

DISCLOSURE

EARLY DISCLOSURE STATEMENT

Important Terms of Our Home Equity Lines of Credit Account

This disclosure contains important information about our Texas Home Equity Line of Credit Account. You should read it carefully and keep a copy for your records. In this Disclosure, "you" and "your" refer to each person applying for a Texas Home Equity Line of Credit and anyone else authorized to use it. "We", "our" and "us" refer to Credit Union of Texas.

- 1. Availability of Terms.** All of the terms described below are subject to change. If any of these terms change (other than the annual percentage rate due to fluctuations in the index) and you decide, as a result, to not 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.
- 2. 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.
- 3. Possible Actions.** We may take the following actions with respect to your line of credit under the circumstances listed below:

a. Termination and Acceleration. We can terminate your line of credit and require you to pay us the entire outstanding balance on your line of credit in one payment, and charge you certain fees if:

- i. You engage in any fraud or material misrepresentation or omission at any time in connection with the line of credit;
- ii. You do not meet the repayment terms of the line of credit; or
- iii. Your action or inaction adversely affects the collateral (your home) for your line of credit or our rights in the collateral. This includes, to the extent allowable by applicable law, your failure to insure the collateral or pay taxes on the collateral as they become due, the sale or other transfer of the collateral, the creation of a senior lien encumbering the collateral, or the foreclosure or threatened foreclosure of another lien on the collateral.

b. Suspension of Credit or Reduction of Credit Limit. We may refuse to make additional advances or reduce your credit limit if:

- i. Any of the circumstances set forth in subparagraph (a) above occur;
- ii. The value of your dwelling securing your line of credit declines significantly below its appraised value for purposes of the line;
- iii. We reasonably believe that you will not be able to meet the repayment obligations of your line of credit Agreement due to a material change in your financial circumstances;
- iv. You are in default of a material obligation of your line of credit Agreement or the line of credit Security Document. All of your obligations under your line of credit Agreement and the line of credit Security Document are material for purposes of this provision;
- v. Government action prevents us from imposing the annual percentage rate provided for, or impairs the priority of our security interest such that the value of the interest is less than 120 percent of the credit limit;
- vi. A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice; or
- vii. The maximum annual percentage rate is reached.

c. Change in Terms. The line of credit Agreement permits us to make certain changes to the terms of your line of credit at specified times or upon the occurrence of specified events.

4. Draw Period and Repayment Period. The draw period (the "Draw Period") is the time period in which advances can be obtained on your line of credit. The repayment period (the "Repayment Period") is the time period between the Draw Period and when your line of credit ends. The Draw Period for your line of credit is ten years. The length of the Repayment Period will depend on the balance at the end of the Draw Period, but in no event will it ever be longer than ten years.

5. Payment Terms. The Draw Period for your line of credit is ten years and you may obtain credit advances for ten years. After the Draw Period ends, and if the Draw Period is not renewed or extended by us, you will no longer be able to obtain credit advances and must repay the outstanding balance within the Repayment Period. Minimum monthly payments will be due during the Draw Period and during the Repayment Period as described below. Your payment amount will be rounded up to the next highest dollar.

6. Minimum Payment Requirements. During the Draw Period and the Repayment Period, payments will be due monthly whenever a balance exists on your statement date. The minimum payment requirements are as follows:

Draw Period - A minimum monthly payment equal to the greater of (a) \$15 per \$1,000 of outstanding balance determined after each advance (this level of payment to remain constant until the next advance, if any), or (b) \$50, together with all past due amounts, amounts in excess of your credit limit, late charges, insurance premiums and other fees imposed to the extent allowable by applicable law. Paying the minimum monthly payment may not reduce the principal balance that is outstanding on your line of credit.

Repayment Period - A minimum monthly payment equal to the greatest of (a) \$15 per \$1,000 of outstanding balance determined at the beginning of the Repayment Period, or (b) \$50, or (c) an amount, including both principal and interest, sufficient to amortize the unpaid line of credit balance at the end of the Draw Period over either 60 or 120 months, considering the index plus margin then in effect, together with all past due amounts, amounts in excess of your credit limit, late charges, insurance premiums and other fees imposed to the extent allowable by applicable law. Paying the minimum monthly payment will reduce the principal balance that is outstanding on your line of credit.



