

# SmartLine<sup>SM</sup> Home Equity Loan

## How does it work?



A **SmartLine Home Equity Loan**<sup>1</sup> is like having two loans in one — a line of credit with a variable rate that replenishes when payments are made, and an option for a fixed-rate loan that has the same payment throughout the loan term.

This dual-use equity loan gives you more control over how the loan is structured instead of being limited to a line of credit or a closed-end loan.

### SmartLine Home Equity Loan Features

- 25-year loan
  - 15 years to advance
  - 10 years to pay back
- Repayment at 1% or interest only  
*(Interest-only payments are based on eligibility)*
- Variable rate based on the published prime rate<sup>2</sup>
- Ability to "lock" segments for fixed interest rate and payment *(up to three locks of \$2,500 or more)*
- Segments can be locked from 12 to 180 months
- Segments locked 60 months or less may have lower rates than the variable rate
- Can be opened even if your mortgage is not at MSUFCU



### Example 1

You have a SmartLine Home Equity Loan with a \$50,000 limit and decide to remodel your bathroom at a cost of \$10,000.

You want to lock \$10,000 from your SmartLine loan at your current rate to make budgeting easy plus add \$5,000 to your savings account for additional small projects.

You borrow \$15,000 from your SmartLine loan, locking \$10,000 at the current rate you qualify for: 8.44% APR for five years. Your monthly payment on the locked segment remains the same until that

amount is paid. As you make your payments, this amount (minus interest) becomes available in your unused line of credit.

The other \$5,000 is part of your variable-rate equity line of credit because you didn't lock it. The interest rate may go up or down, but you will pay a minimum of 1% of the outstanding balance on a monthly basis.

The remaining \$35,000 of available equity can be used at any time, but you do not pay any interest on that portion unless you borrow from it. It's there if you need it.

SmartLine Option	Amount of Advance	Term	Interest Rate	Segment Payment
Locked Segment	\$10,000	5 years	8.44% APR	\$204.88
Line of Credit Advance	\$5,000	1% of balance	Current variable rate	\$50.00
Monthly Payment				<b>\$254.88</b>

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## Locking Segments Makes Budgeting Easier

- Home improvements
- Debt consolidation
- Student loan refinance
- Life events
- Car/Truck purchase
- Vacation home
- Investment property
- Vacant land
- Tuition
- Boat/RV purchase
- Pole barn
- Any other needs

### Example 2

You have already taken the \$15,000 from Example 1 and you want to consolidate higher-rate credit card debt. You lock another \$10,000 at 8.54% APR for three years for a total of \$25,000.

Although the new loan comes three weeks after the first, your monthly payment for your SmartLine Home Equity Loan will be due on the same day each month.

In this example:

Segment 1:	\$204.88
+ Segment 2:	\$315.86
+ Line of Credit:	\$50.00
= Monthly Payment	\$570.74

The remaining \$25,000 of available equity can be used anytime you need it, but you do not pay interest on that portion unless you borrow from it.

SmartLine Option	Amount of Advance	Term	Interest Rate	Segment Payment
Locked Segment 1	\$10,000	5 years	8.44% APR	\$204.88
Locked Segment 2	\$10,000	3 years	8.54% APR	\$315.86
Line of Credit Advance	\$5,000	1% of balance	Current variable rate	\$50.00
Monthly Payment				<b>\$570.74</b>

### Example 3

You also have the ability to take the full amount of your SmartLine Home Equity Loan and lock it as a single segment. You would lock this in at the maximum term of 180 months and start making fixed monthly payments.

As you make payments on your segment, that amount becomes available to use again as you need it. This amount will be a line of credit with the rate based on the prime rate. This rate may go up or down, but you do not pay interest on that portion unless you borrow from it.

SmartLine Option	Amount of Advance	Term	Interest Rate	Segment Payment
Locked Segment 1	\$50,000	15 years	9.65% APR	\$526.65
Monthly Payment				<b>\$526.65</b>

<sup>1</sup> Eligible properties include primary residences; owner-occupied second homes; condos; modular and manufactured homes; and one- to four-unit buildings with owner occupancy in one of the units. Properties must be located within Michigan, Illinois, Florida, Indiana, or Ohio. Consult with a reliable tax advisor about the deductibility of home equity loan interest. Interest-only payments are based on eligibility. You may only lock a segment of your loan during your draw period. \$199 origination fee, plus valuation report fee and closing fee (if not closing at an MSUFCU branch). For properties in Florida, state mortgage recordation tax applies (\$0.35 per \$100 of credit limit). There is no fee for the first segment; however, you will be charged a \$25 fee for each subsequent segment. A fee of \$25 will apply to requests to unlock a segment. Balances on segments reduce the availability on the line of credit. Your locked segment fixed interest rate will be determined based on your creditworthiness at the time your fixed-rate segment is approved. Chart Annual Percentage Rate (APR) is an example. Actual APR will be determined by member's credit score at the time of the loan request. Rate subject to change. <sup>2</sup> This product has a variable rate that is based on the market rate (prime plus margin). Your margin will be between 0.00% APR and 7.00% APR. Your overall rate (prime plus margin) will never fall below 2.00% APR, nor will it exceed 18.00% APR.