lender to freeze or reduce your credit line if the value of your home falls or if they see a change for the worse in your financial situation. If this happens, you can:

- **Talk with your lender.** Find out the reason for the freeze or reduction. You might need to check your credit reports for errors that might have caused a downgrade in your credit. Or, you might need to talk with your lender about a new appraisal on your home and make sure the lender agrees to accept a new appraisal as valid.
- **Shop for another line of credit.** If another lender offers you a line of credit, you may be able to use that to pay off your original line of credit. Application fees and other fees may apply for the new loan.



### WELL DONE!

For most people, a home is their most valuable asset. A HELOC can help you make the most of this asset, when you understand the ins and outs and know what to expect.

## In this booklet:

### **ASK YOURSELF**

Have I considered other sources of money and loans, besides a HELOC?

Have I shopped around for HELOC features and fees?

Am I comfortable with the worst-case scenario, where I could lose my home?

### **ONLINE TOOLS**

**CFPB website**  
[cfpb.gov](https://cfpb.gov)

**Answers to common questions**  
[cfpb.gov/askcfpb](https://cfpb.gov/askcfpb)

**Tools and resources for home buyers**  
[cfpb.gov/owning-a-home](https://cfpb.gov/owning-a-home)

**Talk to a HUD-approved housing counselor**  
[cfpb.gov/find-a-housing-counselor](https://cfpb.gov/find-a-housing-counselor)

**Submit a complaint**  
[cfpb.gov/complaint](https://cfpb.gov/complaint)

# HOME EQUITY EARLY AGREEMENT & DISCLOSURE

Capital Bank, NA  
2275 Research Blvd, Suite 600  
Rockville, MD 20850

## IMPORTANT TERMS OF OUR HOME EQUITY EARLY AGREEMENT & DISCLOSURE

This disclosure contains important information about our Standard Home Equity Line of Credit (the "Plan" or the "Credit Line"). You should read it carefully and keep a copy for your records.

**AVAILABILITY OF TERMS.** All of the terms of the Plan described herein are subject to change. If any of 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 that you paid to us or anyone else in connection with your application.

**SECURITY INTEREST.** We will take a security interest in your home. You could lose your home if you do not meet the obligations in your agreement with us.

**POSSIBLE ACTIONS.** Under this Plan, we have the following rights:

**Termination and Acceleration.** We can terminate the Plan and require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if any of the following happens:

- (a) You commit fraud or make a material misrepresentation at any time in connection with the Plan. This can include, for example, a false statement about your income, assets, liabilities, or any other aspect of your financial condition.
- (b) You do not meet the repayment terms of the Plan.
- (c) Your action or inaction adversely affects the collateral for the Plan or our rights in the collateral. This can include, for example, failure to maintain required insurance, waste or destructive use of the dwelling, failure to pay taxes, death of all persons liable on the account, transfer of title or sale of the dwelling, creation of a senior lien on the dwelling without our permission, foreclosure by the holder of another lien or the use of funds or the dwelling for prohibited purposes.

**Suspension or Reduction.** In addition to any other rights we may have, we can suspend additional extensions of credit or reduce your credit limit during any period in which any of the following are in effect:

- (a) The value of your dwelling declines significantly below the dwelling's appraised value for purposes of the Plan. This includes, for example, a decline such that the initial difference between the credit limit and the available equity is reduced by fifty percent and may include a smaller decline depending on the individual circumstances.
- (b) We reasonably believe that you will be unable to fulfill your payment obligations under the Plan due to a material change in your financial circumstances.
- (c) You are in default under any material obligation of the Plan. We consider all of your obligations to be material. Categories of material obligations include, but are not limited to, the events described above under Termination and Acceleration, obligations to pay fees and charges, obligations and limitations on the receipt of credit advances, obligations concerning maintenance or use of the dwelling or proceeds, obligations to pay and perform the terms of any other deed of trust, mortgage or lease of the dwelling, obligations to notify us and to provide documents or information to us (such as updated financial information), obligations to comply with applicable laws (such as zoning restrictions).
- (d) We are precluded by government action from imposing the annual percentage rate provided for under the Plan.
- (e) 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 percent of the credit limit.
- (f) We have been notified by governmental authority that continued advances may constitute an unsafe and unsound business practice.
- (g) The maximum annual percentage rate under the Plan is reached.

**Change in Terms.** We may make changes to the terms of the Plan if you agree to the change in writing at that time, if the change will unequivocally benefit you throughout the remainder of the Plan, or if the change is insignificant (such as changes relating to our data processing systems). Any change to this Plan will be made in accordance with the law and will apply to amounts you owe when the change becomes effective, as well as to any credit advances made after the date of the change.

