

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 (80%) 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 THE 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 THREE PERCENT (3%) 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;
- (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 AGRICULTURAL HOMESTEAD PROPERTY 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 ACCURED INTEREST FOR EACH PAYMENT PERIOD;
- (M) THE LOAN MAY NOT CLOSE BEFORE 12 DAYS AFTER YOU SUBMIT A WRITTEN APPLICATION TO THE LENDER OR BEFORE 12 DAYS AFTER YOU RECEIVE THIS NOTICE, WHICHEVER DATE IS LATER; 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;
- (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, AND
- (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;
 - (2) NOT REQUIRED THAT YOU ASSIGN WAGES AS SECURITY;
 - (3) NOT REQUIRE THAT YOU EXECUTE INSTRUMENTS WHICH LEAVE BLANKS LEFT TO BE FILLED IN;
 - (4) NOT REQUIRE THAT YOU SIGN A CONFESSION OF JUDGEMENT OR POWER OF ATTORNEY TO ANOTHER PERSON TO CONFESS JUDGEMENT OR APPEAR IN A LEGAL PROCEEDING ON YOUR BEHALF;
 - (5) PROVIDE THAT YOU RECEIVE A COPY OF ALL DOCUMENTS THAT 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 THREE (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, SOLICITATION CHECK, OR SIMILAR DEVICE TO OBTAIN ADVANCES UNDER THE LINE OF CREDIT;
 - (4) ANY FEES THE LENDER CHARGES MAY BE CHANGED 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 (80%) OF THE FAIR MARKET VALUE OF YOUR HOME ON THE DATE THE LINE OF CREDIT WAS 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.

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.

RECEIVED BY THE UNDERSIGNED ON THE DATE INDICATED:

 (Owner/Borrower) (Date) (Owner/Borrower) (Date)

 (Owner/Borrower) (Date) (Owner/Borrower) (Date)

 (Owner/Borrower) (Date) (Owner/Borrower) (Date)

Please initial if the following statement is correct: Discussions with me concerning the loan to be secured against the equity in my home have been conducted primarily in the English language.

(Initials)

(Initials)

(Initials)

(Initials)

FEES AND CHARGES TO "MAKE THE LOAN" FOR THE PURPOSE OF CALCULATING THE THREE PERCENT (3%) FEE LIMITATION IN SECTION (E) ABOVE DO NOT INCLUDE FEES AND CHARGES THAT CONSTITUTE INTEREST, PROTECT THE COLLATERAL (SUCH AS HOMEOWNER'S INSURANCE PREMIUMS) OR COVER SUBSEQUENT EVENTS CONTRACTED FOR THE LOAN DOCUMENTATION (SUCH AS COSTS ASSOCIATED WITH THE FORECLOSURE).

Notice Regarding Extensions of Credit (Texas) 06603 TX.CS 01/98

BORROWER'S ELECTION OF METHOD OF DETERMINATION OF FAIR MARKET VALUE

I have applied for a loan that is an Extension of Credit as defined by Article XVI, Section 50 (a) (6) of the Texas Constitution which requires the owner of the homestead property ("Property") and the lender to sign a written acknowledgement as to the fair market value of the Property on the date which the Extension of Credit is made.

(Borrower to Check Applicable Box)

___ I understand that the lender is requiring a new appraisal as a condition for making the loan and will determine the fair market value from such appraisal and that the cost of such appraisal will be paid by the lender or included in the three percent (3%) limitation on fees as provided in Article XVI, Section 50 (a) (6) of the Texas Constitution.

___ I understand that the Lender is not requiring a new appraisal as a condition for making the loan and will determine the fair market value from other sources of information. The charges for such service, if any, will be included in the three (3%) percent limitation on fees as provided in Article XVI, Section 50 (a) (6) of the Texas Constitution.

___ I understand that the Lender is not requiring a new appraisal as a condition for making the loan; however, I wish to have the estimate of fair market value determined by a new appraisal prepared in accordance with state or federal requirement and elect to pay the cost of the appraisal myself, which cost will be excluded from the three (3%) percent limitation on fees. I will be provided with a copy of the appraisal and hereby authorize the Lender to use the estimate of value contained in such appraisal.

(YOU MUST RECEIVE A COPY OF THIS DOCUMENT AFTER YOU HAVE SIGNED IT.)

(Owner / Borrower)

(Date)

(Owner / Borrower)

(Date)

(Owner / Borrower)

(Date)

(Owner / Borrower)

(Date)

**ADDENDUM TO LOAN APPLICATION
TEXAS (a)(6) EQUITY LOAN**

Section 50(a)(6) of the Texas Constitution gives certain rights to owners and owners' spouses (including spouses in an informal or common law marriage as set forth in Tex. Fam. Code Section 1.91-.95) with respect to an extension of credit secured by a homestead property. These rights apply without regard to whether an individual is on title to the property or is a borrower obligated to repay the extension of credit.

Please list below the full names of all owners of the subject property and all owners' spouses (include spouses by informal or common law marriage as set forth in Tex. Fam. Code Section 1.91-.95)

Applicant Date

Applicant Date

Applicant Date

Applicant Date