Under the minimum payment option (c) above, whether the period is 60 or 120 months will depend upon the line of credit balance at the end of the Draw Period, using the following table:

Range of Balances	Payoff Period
\$0 to \$9,999	60 months
\$10,000 and above	120 months

7. Minimum Payment Example. If you took a single \$10,000.00 advance at the beginning of the Draw Period at an **ANNUAL PERCENTAGE RATE** of 6.00% (the most recent index plus margin shown in the Historical Table), it would take 82 months to pay off your account. During that period you would make 81 monthly payments of \$150 each followed by 1 payment of \$43, all during the Draw Period.

8. Fees and Charges. In order to open and maintain a line of credit, you must pay certain fees and charges as follows:

- a. **Credit Union Fees.** None.
- b. **Third Party Fees.** None.

9. Transaction Requirements. We require an initial draw (advance) at the time you establish your line of credit account. There is a minimum draw requirement of \$4,000.00 for each advance.

10. Tax Deductibility. You should consult a tax advisor regarding the deductibility of interest and charges under the line of credit.

11. Property Insurance. We will require that you carry insurance coverage on the property that secures your line of credit.

12. Variable Rate Feature. The line of credit has a variable rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum payment can change as a result. The annual percentage rate does not include costs other than interest. The annual percentage rate is based on the value of an index. The index is the Prime Rate as published in the Money Rates Section of the *Wall Street Journal*. We will use the most recent index value available to us as of 20 days before the date of any annual percentage rate adjustment. To determine the annual percentage rate that will apply to your line of credit, we take the index and add the margin, if any, to the value of the index. Ask us for the current index value, margin, discount or premium, and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we will send you.

13. Rate Changes. The annual percentage rate is subject to change quarterly. Any change will be effective on the first day of January, April, July and October. An increase in the index will result in an increase in the periodic rate which, in turn, may result in higher payments. A decrease in the index will have the opposite effect. In any event, the daily periodic rate will never be greater than a daily periodic rate with a corresponding **ANNUAL PERCENTAGE RATE** of 18%; and the daily periodic rate will never be less than a daily periodic rate with a corresponding **ANNUAL PERCENTAGE RATE** of 3.99%. Apart from this rate "ceiling" and this rate "floor", there is no limit on the amount by which the rate can change during any one-year period.

14. Maximum Rate and Payment Examples. If you had an outstanding balance of \$10,000.00 at the beginning of the Draw Period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$150. This maximum annual percentage rate could be reached during the first month of the Draw Period. If you had an outstanding balance of \$10,000.00 at the beginning of the Repayment Period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$181. This maximum annual percentage rate could be reached during the first month of the Repayment Period.

15. Historical Example. The following table shows how the annual percentage rate and the minimum monthly 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 July each year. While only one payment amount per year is shown, payments would have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payments were made each month, 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.

Year	Index %	Margin %	Annual Percentage Rate	Minimum Monthly Payment
Draw Period				
1994	7.25	1.00	8.25	\$150.00
1995	8.75	1.00	9.75	150.00
1996	8.25	1.00	9.25	150.00
1997	8.50	1.00	9.50	150.00
1998	8.50	1.00	9.50	150.00
1999	8.00	1.00	9.00	150.00
2000	9.50	1.00	10.50	150.00
2001	6.75	1.00	7.75	150.00
2002	4.75	1.00	5.75	150.00
2003	4.00	1.00	5.00	150.00
Repayment Period				
2004	4.25	1.00	5.25	150.00
2005	6.25	1.00	7.25	150.00
2006	8.25	1.00	9.25	150.00
2007	8.25	1.00	9.25	150.00
2008	5.00	1.00	6.00*	150.00

* This is a margin we have used recently.

