



Q: How to choose between a HELOC or a fixed home equity loan.

A: Choosing between a HELOC and a fixed home equity loan comes down to your financial situation, needs and priorities. A **HELOC** allows you to take only the money you need when you need it for a draw period of the loan. The payments are interest only for the draw period and then principal and interest payments continue for the repayment period of the loan. The HELOC does have a variable interest rate that can change once a quarter if Prime Rate is changed.

A **fixed home equity loan** offers more predictability in terms of monthly payments, since you will receive a large sum of money upfront and pay it back in monthly installments with a fixed interest rate. Home equity loans are usually best for people who need a lump sum right away and want scheduled fixed monthly payments.

Q: How will WPCU determine value on your home?

A: WPCU must have an appraised value of your home to determine the Loan to Value ratio. WPCU will attempt to use AVM (Automated Value Method) first. This will give the credit union a value quickly and not require an appraiser to come out to your home and do an interior/exterior appraisal. If the AVM does not match WPCU policy, we will require an interior/exterior appraisal to be completed. This would be scheduled between the appraisal company and the member.

Q: What is a title search?

A: A property title search examines public records on the property to confirm the property's rightful legal owner. The title search should also reveal if there are any claims or liens on the property that could affect WPCU lien position. A few examples of these title problems include outstanding property taxes, any liens against the house and easements of any kind. If there are any outstanding lien/judgement claims on your property (other than a first or second mortgage), WPCU will require a release of lien/judgement before the loan is closed.

Q: Why is the property searched for a flood zone?

A: Federal regulations require that financial institutions conduct a flood determination on loans secured by real estate where existing or proposed structures may exist. When a property is in a federally designated high-risk flood zone or floodplain, flood insurance is required. Flood insurance is a separate policy from homeowners' insurance, which does not typically cover damage or destruction by floods.

Q: Why does WPCU require proof of income before underwriting will review the loan request?

A: Federal regulations require financial institutions to verify a consumer's ability to repay a loan that is secured by a dwelling. This protects both the member and WPCU from situations where borrowers may overextend themselves financially.

Q: Why does WPCU require proof of homeowners insurance?

A: WPCU require homeowners' insurance so that the property they have an investment in is fully covered against catastrophic damage. WPCU also wants to make sure that, as the borrower, the members are financially capable of paying down the mortgage in the event that the home is destroyed.

All loans are subject to credit review and approval.

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