**Fees and Charges.** In order to open and maintain an account, you must pay certain fees and charges.

**Lender Fees.** The following fees must be paid to us:

Description	Amount	When Charged
NSF Handling Fee:	\$33.00	At the time a payment is returned to us for non-sufficient funds
Stop Payment Fee:	\$30.00	At the time you request a Stop Payment

**Late Charge.** Your payment will be late if it is not received by us within **10 days after the "Payment Due Date" shown on your periodic statement.** If your payment is late we may charge you 5.000% of the unpaid amount of the payment or \$5.00, whichever is greater.

**Third Party Fees.** You must pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies.

These third party fees generally total between \$1,185.00 and \$3,500.00. Upon request, we will provide you with an itemization of the fees you will have to pay to third parties.

**PROPERTY INSURANCE.** You must carry insurance on the property that secures the Plan.

**MINIMUM PAYMENT REQUIREMENTS.** You can obtain advances of credit during the following period: One Hundred Twenty (120) Months (the "Draw Period"). Your Regular Payment will equal the amount of your accrued FINANCE CHARGES. You will make 119 of these payments. You will then be required to pay the entire balance owing in a single balloon payment. If you make only the minimum payments, you may not repay any of the principal balance by the end of this payment stream. Your payments will be due monthly. Your "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the ANNUAL PERCENTAGE RATE may increase the amount of your Regular Payment.

**MINIMUM PAYMENT EXAMPLE.** If you made only the minimum payment and took no other credit advances, it would take 10 years to pay off a credit advance of \$10,000.00 at an ANNUAL PERCENTAGE RATE of 7.250%. During that period, you would make 119 monthly payments ranging from \$55.62 to \$61.58 and one final payment of \$10,061.58.

**TRANSACTION REQUIREMENTS.** The following transaction limitations will apply to the use of your Credit Line:

**Credit Line Home Equity Line Check, Telephone Request, Request By Mail and In Person Request Limitations.** There are no transaction limitations for the writing of Home Equity Line Checks, requesting an advance by telephone, requesting an advance by mail or requesting an advance in person.

**TAX DEDUCTIBILITY.** You should consult a tax advisor regarding the deductibility of interest and charges for the Plan.

**ADDITIONAL HOME EQUITY PROGRAMS.** Please ask us about our other available Home Equity Line of Credit plans.

**VARIABLE RATE FEATURE.** The Plan has a variable rate feature. The ANNUAL PERCENTAGE RATE (corresponding to the periodic rate), and the minimum payment amount can change as a result. The ANNUAL PERCENTAGE RATE does not include costs other than interest.

**THE INDEX.** The annual percentage rate is based on the value of an index (referred to in this disclosure as the "Index"). The Index is the highest base rate on corporate loans posted by at least 75% of the nation's 30 largest banks that The Wall Street Journal publishes as the Prime Rate. Information about the Index is available or published in the Wall Street Journal. We will use the most recent Index value available to us as of the date of any annual percentage rate adjustment.

**ANNUAL PERCENTAGE RATE.** To determine the Periodic Rate that will apply to your account, we add a margin to the value of the Index, then divide the value by 365 days. To obtain the ANNUAL PERCENTAGE RATE we multiply the Periodic Rate by the number of days in a year (366



**HOME EQUITY EARLY AGREEMENT & DISCLOSURE  
(Continued)**

during leap years). This result is the **ANNUAL PERCENTAGE RATE**. A change in the Index rate generally will result in a change in the ANNUAL PERCENTAGE RATE. The amount that your ANNUAL PERCENTAGE RATE may change also may be affected by the lifetime annual percentage rate limits, as discussed below.

Please ask us for the current Index value, margin, discount and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we send you.

**FREQUENCY OF ANNUAL PERCENTAGE RATE ADJUSTMENTS.** Your ANNUAL PERCENTAGE RATE can change daily. There is no limit on the amount by which the annual percentage rate can change during any one year period. However, under no circumstances will your ANNUAL PERCENTAGE RATE exceed 24.000% per annum or, go below 4.000% per annum at any time during the term of the Plan.

**MAXIMUM RATE AND PAYMENT EXAMPLE.** If you had an outstanding balance of \$10,000.00, the minimum payment at the maximum ANNUAL PERCENTAGE RATE of 24.000% would be \$203.84. This ANNUAL PERCENTAGE RATE could be reached immediately or prior to the 1st payment.

**PREPAYMENT.** You may prepay all or any amount owing under the Plan at any time without penalty.

**HISTORICAL EXAMPLE.** The example below 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 from 2008 to 2022. The Index values are from the following reference period: as of the first business day in December. While only one payment per year is shown, payments may have varied during each year. Different outstanding principal balances could result in different payment amounts.

