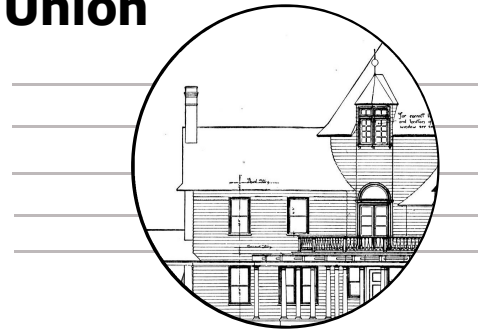


Southwest Airlines Federal Credit Union Texas Home Equity Loans

Required Documents

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



- ❑ Enclosed forms for completion in this packet:
 - Second Mortgage or Home Improvement Loan Application signed by all owners/spouses
 - Notice concerning extensions of credit, signed by all owners and each owner's spouse (Form A)
 - Borrower's acknowledgment of application terms (Form B)
 - Home Equity consolidation worksheet - if applicable (Form C)
- ❑ 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: Texas state law requires a 12-day waiting period before you may close on your Home Equity loan. 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. Costs may be rolled into the loan, provided the loan does not exceed 80% of the home market value. 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

Form A

NOTICE CONCERNING EXTENSION 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 MY 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;
- (G) YOU MAY PREPAY THE LOAN WITHOUT PENALTY OR CHARGE;
- (H) NO ADDITIONAL COLLATERAL MAY BE SECURED 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 WRITTEN 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 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; 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 ANOTHER LENDER;
 - (2) NOT REQUIRE THAT YOU ASSIGN WAGES AS SECURITY;
 - (3) NOT REQUIRE THAT YOUR EXECUTE INSTRUMENTS WHICH HAVE BLANKS FOR SUBSTANTIVE TERMS OF AGREEMENT 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 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 LIEN, WHICHEVER IS APPROPRIATE;
 - (8) PROVIDE THAT YOU MAY, WITHIN 3 DAYS AFTER CLOSING, RESCIND THE LOAN WITHOUT PENALTY OR CHARGE;
 - (9) PROVIDED 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 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 OF 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 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 CREDIT REPORT FEE

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

MORTGAGE DISCLOSURE IMPROVEMENT ACT NOTICE

You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.

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

Second Mortgage or Home Improvement Loan Application

TYPE LOAN APPLIED FOR	- Conventional - Secured - Unsecured	Amount \$ _____	Interest Rate _____ %	No. of Mos.	Monthly payment Principal & Interest	Property Type - Single Family Dwelling - Condo - 2-4 Family Dwelling - PUD - Other	
Address of property to be improved			Date purchased		Cash down payment	Purchase Price \$ _____	Present Value of Home \$ _____
Title in name of:			Address of title holder		Mortgage Type: Is your present first mortgage a conventional graduated payment mortgage or an FHA 245 mortgage loan? <input type="checkbox"/> No <input type="checkbox"/> Yes If yes, attach payment schedule		
Yr. House built	No. of rooms	No. of bdrms.	No. of baths	Family room or den <input type="checkbox"/> Yes <input type="checkbox"/> No	Gross living area Sq. Ft.	Garage/Carport (Specify type & no.)	Central Air <input type="checkbox"/> Yes <input type="checkbox"/> No
If this is a new residential structure, has it been completed and occupied for 90 days or longer? <input type="checkbox"/> Yes <input type="checkbox"/> No							
Improvements Planned (copies of estimate or itemized cost breakdown must be attached)						Type of Improvement	
						<input type="checkbox"/> Property Improvement <input type="checkbox"/> Rehabilitation / Modernization <input type="checkbox"/> Additions <input type="checkbox"/> Energy Conservation <input type="checkbox"/> Solar Installation	
The Co-Borrower Section and all other Co-Borrower questions must be completed and the appropriate box(es) checked if <input type="checkbox"/> another person will be jointly obligated with the Borrower on the loan, or <input type="checkbox"/> the Borrower is relying on income from alimony, child support or separate maintenance or on the income or assets of another person as a basis for repayment of the loan, or <input type="checkbox"/> the Borrower is married and resides, or the property is located, in a community property state.							
Borrower				Co-Borrower			
Name		DOB(mm/dd/yyyy)		Name		DOB(mm/dd/yyyy)	
Present Address (if different from above) No. Years _____ <input type="checkbox"/> Own <input type="checkbox"/> Rent Street _____ City / State / Zip _____				Present Address (if different from above) No. Years _____ <input type="checkbox"/> Own <input type="checkbox"/> Rent Street _____ City / State / Zip _____			
Former address if less than 2 years at present address Street _____ City / State / Zip _____ Years at former address _____ <input type="checkbox"/> Own <input type="checkbox"/> Rent				Former address if less than 2 years at present address Street _____ City / State / Zip _____ Years at former address _____ <input type="checkbox"/> Own <input type="checkbox"/> Rent			
Complete for secured or joint loans only <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried - (include single, divorced, widowed)			Dependents other than listed by Co-Borrower	Complete for secured or joint loans only <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried - (include single, divorced, widowed)			Dependents other than listed by Borrower
			No. _____ Ages _____				No. _____ Ages _____
Name and Address of Employer			Years employed in this line of work or profession? _____ Years Yrs. on this job _____ <input type="checkbox"/> Self Employed *	Name and Address of Employer			Years employed in this line of work or profession? _____ Years Yrs. on this job _____ <input type="checkbox"/> Self Employed *
Position / Title		Type of Business		Position / Title		Type of Business	
Social Security Number **		Home Phone	Business Phone	Social Security Number **		Home Phone	Business Phone

*FHLMC/FNMA require business credit report, signed Federal Income Tax returns for the last two years; and, if available, audited Profit and Loss Statement plus balance sheet for the same period.

Second Mortgage or Home Improvement Loan Application

Auto	Lien Holder:	Year and Make:						
	Lien Holder:	Year and Make:						
Real Estate	Name and Address of First Lien Holder of Security Property							
	Name and Address of Subordinate Lien Holder(s) of Security							
	List Debts on Other Real Estate Owned							
List any additional names under which credit has previously been received:			If not included in monthly mortgage payment enter the following:					
			Monthly payment for Taxes and Insurance					
			Monthly payment for Home Owner Association dues					
			Total Monthly Obligations					

IMPORTANT - APPLICANT READ BEFORE SIGNING

I / We apply for the loan indicated in this application which may be secured by a mortgage or deed of trust on the property described herein and represent that the property will not be used for any illegal or restricted purpose, and that all statements made in this application are true and are made for the purpose of obtaining the loan. Verification may be obtained from any source named in this application or through a credit reporting agency. The original or a copy of this application will be retained by the lender, even if the loan is not granted. I / We hereby consent to and authorize the lender, after the giving of reasonable notice to enter the improved property for the sole purpose of determining that the improvements specified in this application have been completed.

I / WE UNDERSTAND THAT THE SELECTION OF A CONTRACTOR OR DEALER, ACCEPTANCE OF MATERIAL USED AND WORK PERFORMED IS MY / OUR RESPONSIBILITY. THE LENDER DOES NOT GUARANTEE THE MATERIAL OR WORKMANSHIP.

I / We do or do not intend to occupy the property as my / our primary residence.

I / We understand that it may be a federal crime punishable by a fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of the United States Criminal Code.

_____ Date _____
 _____ Date _____

Borrower's Signature
 Co-Borrower's Signature