

Home Equity Loans - FREQUENTLY ASKED QUESTIONS

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, or an open end Home Equity Line of Credit (HELOC).

WHAT PROPERTIES CAN BE CONSIDERED?

The property used for collateral must be a single-family, owner-occupied homestead property, located within the Austin Metropolitan Statistical Area (Travis, Williamson, Hays, Bastrop and Caldwell counties). 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.

WHAT FEES CAN I EXPECT TO PAY?

Austin Telco will pay all standard closing costs for new home equity loans under \$100,000 closed at a credit union branch. These costs include: title search, flood determination, credit report, Automated Valuation 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. Estimated costs will be disclosed upon receipt of application. Normal credit qualifying is required; rates, terms and fees may vary based on credit qualifications. Rates and terms for loans above \$200,000 may vary.

- **Valuation** - most home equity loans can be underwritten using an Automated Valuation Model. However, if the loan amount is \$100,000 or larger, or at the borrower's request, an appraisal may be ordered by Austin Telco and paid for by the borrower. Appraisals typically cost between \$500 and \$650.
- **Title Insurance** - usually required only on loan amounts of \$100,000 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 Shoal Creek office of Austin Telco. 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 AUSTIN TELCO?

- 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. In addition, a Home Equity Line of Credit (HELOC) and all other loans secured by the property cannot exceed 70% of the fair market value of the home.
- The minimum home equity loan is \$15,000.
- Normal qualifying applies, the actual amount you may borrow will depend on our normal credit criteria.

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 \$200,000 may vary. For current rates and terms please contact the credit union.

Effective as of March 5, 2018 the current rates and terms are as follows:

5 Years	- as low as 3.60% fixed A.P.R.	(minimum loan amount of \$15,000)
10 Years	- as low as 3.90% fixed A.P.R.*	(minimum loan amount of \$15,000)
15 Years	- as low as 4.00% fixed A.P.R.*	(minimum loan amount of \$25,000)
20 Years	- as low as 4.50% fixed A.P.R.*	(minimum loan amount of \$25,000)
HELOC	- as low as 5.00% variable A.P.R.*	(minimum loan amount of \$15,000)

*Annual Percentage Rate - actual rate may vary based on credit qualifications

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"
- Home Equity Line of Credit Early Disclosure – (HELOC's only)
- Copy of Deed of Trust and/or Warranty Deed
- Verification of income - most recent paystubs, or two years tax returns and most recent 6 months bank statements for self employed individuals.
- Estimate of the home's current value - copy of tax appraisal
- Verification of the current balance of any mortgage loan or other liens against the property.
- Copy of homeowner's insurance policy (mandatory) and flood insurance policy (if required)

Other Information

- A Home Equity Deed of Trust will be taken on the home.
- The Telco 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.

If you have any questions, please feel free to contact a member of our loan department at (512) 302-5555 ext 7194.

