



Applying for a Real Estate Loan

- Download and print all application documents
- Refer to the application cover letter or brochure for specific instructions
- Once all application pages have been completed, signed and dated and all corresponding documentation has been collected, your Real Estate Loan Application can be dropped off at any FTWCCU office or mailed to the address listed below
- Should you have any questions, you can contact the Real Estate Department directly at 817 835-5028 or 817 835-5020

Fort Worth Community Credit Union
 ATTN: Real Estate Department
 P.O. Box 210848
 Bedford, TX 76095-7848

FTWCCU Office Locations

Headquarters Office 1905 Forest Ridge Dr Bedford, TX 76021	Downtown Office 819 Taylor St. Rm. 7A23 Fort Worth, TX 76102	North Tarrant Office 3501 North Tarrant Pkwy Fort Worth, TX 76244
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South Arlington Office 2327 W. Pleasant Ridge Rd. Arlington, TX 76015	Wedgwood Office 6720 S. Hulen Fort Worth, TX 76133	Meadowbrook Office 6454 Brentwood Stair Rd. Fort Worth, Texas 76112
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Weatherford Office 1911 S Main St Weatherford, Texas 76086	Burleson Office 1456 SW Wilshire Blvd Burleson, Tx 76028	Flower Mound Office 3548 Long Prairie Rd. Flower Mound, Tx 75022
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North Richland Hills Office 8524 Davis Blvd North Richland Hills, Tx 76182		
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HOME EQUITY LINE OF CREDIT



worth

You're worth more (to us)

What is a HELOC loan?

Texas homeowners have the opportunity to access the equity in their home with a Home Equity Line of Credit (HELOC).

A HELOC loan enables you to use and re-use your available line of credit as often as you need without having to reapply.

FTWCCU's variable rate HELOC loans are available on your primary home located within 100 miles of Tarrant County and the interest may be tax deductible.* You can borrow up to 80% of the home's fair market value. However, the total of all loans against the property may not exceed 80% of the home's fair market value, maximum of \$300,000.00.

We make it easy for you to access the amount you need, when you need it. Simply, visit any FTWCCU office to "draw" from your available credit (minimum \$4,000). You'll pay "interest only" during your 10 year "draw" period. Once the "draw" period ends, we'll extend your payments out over another 10 years.

HELOC's are great for ongoing expenses such as:

- Home improvements
- Educational or medical expenses
- Bill consolidation
- A new vehicle
- Weddings or new baby expenses

How can I get started?

Enjoy one of our three convenient ways to start your application today.

- Visit www.ftwccu.org to submit your online application
- Pick up an application at any FTWCCU office
- Give us a call at (817) 835-5000 or (800) 817-8234

Complete and return the application to our Mortgage Lending Department at:

FTWCCU
Attn: Mortgage Lending
PO Box 210848
Bedford, Texas 76095-7848

How much can I borrow?

The line of credit may not exceed 80% of the fair market value. In addition, all liens may not exceed 80% of the fair market value of the home.

Copies You'll Need

- Current Homeowner's Insurance Policy
- Recent County Tax Appraisal or State Certified Appraisal
- Deed of Trust or Title Policy
- Current mortgage information (name & address, loan number, current balance)
- Recent pay stubs – If self employed, please submit the last two years tax returns

What are the costs, rates and terms?

The variable annual percentage rate ("APR") is based on the Prime Rate published in the Wall Street Journal, rounded up to the next .25%. The rate is determined by the applicant's creditworthiness and each loan is subject to credit approval. An increase in the Index will result in higher payments. A decrease will have the opposite effect. The APR will never exceed 18%. The draw period is for a term of ten years. During this time, the minimum required payments will be the amount of interest due. You will be billed each month on your monthly statement. At the end of ten years, you will begin the repayment period, which will be for a term of ten years. At that time, you will begin making principal and interest payments so that the loan will be paid by the maturity date.

** Consult a tax advisor regarding the deductibility of interest.*

Note: Maximum line of credit when added to all other loans secured by the property cannot exceed 80% of appraised value of the property. Maximum line of credit cannot exceed 80% of appraised value of the property. FTWCCU must receive a valid first or second lien under Article XVI, Section 50(a)(6) of the Texas Constitution on a primary residence occupied by the borrower. Property insurance required including flood insurance where applicable. Offer does not include manufactured homes, town homes, or condos. Minimum draw is \$4,000.00. Additional fees may range from \$150.00 to \$3,500.00 for loan amounts greater than \$100,000.00. A processing fee will be charged on all approved loans.

Headquarters Office
1905 Forest Ridge Dr.
Bedford, Texas 76021

Weatherford Office
1911 S. Main St.
Weatherford, Texas 76086

Downtown Office
819 Taylor St. Rm. 7A23
Fort Worth, Texas 76102

Burleson Office
1456 Southwest Wilshire Blvd
Burleson, Texas 76028

South Arlington Office
2327 W. Pleasant Ridge Rd.
Arlington, Texas 76015

Flower Mound Office
3548 Long Prairie Rd.
Flower Mound, Texas 75022

Wedgwood Office
6720 S. Hulen Street
Fort Worth, Texas 76133

North Richland Hills Office
8524 Davis Blvd.
North Richland Hills, Texas 76182

Meadowbrook Office
6454 Brentwood Stair Rd.
Fort Worth, Texas 76112

North Tarrant Office
3501 N Tarrant Pkwy
Fort Worth, Texas 76244

Member Information Center

(817) 835-5000 Local
(817) 318-4900 Metro
(800) 817-8234 Toll-free
Email: ftwccu@ftwccu.org

24 Hour "ART" Audio Response Phone Line

(817) 835-5050 Local
(817) 318-4901 Metro
(800) 817-8235 Toll-free

FTWCCU Mailing Address

P. O. Box 210848
Bedford, Texas 76095-7848

Web Site / Home Banking Information:

www.ftwccu.org

To locate FREE ATM's
visit www.ftwccu.org



You're worth more (to us).



Federally insured by the NCUA



1905 Forest Ridge Drive
Bedford, Texas 76021-5724

(Mailing Address)
P.O. Box 210848
Bedford, Texas 76095-7848

Application

NOTE AND COMPLETE

NOTICE TO OHIO APPLICANTS: The Ohio laws against discrimination require that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio Civil Rights Commission administers compliance with this law.

WISCONSIN RESIDENTS ONLY: (1) No provision of any marital property agreement, unilateral statement under Section 766.59, or court decree under Section 766.70 will adversely affect the rights of the Credit Union unless the Credit Union is furnished a copy of the agreement, statement or decree, or has actual knowledge of its terms, before the credit is granted or the account is opened. (2) Please sign if you are not applying for this account or loan with your spouse. The credit being applied for, if granted, will be incurred in the interest of the marriage or family of the undersigned.

Signature For Wisconsin Residents Only	Date
X	

Married Applicants may apply for a separate account.

Individual Credit: Complete **Applicant** section. Complete **Co-Applicant, Spouse**, (referred to as "Other") section: (1) about your spouse if you live in a community property state (AZ, CA, ID, LA, NM, NV, TX, WA, WI), or (2) if your spouse will use the Account. Please check box to indicate whom the information is about.

Joint Credit: Each Applicant must **individually** complete the appropriate section below. If Co-Borrower is spouse of the Applicant, mark the Co-Applicant box.

Amount Requested \$ _____ **Purpose:** _____

Repayment: Payroll Deduction Cash Automatic Payment Military Allotment

STATEMENT OF INTENT Are you interested in having your loan protected? Yes No

If you answer "yes", the credit union will disclose the cost to protect your loan. The protection is voluntary and does not affect your loan approval. In order for your loan to be covered, you will need to sign a separate application that explains the terms and conditions.

