

Repayment options for Home Equity Lines of Credit

Columbia Credit Union's Home Equity Line of Credit repayment program is based on the amount borrowed during the life of the loan. Each month the payment will be 1.00% of the balance owed, or \$75.00, whichever is greater. The minimum payment will change as the balance changes. Secondly, it is a variable rate line of credit so that the amount of payment applied to reduce the principal balance will change as interest rates change.

Regardless of the minimum required payment on your Home Equity Line of Credit, you may choose to pay more to create available credit for future needs. Access to this available credit continues for the first 10 years of the loan. After the end of this 10 year "draw period" the "repayment period" continues for 15 years with the same minimum payment requirements. At the end of this 15 year "repayment period" any balance remaining will be due in full. As the minimum payment may not fully retire the balance this may create a balloon payment which you'll want to plan to pay off or refinance with Columbia Credit Union or another lender. The option for a refinance will be considered based upon your credit profile at the time such refinance request is made. As with any loan, the failure to make any required payment may result in the loss of collateral pledged to the loan.

If you sell your home, you will be required to pay off your Home Equity Line of Credit in full immediately. If you are likely to sell your home in the near future, consider whether it makes sense to pay 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.