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WHAT YOU SHOULD KNOW ABOUT HOME EQUITY LINES OF CREDIT



CREDIT UNION OF TEXAS

More and more lenders are offering home equity lines of credit. By using the equity in your home, you may qualify for a sizable amount of credit, available for use when and how you please, at an interest rate that is relatively low. Furthermore, under the tax law—depending on your specific situation—you may be allowed to deduct the interest because the debt is secured by your home. If you are in the market for credit, a home equity plan may be right for you. Or perhaps another form of credit would be better. Before making a decision, you should weigh carefully the costs of a home equity line against the benefits. Shop for the credit terms that best meet your borrowing needs without posing undue financial risk. And remember, failure to repay the amounts you've borrowed, plus interest, could mean the loss of your home.

What is a home equity line of credit?

A home equity line of credit is a form of revolving credit in which your home serves as collateral. Because the home is likely to be a consumer's largest asset, many homeowners use their credit lines only for major items such as education, home improvements, or medical bills and not for day-to-day expenses.

With a home equity line, you will be approved for a specific amount of credit—your credit limit, the maximum amount you may borrow at any one time under the plan. Many lenders set the credit limit on a home equity line by taking a percentage (say, 75 percent) of the home's appraised value and subtracting from that the balance owed on the existing mortgage. For example:

Appraised value of home	\$100,000
Percentage	× 75%
Percentage of appraised value	= \$ 75,000
Less balance owed on mortgage	- \$ 40,000
Potential credit	\$ 35,000

In determining your actual credit limit, the lender will also consider your ability to repay, by looking at your income, debts, and other financial obligations as well as your credit history.

Many home equity plans set a fixed period during which you can borrow money, such as 10 years. At the end of this "draw period," you may be allowed to renew the credit line. If your plan does not allow renewals, you will not be able to borrow additional money once the period has ended. Some plans may call for payment in full of any outstanding balance at the end of the period. Others may allow repayment over a fixed period (the "repayment period"), for example, 10 years.

Once approved for a home equity line of credit, you will most likely be able to borrow up to your credit limit whenever you want. Typically, you will use special checks to draw on your line. Under some plans, borrowers can use a credit card or other means to draw on the line.

There may be limitations on how you use the line. Some plans may require you to borrow a minimum amount each time you draw on the line (for example, \$300) and to keep a minimum amount outstanding. Some plans may also require that you take an initial advance when the line is set up.

WHAT SHOULD YOU LOOK FOR WHEN SHOPPING FOR A PLAN?

If you decide to apply for a home equity line of credit, look for the plan that best meets your particular needs. Read the credit agreement carefully, and examine the terms and conditions of various plans, including the annual percentage rate (APR) and the costs of establishing the plan. The APR for a home equity line is based on the interest rate alone and will not reflect the closing costs and other fees and charges, so you'll need to compare these costs, as well as the APRs, among lenders.

Interest rate charges and related plan features

Home equity lines of credit typically involve variable rather than fixed interest rates. The variable rate must be based on a publicly available index (such as the prime rate published in some major daily newspapers or a U.S. Treasury bill rate); the interest rate for borrowing under the home equity line changes, mirroring fluctuations in the value of the index. Most lenders cite the interest rate you will pay as the value of the index at a particular time plus a "margin," such as 2 percentage points. Because the

cost of borrowing is tied directly to the value of the index, it is important to find out which index is used, how often the value of the index changes, and how high it has risen in the past as well as the amount of the margin.

Lenders sometimes offer a temporarily discounted interest rate for home equity lines—a rate that is unusually low and may last for only an introductory period, such as 6 months.

Variable-rate plans secured by a dwelling must, by law, have a ceiling (or cap) on how much your interest rate may increase over the life of the plan. Some variable-rate plans limit how much your payment may increase and how low your interest rate may fall if interest rates drop.

Some lenders allow you to convert from a variable interest rate to a fixed rate during the life of the plan, or to convert all or a portion of your line to a fixed-term installment loan.

Plans generally permit the lender to freeze or reduce your credit line under certain circumstances. For example, some variable-rate plans may not allow you to draw additional funds during a period in which the interest rate reaches the cap.

Costs of establishing and maintaining a home equity line

Many of the costs of setting up a home equity line of credit are similar to those you pay when you buy a home. For example:

- A fee for a property appraisal to estimate the value of your home
- An application fee, which may not be refunded if you are turned down for credit
- Up-front charges, such as one or more points (one point equals 1 percent of the credit limit)
- Closing costs, including fees for attorneys, title search, and mortgage preparation and filing; property and title insurance; and taxes.

