



OPTIMUM EXPERIENCE

NEWSLETTER FOR CANANDAIGUA NATIONAL BANK & TRUST OPTIMUM CHECKING CUSTOMERS

How to Leverage Your Home's Equity in a Rising Interest Rate Environment

After a period of near historic low interest rates, it was inevitable that rates would eventually rise. Leveraging your home's equity is still a valuable resource, and gaining a better understanding of the difference between a home equity loan and a home equity line of credit may help you in deciding which solution is right for you.

What is home equity? Owning a home is a big investment and can provide great returns. In fact, it can be a reservoir of funding potential if you have accumulated equity. By the simplest of definitions, the equity in your home is determined by the difference between your home's market value and what you currently owe on your mortgage and/or any liens on the property.

What is the difference between a home equity loan and a home equity line of credit? Both a home equity loan and a home equity line of credit (HELOC) allow you to borrow against the equity you've built in your primary residence or vacation home. However, funds availability and repayment structure vary between the two solutions.

Home equity loans Home equity loans allow you to borrow a fixed amount of money at a fixed rate of interest. The total amount you borrow is advanced to you when you sign for the loan. Repayment of the loan will begin the month following your loan closing with consistent monthly payment amounts throughout the term of the loan.

A **CNB home equity loan** is an attractive option when presented with an immediate one-time need for funds and a fixed payment and fixed rate is desired, especially as interest rates continue to rise. Be secure in knowing that your rate is fixed up to 10-years, with an amortization up to 20-years.¹ Proceeds can be used for your home project, large purchase(s), secondary home purchase, high interest debt consolidation, or whatever your needs may be.

Home equity lines of credit A home equity line of credit is a variable rate line of credit where the line amount is determined by the amount of your equity available on your home. Funds from the line are advanced by you as you need them (up to the maximum allowed) for the entire 20-year term. No payment is due until an advance is made on the line, and you only pay on the amount advanced. As repayments are made, the available line amount is replenished. There is no minimum borrowing requirement necessary; meaning your payments are based on the amount that is used, if any.

The **CNB FlexEquity** offers both the traditional line of credit features and functionality, as well as the option to convert outstanding balances into fixed rate, fixed term, subloans. Your monthly payments may vary depending on your outstanding balance and the current interest rate.

The subloan feature uniquely offers the flexibility to fix the balance on your line into one or multiple sub-loans (up to a maximum of 5) with a fixed rate, consistent monthly payment, and up to 10-year term. As payments are made to the sub-loan, the principal portion of the payment replenishes the availability on the line of credit.²

Choosing between the two When deciding whether to apply for a home equity loan or a line of credit, it's important to consider how much you'll need and how soon you'll need it.

If you want a fixed amount of money for a specific one-time purpose (e.g., remodeling the kitchen), you may wish to take out a home equity loan that advances you the total amount up front. Be confident in knowing you have secured a fixed interest rate with a fixed payment for the life of your loan.

If instead you'll need an indeterminate amount over a few years (e.g., funds for ongoing college expenses), you may benefit most from the flexibility of a home equity line of credit that you can draw on when needed. This may be a more attractive offer for those who are comfortable with a flexible interest rate but are able to pay the line down regularly.

What you need to know Home equity financing is secured by the equity in your primary residence or vacation home and has several advantages compared to other forms of personal loans including higher borrowing limits, favorable interest rates, and longer repayment periods.

Advances of funds through a home equity loan or a home equity line of credit are loan commitments directly tied to your home. Therefore, upon the sale of your home, all loan commitments tied to your home must be satisfied, including any outstanding home equity loans or line outstanding. Because a home equity loan or line uses your home as collateral, any default on payment may result in foreclosure of the property.

Contact your local CNB office representative today or visit CNBank.com/HE for more information to help determine what path is best for your unique situation.

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Elder Financial Abuse: How to Identify and Protect Yourself and Others

Elder financial abuse is a type of fraud which involves the misappropriation of financial resources belonging to an elder, within the context of a relationship where there is an expectation of trust and care. In other words, elder financial abuse happens when elderly individuals are preyed upon for financial gain. These schemes can range from simple theft in the form of unauthorized check cashing, to legal document abuse such as fraudulent transfer of Power of Attorney, to more complex schemes such as extortion.

According to the American Bankers Association (www.ABA.com), individuals over the age of 50 currently control 70% of the nation's financial assets. This fact, combined with potential dependencies on others for care due to mental or physical impairments unfortunately creates vast opportunity for bad actors. The National Council on Aging (www.NCOA.com) states losses related to victims suffering from elder financial abuse total over \$36 billion annually.

Sadly, the most common abusers in these cases are the adult children of victims, but abuse can also occur from senior care staff, extended family, or financial caregivers. Additionally, seniors are also being victimized by strangers they meet online, who secure their trust by showing romantic interest over the course of weeks or months, before asking the individual to send funds. Another very common scam, referred to as the grandparent scam, occurs when a fraudster will contact a victim and pretend to be a relative in immediate need of cash to resolve an emergency.

These schemes are often spotted by family or friends. The key is typically the identification of stark changes in behavior displayed on the part of the senior that is being victimized. Activity may include large, frequent, account withdrawals or inter-bank transfers which the victim cannot explain or legitimize. Other cases may involve the sudden closure or liquidation of retirement accounts without regard for penalties. Specifically in romance schemes, seniors will be asked to conduct uncharacteristic wire transfers to individuals living outside the local area. In more traditional elder

financial abuse cases a family member, caretaker, relative, or new friend may suddenly be accompanying the senior at the bank, requesting financial transactions without proper authorization, documentation, or explanation.

Consider the following best practices to avoid becoming a victim -

- Safeguard items such as bank statements, personal identification, checkbooks, or other sensitive personal information and shred any unneeded financial documents.
- Never sign any document you don't understand; consult a trusted financial advisor or attorney.
- If you receive a threatening phone call from someone you don't know, do not engage.
- If you receive a call from a 'family member' asking for money, disconnect and contact another relative to legitimize the story you're being told, before taking any other action.
- Never share personal information such as social security numbers, usernames, passwords, account numbers, or other financial information with anyone.

If you feel you have become a victim of a financial elder abuse scheme, consider the following avenues for next steps -

- Consult a neutral, trusted family member about the situation who has your best interests in mind.
- Speak with an attorney, medical doctor, or contact your bank.
- Contact Adult Protective Services or the local police to file a report.

Our team at CNB is ready to answer any questions you may have about current fraud scams. For current articles and resources, visit CNBank.com/Security.

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This material provided by Ryan Kaiser.



Add a keyword to your account today!

CNB is committed to providing a secure environment for all your banking needs. Are you aware that you can place a keyword as added security to your account? This keyword is used when calling the Call Center or making a transaction at the teller line. Ask your representative to add your keyword today!



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Wednesday, August 17

11:30 am – 1:00 pm

Lincoln Hills Farms

3792 NY-247, Canandaigua, NY

Now accepting early registration online!

Register today at CNBank.com/Picnic.

CNC Shareholder Corner

Current Value/Share: \$343.42

Last average auction price as of 6/23/2022

sold - 4,335

High - \$368.20

Low - \$332.00

Visit our web page for the latest information on upcoming CNC stock sales!

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