

section 5: disclosure

Texas home equity consumer disclosure statements (not for use with home equity line of credit)

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 eighty 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 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 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 on 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 repaid in periodic payments not more often than every 14 days and not less often than monthly that equals or exceeds the amount of accrued interest for each payment period;
- (M) The loan may not close before:
 - (1) 12 days after you submit a written application to the lender or before 12 days after you receive this notice;
 - (2) One business day after the date the owner of the homestead receives a final itemized disclosure of the actual fees, points, interest, costs, and charges that will be charged at closing; 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 that is not secured by your home or to another debt to the same lender;
 - (2) Not require that you assign wages as security;
 - (3) Not require that you execute instruments which have blanks 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 all 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.
- R) Due to the definition of a Texas Homestead and numbers (H) and (I) above, AMPLIFY Federal Credit Union will not consider loans on any homestead property where the land area exceeds ten (10) acres.

In Texas, except for a voluntary home equity loan under very strict rules, an individual or couple is entitled to a homestead free or safe from creditor liens except for those created for purchase money, home improvements, ad valorem taxes, owelty partitions, and a refinance of a lien including a Federal tax lien against both spouses. Effective January 1, 2000, an urban homestead is limited to ten (10) acres and anything in excess of ten acres is subject to a creditor's lien. A rural homestead can be up to 100 acres for an individual and 200 acres for a couple.

The new law defines an urban homestead. Anything not classified as an urban homestead is a rural homestead. When making a home equity loan, a Lender must be careful to properly classify the property as either an urban homestead or a rural homestead which does not possess agricultural tax exemptions. If an urban homestead has more than ten acres, the Lender will have "other collateral" in violation of the home equity constitutional amendment and if a ten acre tract is surveyed out but not platted with the appropriate governmental entity, the ten acre homestead may not be a legal lot capable of being conveyed by the foreclosing Lender

Due to the many unknown factors in this area, AMPLIFY has a policy against making home equity loans against an urban homestead with more than ten acres of property and AMPLIFY further requires that a formal written designation of homestead be filed with the appropriate County's Central Appraisal District on any property to be used as collateral for a home equity loan. It is also AMPLIFY policy not to make home equity loans on rural homesteads.

Lender's delivery of this disclosure is acknowledged by the undersigned Borrower(s) on this _____ day of _____, 200__.

BORROWER(S): _____

LENDER: AMPLIFY Federal Credit Union

By: _____

Name: _____

Title: _____

(10/03)

section 6: debt consolidation form

I (We) am (are) requesting AMPLIFY to pay off the following obligations. This is a voluntary request and not a requirement in order to obtain this Home Equity Loan/Line of Credit.

creditor or lender's name	account number	balance to be paid	verified balance (CU USE ONLY)
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
		total:	

I (We) understand that if any of the above obligations have payments due prior to the Home Equity Line of Credit funding, I (we) am (are) responsible for making those payments. I (we) have provided statements on all debts listed.

borrower

date

co-borrower

date