



## Home Equity Loan Package for Members Only

A home equity loan is a fixed-rate loan based on the difference between what you owe on your home and its current market value. You receive the full loan proceeds and then pay it back in predictable, fixed monthly payments based on terms up to 20 years. You can borrow up to 80% of the market value of your home (less any other mortgage balances) and pay it back at terms that fit your budget.

## Home Equity Loan Rates

To qualify for a Brazos Star Home Equity Loan, the credit union will use the member’s FICO score and other factors for loan approval and to determine the rate of interest on the fixed rate loan. If there are two or more parties to the loan, the credit union will determine the rate of interest by using the combined average of all credit reports.

Rates<sup>1</sup> are effective as of January 1, 2022\* *Interest rates may change at any time.*

Maximum Terms	>740	700-739	676-699	640-675	601-639	576-600
60 Mo.	3.25%	3.75%	4.25%	4.75%	5.25%	5.75%
120 Mo.	3.50%	4.00%	4.50%	5.00%	5.50%	5.99%
180 Mo.	3.75%	4.50%	4.75%	5.50%	6.00%	
240 Mo.	3.95%	4.45%	4.95%	5.75%	6.25%	

## Features of a Home Equity Loan

Enjoy a fixed simple interest rate and payment for the life of the loan

Receive a lump sum for the full loan amount

Loan terms range from 5 years to 20 years

Borrow up to 80% of the value of your home (less any other outstanding balances)

No prepayment penalties for early payoff or additional principal payments

No closing costs below \$150,000<sup>2</sup>

Interest may be tax deductible<sup>3</sup>

Brazos Star NMLS #447146 Rev. 1 01-13-2022



<sup>1</sup>Annual Percentage Rate. All rates are expressed "as low as". Actual rate may vary depending on credit qualifications. Rates and terms are subject to change without notice.

<sup>2</sup>Brazos Star Credit Union pays all standard closing costs for new Home Equity loans below \$150,000. These costs include: title search, flood determination, credit report, and county filing fees. Refinances of existing Brazos Star Credit Union Home Equity loans are subject to a \$300 refinance fee. If necessary, additional fees for member requested appraisal, survey, and/or title company closing costs will be the responsibility of the borrower. Estimated costs will be disclosed upon receipt of application. Loans of \$150,000 and above may require an appraisal, title policy, and title company and closing costs at the member's expense. Hazard insurance is required. All loans are subject to standard credit approval.

<sup>3</sup>Consult with the IRS or a tax professional concerning tax deductible in your specific situation.

## Home Equity Loan Terms and Conditions

All loan rates are expressed as Annual Percentage Rate (A.P.R.) Rates, Fees and terms will vary according to the credit worthiness of each applicant, the amount borrowed and the length of the loan. Rates and terms are subject to change without notice. Rates and terms for loans above \$150,000.00 may vary. For current rates and terms, please contact the credit union or visit our website at [www.brazosstarcu.com](http://www.brazosstarcu.com).

Loan amounts of \$150,000.00 or more require a certified appraisal and title insurance and will be closed at the title company (borrower's expense). Loans below \$150,000.00 will be closed at the Credit Union's office.

Property must be owner-occupied, single family homestead residence located within the state of Texas, and in accordance with all provisions of Section 50(a)(6), Article XVI, of the Texas Constitution.

Only one Home Equity loan is allowed on the property per 12-month period.

The loan closing date will be set after title and flood search review, no earlier than the required 12 day waiting period.

Loan funding will occur no earlier than the 3<sup>rd</sup> business day following loan closing; as required by Texas Law.

## Home Mortgage Disclosure Act Notice

The HMDA (Home Mortgage Disclosure Act) publishes data about residential mortgage lending and is available online at the [Consumer Financial Protection Bureau's website](http://www.consumerfinance.gov). HMDA data for many other financial institutions are also available at this website.

## Questions or Comments about your Home Equity Loan?

If you have questions or concerns about your existing home equity or home improvement loan, or if you believe there may have been a transaction error made on your home equity or home improvement loan account, please fill out, sign, and return an Information Request Form.



## Home Equity Loan Payoff Request?

If you would like to request a payoff statement for your home equity loan, please fill out, sign, and return a **Payoff Request Form**.

## Home Equity Loans – FAQs

### WHAT IS A HOME EQUITY LOAN?

*Home equity loans fall under the provisions of Section 50(a)(6), Article XVI, of the Texas Constitution. A home equity loan can be for any legal purpose which uses the equity (the difference between the home's value and any outstanding debts against the home) in a member's home for collateral. For home equity lending, Texas law restricts the total amount of all loans secured by the homestead to a maximum of 80% of the home's value. Texas home equity loans can be a closed end loan with substantially equal payments over a fixed period of time.*

### WHAT PROPERTIES CAN BE CONSIDERED?

*The property used for collateral must be a single-family, owner-occupied homestead property, located within the state of Texas. Qualifying properties are defined as either urban or rural.*

Urban properties consist of not more than 10 acres of land with any improvements contained thereon, within the limits of a municipality or its extraterritorial jurisdiction, or a platted subdivision; AND served by police protection, paid or volunteer fire protection, and at least three of the following services provided by a municipality or under contract to a municipality: electric, natural gas, sewer, storm sewer, or water.