In addition, you may be subject to certain fees during the plan period, such as annual membership or maintenance fees and a transaction fee every time you draw on the credit line.

You could find yourself paying hundreds of dollars to establish the plan. If you were to draw only a small amount against your credit line, those initial charges would substantially increase the cost of the funds borrowed. On the other hand, because the lender's risk is lower than for other forms of credit, as your home serves as collateral, annual percentage rates for home equity lines are generally lower than rates for other types of credit. The interest you save could offset the costs of establishing and maintaining the line. Moreover, some lenders waive some or all of the closing costs.

HOW WILL YOU REPAY YOUR HOME EQUITY PLAN?

Before entering into a plan, consider how you will pay back the money you borrow. Some plans set minimum payments that cover a portion of the principal (the amount you borrow) plus accrued interest. But (unlike with the typical installment loan) the portion that goes toward principal may not be enough to repay the principal by the end of the term. Other plans may allow payment of interest alone during the life of the plan, which means that you pay nothing toward the principal. If you borrow \$10,000, you will owe that amount when the plan ends.

Regardless of the minimum required payment, you may choose to pay more, and many lenders offer a choice of payment options. Many consumers choose to pay down the principal regularly as they do with other loans. For example, if you use your line to buy a boat, you may want to pay it off as you would a typical boat loan.

Whatever your payment arrangements during the life of the plan—whether you pay some, a little, or none of the principal amount of the loan—when the plan ends you may have to pay the entire balance owed, all at once. You must be prepared to make this "balloon payment," by refinancing it with the lender, by obtaining a loan from another lender, or by some other means. If you are unable to make the balloon payment, you could lose your home.

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If your plan has a variable interest rate, your monthly payments may change. Assume, for example, that you borrow \$10,000 under a plan that calls for interest-only payments. At a 10 percent interest rate, your monthly payments would be \$83. If the rate rises over time to 15 percent, your monthly payments will increase to \$125. Similarly, if you are making payments that cover interest plus some portion of the principal, your monthly payments may increase, unless your agreement calls for keeping payments the same throughout the plan period.

If you sell your home, you will probably be required to pay off your home equity line in full immediately. If you are likely to sell your home in the near future, consider whether it makes sense to pay the up-front costs of setting up a line of credit. Also keep in mind that renting your home may be prohibited under the terms of your agreement.

LINES OF CREDIT VS. TRADITIONAL SECOND MORTGAGE LOANS

If you are thinking about a home equity line of credit, you might also want to consider a traditional second mortgage loan. A second mortgage provides you with a fixed amount of money repayable over a fixed period. In most cases the payment schedule calls for equal payments that will pay off the entire loan within the loan period. You might consider a second mortgage instead of a home equity line if, for example, you need a set amount for a specific purpose, such as an addition to your home.

In deciding which type of loan best suits your needs, consider the costs under the two alternatives. Look at both the APR and other charges. Do not, however, simply compare the APRs, because the APRs on the two types of loans are figured differently:

- The APR for a traditional second mortgage loan takes into account the interest rate charged plus points and other finance charges.
- The APR for a home equity line of credit is based on the periodic interest rate alone. It does not include points or other charges.

Disclosures from lenders

The federal Truth in Lending Act requires lenders to disclose the important terms and costs of their home equity plans, including the APR, miscellaneous charges, the payment terms, and information about any variable-rate feature. And in general, neither the lender nor anyone else may charge a fee until after you have received this information. You usually get these disclosures when you receive an application form, and you will get additional disclosures before the plan is opened. If any term (other than a variable-rate feature) changes before the plan is opened, the lender must return all fees if you decide not to enter into the plan because of the change.

When you open a home equity line, the transaction puts your home at risk. If the home involved is your principal dwelling, the Truth in Lending Act gives you 3 days from the day the account was opened to cancel the credit line. This right allows you to change your mind for any reason. You simply inform the lender in writing within the 3-day period. The lender must then cancel its security interest in your home and return all fees—including any application and appraisal fees—paid to open the account.

GLOSSARY

Annual membership or maintenance fee - An annual charge for having the line of credit available. Charged regardless of whether or not the line is used.