APPLICANT INFORMATION				OTHER CO-APPLICANT SPOUSE			
NAME (Last - First - Initial)				NAME (Last - First - Initial)			
DRIVER'S LICENSE NUMBER/STATE			BIRTH DATE	DRIVER'S LICENSE NUMBER/STATE			BIRTH DATE
ACCOUNT NUMBER		SOCIAL SECURITY NUMBER		ACCOUNT NUMBER		SOCIAL SECURITY NUMBER	
HOME PHONE	CELL PHONE	BUSINESS PHONE/EXT.		HOME PHONE	CELL PHONE	BUSINESS PHONE/EXT.	
PRESENT ADDRESS (Street - City - State - Zip)		OWN	RENT	PRESENT ADDRESS (Street - City - State - Zip)		OWN	RENT
			LENGTH AT RESIDENCE				LENGTH AT RESIDENCE
PREVIOUS ADDRESS (Street - City - State - Zip)		OWN	RENT	PREVIOUS ADDRESS (Street - City - State - Zip)		OWN	RENT
			LENGTH AT RESIDENCE				LENGTH AT RESIDENCE
COMPLETE FOR JOINT CREDIT, SECURED CREDIT OR IF YOU LIVE IN A COMMUNITY PROPERTY STATE: MARRIED <input type="checkbox"/> SEPARATED <input type="checkbox"/> UNMARRIED (Single - Divorced - Widowed) <input type="checkbox"/>				COMPLETE FOR JOINT CREDIT, SECURED CREDIT OR IF YOU LIVE IN A COMMUNITY PROPERTY STATE: MARRIED <input type="checkbox"/> SEPARATED <input type="checkbox"/> UNMARRIED (Single - Divorced - Widowed) <input type="checkbox"/>			
LIST AGES OF DEPENDENTS NOT LISTED BY OTHER APPLICANT (Exclude Self)				LIST AGES OF DEPENDENTS NOT LISTED BY OTHER APPLICANT (Exclude Self)			

EMPLOYMENT INFORMATION			
NAME AND ADDRESS OF EMPLOYER			
YOUR TITLE/GRADE		SUPERVISOR'S NAME	
START DATE	HOURS AT WORK	IF SELF EMPLOYED, TYPE OF BUSINESS	
IF EMPLOYED IN CURRENT POSITION LESS THAN FIVE YEARS, COMPLETE PREVIOUS EMPLOYER NAME AND ADDRESS			
STARTING DATE		ENDING DATE	
MILITARY: IS DUTY STATION TRANSFER EXPECTED DURING NEXT YEAR YES NO			
WHERE		ENDING/SEPARATION DATE	

INCOME INFORMATION			
NOTICE: Alimony, child support, or separate maintenance income need not be revealed if you do not choose to have it considered.			
EMPLOYMENT INCOME \$	PER MONTHLY	NET	GROSS
OTHER INCOME \$	PER		
SOURCE			



REFERENCES Please include Street, City, State and Zip. NAME AND ADDRESS OF NEAREST RELATIVE NOT LIVING WITH YOU RELATIONSHIP _____ HOME PHONE _____ NAME AND ADDRESS OF PERSONAL FRIEND - NOT A RELATIVE _____ HOME PHONE _____	NAME AND ADDRESS OF NEAREST RELATIVE NOT LIVING WITH YOU RELATIONSHIP _____ HOME PHONE _____ NAME AND ADDRESS OF PERSONAL FRIEND - NOT A RELATIVE _____ HOME PHONE _____
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ASSETS/PROPERTY Check box for Applicant/Other. List all assets and account number(s) -- Attach other sheets if necessary.	
APPLICANT SHARE DRAFT OR CHECKING AMOUNT \$ _____ NAME AND ADDRESS OF DEPOSITORY _____	OTHER (CO-APPLICANT, SPOUSE) SHARE DRAFT OR CHECKING AMOUNT \$ _____ NAME AND ADDRESS OF DEPOSITORY _____
SHARE DRAFT OR CHECKING AMOUNT \$ _____ NAME AND ADDRESS OF DEPOSITORY _____	SHARE DRAFT OR CHECKING AMOUNT \$ _____ NAME AND ADDRESS OF DEPOSITORY _____

APPLICANT	OTHER	ASSET TYPE	LIST HOME AND ALL OTHER ITEMS YOU OWN AND LOCATION OF PROPERTY <small>For Example: Auto, Boat, Stocks, Bonds, Cash, Household Goods, Real Estate, etc.</small>	MARKET VALUE	PLEGED AS COLLATERAL FOR ANOTHER LOAN	
		HOME*		\$	YES	NO
				\$	YES	NO
				\$	YES	NO

***LIST EVERY LIEN AGAINST YOUR HOME -- This section must be completed for the property which will be given as security, if applicable.**
 A lien is a legal claim filed against property as security for payment of a debt. Liens include mortgages, deeds of trust, land contracts, judgments and past due taxes.

FIRST MORTGAGE HELD BY _____	OTHER LIENS (Describe) _____
PRESENT BALANCE \$ _____	
IS THE PROPERTY DESCRIBED IN THIS SECTION: YOUR PRINCIPAL DWELLING?	YES NO
IS ANYONE OTHER THAN YOUR SPOUSE A PART OWNER OF YOUR HOME?	YES NO
LISTED AS THE APPLICANT'S ADDRESS IN THE "APPLICANT INFORMATION" SECTION?	YES NO

DEBTS In addition to Rent/Mortgage list all other debts (for example, auto loans, credit cards, second mortgage, home assoc. dues, alimony, child support, child care, medical, utilities, auto insurance, IRS liabilities, etc.) Please use a separate line for each credit card and auto loan. Attach other sheets if necessary.

APPLICANT	OTHER	DEBT TYPE	CREDITOR NAME AND ADDRESS	ACCOUNT NUMBER	ORIGINAL BALANCE	PRESENT BALANCE	MONTHLY PAYMENT	PAST DUE
		RENT MORTGAGE (incl. Tax & Ins.)			\$	\$	\$	
					\$	\$	\$	
					\$	\$	\$	
					\$	\$	\$	
					\$	\$	\$	
					\$	\$	\$	
LIST ANY NAMES UNDER WHICH YOUR CREDIT REFERENCES AND CREDIT HISTORY CAN BE CHECKED					TOTALS	\$ 0	\$ 0	\$ 0

FINANCIAL INFORMATION These questions apply to both Applicant and Other.				APPLICANT YES NO		OTHER YES NO	
IF A "YES" ANSWER IS GIVEN TO A QUESTION, EXPLAIN ON AN ATTACHED SHEET							
DO YOU HAVE ANY OUTSTANDING JUDGMENTS? _____							
HAVE YOU EVER FILED FOR BANKRUPTCY OR HAD A DEBT ADJUSTMENT PLAN CONFIRMED UNDER CHAPTER 13? _____							
HAVE YOU HAD PROPERTY FORECLOSED UPON OR GIVEN A DEED IN LIEU OF FORECLOSURE IN THE LAST 7 YEARS? _____							
ARE YOU A PARTY IN A LAWSUIT? _____							
ARE YOU OTHER THAN A U.S. CITIZEN OR PERMANENT RESIDENT ALIEN? _____							
IS YOUR INCOME LIKELY TO DECLINE IN THE NEXT TWO YEARS? _____							
ARE YOU A CO-MAKER, CO-SIGNER OR GUARANTOR ON ANY LOAN NOT LISTED ABOVE? _____							
FOR WHOM (Name of Others Obligated on Loan): _____				TO WHOM (Name of Creditor): _____			

SIGNATURES
 You promise that everything you have stated in this application is correct to the best of your knowledge and that the above information is a complete listing of all your debts and obligations. If you request, the credit union will tell you the name and address of any credit bureau from which it received a credit report on you. You understand that it is a crime to willfully and deliberately provide incomplete or incorrect information in this application. If there are any important changes, you will notify us in writing immediately. You also agree to notify us of any change in your name, address or employment within a reasonable time thereafter.

