

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 offered by Brazos Star Credit Union are 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 five-county region of the credit union's field of membership.

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.

The following properties are not eligible for a Home Equity Loan: duplexes, investment properties and mobile homes.

WHAT FEES CAN I EXPECT TO PAY?

Brazos Star will pay all standard closing costs for new home equity loans under \$150,000 closed at a credit union branch. These costs include: title search, flood determination, credit report, AVM (Automated Valuation Model) report, and county filing fees. If necessary, additional fees for appraisal, survey, and title company closing costs will be the responsibility of the borrower. Refinances of existing Brazos Star Credit Union Home Equity loans are subject to a \$300 refinance 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 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 location. 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 FROM BRAZOS STAR?

- 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 amount is \$50,000.
- Normal qualifying applies, the actual amount you may borrow will depend on our normal credit criteria.

WHAT ABOUT RATES AND 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 \$200,000 may vary and will require board approval. For current rates and terms please contact the credit union or visit our website at <https://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.
- 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.
- The Brazos Star CU 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.*

Consent for Electronic Documents

By signing below, you are consenting for Brazos Star Credit Union (“We”, “Us”) to provide required disclosures to you electronically. This consent for electronic delivery applies to all required disclosures regarding your home equity loan request and is effective until withdrawn by you. Agreeing to accept disclosures electronically means that once we present them to you, and, if required, you accept them, they will apply to you and your loan request. It also means that we may not mail you copies of disclosures that are provided electronically. Accordingly, you should print or otherwise retain a copy for your records of this disclosure and all other disclosures you receive electronically. Listed below are some of the disclosures you may receive electronically:

- Loan Estimate;
- Closing Disclosure;
- Home Equity Notice;
- Notice of Intent to Proceed;
- Notice to Home Loan Applicant;
- Risk-Based Pricing Notice – Credit Score;
- Any other disclosures that we are required to provide.

We may, at our discretion, choose to send paper copies of disclosures to you even though we made or could have made them available to you electronically. You can withdraw your consent to electronic delivery, but doing so will not affect the legal effectiveness, validity, or enforceability of the electronic documents that were provided to you before your withdrawal became effective. You can request that we send you a paper copy of any disclosure that was originally provided electronically, withdraw your consent to receive future documents electronically or provide us with updated information about how we can contact you electronically by writing to us or by using a method that may be made available to you through our website or in person. If your e-mail address changes, you must notify us with the new address by writing to us or by using a method that may be made available to you.

You may address any inquiries or questions to Brazos Star Credit Union by visiting www.brazosstarcu.com, sending us an e-mail at help@brazosstarcu.com, or by calling us at 979-846-7456. You may also write us at:

***Brazos Star Credit Union
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In order to receive electronic disclosures, you will need a working connection to the Internet. In addition, you will need the following minimum software/hardware requirements: Chrome or Firefox (current version), Microsoft Edge, Safari 6.2+, Apple iOS 6.0 or above, Android 4.0 or above, Acrobat or similar software to view and print PDF files. You will also need either a printer connected to your computer to print documents or sufficient hard drive space available to save the information.

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