Annual percentage rate (APR) - The cost of credit on a yearly basis expressed as a percentage.

Application fee - Fees that are paid upon application. May include charges for property appraisal and a credit report.

Balloon payment - A lump-sum payment that may be required when the plan ends.

Cap - A limit on how much the variable interest rate may increase during the life of the plan.

Closing costs - Fees paid at closing, including attorneys fees, fees for preparing and filing a mortgage, fees for title search, taxes, and insurance.

Credit limit - The maximum amount that may be borrowed under the home equity plan.

Equity - The difference between the fair market value (appraised value) of the home and the outstanding mortgage balance.

Index - Published rate that serves as a base for the interest rate charged on a home equity line and also as the base for rate changes used by the lender.

Interest rate - The periodic charge, expressed as a percentage, for use of credit.

Margin - The number of percentage points the lender adds to the index rate to determine the annual percentage rate.

Minimum payment - The minimum amount that you must pay (usually monthly) on your account. Under some plans, the minimum payment may cover interest only; under others, it may include both principal and interest.

Points - One point is equal to 1 percent of the amount of the credit line. Points must usually be paid at closing and are in addition to monthly interest.

Security interest - An interest that a lender takes in the borrower's property to ensure repayment of a debt.

Transaction fee - A fee charged each time you draw on your credit line.

Variable rate - An interest rate that changes periodically in relation to an index. Payments may increase or decrease accordingly.

WHERE TO GO FOR HELP

The following federal agencies are responsible for enforcing the federal Truth in Lending Act, the law that governs disclosure of terms for home equity lines of credit.

Questions concerning compliance with the act by a particular financial institution should be directed to the institution's enforcement agency.

State Banks that Are Members of the Federal Reserve System

Division of Consumer and Community Affairs

Mail Stop 801

Federal Reserve Board

Washington DC 20551

(202) 452-3693

www.federalreserve.gov

National Banks

Office of the Comptroller of the Currency

Customer Assistance Unit

1301 McKinney St., Suite 3710

Houston, TX 77010

(800) 613-6743

www.occ.treas.gov

Federal Credit Unions

National Credit Union Administration

Office of Public and Congressional Affairs

1775 Duke St.

Alexandria, VA 22314

(703) 518-6330

www.ncua.gov

Federally Insured Non-Member State-Chartered Banks and Savings Banks

Federal Deposit Insurance Corporation

Consumer Response Center

2345 Grand Boulevard, Suite 100

Kansas City, Missouri 64108

(877) 275-3342

www.fdic.gov

Federally Insured Savings and Loan Institutions and Federally Chartered Savings Banks

Office of Thrift Supervision

Consumer Programs

1700 G Street, NW, 6th Floor

Washington, DC 20552

(202) 906-6237 or (800) 842-6929

www.ots.treas.gov

Mortgage Companies and Other Lenders

Federal Trade Commission

Consumer Response Center

600 Pennsylvania Avenue, NW

Washington, DC 20580

(202) 326-3758 or (877) FTC-HELP

www.ftc.gov

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WHAT YOU SHOULD KNOW ABOUT HOME EQUITY LINES OF CREDIT



CREDIT UNION OF TEXAS

HOME EQUITY PLAN CHECKLIST

Ask your lender to help fill out this checklist.

BASIC FEATURES

PLAN A

PLAN B

Fixed annual percentage rate

%

%

Variable annual percentage rate

%

%

• Index used and current value

%

%

• Amount of margin

• Frequency of rate adjustment

• Amount/length of discount (if any)

• Interest rate cap and floor

Length of Plan

Draw period

Repayment period

Initial fees

Appraisal fee

Application fee

Up-front charges, including points

Closing costs

REPAYMENT TERMS

PLAN A

PLAN B

During the draw period

Interest and principal payments

Interest-only payments

Fully amortizing payments

When the draw period ends

Balloon payment?

Renewal available?

Refinancing of balance by lender?