Applicant's Signature	Date
X	(SEAL)

Other Signature	Date
X	(SEAL)

Demographic Information of Applicant and Co-Applicant

DEMOGRAPHIC INFORMATION OF APPLICANT AND CO-APPLICANT

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, race, and sex) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more "Hispanic or Latino" origins, and one or more designations for "Race." The law provides that we may not discriminate on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, race, and sex on the basis of visual observation or surname. If you do not wish to provide some or all of this information, please check below.

Account Number:
Property Address:

APPLICANT

CO-APPLICANT

Name:

Ethnicity:
Hispanic or Latino – *Check one or more*
Mexican
Puerto Rican
Cuban
Other Hispanic or Latino – *Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on:*

Not Hispanic or Latino
I do not wish to provide this information

Race: Check one or more
American Indian or Alaska Native - *Print name of enrolled or principal tribe:*

Asian
Asian Indian
Chinese
Filipino
Japanese
Korean
Vietnamese
Other Asian – *Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on:*

Black or African American
Native Hawaiian or Other Pacific Islander
Native Hawaiian
Guamanian or Chamorro
Samoan
Other Pacific Islander – *Print race, for example, Fijian, Tongan, and so on:*

White
I do not wish to provide this information

Sex:
Female
Male
I do not wish to provide this information

Name:

Ethnicity:
Hispanic or Latino – *Check one or more*
Mexican
Puerto Rican
Cuban
Other Hispanic or Latino – *Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on:*

Not Hispanic or Latino
I do not wish to provide this information

Race: Check one or more
American Indian or Alaska Native - *Print name of enrolled or principal tribe:*

Asian
Asian Indian
Chinese
Filipino
Japanese
Korean
Vietnamese
Other Asian – *Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on:*

Black or African American
Native Hawaiian or Other Pacific Islander
Native Hawaiian
Guamanian or Chamorro
Samoan
Other Pacific Islander – *Print race, for example, Fijian, Tongan, and so on:*

White
I do not wish to provide this information

Sex:
Female
Male
I do not wish to provide this information

To Be Completed by Financial Institution (for an application taken in person):

Was the ethnicity of the applicant collected on the basis of visual observation or surname? Yes No	Was the race of the applicant collected on the basis of visual observation or surname? Yes No	Was the ethnicity of the co-applicant collected on the basis of visual observation or surname? Yes No	Was the race of the co-applicant collected on the basis of visual observation or surname? Yes No
Was the sex of the applicant collected on the basis of visual observation or surname? Yes No		Was the sex of the co-applicant collected on the basis of visual observation or surname? Yes No	

To Be Completed by Interviewer:

Face to face interview Mail Telephone Internet	Interviewer's Name ANONYMOUS Interviewer's Signature _____ Date _____ X _____ (Seal) Interviewer's Phone Number _____	Name and Address of Interviewer's Employer FORT WORTH COMMUNITY CREDIT UNION 1905 Forest Ridge Drive Bedford, Texas 76021-5724 (Mailing Address) P.O. Box 210848 Bedford, Texas 76095-7848
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AUTHORIZATION TO RELEASE INFORMATION

To Whom It May Concern:

1. I/We have applied for a loan from Fort Worth Community Credit Union. As part of the application process, FTWCCU may need to verify information contained in my/our loan application and in any other documents required in connection with this loan, either before the loan is closed or as part of its quality control program.
2. I/We authorize you to provide FTWCCU any and all information and documentation that they may request. Such information includes, but is not limited to, employment history and income, bank and similar account balances; credit history; loan payoff information and copies of tax returns.
3. A copy of this authorization may be accepted as an original.
4. Your prompt reply to FTWCCU is appreciated.

Borrower	Date	Social Security Number
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Borrower	Date	Social Security Number
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FTWCCU Real Estate Representative

Fort Worth Community Credit Union
 1905 Forest Ridge Drive
 Bedford, Texas 76021
 817 835-5000



Texas Home Equity Questionnaire SIGN & RETURN

The questions below are critical to processing your request for an equity loan under the State law permitting such types of loans and in finding a suitable loan product to meet your needs. You should answer these questions to the best of your ability, notifying your Loan Officer of any questions you may have or clarification you would like.

Circle the applicable answer

• Is the property titled in the name of a trust?	YES	NO
• Is your property larger than 10 acres?	YES	NO
• Is your property taxed in any manner other than residential?	YES	NO
• Is your property a condominium or townhouse?	YES	NO
• Is your property a duplex, triplex or fourplex?	YES	NO
• Is your current first mortgage classified as a Home Equity Loan?	YES	NO
• (Note: If you answered yes to any of the above questions, please stop and contact our Real Estate Department at 817 835-5028 or 817 835-5020).		
• Are proceeds from the loan exclusively for Home Improvement?	YES	NO
• Does anyone else have an ownership interest in the property besides you and/or your spouse? (ALL parties must sign ALL documents)	YES	NO
• Are there any liens or debts secured by the property today?	YES	NO
• Is your current loan set up on a bi-weekly payment plan with your lender?	YES	NO
• Have you obtained equity from your home in the last 12 months by refinancing or obtaining a second mortgage?	YES	NO
• Is your property within the limits of an incorporated city?	YES	NO
• Powers of Attorney and mail out closings are unacceptable. Are all parties available and capable of signing all documents?	YES	NO

PLEASE READ THE FOLLOWING REGARDING YOUR REQUEST FOR A HOME EQUITY LOAN

- **One equity loan is permitted every 12 months and one equity loan may be secured by a homestead at any given time.**
- **The applicant and Fort Worth Community Credit Union must agree to the Fair Market Value established during the processing of your request.**
- **Powers of Attorney are not allowed and all owners and their spouses must sign all documents.**
- **A 12 day calendar day waiting period is required from the latter of the date we receive;**
 1. The loan application signed and dated by all applicants. Or;
 2. The "Notice Concerning Extension of Credit" signed and dated by all applicants before this loan can be closed. And,
- **A 3 day business day Right to Cancel period is required after closing before we can fund the loan and any forthcoming proceeds.**

Borrower's Signature _____

Date Da _____

Borrower's Signature _____

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Disclosure Statement

NOTICE TO MORTGAGE LOAN APPLICANTS AND HOME IMPROVEMENT LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED. FEDERAL LAW GIVES YOU CERTAIN RELATED RIGHTS. SIGN THE ACKNOWLEDGMENT AT THE END OF THIS STATEMENT ONLY IF YOU UNDERSTAND ITS CONTENTS.

Because you are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act ("RESPA")(12 U.S.C. 2601 et seq.) you have certain rights under that Federal Law. This statement tells you about those rights. It also tells you what the chances are that the servicing rights for this loan may be transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest and escrow account payments, if any. If your loan servicer changes, there are certain procedures that must be followed. This statement generally explains those procedures.

Transfer Practices and Requirements

If the servicing of your loan is assigned, sold or transferred to a new servicer, you must be given written notice of that transfer. The present loan servicer must send you notice in writing of the assignment, sale or transfer of the servicing not less than 15 days before the effective date of the transfer. The new loan servicer must also send you notice within 15 days after the effective date of the transfer. The present servicer and the new servicer may combine this information in one notice, so long as the notice is sent to you 15 days before the effective date of the transfer. The 15 day period is not applicable if a notice of prospective transfer is provided to you at settlement. The law allows a delay in the time (not more than 30 days after a transfer) for servicers to notify you under certain limited circumstances, when your servicer is changed abruptly. This exception applies only if your servicer is fired for cause, is in bankruptcy proceedings, or is involved in a conservatorship or receivership initiated by a Federal Agency.

Notices must contain certain information. They must contain the effective date of the transfer of the servicing of your loan to the new servicer, the name, address and toll-free or collect call telephone number of the new servicer, and toll-free or collect call telephone numbers of a person or department for both your present servicer and your new servicer to answer your questions about the transfer of servicing. During the 60 day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late, and a late fee may not be imposed on you.

