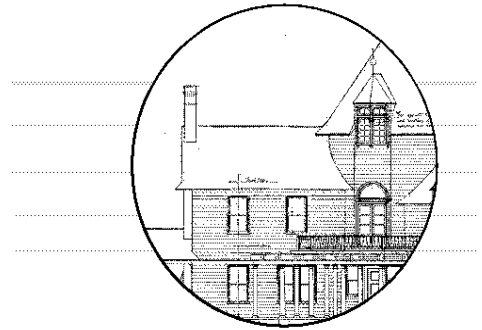


Southwest Airlines Federal Credit Union Texas Home Equity Line of Credit

Required Documents



Thank you for your recent inquiry regarding an Texas Home Equity Line of Credit. Please complete and return all of the following documents:

- Enclosed forms for completion in this packet:
 - Texas Home Equity Credit Line Application
 - Notice Concerning Extensions of Credit, signed by all owners and each owner's spouse (Form A)
 - Borrower's Acknowledgment of Application Terms (Form B)
- Proof of income to include copies of the last 30 days of pay stubs and the previous year's W-2. (self-employed borrowers should submit the last two years **complete** tax returns including **all schedules**.)
- A copy of the deed of trust.
- A copy of the most recent survey.
- Current county real estate tax assessment statement.
- Homeowner's hazard insurance policy.
- Flood insurance policy (if applicable.)
- Most recent first mortgage statement indicating loan balance, lender phone number and loan account number.

The process: Rate quoted is a variable interest rate. You may borrow up to 80% of the home's market value, minus the first mortgage balance, as long as the line does not exceed 50% of that same market value. A \$4,000 minimum advance required.

Texas state law requires a 12-day waiting period before you may close on your Home Equity Line of Credit. This period begins at the time the Credit Union **receives** the Loan Application **and** the Notice Concerning Extensions of Credit. A complete application will expedite your request. After your closing, federal law requires a three-business day right of rescission before your funds may be released. Expect to receive your closing funds approximately three weeks after you have submitted your completed application. Closing costs vary depending on the loan amount. Typical closing costs are as follows:

Attorney document preparation	\$175.00
Flood zone determination	\$15.00
Recording fees	\$72.00
Title search	\$75.00
Appraisal, if required	\$350.00

Please contact your loan representative if you have questions about the application or any of the required documents.

Sincerely,
Mortgage Specialist

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 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 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;
 - (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 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 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.

THE UNDERSIGNED ACKNOWLEDGE RECEIPT OF THE FOREGOING NOTICE.

Borrower Date Borrower Date

Borrower Date Borrower Date

Borrower Date Borrower Date

Borrower Date Borrower Date

Form B

Southwest Airlines Federal Credit Union Borrower's Acknowledgement Of Application Terms

EQUAL CREDIT OPPORTUNITY ACT

The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. Income which you receive as alimony, child support or separate maintenance need not be disclosed to this creditor unless you choose to rely on such sources to qualify for the loan. Income from these and other sources, including part-time or temporary employment, will not be discounted by this lender because of your sex or marital status. However, we will consider very carefully the stability and probable continuity of any income you disclose to us. The Federal Agency that administers compliance with this law concerning this creditor is:

NCUA
4807 Spicewood Springs Rd Suite 5200
Austin, TX 78759

To assist federal agencies charged with enforcing compliance with the Federal Equal Credit Opportunity Act, our company is required to ask applicants certain questions concerning race/national origin, sex, marital status and age. You are free to choose to answer or not answer these questions. Your decision will in no way affect the approval or disapproval of your application.

FAIR CREDIT REPORTING ACT

An investigation will be made as to the credit standing of all individuals seeking credit in this application. The nature and scope of any investigation will be furnished to you upon written request made within a reasonable period of time. In the event of denied credit due to an unfavorable consumer report, you will be advised of the identity of the Consumer Reporting Agency making such report and of right to request within sixty (60) days the reason for the adverse action, pursuant to provisions of section 615(b) of the Fair Credit Reporting Act.

FINANCIAL PRIVACY ACT

This is notice to you as required by the Right to Financial Privacy Act of 1978 that the Department of Housing and Urban Development and/or the Veterans Administration have/has a right of access to financial records held by a financial institution in connection with the consideration or administration of assistance to you. Financial records involving this transaction will be available to the Department of Housing and Urban Development and/or the Veterans Administration without further notice or authorization but will not be disclosed or released to another government agency or department without your consent, except as required or permitted by law.

INTEREST RATE NOTIFICATION

The undersigned acknowledge(s) that the interest rate contained in my/our application dated this date is the rate at which Southwest Airlines Federal Credit Union is currently accepting applications with similar terms as this application, and may be subject to change until guaranteed in writing by the credit union.

NON-REFUNDABLE APPLICATION FEE

This is notification that the initial "Application Fee" is non-refundable in the event your loan does not close for any reason. The application fee will be applied to closing costs at loan closing.

HAZARD INSURANCE NOTIFICATION

You have the right to choose the carrier of the required hazard insurance coverage subject to approval by Southwest Airlines Federal Credit Union.

The amount of hazard insurance coverage required for a first mortgage shall equal the lesser of (a) 100% of the insurable value of the improvements as established by the property insurer, or (b) the unpaid principal balance of the mortgage. However, notwithstanding the above coverage requirements, the hazard insurance coverage shall not be less than the amount necessary to provide full coverage for losses resulting from partial destruction to the improvements, which is usually 80% of the replacement cost of the improvements.

You must provide the closing agent with the original hazard insurance policy prior to closing. You must provide a paid receipt for the first year's premium or have funds available at the closing for the closing agent to pay the premium in full. The policy must be from a carrier acceptable the Southwest Airlines Federal Credit Union.

If it is determined prior to closing that this property is located in a Special Flood Hazard Area that has federally mandated flood insurance purchase requirements pursuant to the Flood Disaster Protection Act of 1973, we will advise you by letter and flood insurance coverage will be required. You must provide the closing agent with a copy of your application for flood insurance, if required, prior to closing. You must provide a paid receipt for the first year's premium or have funds available at closing for the closing agent to pay the premium.

For a condominium unit, you must provide a Certificate of Insurance (and flood insurance if required) policy together with an endorsement naming Southwest Airlines Federal Credit Union as mortgagee for the unit being financed.

All required insurance coverage must be in effect at closing. The Credit Union must be named as the Loss Payee on all physical damage insurance policies. The mortgagee clause must read:
Southwest Airlines Federal Credit Union
It's successors and/or assigns
P. O. Box 35108
Dallas, Texas 75235-0108

RIGHT TO RECEIVE A COPY OF AN APPRAISAL

You have the right to a copy of the appraisal report used in connection with your application for credit. If you wish a copy, please write to us at the mailing address we have provided. We must hear from you no later than 90 days after we notify you about the action taken on your credit application or you withdraw your application.

In the letter, give us your name, SWACU account number and daytime telephone number.

I certify that I have read and understand the above disclosures.

Applicant Signature

Date

Co-Applicant Signature

Date

SOUTHWEST AIRLINES FEDERAL CREDIT UNION
2430 SHORECREST
DALLAS, TX 75235
214-357-5577 800-2625DAL