Rural property shall consist of not more than 200 acres for a family (100 acres for a single, adult person not otherwise entitled to a homestead), with the improvements thereon. Ineligible properties include duplexes, investment properties and mobile homes.

### WHAT FEES CAN I EXPECT TO PAY?

Brazos Star Credit Union will pay all standard closing costs for new home equity loans under \$150,000 closed at the credit union.

These costs include a title search, flood determination, credit report, Automated Valuation Model report, and county filing fees. If necessary, additional fees for borrower requested appraisal, survey, and title company closing costs will be the responsibility of the borrower. Refinances of existing Brazos Star Home Equity loans are subject to a \$300 refinancing fee. Estimated costs will be disclosed upon receipt of application. Normal credit qualifying is required; rates, terms and fees may vary based on credit qualifications.

- ✓ **Valuation** - many home equity loans can be underwritten using an Automated Valuation Model report. However, if the loan amount is \$150,000 or larger, or at the borrower's request, an appraisal may be ordered by Brazos Star Credit Union and paid for by the borrower. Appraisals typically cost between \$600 and \$750.



- ✓ **Title Insurance** - usually required only on loan amounts of \$150,000 and above. Borrower will be charged the actual cost of the title insurance policy and any costs for a title company closing (if applicable).
- ✓ **Closing costs** - most home equity loans will be closed at the credit union. If a borrower is unable to close at our office, they will pay any fees charged by the Title Company or lawyer who conducts the closing .

#### HOW MUCH CAN I BORROW?

- ✓ *The home equity loan and all other loans secured by the property (first mortgage, home improvement loan, etc.) cannot exceed 80% of the fair market value of the home.*
- ✓ *The minimum home equity loan is \$25,000.*
- ✓ *Normal credit qualifications apply, the actual amount you may borrow will depend on our credit score, employment, credit history and debt to income ratio.*

#### WHAT ARE THE TERMS?

Loan rates are expressed as Annual Percentage Rate (A.P.R.) Rates, fees and terms will vary according to the credit worthiness of each applicant, the amount borrowed and the length of the loan.

Rates and terms are subject to change without notice. Rates and terms for loans above \$150,000 may vary.

For current rates and terms please contact the credit union or visit our website at [www.brazosstarcu.com](http://www.brazosstarcu.com).

#### WHAT DOCUMENTS WILL I NEED TO COMPLETE THE LOAN PROCESS?

- ✓ Home Equity Loan Questionnaire
- ✓ Completed and signed loan application and “Notice Concerning Extensions of Credit”
- ✓ Verification of income - most recent paystubs or two years tax returns for self-employed individuals, including all schedules
- ✓ Consent for Electronic Documents
- ✓ Verification of the current balance of any mortgage loan or other liens against the property.
- ✓ Copy of homeowner’s insurance policy declaration page (mandatory) and flood insurance policy (if required)

#### Other Information

- ✓ A Home Equity Deed of Trust will be taken on the home.
- ✓ A Brazos Star home equity loan must be in either a first or second lien position.
- ✓ Only one home equity loan is allowed on the property per 12-month period.
- ✓ The spouse of the owner must sign the closing documents whether or not they are on the deed.
- ✓ Loan documents must be signed at the credit union, a title company, or lawyer’s office.



# Home Equity Loan Checklist

Already submitted your home equity application or thinking about applying? Great! We will let you know if we need anything else as part of the Home Equity application process. **The additional information we would request for your application could include:**

## Proof of income and financial documentation<sup>1</sup>

**If you are a salaried employee:**

- Pay stubs – copies of your most recent pay stubs (past 30 days)
- W-2 forms – copies for the past 2 years
- Work history – explanation of employment gaps of 1 month or more

**If you are self-employed:**

- Tax returns – copies of signed personal and business tax returns from the past 2 years for each business, including schedules and attachments and Profit and Loss balance sheets<sup>2</sup>

## Other sources of income

**If applicable, we will also need:**

Documentation from additional sources of income (e.g., Social Security Awards Letter, leases, and recent tax returns for rental income)

## Additional documentation

**We may also request:**

Tax assessment

Trust agreement – if applicable

Mortgage statement – if applicable, statements and/or escrow analysis statements

## Documentation required for loan closing

**The following will be required at, or prior to, your closing:**

Your photo identification – driver's license, state picture ID, U.S. military ID or U.S. passport are acceptable

Payoffs – if you will be using your line of credit to pay off bills or debt, you need to provide the amount, payee name, billing address and account numbers

An evaluation of your property – if an interior evaluation is also needed, your lending specialist will contact you to discuss the best time the appraiser or broker can reach you to set up an appointment

Insurance – proof of homeowners insurance

Flood insurance (if needed)

## Important Disclosures

**Loans subject to credit approval.** Equal Housing Lender

<sup>1</sup> Any substantial changes in income from year to year will require an explanation.

<sup>2</sup> Self-employed net income is used instead of gross income.

Brazos Star NMLS #447146 Rev. 1 01-13-2022