Complaint Resolution

Section 6 of RESPA (12 U.S.C. 2605) gives you certain consumer rights, whether or not your loan servicing is transferred. If you send a "qualified written request" to your loan servicer concerning the servicing of your loan, your servicer must provide you with a written acknowledgment within 20 business days of receipt of your request. A "qualified written request" is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, which includes your name and account number, and your reasons for the request. Not later than 60 business days after receiving your request, your servicer must make any appropriate corrections to your account, and must provide you with a written clarification regarding any dispute. During this 60 day period, your servicer may not provide information to a consumer reporting agency concerning any overdue payment related to this 60 day period or this qualified written request. A business day is any day, excluding public holidays (state or federal), Saturdays and Sundays.

Damages and Costs

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where services are shown to have violated the requirements of that Section.

Servicing Transfer Estimates

The next sentence puts forth the best estimate of what will happen to the servicing of your mortgage loan. We may assign, sell or transfer the servicing of your loan sometime while the loan is outstanding, but we have no present intention of doing so. We are able to service your loan, and we will service your loan at the outset, and for an indeterminate time thereafter.

For all the mortgage loans that we make in the 12 month period after your mortgage is funded, we estimate that the percentage of mortgage loans for which we will transfer servicing is between 0 and 25%, and this estimate does include assignments, sales or transfers to any affiliates or subsidiaries. This is only our best estimate and it is not binding. Business conditions or other circumstances may affect our future transferring decisions.

In each of the past 3 years, we have transferred between 0 and 25% of the servicing of our loans. This information includes assignments, sales or transfers to any affiliates or subsidiaries.

ACKNOWLEDGMENT OF MORTGAGE LOAN APPLICANT

I/we have read this disclosure form, and understand its contents, as evidenced by my/our signature(s) below. I/we understand that this acknowledgment is a required part of the mortgage loan application.

Applicant's Signature

Date

Co-Applicant's Signature

Date



**NOTICE CONCERNING EXTENSIONS OF CREDIT
DEFINED BY SECTION 50(a)(6), ARTICLE XVI, TEXAS CONSTITUTION:**

SECTION 50(a)(6), ARTICLE XVI, OF THE TEXAS CONSTITUTION ALLOWS CERTAIN LOANS TO BE SECURED AGAINST THE EQUITY IN YOUR HOME. SUCH LOANS ARE COMMONLY KNOWN AS EQUITY LOANS. IF YOU DO NOT REPAY THE LOAN OR IF YOU FAIL TO MEET THE TERMS OF THE LOAN, THE LENDER MAY FORECLOSE AND SELL YOUR HOME. THE CONSTITUTION PROVIDES THAT:

- (A) THE LOAN MUST BE VOLUNTARILY CREATED WITH THE CONSENT OF EACH OWNER OF YOUR HOME AND EACH OWNER'S SPOUSE;
- (B) THE PRINCIPAL LOAN AMOUNT AT THE TIME THE LOAN IS MADE MUST NOT EXCEED AN AMOUNT THAT, WHEN ADDED TO THE PRINCIPAL BALANCES OF ALL OTHER LIENS AGAINST YOUR HOME, IS MORE THAN 80 PERCENT OF THE FAIR MARKET VALUE OF YOUR HOME;
- (C) THE LOAN MUST BE WITHOUT RECOURSE FOR PERSONAL LIABILITY AGAINST YOU AND YOUR SPOUSE UNLESS YOU OR YOUR SPOUSE OBTAINED THIS EXTENSION OF CREDIT BY ACTUAL FRAUD;
- (D) THE LIEN SECURING THE LOAN MAY BE FORECLOSED UPON ONLY WITH A COURT ORDER;
- (E) FEES AND CHARGES TO MAKE THE LOAN MAY NOT EXCEED 2 PERCENT OF THE LOAN AMOUNT, EXCEPT FOR A FEE OR CHARGE FOR AN APPRAISAL PERFORMED BY A THIRD PARTY APPRAISER, A PROPERTY SURVEY PERFORMED BY A STATE REGISTERED OR LICENSED SURVEYOR, A STATE BASE PREMIUM FOR A MORTGAGEE POLICY OF TITLE INSURANCE WITH ENDORSEMENTS, OR A TITLE EXAMINATION REPORT;
- (F) THE LOAN MAY NOT BE AN OPEN-END ACCOUNT THAT MAY BE DEBITED FROM TIME TO TIME OR UNDER WHICH CREDIT MAY BE EXTENDED FROM TIME TO TIME UNLESS IT IS A HOME EQUITY LINE OF CREDIT;
- (G) YOU MAY PREPAY THE LOAN WITHOUT PENALTY OR CHARGE;
- (H) NO ADDITIONAL COLLATERAL MAY BE SECURITY FOR THE LOAN;
- (I) (repealed);
- (J) YOU ARE NOT REQUIRED TO REPAY THE LOAN EARLIER THAN AGREED SOLELY BECAUSE THE FAIR MARKET VALUE OF YOUR HOME DECREASES OR BECAUSE YOU DEFAULT ON ANOTHER LOAN THAT IS NOT SECURED BY YOUR HOME;
- (K) ONLY ONE LOAN DESCRIBED BY SECTION 50(a)(6), ARTICLE XVI, OF THE TEXAS CONSTITUTION MAY BE SECURED WITH YOUR HOME AT ANY GIVEN TIME;
- (L) THE LOAN MUST BE SCHEDULED TO BE REPAYED IN PAYMENTS THAT EQUAL OR EXCEED THE AMOUNT OF ACCRUED INTEREST FOR EACH PAYMENT PERIOD;
- (M) THE LOAN MAY NOT CLOSE BEFORE 12 DAYS AFTER YOU SUBMIT A LOAN APPLICATION TO THE LENDER OR BEFORE 12 DAYS AFTER YOU RECEIVE THIS NOTICE, WHICHEVER DATE IS LATER; AND MAY NOT WITHOUT YOUR CONSENT CLOSE BEFORE ONE BUSINESS DAY AFTER THE DATE ON WHICH YOU RECEIVE A COPY OF YOUR LOAN APPLICATION IF NOT PREVIOUSLY PROVIDED AND A FINAL ITEMIZED DISCLOSURE OF THE ACTUAL FEES, POINTS, INTEREST, COSTS, AND CHARGES THAT WILL BE CHARGED AT CLOSING; AND IF YOUR HOME WAS SECURITY FOR THE SAME TYPE OF LOAN WITHIN THE PAST YEAR, A NEW LOAN SECURED BY THE SAME PROPERTY MAY NOT CLOSE BEFORE ONE YEAR HAS PASSED FROM THE CLOSING DATE OF THE OTHER LOAN, UNLESS ON OATH YOU REQUEST AN EARLIER CLOSING DUE TO A DECLARED STATE OF EMERGENCY;
- (N) THE LOAN MAY CLOSE ONLY AT THE OFFICE OF THE LENDER, TITLE COMPANY, OR AN ATTORNEY AT LAW;
- (O) THE LENDER MAY CHARGE ANY FIXED OR VARIABLE RATE OF INTEREST AUTHORIZED BY STATUTE;
- (P) ONLY A LAWFULLY AUTHORIZED LENDER MAY MAKE LOANS DESCRIBED BY SECTION 50(a)(6), ARTICLE XVI, OF THE TEXAS CONSTITUTION;
- (Q) LOANS DESCRIBED BY SECTION 50(a)(6), ARTICLE XVI, OF THE TEXAS CONSTITUTION MUST:
 - (1) NOT REQUIRE YOU TO APPLY THE PROCEEDS TO ANOTHER DEBT EXCEPT A DEBT THAT IS SECURED BY YOUR HOME OR OWED TO ANOTHER LENDER;