APPLICATION

Home Equity Line of Credit



CREDIT UNION OF TEXAS
8131 LBJ FRWY. SUITE 550
P.O. BOX 515719
DALLAS, TEXAS 75251-5719

SECTION A - PLEASE TELL US ABOUT YOUR REQUEST

HOME EQUITY LINE OF CREDIT (HELOC) AMOUNT REQUESTED \$ _____

Request includes the balance of a Home Equity Loan owed to _____ in the amount of \$ _____

and a new cash advance of \$ _____ for the total requested amount shown above.

SECTION B - PLEASE TELL US ABOUT YOURSELF

The Borrower Section and all other Co-borrower information must be completed and the appropriate box(es) checked. If there are more borrowers, please provide their information on a separate sheet and attach.

Borrower (Last Name) _____ (First Name) _____ (Middle) _____ Membership No. _____

Address _____ (City) _____ TX (Zip) _____ (County) _____

How Long at Current Address _____ Married Separated Unmarried (incl. single, divorced, widowed) Ages of Dependents _____

Social Security Number _____ Driver's License Number _____ Date of Birth _____

Day Phone _____ Evening Phone _____ Cell Phone _____

Present Employer _____ Position _____ Hire Date _____

Employer's Address _____ (City) _____ (State) _____ (Zip) _____

Monthly Gross Income * ** _____ Amount of Other Income(s) _____ Source of Other Income(s) _____

*If you are self-employed or a significant portion of your income is derived from a source other than salary shown on an IRS W-2, 2 years tax returns must be attached.

** Alimony, child support or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

SECTION C - PLEASE TELL US ABOUT THE CO-BORROWER (if Applicable)

Co-Borrower (Last Name) _____ (First Name) _____ (Middle) _____ Membership No. _____

Address _____ (City) _____ TX (Zip) _____ (County) _____

How Long at Current Address _____ Married Separated Unmarried (incl. single, divorced, widowed) Ages of Dependents _____

Social Security Number _____ Driver's License Number _____ Date of Birth _____

Day Phone _____ Evening Phone _____ Cell Phone _____

Present Employer _____ Position _____ Hire Date _____

Employer's Address _____ (City) _____ (State) _____ (Zip) _____

Monthly Gross Income * ** _____ Amount of Other Income(s) _____ Source of Other Income(s) _____

*If you are self-employed or a significant portion of your income is derived from a source other than salary shown on an IRS W-2, 2 years tax returns must be attached.

** Alimony, child support or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

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APPLICATION

Home Equity Line of Credit



CREDIT UNION OF TEXAS

SECTION D - PLEASE TELL US ABOUT YOUR DEBTS (List all fixed obligations and installment accounts)

If more space is needed, attached sheet(s) to application.

MORTGAGE COMPANY	Payment Amount	OTHER MORTGAGE LOANS	Payment Amount
AUTO LOAN	Payment Amount	AUTO LOAN	Payment Amount
INSTALLMENT LOANS	Payment Amount	CREDIT CARDS	Payment Amount
INSTALLMENT LOANS	Payment Amount	CREDIT CARDS	Payment Amount
CREDIT CARDS	Payment Amount	CREDIT CARDS	Payment Amount
CREDIT CARDS	Payment Amount	CREDIT CARDS	Payment Amount

SECTION E - PLEASE TELL US ABOUT YOUR HOME (Must be homestead and owner occupied for a Home Equity loan from CUofTX.)

1. I (we) do do not intend to occupy the property as my (our) homestead located at:

Street Address	City	State	Zip Code	County
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2. This home is a single family residence: Yes No
(CUofTX will only consider a Home Equity Loan on a single family dwelling that is not a duplex, townhouse, condo or mobile home)

3. Legal Property Description as listed on deed: _____
Purchase Date: _____ Purchase Price: _____ Estimated Current Value: _____

4. Information about loans secured by home:
First Mortgage: Lender Name: _____ Second Mortgage: Lender name: _____
Loan Number: _____ Loan Number: _____
Amount Owed: _____ Amount Owed: _____

Other liens: _____

5. Exact name(s) on deed to property: _____

6. Homeowner's Insurance Company: Name: _____ Policy No: _____
Agent: (if applicable) _____ Phone No: _____

SECTION F - SIGNATURES

By signing below, borrower(s) (1) authorize CUofTX to obtain any information needed to consider this application; (2) agree that this application and all information acquired will remain the property of CUofTX whether the loan is granted or not; (3) certify that all information in the application is true and complete (including any financial statements) and is given for the purpose of inducing us to make you a loan; and (4) understand that there may be only one Home Equity loan against my property, and I understand that if there is an existing Home Equity loan on the property any remaining balance on that loan must be included in this new loan request. Signature by two persons below indicates intent to apply for joint credit unless otherwise indicated.

