

Great Rates. Personal Service.

The Mortgage Solution Quarterly



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Chevron Federal Credit Union

Financing a Vacation Home

If you've always dreamed of owning a vacation home, CFCU's low real estate rates could help make that dream a reality.

Before you commit to purchasing a vacation home, though, make sure your budget can handle the monthly payments for the mortgage principal and interest, property taxes, homeowners insurance, and any homeowners association dues. Keep in mind that you will have routine maintenance and utility bills to pay, and it is always possible that you will face a major repair down the road.

When you're ready to go forward with your purchase, give CFCU a call at 510-627-5120 or 888-334-5120 to discuss your financing options.

Home Equity Loans

If you have quite a bit of equity in your principal residence, taking out a CFCU home equity loan to pay for your vacation home allows you to avoid the large down payment other financing options require.

Much will depend on the price of your vacation home, however. You don't want to take too much equity away from your primary residence in case home values continue to decline. A CFCU real estate representative can help you decide if this option is right for you.

Adjustable-Rate Mortgages (ARMs)

If you only plan to keep your vacation home for a short time, CFCU's 5/1 and 7/1 ARMs can help you afford a larger mortgage with lower monthly payments. A disadvantage of these ARMs is that the rates will adjust after the first five or seven years and every year thereafter, and there is a chance that rates can rise significantly during the term of the loan.

An ARM could be a good strategy, however, if you know that your income will increase or debt level decrease during the first five or seven years, allowing you to afford the potentially higher payments after the rate adjusts.

Fixed-Rate Mortgages

Fixed-rate mortgages give you the peace of mind associated with a fixed, monthly payment for a set number of years and are often good options if you plan to own your vacation home for a long time.

One disadvantage of a fixed-rate mortgage's higher monthly payments is that you may not be able to afford as large of a home as you'd like compared to an ARM. However, the set payments and no possibility of rising rates make this a stable option.



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Nine Signs that a Remodeling Contractor May Be Untrustworthy

If you are undertaking a home remodeling project, you'll want to make sure your contractor is reputable.



According to the National Association of the Remodeling Industry (NARI), nine common warning signs that a contractor should not be trusted are:

1. You can't verify the name, address, telephone number, or credentials of the remodeler.
2. The salesperson tries to pressure you into signing a contract.
3. The salesperson tells you a special price is available only if you sign the contract "today."
4. No references are furnished.
5. Information you receive from the contractor is out-of-date or no longer valid.

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Get Gas and a Snack... and Make a Loan Payment!



CFCU's Shared Branch/CU Service Center network allows you to make your loan payment at thousands of locations, including many 7-Eleven Stores.

More than 2,200 surcharge-free self-service kiosks known as Vcom® Units are available 24/7 in select 7-Eleven stores across the country. In addition to making loan payments, you can deposit checks, withdraw cash, take cash loan advances, transfer funds between accounts, and check your balances and recent transaction history.

To use the kiosk, you will need your CFCU account number and a card with a magnetic strip on the back, such as a credit card or driver's license. Be sure to choose "CU Service Centers" from the on-screen menu to ensure you are not charged an ATM fee.

The first time you use a kiosk, you will need to answer a few security questions and choose a PIN for future visits.

Search for CU Service Centers with the ATM/Branch Locator at www.chevronfcu.org to find a convenient 7-Eleven Vcom® kiosk near you!

Common Mortgage Terms Defined

If you are thinking of purchasing a new home, or just refinancing your current mortgage, you'll probably be exposed to a lot of mortgage lingo. Here's a quick guide to some of the most common terms you may hear as you work with your CFCU representative to select your best mortgage option.

Adjustable-Rate Mortgage (ARM)

A mortgage with an interest rate that changes during the life of the loan according to movements in an index rate.

Buydown

When the seller, builder, or buyer pays an amount of money up front to the lender to reduce monthly payments during the first few years of a mortgage. Buydowns can occur in both fixed and adjustable rate mortgages.

Equity

The amount of financial interest in a property. Equity is the difference between the fair market value of the property and the amount still owed on the mortgage.

Fixed-Rate Mortgage (FRM)

A mortgage in which the interest rate remains fixed throughout the entire term of the loan.

Principal

The amount borrowed or remaining unpaid. The part of the monthly payment that reduces the remaining balance of a mortgage.

Refinance

Paying off an existing loan with a newer, usually lower rate loan, using the same property as security.

Find more helpful real estate and mortgage definitions on our website at www.chevronfcu.org/pages/glossary.aspx.

If you would like more information on CFCU mortgage options, go to www.chevronfcu.org, stop by your local CFCU branch, or give us a call at 510-627-5000 or 800-232-8101.

Nine Signs that a Remodeling Contractor May Be Untrustworthy

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6. You are unable to verify the license or insurance information.
7. You are asked to pay for the entire job in advance, or to pay in cash to a salesperson instead of by check or money order to the company itself.
8. The company cannot be found in the telephone book or is not listed with the local Better Business Bureau or a local trade association such as NARI.
9. The contractor does not offer, inform, or extend notice of your right to cancel the contract within three days. Law requires notification in writing of your "Right of Rescission." This grace period allows you to change your mind and declare the contract null and void without penalty (if the agreement was solicited at some place other than the contractor's place of business or appropriate trade premises — in your home, for instance).



Also be cautious if you are given vague or reluctant answers, if the contractor is impatient and does not listen, or if you are not able to see photos of the contractor's previous projects.

If your contractor offers to help you finance the project, make certain you research any loan offer thoroughly to avoid scams, and have CFCU's loan rates on hand for comparison. If you need assistance understanding your financing options, stop by your local CFCU branch or give us a call at 510-627-5000 or 800-232-8101.