CONTINUED ON NEXT PAGE



- (2) NOT REQUIRE THAT YOU ASSIGN WAGES AS SECURITY;
- (3) NOT REQUIRE THAT YOU EXECUTE INSTRUMENTS WHICH HAVE BLANKS FOR SUBSTANTIVE TERMS OF AGREEMENT LEFT TO BE FILLED IN;
- (4) NOT REQUIRE THAT YOU SIGN A CONFESSION OF JUDGMENT OR POWER OF ATTORNEY TO ANOTHER PERSON TO CONFESS JUDGMENT OR APPEAR IN A LEGAL PROCEEDING ON YOUR BEHALF;
- (5) PROVIDE THAT YOU RECEIVE A COPY OF YOUR FINAL LOAN APPLICATION AND ALL EXECUTED DOCUMENTS YOU SIGN AT CLOSING;
- (6) PROVIDE THAT THE SECURITY INSTRUMENTS CONTAIN A DISCLOSURE THAT THIS LOAN IS A LOAN DEFINED BY SECTION 50(a)(6), ARTICLE XVI, OF THE TEXAS CONSTITUTION;
- (7) PROVIDE THAT WHEN THE LOAN IS PAID IN FULL, THE LENDER WILL SIGN AND GIVE YOU A RELEASE OF LIEN OR AN ASSIGNMENT OF THE LIEN, WHICHEVER IS APPROPRIATE;
- (8) PROVIDE THAT YOU MAY, WITHIN 3 DAYS AFTER CLOSING, RESCIND THE LOAN WITHOUT PENALTY OR CHARGE;
- (9) PROVIDE THAT YOU AND THE LENDER ACKNOWLEDGE THE FAIR MARKET VALUE OF YOUR HOME ON THE DATE THE LOAN CLOSES; AND
- (10) PROVIDE THAT THE LENDER WILL FORFEIT ALL PRINCIPAL AND INTEREST IF THE LENDER FAILS TO COMPLY WITH THE LENDER'S OBLIGATIONS UNLESS THE LENDER CURES THE FAILURE TO COMPLY AS PROVIDED BY SECTION 50(a)(6)(Q)(x), ARTICLE XVI, OF THE TEXAS CONSTITUTION; AND

(R) IF THE LOAN IS A HOME EQUITY LINE OF CREDIT:

- (1) YOU MAY REQUEST ADVANCES, REPAY MONEY, AND REBORROW MONEY UNDER THE LINE OF CREDIT;
- (2) EACH ADVANCE UNDER THE LINE OF CREDIT MUST BE IN AN AMOUNT OF AT LEAST \$4,000;
- (3) YOU MAY NOT USE A CREDIT CARD, DEBIT CARD, OR SIMILAR DEVICE, OR PREPRINTED CHECK THAT YOU DID NOT SOLICIT, TO OBTAIN ADVANCES UNDER THE LINE OF CREDIT;
- (4) ANY FEES THE LENDER CHARGES MAY BE CHARGED AND COLLECTED ONLY AT THE TIME THE LINE OF CREDIT IS ESTABLISHED AND THE LENDER MAY NOT CHARGE A FEE IN CONNECTION WITH ANY ADVANCE;
- (5) THE MAXIMUM PRINCIPAL AMOUNT THAT MAY BE EXTENDED, WHEN ADDED TO ALL OTHER DEBTS SECURED BY YOUR HOME, MAY NOT EXCEED 80 PERCENT OF THE FAIR MARKET VALUE OF YOUR HOME ON THE DATE THE LINE OF CREDIT IS ESTABLISHED;
- (6) IF THE PRINCIPAL BALANCE UNDER THE LINE OF CREDIT AT ANY TIME EXCEEDS 80 PERCENT OF THE FAIR MARKET VALUE OF YOUR HOME, AS DETERMINED ON THE DATE THE LINE OF CREDIT IS ESTABLISHED, YOU MAY NOT CONTINUE TO REQUEST ADVANCES UNDER THE LINE OF CREDIT UNTIL THE BALANCE IS LESS THAN 80 PERCENT OF THE FAIR MARKET VALUE; AND
- (7) THE LENDER MAY NOT UNILATERALLY AMEND THE TERMS OF THE LINE OF CREDIT.

THIS NOTICE IS ONLY A SUMMARY OF YOUR RIGHTS UNDER THE TEXAS CONSTITUTION. YOUR RIGHTS ARE GOVERNED BY SECTION 50, ARTICLE XVI, OF THE TEXAS CONSTITUTION, AND NOT BY THIS NOTICE.

SIGNATURES

By signing below, I/we acknowledge that I/we have received and read a copy of the "Notice Concerning Extensions of Credit Defined by Section 50(a)(6), Article XVI of Texas Constitution".

Borrower 1 Signature	Date
X	(Seal)

Borrower 2 Signature	Date
X	(Seal)

Borrower 3 Signature	Date
X	(Seal)

Borrower 4 Signature	Date
X	(Seal)



1905 Forest Ridge Drive
Bedford, Texas 76021-5724

(Mailing Address)
P.O. Box 210848
Bedford, Texas 76095-7848

Home Equity Early Disclosure

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN

This disclosure contains important information about our Home Equity Line of Credit Plan. You should read it carefully and keep a copy for your records.

AVAILABILITY OF TERMS: All of the terms described below are subject to change. If these terms change (other than the annual percentage rate) and you decide, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees that you pay to us or anyone else in connection with your application.

SECURITY INTEREST: We will take a security interest in your home. You could lose your home if you do not meet the obligations in your agreement with us.

POSSIBLE ACTIONS: We can terminate your line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees, if (1) you engage in fraud or material misrepresentation in connection with the plan; (2) you do not meet the repayment terms of this plan, or (3) your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if (1) any reasons mentioned above exist; (2) the value of the dwelling securing the line declines significantly below its appraised value for purposes of the line; (3) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (4) you are in default of a material obligation of the agreement; (5) government action prevents us from imposing the annual percentage rate provided for in the agreement; (6) the priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit line; (7) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (8) the maximum annual percentage rate is reached.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 10 years. This period is called the "draw period." At our option, we may renew or extend the draw period. After the draw period ends the repayment period will begin. The length of the repayment period will be 10 years.

You will be required to make monthly payments during both the draw and repayment periods. During the draw period your monthly payment will equal the finance charges (interest) that accrued on the outstanding balance during the preceding month. If the interest rate increases, you will be required to make a higher payment. At the beginning of the repayment period we will recalculate your payment. Your payment will be set to repay the balance at the current annual percentage rate over 10 years. Your payment will be rounded up to the next highest dollar. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the time remaining to maturity. If the interest rate increases,

you will be required to make a higher payment. Your payment will never be less than the smaller of \$50.00 or the full amount that you owe.

During both the draw and repayment periods your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 19 years 11 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.75%. During that period, you would make 120 payments of \$67.12 to \$74.32, followed by 118 payments of \$126.00 and one (1) final payment of \$124.67.

FEES AND CHARGES: In order to open, use and maintain a line of credit plan, you must pay the following fees to us:

Loan Processing Fee: \$300.00 (Due at closing)

There are some third party fees associated with opening this plan. These fees generally range between \$500.00 and \$6,000.00. If the plan's credit limit is over \$100,000.00 you will be required to pay these third party fees. If the plan's credit limit is \$100,000.00 or less the Credit Union may pay these fees on your behalf. If you ask, we will provide you with an itemization of the fees you may have to pay to third parties.

PROPERTY INSURANCE: You must carry insurance on the property that secures this plan. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available.

REFUNDABILITY OF FEES: If you decide not to enter into this plan within three business days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

TRANSACTION REQUIREMENTS: The minimum credit advance that you can receive is \$4,000.00 for the first advance and \$4,000.00 for each subsequent advance.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the plan.

VARIABLE RATE FEATURE: This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum payment may change as a result. The annual percentage rate includes only interest and no other costs.

The annual percentage rate is based on the value of an index. The index is the Prime Rate published in the Money Rates column of the *Wall Street Journal*. When a range of rates has been published the highest rate will be used. We will use the most recent index value available to us as of 10 days before the date of any annual percentage rate adjustment.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. If the rate is not already rounded we then round up to the next .25%.