Borrower's Signature

Co-Borrower's Signature

Date

Date

Any person making a false statement or report in connection with this application for the purpose of influencing in any way our action to make any advance, discount, commitment, or loan, or any charge for extension of the same, may be subject to criminal penalties under Federal Law.

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APPLICATION

Home Equity Line of Credit



CREDIT UNION OF TEXAS

INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the federal government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a lender may not discriminate on the basis of this information, or on whether you choose to furnish it. However, if you choose not to furnish the information and you have made this application in person, under federal regulations the lender is required to note race or national origin and sex on the basis of visual observation or surname. If you do not wish to furnish this information please check below.

Borrower	Co-Borrower
<input type="checkbox"/> I do not wish to furnish the information.	<input type="checkbox"/> I do not wish to furnish the information.
Ethnicity <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino	Ethnicity <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino
Race/National Origin <input type="checkbox"/> American Indian or Alaskan Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White	Race/National Origin <input type="checkbox"/> American Indian or Alaskan Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White
Sex <input type="checkbox"/> Female <input type="checkbox"/> Male	Sex <input type="checkbox"/> Female <input type="checkbox"/> Male

TO BE COMPLETED BY LOAN ORIGINATOR:

This information was provided:

In a face to face interview In a telephone interview By the applicant and submitted by fax or mail By the applicant and submitted via email

Loan Originator's Signature: _____ Date: _____

Loan Originator's Name: **Credit Union of Texas** Loan Originator's Identifier: _____ Loan Originator's Phone No: **(972) 263-9497**

Loan Origination Company's Address: **8131 LBJ Freeway, Ste 550, Dallas TX 75251** Loan Origination Company Identifier: **576560**

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DISCLOSURE

NOTICE CONCERNING EXTENSIONS OF CREDIT CREDIT UNION COPY – Sign and Return



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 3 PERCENT OF THE LOAN AMOUNT;
- (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) THE LOAN MAY NOT BE SECURED BY HOMESTEAD PROPERTY THAT IS DESIGNATED FOR AGRICULTURAL USE AS OF THE DATE OF CLOSING, UNLESS THE AGRICULTURAL HOMESTEAD PROPERTY IS USED PRIMARILY FOR THE PRODUCTION OF MILK;
- (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 ON 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;
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 - (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;
 - (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), 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 \$4,000.00;
 - (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 50 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 50 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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I/we acknowledge having received a copy of the above notice on:

_____ Date

_____ Borrower/Owner

_____ Borrower/Owner

_____ Borrower/Owner

CREDIT UNION COPY
SIGN AND RETURN WITH YOUR APPLICATION

DISCLOSURE

NOTICE CONCERNING EXTENSIONS OF CREDIT
MEMBER COPY – Keep For Your Records



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I/we acknowledge having received a copy of the above notice on:

_____ Date

_____ Borrower/Owner

_____ Borrower/Owner

_____ Borrower/Owner

MEMBER COPY
KEEP THIS FORM FOR YOUR RECORDS

PROPERTY OWNERS AFFIDAVIT

HOME EQUITY LINE OF CREDIT



FOR: CREDIT UNION OF TEXAS (LENDER)

OWNERS(S) _____

PROPERTY ADDRESS _____

THE OWNER(S) IS (ARE) THE SOLE OWNER(S) OF THE PROPERTY Yes No

1. Title to this residence is held as:
- Individual
 - Husband and Wife
 - Two or more related persons
 - Two or more unrelated persons.

