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**MORTGAGE & HOME LOAN FINANCE**

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*5550 North Riverside Dr. Fort Worth, TX 76137*

Dear Home Equity Loan Applicant(s),

Thank you for inquiring about a home equity loan with The National Bank of Texas. We are pleased that we are now able to offer this loan product to our customers.

Attached is an application and disclosures that we need completed and returned to us. In addition to the completed application and disclosures, we will need the following information for all applicants:

- ✓ Last two years Tax Returns
- ✓ Recent Pay Stub
- ✓ If self-employed:
  - Complete personal tax returns for the last 2 years
  - Complete business tax returns for the last 2 years (if applicable)
  - YTD Profit & Loss Statement
  - Balance Sheet
- ✓ If you are a new customer we will need a copy of all applicants Driver's License
- ✓ Contact information for your employer's HR department (we will need to send the verification of employment form to them)
- ✓ Copy of homeowner's insurance Declarations page or contact info for insurance company

For your convenience you may fax or return the paper copy to your local branch. If you prefer to email the application, please visit our website at <https://web1.zixmail.net/s/login?b=nationalbanktexas>. This will take you to a secure portal that will keep your information safe when you send to one of the below email addresses. Click the above link to go directly to the page. Follow the prompts and it will only take a few minutes to create your secure email portal.

Thank you again for your mortgage loan inquiry with The National Bank of Texas! We look forward to assisting you with your home loan. Please let us know if you have any questions.

The National Bank of Texas  
Mortgage & Home Loan Finance  
NMLS# 712108  
817-752-2367  
[nbtmortgage@nbt.bank](mailto:nbtmortgage@nbt.bank)

2535 N.E. 28<sup>th</sup> Street  
P.O. Box 161969  
Fort Worth, TX 76161  
817-625-5511

2080 Precinct Line Road  
P.O. Box 54700  
Hurst, TX 76054  
817-428-9966

400 E. Renfro  
P.O. Box 1869  
Burleson, TX 76097  
817-426-6268

405 Commerce Street  
P.O. Box 1709  
Azle, TX 76098  
817-444-4235

Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower", as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when the income or assets of a person other than the Borrower (including the Borrower's spouse) will be used as a basis for loan qualification or the income or assets of the Borrower's spouse or other person who has community property rights pursuant to state law will not be used as a basis for loan qualification, but his or her liabilities must be considered because the spouse or other person has community property rights pursuant to applicable law and Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below):

Borrower		Co-Borrower	
I. TYPE OF MORTGAGE AND TERMS OF LOAN			
Mortgage Applied for:	<input type="checkbox"/> VA <input type="checkbox"/> FHA	<input type="checkbox"/> Conventional <input type="checkbox"/> USDA/Rural Housing Service	<input type="checkbox"/> Other (explain):  Agency Case Number  Lender Case Number
Amount \$	Interest Rate %	No. of Months	Amortization Type: <input type="checkbox"/> Fixed Rate <input type="checkbox"/> GPM <input type="checkbox"/> Other (explain): <input type="checkbox"/> ARM (type):
II. PROPERTY INFORMATION AND PURPOSE OF LOAN			
Subject Property Address (street, city, state, & ZIP)			No. of Units
Legal Description of Subject Property (attach description if necessary)			Year Built
Purpose of Loan	<input type="checkbox"/> Purchase <input type="checkbox"/> Refinance	<input type="checkbox"/> Construction <input type="checkbox"/> Construction-Permanent	<input type="checkbox"/> Other (explain):  Property will be: <input type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment

Complete this line if construction or construction-permanent loan.

Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a + b)
	\$	\$	\$	\$	\$

Complete this line if this is a refinance loan.

Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements	<input type="checkbox"/> made <input type="checkbox"/> to be made
	\$	\$		Cost: \$	

Title will be held in what Name(s)	Manner in which Title will be held	Estate will be held in: <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date)
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Source of Down Payment, Settlement Charges and/or Subordinate Financing (explain)

Borrower		III. BORROWER INFORMATION		Co-Borrower			
Borrower's Name (include Jr. or Sr. if applicable)		Co-Borrower's Name (include Jr. or Sr. if applicable)					
Social Security Number	Home Phone (incl. area code)	DOB (MM/DD/YYYY)	Yrs. School	Social Security Number	Home Phone (incl. area code)	DOB (MM/DD/YYYY)	Yrs. School
<input type="checkbox"/> Married <input type="checkbox"/> Separated	<input type="checkbox"/> Unmarried (include single, divorced, widowed)	Dependents (not listed by Co-Borrower) no. ages		<input type="checkbox"/> Married <input type="checkbox"/> Separated	<input type="checkbox"/> Unmarried (include single, divorced, widowed)	Dependents (not listed by Borrower) no. ages	
Present Address (street, city, state, ZIP)		<input type="checkbox"/> Own	<input type="checkbox"/> Rent _____ No. Yrs.	Present Address (street, city, state, ZIP)		<input type="checkbox"/> Own	<input type="checkbox"/> Rent _____ No. Yrs.
Mailing Address, if different from Present Address				Mailing Address, if different from Present Address			
If residing at present address for less than two years, complete the following:							
Former Address (street, city, state, ZIP)		<input type="checkbox"/> Own	<input type="checkbox"/> Rent _____ No. Yrs.	Former Address (street, city, state, ZIP)		<input type="checkbox"/> Own	<input type="checkbox"/> Rent _____ No. Yrs.