The initial annual percentage rate is "discounted" - it is not based on the index and margin used for later rate adjustments. The initial rate will be in effect for 6 months. Ask us for the current index value, margin, discount and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

RATE CHANGES: The annual percentage rate can change semi-annually on the first day of January and July. The rate cannot increase or decrease more than 2 percentage points in any one year period. The initial discount rate will not be taken into account in applying this periodic rate cap. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 3% at any time during the term of the plan.

MAXIMUM RATE AND PAYMENT EXAMPLES: During the draw period, if you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$152.88. This annual percentage rate could be reached at the time of the 49th payment.

During the repayment period, if you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$181.00. This annual percentage rate could be reached at the time of the 49th payment.

MARGIN: The margin you receive will be based on your credit history. Please ask us for the margin that you qualify for.

HISTORICAL EXAMPLE: The following table shows how the annual percentage rate and the minimum payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 15 years. The index values are from the last business day of January of each year.

While only one payment per year is shown, payments may have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2010.....	3.250	0.25	4.750 ⁽²⁾	40.34
2011.....	3.250	0.25	3.500	29.73
2012.....	3.250	0.25	3.500	29.73
2013.....	3.250	0.25	3.500	29.73
2014.....	3.250	0.25	3.500	29.73
2015.....	3.250	0.25	3.500	29.73
2016.....	3.500	0.25	3.750	31.85
2017.....	3.750	0.25	4.000	33.97
2018.....	4.500	0.25	4.750	40.34
2019.....	5.500	0.25	5.750	48.84
2020.....	4.750	0.25	5.000	107.00
2021.....	3.250	0.25	3.500	100.00
2022.....	3.250	0.25	3.500	100.00
2023.....	7.500	0.25	5.500 ⁽³⁾	107.00
2024.....	8.500	0.25	7.500 ⁽³⁾	113.00

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** reflects an annual percentage rate periodic cap of 2.000% per year.



Texas Mortgage Fraud Notice

NOTICE OF PENALTIES FOR MAKING FALSE OR MISLEADING WRITTEN STATEMENT

Warning: Intentionally or knowingly making a materially false or misleading written statement to obtain property credit, including a mortgage loan, is a violation of Section 32.32, Texas Penal Code, and, depending on the amount of the loan or value of the property, is punishable by imprisonment for a term of 2 years to 99 years and a fine not to exceed \$10,000.

I/we, the undersigned home loan applicant(s), represent that I/we have received, read and understand this notice of penalties for making a materially false or misleading written statement to obtain a home loan.

I/we represent that all statements and representations contained in my/our written home loan application, including statements or representations regarding my/our identity, employment, annual income, and intent to occupy the residential real property secured by the home loan, are true and correct as of the date of loan closing.



**NOTICE CONCERNING EXTENSIONS OF CREDIT
DEFINED BY SECTION 50(a)(6), ARTICLE XVI, TEXAS CONSTITUTION:**

SECTION 50(a)(6), ARTICLE XVI, OF THE TEXAS CONSTITUTION ALLOWS CERTAIN LOANS TO BE SECURED AGAINST THE EQUITY IN YOUR HOME. SUCH LOANS ARE COMMONLY KNOWN AS EQUITY LOANS. IF YOU DO NOT REPAY THE LOAN OR IF YOU FAIL TO MEET THE TERMS OF THE LOAN, THE LENDER MAY FORECLOSE AND SELL YOUR HOME. THE CONSTITUTION PROVIDES THAT:

- (A) THE LOAN MUST BE VOLUNTARILY CREATED WITH THE CONSENT OF EACH OWNER OF YOUR HOME AND EACH OWNER'S SPOUSE;
- (B) THE PRINCIPAL LOAN AMOUNT AT THE TIME THE LOAN IS MADE MUST NOT EXCEED AN AMOUNT THAT, WHEN ADDED TO THE PRINCIPAL BALANCES OF ALL OTHER LIENS AGAINST YOUR HOME, IS MORE THAN 80 PERCENT OF THE FAIR MARKET VALUE OF YOUR HOME;
- (C) THE LOAN MUST BE WITHOUT RECOURSE FOR PERSONAL LIABILITY AGAINST YOU AND YOUR SPOUSE UNLESS YOU OR YOUR SPOUSE OBTAINED THIS EXTENSION OF CREDIT BY ACTUAL FRAUD;
- (D) THE LIEN SECURING THE LOAN MAY BE FORECLOSED UPON ONLY WITH A COURT ORDER;
- (E) FEES AND CHARGES TO MAKE THE LOAN MAY NOT EXCEED 2 PERCENT OF THE LOAN AMOUNT, EXCEPT FOR A FEE OR CHARGE FOR AN APPRAISAL PERFORMED BY A THIRD PARTY APPRAISER, A PROPERTY SURVEY PERFORMED BY A STATE REGISTERED OR LICENSED SURVEYOR, A STATE BASE PREMIUM FOR A MORTGAGEE POLICY OF TITLE INSURANCE WITH ENDORSEMENTS, OR A TITLE EXAMINATION REPORT;
- (F) THE LOAN MAY NOT BE AN OPEN-END ACCOUNT THAT MAY BE DEBITED FROM TIME TO TIME OR UNDER WHICH CREDIT MAY BE EXTENDED FROM TIME TO TIME UNLESS IT IS A HOME EQUITY LINE OF CREDIT;
- (G) YOU MAY PREPAY THE LOAN WITHOUT PENALTY OR CHARGE;
- (H) NO ADDITIONAL COLLATERAL MAY BE SECURITY FOR THE LOAN;
- (I) (repealed);
- (J) YOU ARE NOT REQUIRED TO REPAY THE LOAN EARLIER THAN AGREED SOLELY BECAUSE THE FAIR MARKET VALUE OF YOUR HOME DECREASES OR BECAUSE YOU DEFAULT ON ANOTHER LOAN THAT IS NOT SECURED BY YOUR HOME;
- (K) ONLY ONE LOAN DESCRIBED BY SECTION 50(a)(6), ARTICLE XVI, OF THE TEXAS CONSTITUTION MAY BE SECURED WITH YOUR HOME AT ANY GIVEN TIME;
- (L) THE LOAN MUST BE SCHEDULED TO BE REPAYED IN PAYMENTS THAT EQUAL OR EXCEED THE AMOUNT OF ACCRUED INTEREST FOR EACH PAYMENT PERIOD;
- (M) THE LOAN MAY NOT CLOSE BEFORE 12 DAYS AFTER YOU SUBMIT A LOAN APPLICATION TO THE LENDER OR BEFORE 12 DAYS AFTER YOU RECEIVE THIS NOTICE, WHICHEVER DATE IS LATER; AND MAY NOT WITHOUT YOUR CONSENT CLOSE BEFORE ONE BUSINESS DAY AFTER THE DATE ON WHICH YOU RECEIVE A COPY OF YOUR LOAN APPLICATION IF NOT PREVIOUSLY PROVIDED AND A FINAL ITEMIZED DISCLOSURE OF THE ACTUAL FEES, POINTS, INTEREST, COSTS, AND CHARGES THAT WILL BE CHARGED AT CLOSING; AND IF YOUR HOME WAS SECURITY FOR THE SAME TYPE OF LOAN WITHIN THE PAST YEAR, A NEW LOAN SECURED BY THE SAME PROPERTY MAY NOT CLOSE BEFORE ONE YEAR HAS PASSED FROM THE CLOSING DATE OF THE OTHER LOAN, UNLESS ON OATH YOU REQUEST AN EARLIER CLOSING DUE TO A DECLARED STATE OF EMERGENCY;
- (N) THE LOAN MAY CLOSE ONLY AT THE OFFICE OF THE LENDER, TITLE COMPANY, OR AN ATTORNEY AT LAW;
- (O) THE LENDER MAY CHARGE ANY FIXED OR VARIABLE RATE OF INTEREST AUTHORIZED BY STATUTE;
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- (2) NOT REQUIRE THAT YOU ASSIGN WAGES AS SECURITY;
- (3) NOT REQUIRE THAT YOU EXECUTE INSTRUMENTS WHICH HAVE BLANKS FOR SUBSTANTIVE TERMS OF AGREEMENT LEFT TO BE FILLED IN;
- (4) NOT REQUIRE THAT YOU SIGN A CONFESSION OF JUDGMENT OR POWER OF ATTORNEY TO ANOTHER PERSON TO CONFESS JUDGMENT OR APPEAR IN A LEGAL PROCEEDING ON YOUR BEHALF;
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- (8) PROVIDE THAT YOU MAY, WITHIN 3 DAYS AFTER CLOSING, RESCIND THE LOAN WITHOUT PENALTY OR CHARGE;
- (9) PROVIDE THAT YOU AND THE LENDER ACKNOWLEDGE THE FAIR MARKET VALUE OF YOUR HOME ON THE DATE THE LOAN CLOSSES; AND
- (10) PROVIDE THAT THE LENDER WILL FORFEIT ALL PRINCIPAL AND INTEREST IF THE LENDER FAILS TO COMPLY WITH THE LENDER'S OBLIGATIONS UNLESS THE LENDER CURES THE FAILURE TO COMPLY AS PROVIDED BY SECTION 50(a)(6)(Q)(x), ARTICLE XVI, OF THE TEXAS CONSTITUTION; AND