2. Occupancy:
 This residence is a **single family dwelling**, (not a MANUFACTURED HOME nor a DUPLEX, CONDO, TOWNHOUSE or other MULTI-FAMILY residence.) **AND** is **occupied as principal residence** by the owner(s)

Yes No

3. Do you have an existing **HOME EQUITY** loan? No Yes

If yes, date loan was made _____

4. All real estate taxes and assessments which are due and payable are paid in full Yes No
 (If "No" must be paid prior to or at closing)

We (I) state that the above information is true and complete and understand that any intentional or negligent misrepresentation(s) of the information contained in this Affidavit may result in civil liability and/or criminal penalties including, but not limited to, fine, or imprisonment, or both, under the provisions of Title 18, United State Code, Section 1001, et seq. and liability for monetary damages to Lender, its agents, successors, and assigns, insurers and any other person who may suffer any loss in reliance upon any misrepresentations when made in this Affidavit.

Signature(s):

Owner

Spouse if not owner

Owner

Spouse if not owner

*You will be asked to complete another copy of this document at the loan closing so that your signature(s) can be notarized.

Revised 11/06

BORROWER'S LOAN AFFIDAVIT

HOME EQUITY LINE OF CREDIT



CREDIT UNION OF TEXAS

BORROWERS(S): _____

PROPERTY ADDRESS: _____

PROPERTY DESCRIPTION: _____

LENDER: **CREDIT UNION OF TEXAS**

LOAN AMOUNT: _____

I (we) ("Borrower") do solemnly swear that to the best of my/our knowledge:

- (A) I (we) are the exclusive fee simple owner(s) of the property above-described (the "Property") and that no one has questioned our ownership or right to possession.
- (B) There is/are no lien(s) or encumbrance(s) on the Property except (1) ad valorem real estate taxes which are not yet due and payable, (2) First Mortgage loan and/or other loan(s) listed on next page which have a higher lien priority than being applied for, (3) any assessment for municipal improvements such as sewers, sidewalks, curbs, or similar improvements benefiting the property and (4) any mortgage loan listed on next page which is being subordinated to this loan. No other lien or encumbrance upon the Property has been given, executed, contracted for or agreed to be given or executed by Borrower to any other person.
- (C) All labor and materials used in the construction of improvements on the above-described property have been paid for and there are now no unpaid labor or material claims against the improvements of the property and that all sums of money due for the erection of improvements have been fully paid and satisfied. We are not aware that anyone has filed or intends to file a mechanics lien relating to this property.
- (D) I (we) have not applied for protection under Bankruptcy statuses or any state creditor's rights laws.
- (E) The above-described property is not in violation of any building restriction lines: that the dwelling, outbuildings and all driveways and fences are located entirely within the lines of legal description of the property; that no permanent structures encroach upon any drainage and utility or other easements, and that no structure, driveway or fence belonging to others encroaches onto the above-described property.

First Mortgage Loan:

Lender/Creditor: _____

Loan # / Account Balance: _____

Other Mortgage Liens or encumbrances:

Lender/Creditor: _____

Loan # / Account Balance: _____

Lender/Creditor: _____

Loan # / Account Balance: _____

Lien or encumbrances being subordinated to Lender's Loan:

Lender/Creditor: _____

Loan # / Account Balance: _____

Lender/Creditor: _____

Loan # / Account Balance: _____

Lien or encumbrances being paid in full from Lender's Loan:

Lender/Creditor: _____

Loan # / Account Balance: _____

Lender/Creditor: _____

Loan # / Account Balance: _____

(List any additional liens on separate page)

Borrower agrees to subrogate and assign any rights or payments which Borrower may have or receive which compensates Borrower for a loss and such loss would also cause a loss to the Lender.

Borrower hereby acknowledge(s) (1) that this Lien Affidavit and Indemnity is executed under oath for the purpose of inducing the Lender named above to make the Loan and Lender's Guarantor to Guaranty the same, (2) that the Lender will rely upon this Lien Affidavit in making the Loan and Lender's Guarantor will rely on this Lien Affidavit in issuing Guaranty thereon, (3) the information set out above is correct and complete, and (4) that I (we) understand that I (we) can be criminally liable for falsely so swearing.

BORROWER(S):

SIGNATURE: _____

DATE: _____

PRINT NAME: _____

SIGNATURE: _____

DATE: _____

PRINT NAME: _____

*You will be asked to complete another copy of this document at the loan closing so that your signature(s) can be notarized.

Revised 11/06