The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during the year. It does not necessarily indicate how the Index or your payments would change in the future.

**INDEX TABLE**

Year (as of the first business day in December)	Index (Percent)	Margin (1) (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2008.....	4.000.....	0.250	4.250	36.10
2009.....	3.250.....	0.250	4.000 (8)	33.97
2010.....	3.250.....	0.250	4.000 (8)	33.97
2011.....	3.250.....	0.250	4.000 (8)	33.97
2012.....	3.250.....	0.250	4.000 (8)	33.97
2013.....	3.250.....	0.250	4.000 (8)	33.97
2014.....	3.250.....	0.250	4.000 (8)	33.97
2015.....	3.250.....	0.250	4.000 (8)	33.97
2016.....	3.500.....	0.250	4.000 (8)	33.97
2017.....	4.250.....	0.250	4.500	38.22
2018.....	5.250.....	0.250	5.500	
2019.....	4.750.....	0.250	5.000	
2020.....	3.250.....	0.250	4.000 (8)	
2021.....	3.250.....	0.250	4.000 (8)	
2022.....	7.000.....	0.250	7.250	

(1) This is a margin we have used recently; your margin may be different.

(8) This A.P.R. reflects a 4.000 percent floor.

**\* RECORDATION TAX TABLE.**

Recordation Taxes - Montgomery County	\$8.90/\$1,000 of loan amount, on first \$500,000, \$13.50 above \$500,000
Recordation Taxes - Prince George's County	\$5.50/\$1,000 of loan amount
Recordation Taxes - Howard County	\$5.00/\$1,000 of loan amount
Recordation Taxes - Anne Arundel County	\$7.00/\$1,000 of loan amount
Recordation Taxes - Carroll County	\$10.00/\$1,000 of loan amount
Recordation Taxes - Northern Virginia Counties	\$3.33/\$1,000 of loan amount.



Rev. 3/2017

**NOTICE OF PRIVACY POLICY**

<b>FACTS</b>		<b>WHAT DOES CAPITAL BANK, N.A. DO WITH YOUR PERSONAL INFORMATION?</b>	
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.		
<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have from us. This can include:</p> <ul style="list-style-type: none"> <li>• Social Security Number and income,</li> <li>• Account balances and payment history,</li> <li>• Credit history and credit scores</li> </ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>		
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Capital Bank chooses to share; and whether you can limit this sharing.		
<b>Reasons we can share your personal information</b>	<b>Does Capital Bank, N.A. share?</b>	<b>Can you limit this sharing?</b>	
<b>For our everyday business purposes –</b> Such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No	
<b>For our marketing purposes –</b> To offer our products and services to you	Yes	No	
<b>For joint marketing with other financial companies</b>	No	We don't share	
<b>For our affiliates' everyday business purposes –</b> Information about your transactions and experiences	No	We don't share	
<b>For our affiliates' everyday business purposes –</b> Information about your creditworthiness	No	We don't share	
<b>For non-affiliates to market to you</b>	No	We don't share	
<b>Questions?</b>	Call us at 301-468-8848 or toll free at 1-877-568-4262. Or go to <a href="http://www.capitalbankmd.com">www.capitalbankmd.com</a> .		

<b>WHO WE ARE</b>	
<b>Who is providing this notice?</b>	Capital Bank, N.A.
<b>WHAT WE DO</b>	
<b>How does Capital Bank, N.A. protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
<b>How does Capital Bank, N.A. collect my personal information?</b>	We collect your personal information, for example, when you: <ul style="list-style-type: none"> <li>• Open an account or deposit money</li> <li>• Pay your bills or apply for a loan</li> <li>• Use your credit or debit card</li> </ul> We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
<b>Why can't I limit all sharing</b>	Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for non-affiliates to market to you</li> </ul> State laws and individual companies may give you additional rights to limit sharing.
<b>Definitions</b>	
<b>Affiliates</b>	Companies related by common ownership or control. They can be financial and nonfinancial companies <ul style="list-style-type: none"> <li>• <i>Our affiliates include financial companies, LHRE, LLC. and Church Street Capital, LLC.</i></li> </ul>
<b>Non-affiliates</b>	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• <i>Capital Bank, N.A. does not share with non-affiliates so they can market to you.</i></li> </ul>
<b>Joint Marketing</b>	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>• <i>Capital Bank, N.A. doesn't jointly market</i></li> </ul>
<b>Other Important Information</b>	Our website is not directed at children, and we do not knowingly collect or maintain personal information from children.