(R) IF THE LOAN IS A HOME EQUITY LINE OF CREDIT:

- (1) YOU MAY REQUEST ADVANCES, REPAY MONEY, AND REBORROW MONEY UNDER THE LINE OF CREDIT;
- (2) EACH ADVANCE UNDER THE LINE OF CREDIT MUST BE IN AN AMOUNT OF AT LEAST \$4,000;
- (3) YOU MAY NOT USE A CREDIT CARD, DEBIT CARD, OR SIMILAR DEVICE, OR PREPRINTED CHECK THAT YOU DID NOT SOLICIT, TO OBTAIN ADVANCES UNDER THE LINE OF CREDIT;
- (4) ANY FEES THE LENDER CHARGES MAY BE CHARGED AND COLLECTED ONLY AT THE TIME THE LINE OF CREDIT IS ESTABLISHED AND THE LENDER MAY NOT CHARGE A FEE IN CONNECTION WITH ANY ADVANCE;
- (5) THE MAXIMUM PRINCIPAL AMOUNT THAT MAY BE EXTENDED, WHEN ADDED TO ALL OTHER DEBTS SECURED BY YOUR HOME, MAY NOT EXCEED 80 PERCENT OF THE FAIR MARKET VALUE OF YOUR HOME ON THE DATE THE LINE OF CREDIT IS ESTABLISHED;
- (6) IF THE PRINCIPAL BALANCE UNDER THE LINE OF CREDIT AT ANY TIME EXCEEDS 80 PERCENT OF THE FAIR MARKET VALUE OF YOUR HOME, AS DETERMINED ON THE DATE THE LINE OF CREDIT IS ESTABLISHED, YOU MAY NOT CONTINUE TO REQUEST ADVANCES UNDER THE LINE OF CREDIT UNTIL THE BALANCE IS LESS THAN 80 PERCENT OF THE FAIR MARKET VALUE; AND
- (7) THE LENDER MAY NOT UNILATERALLY AMEND THE TERMS OF THE LINE OF CREDIT.

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SIGNATURES

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Borrower 1 Signature	Date
X	(Seal)

Borrower 2 Signature	Date
X	(Seal)

Borrower 3 Signature	Date
X	(Seal)

Borrower 4 Signature	Date
X	(Seal)

WHAT YOU SHOULD KNOW ABOUT

Home Equity Lines of Credit (HELOC)

Borrowing from the
value of your home



Consumer Financial
Protection Bureau



An official publication of the U.S. government

How to use the booklet

When you and your lender discuss home equity lines of credit, often referred to as HELOCs, you receive a copy of this booklet. It helps you explore and understand your options when borrowing against the equity in your home.

You can find more information from the Consumer Financial Protection Bureau (CFPB) about home loans at cfpb.gov/mortgages. You'll also find other mortgage-related CFPB resources, facts, and tools to help you take control of your borrowing options.

About the CFPB

The CFPB is a 21st century agency that implements and enforces federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive.

This pamphlet, titled What you should know about home equity lines of credit, was created to comply with federal law pursuant to 15 U.S.C. 1637a(e) and 12 CFR 1026.40(e).

How can this booklet help you?

This booklet can help you decide whether home equity line of credit is the right choice for you, and help you shop for the best available option.

A home equity line of credit (HELOC) is a loan that allows you to borrow, spend, and repay as you go, using your home as collateral.

Typically, you can borrow up to a specified percentage of your equity. Equity is the value of your home minus the amount you owe on your mortgage.

Consider a HELOC if you are confident you can keep up with the loan payments. If you fall behind or can't repay the loan on schedule, you could lose your home.

After you finish this booklet:

- You'll understand the effect of borrowing against your home
- You'll think through your borrowing and financing options, besides a HELOC
- You'll see how to shop for your best HELOC offer
- You'll see what to do if the economy or your situation changes

Compare a HELOC to other money sources

Before you decide to take out a HELOC, it might make sense to consider other options that might be available to you, like the ones below.

TIP

Renting your home out to other people may be prohibited under the terms of your line of credit.

MONEY SOURCE	HOW MUCH CAN YOU BORROW	VARIABLE OR FIXED RATE	IS YOUR HOME AT RISK?	TYPICAL ADVANTAGES	TYPICAL DISADVANTAGES
HELOC <i>You borrow against the equity in your home</i>	Generally a percentage of the appraised value of your home, minus the amount you owe on your mortgage	Variable, typically	Yes	Continue repaying and borrowing for several years without additional approvals or paperwork	Repayment amount varies; repayment is often required when you sell your home
SECOND MORTGAGE OR HOME EQUITY LOAN <i>You borrow against the equity in your home</i>	Generally a percentage of the appraised value of your home, minus the amount you owe on your mortgage	Fixed	Yes	Equal payments that pay off the entire loan	If you need more money, you need to apply for a new loan; repayment is often required when you sell your home
CASH-OUT REFINANCE <i>You replace your existing mortgage with a bigger mortgage and take the difference in cash</i>	Generally a percentage of the appraised value of your home; the amount of your existing loan plus the amount you want to cash out	Variable or fixed	Yes	Continue to make just one mortgage payment	Closing costs are generally higher; it may take longer to pay off your mortgage; interest rate may be higher than your current mortgage
PERSONAL LINE OF CREDIT <i>You borrow based on your credit, without using your home as collateral</i>	Up to your credit limit, as determined by the lender	Variable, typically	No	Continue repaying and borrowing for several years without additional approvals or paperwork	Solid credit is required; you may need to pay the entire amount due once a year; higher interest rate than a loan that uses your home as collateral

Compare a HELOC to other money sources

MONEY SOURCE	HOW MUCH CAN YOU BORROW	VARIABLE OR FIXED RATE	IS YOUR HOME AT RISK?	TYPICAL ADVANTAGES	TYPICAL DISADVANTAGES
<p>RETIREMENT PLAN LOAN <i>You borrow from your retirement savings in a 401(k) or similar plan through your current employer</i></p>	<p>Generally, up to 50% of your vested balance or \$50,000, whichever is less</p>	<p>Fixed</p>	<p>No</p>	<p>Repay through paycheck deductions; paperwork required but no credit check and no impact on your credit score</p>	<p>If you leave or lose your job, repay the whole amount at that time or pay taxes and penalties; spouse may need to consent</p>
<p>HOME EQUITY CONVERSION MORTGAGE (HECM) <i>You must be age 62 or older, and you borrow against the equity in your home</i></p>	<p>Depends on your age, the interest rate on your loan, and the value of your home</p>	<p>Fixed or variable</p>	<p>Yes</p>	<p>You don't make monthly loan payments—instead, you typically repay the loan when you move out, or your survivors repay it after you die</p>	<p>The amount you owe grows over time; you might not have any value left in your home if you want to leave it to your heirs</p>
<p>CREDIT CARD <i>You borrow money from the credit card company and repay as you go</i></p>	<p>Up to the amount of your credit limit, as determined by the credit card company</p>	<p>Fixed or variable</p>	<p>No</p>	<p>No minimum purchase; consumer protections in the case of fraud or lost or stolen card</p>	<p>Higher interest rate than a loan that uses your home as collateral</p>
<p>FRIENDS AND FAMILY <i>You borrow money from someone you are close to</i></p>	<p>Agreed on by the borrower and lender</p>	<p>Variable, fixed or other</p>	<p>No</p>	<p>Reduced waiting time, fees, and paperwork compared to a formal loan</p>	<p>Forgiven loans and unreported or forgiven interest can complicate taxes, especially for large loans; can jeopardize important personal relationships if something goes wrong</p>

How HELOCs work

PREPARE FOR UP-FRONT COSTS

Some lenders waive some or all of the up-front costs for a HELOC. Others may charge fees. For example, you might get charged:

- A fee for a property **appraisal**, which is a formal estimate of the value of your home
- An application fee, which might not be refunded if you are turned down
- Closing costs, including fees for attorneys, title search, mortgage preparation and filing, property and title insurance, and taxes

PULL MONEY FROM YOUR LINE OF CREDIT

Once approved for a HELOC, you can generally spend up to your credit limit whenever you want. When your line of credit is open for spending, you are in the you are in the **borrowing period**, also called the **draw period**. Typically, you use special checks or a credit card to draw on your line. Some plans require you to borrow a minimum amount each time (for example, \$300) or keep a minimum amount outstanding. Some plans require you to take an initial amount when the credit line is set up.

MAKE REPAYMENTS DURING THE “DRAW PERIOD”

Some plans set a minimum monthly payment that includes a portion of the **principal** (the amount you borrow) plus accrued interest. The portion of your payment that goes toward principal typically does not repay the principal by the end of the term. Other plans may allow payment of the interest only, during the draw period, which means that you pay nothing toward the principal.

If your plan has a variable interest rate, your monthly payments may change even if you don't draw more money.

ENTER THE “REPAYMENT PERIOD”

Whatever your payment arrangements during the draw period—whether you pay some, a little, or none of the principal amount of the loan—when the draw period ends you enter a repayment period. Your lender may set a schedule so that you repay the full amount, often over ten or 15 years.

Or, you may have to pay the entire balance owed, all at once, which might be a large amount called a **balloon payment** by refinancing it with the lender, getting a loan from another lender, or some other means. If you are unable to pay the balloon payment in full, you could lose your home.

RENEW OR CLOSE OUT THE LINE OF CREDIT

At the end of the repayment period, your lender might encourage you to leave the line of credit open. This way you don't have to go through the cost and expense of a new loan, if you expect to borrow again. Be sure you understand if annual maintenance fees or other fees apply, even if you are not actively using the credit line.

TIP

If you sell your home, you are generally required to pay off your HELOC in full immediately. If you are likely to sell your home in the near future, consider whether or not to pay the up-front costs of setting up a line of credit.



GET THREE HELOC ESTIMATES

Shopping around lets you compare costs and features, so you can feel confident you're making the best choice for your situation.

		OFFER A	OFFER B	OFFER C
Initiating the HELOC				
Credit limit	\$			
First transaction	\$			
Minimum transaction	\$			
Minimum balance	\$			
Fixed annual percentage rate	%			
Variable annual percentage rate	%			
» Index used and current value				
» Amount of margin				
» Frequency of rate adjustments				
» Amount/length of discount rate (if any)				
» Interest rate cap and floor				
Length of plan				
» Draw period				
» Repayment period				
Initial fees				
» Appraisal fee	\$			
» Application fee	\$			



GET THREE HELOC ESTIMATES

Shopping around lets you compare costs and features, so you can feel confident you're making the best choice for your situation.

		OFFER A	OFFER B	OFFER C
» Up-front charges, including points	\$			
» Early termination fee	\$			
» Closing costs				
During the draw period				
» Interest and principal payments	\$			
» Interest-only payments?	\$			
» Fully amortizing payments	\$			
» Annual fee (if applicable)	\$			
» Transaction fee (if applicable)	\$			
» Inactivity fee	\$			
» Prepayment and other penalty fees	\$			
During the repayment period				
» Penalty for overpayments?				
» Fully amortizing payment amount?				
» Balloon repayment of full balance owed?				
» Renewal available?				
» Refinancing of balance by lender?				
» Conversion to fixed-term loan?				

How variable interest rates work

Home equity lines of credit typically involve variable rather than fixed interest rates.

A variable interest rate generally has two parts: the index and the margin.

An **index** is a measure of interest rates generally that reflects trends in the overall economy. Different lenders use different indexes in their loans. Common indexes include the U.S. prime rate and the Constant Maturity Treasury (CMT) rate. Talk with your lender to find out more about the index they use.

The **margin** is an extra percentage that the lender adds to the index.

Lenders sometimes offer a temporarily discounted interest rate for home equity lines—an introductory or **teaser rate** that is unusually low for a short period, such as six months.

Rights and responsibilities

Lenders are required to disclose the terms and costs of their home equity lines of credit. They need to tell you:

- Annual percentage rate (APR)
- Information about variable rates
- Payment terms
- Requirements on transactions, such as minimum draw amounts and number of draws allowed per year

- Annual fees
- Miscellaneous charges

You usually get these disclosures when you receive a loan application, and you get additional disclosures before the line of credit is opened. In general, the lender cannot charge a nonrefundable fee as part of your application until three days after you have received the disclosures.

If the lender changes the terms before the loan is made, you can decide not to go forward with it, and the lender must return all fees. There is one exception: the variable interest rate might change, and in that case if you decide not to go ahead with the loan, your fees are not refunded.

Lenders must give you a list of HUD-approved housing counselors in your area. You can talk to counselor about how HELOCs work and get free or low-cost help with budgeting and money management.

Right to cancel (also called right to rescind)

If you change your mind for any reason, under federal law, you can cancel the credit line in the first three days. Notify the lender in writing within the first three days after the account was opened. The lender must then cancel the loan and return the fees you paid, including application and appraisal fees.

TIP

Some HELOCs let you convert some of your balance to a fixed interest rate. The fixed interest rate is typically higher than the variable rate, but it means more predictable payments.

If something changes during the course of the loan

HELOCs generally permit the lender to freeze or reduce your credit line if the value of your home falls or if they see a change for the worse in your financial situation. If this happens, you can:

- **Talk with your lender.** Find out the reason for the freeze or reduction. You might need to check your credit reports for errors that might have caused a downgrade in your credit. Or, you might need to talk with your lender about a new appraisal on your home and make sure the lender agrees to accept a new appraisal as valid.
- **Shop for another line of credit.** If another lender offers you a line of credit, you may be able to use that to pay off your original line of credit. Application fees and other fees may apply for the new loan.



WELL DONE!

For most people, a home is their most valuable asset. A HELOC can help you make the most of this asset, when you understand the ins and outs and know what to expect.

In this booklet:

ASK YOURSELF

Have I considered other sources of money and loans, besides a HELOC?

Have I shopped around for HELOC features and fees?

Am I comfortable with the worst-case scenario, where I could lose my home?

ONLINE TOOLS

CFPB website
cfpb.gov

Answers to common questions
cfpb.gov/askcfpb

Tools and resources for home buyers
cfpb.gov/owning-a-home

Talk to a HUD-approved housing counselor
cfpb.gov/find-a-housing-counselor

Submit a complaint
cfpb.gov/complaint