Borrower		IV. EMPLOYMENT INFORMATION		Co-Borrower	
Name & Address of Employer	<input type="checkbox"/> Self Employed	Yrs. on this job	Name & Address of Employer	<input type="checkbox"/> Self Employed	Yrs. on this job
		Yrs. employed in this line of work/profession			Yrs. employed in this line of work/profession
Position/Title/Type of Business	Business Phone (incl. area code)		Position/Title/Type of Business	Business Phone (incl. area code)	
If employed in current position for less than two years or if currently employed in more than one position, complete the following:					
Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from - to)	Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from - to)
		Monthly Income \$			Monthly Income \$
Position/Title/Type of Business	Business Phone (incl. area code)		Position/Title/Type of Business	Business Phone (incl. area code)	
Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from - to)	Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from - to)
		Monthly Income \$			Monthly Income \$
Position/Title/Type of Business	Business Phone (incl. area code)		Position/Title/Type of Business	Business Phone (incl. area code)	

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION						
Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	\$	\$	\$	Rent	\$	
Overtime				First Mortgage (P&I)		\$
Bonuses				Other Financing (P&I)		
Commissions				Hazard Insurance		
Dividends/Interest				Real Estate Taxes		
Net Rental Income				Mortgage Insurance		
Other (before completing, see the notice in "describe other income," below)				Homeowner Assn. Dues		
				Other:		
Total	\$	\$	\$	Total	\$	\$

\* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

Describe Other Income

Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.

B/C	Monthly Amount
	\$

VI. ASSETS AND LIABILITIES

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise, separate Statements and Schedules are required. If the Co-Borrower section was completed about a non-applicant spouse or other person, this Statement and supporting schedules must be completed about that spouse or other person also.

Completed ☐ Jointly ☒ Not Jointly

ASSETS		Cash or Market Value		Liabilities and Pledged Assets. List the creditor's name, address and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities, which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.	
Description					
Cash deposit toward purchase held by:	\$				
List checking and savings accounts below				LIABILITIES	Monthly Payment & Months Left to Pay
Name and address of Bank, S&L, or Credit Union				Name and address of Company	\$ Payment/Months
					\$
Acct. no.				Acct. no.	
Name and address of Bank, S&L, or Credit Union				Name and address of Company	\$ Payment/Months
					\$
Acct. no.				Acct. no.	
Name and address of Bank, S&L, or Credit Union				Name and address of Company	\$ Payment/Months
					\$
Acct. no.				Acct. no.	
Name and address of Bank, S&L, or Credit Union				Name and address of Company	\$ Payment/Months
					\$
Acct. no.				Acct. no.	
Name and address of Bank, S&L, or Credit Union				Name and address of Company	\$ Payment/Months
					\$
Acct. no.				Acct. no.	
Name and address of Bank, S&L, or Credit Union				Name and address of Company	\$ Payment/Months
					\$
Acct. no.				Acct. no.	
Stocks & Bonds (Company name/number description)		\$		Name and address of Company	\$ Payment/Months
					\$
Acct. no.				Acct. no.	
Life insurance net cash value		\$		Name and address of Company	\$ Payment/Months
Face amount: \$					\$
Subtotal Liquid Assets		\$		Alimony/Child Support/Separate Maintenance Payments Owed to:	\$
Real estate owned (enter market value from schedule of real estate owned)		\$		Job-Related Expense (child care, union dues, etc.)	\$
Acct. no.				Total Monthly Payments	\$
Vested interest in retirement fund		\$			
Net worth of business(es) owned (attach financial statement)		\$			
Automobiles owned (make and year)		\$			
Acct. no.					
Other Assets (itemize)		\$			
Mobile Homes on Property					
Total Assets a.		\$		Net Worth (a minus b)	\$
				Total Liabilities b.	\$

## VI. ASSETS AND LIABILITIES (cont.)

**Schedule of Real Estate Owned** (If additional properties are owned, use continuation sheet.)

Property Address (enter S if sold, PS if pending sale or R if rental being held for income)		Type of Property	Present Market Value	Amount of Mortgages & Liens	Gross Rental Income	Mortgage Payments	Insurance, Maintenance, Taxes & Misc.	Net Rental Income
			\$	\$	\$	\$	\$	\$
		Totals	\$	\$	\$	\$	\$	\$

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s):

Account Number

VII. DETAILS OF TRANSACTION	VIII. DECLARATIONS
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## VIII. DECLARATIONS

a. Purchase price	\$	If you answer "Yes" to any questions a through i, please use continuation sheet for explanation.	Borrower		Co-Borrower	
b. Alterations, improvements, repairs			Yes	No	Yes	No
c. Land (if acquired separately)			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Refinance (incl. debts to be paid off)			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Estimated prepaid items			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Estimated closing costs			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. PMI, MIP, Funding Fee			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Discount (if Borrower will pay)			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Total costs (add items a through h)						
j. Subordinate financing						
k. Borrower's closing costs paid by Seller						
l. Other Credits (explain)						
m. Loan amount (exclude PMI, MIP, Funding Fee financed)						
n. PMI, MIP, Funding Fee financed						
o. Loan amount (add m & n)						
p. Cash from/to Borrower (subtract j,k,l & o from i)						

a. Are there any outstanding judgments against you?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Have you been declared bankrupt within the past 7 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Are you a party to a lawsuit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? (This would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes," provide details, including date, name and address of Lender, FHA or VA case number, if any, and reasons for the action.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If "Yes," give details as described in the preceding question.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Are you obligated to pay alimony, child support, or separate maintenance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Is any part of the down payment borrowed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Are you a co-maker or endorser on a note? -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Are you a U.S. citizen?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Are you a permanent resident alien?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Do you intend to occupy the property as your primary residence? If "Yes", complete question m below.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Have you had an ownership interest in a property in the last three years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(1) What type of property did you own -- principal residence (PR), second home (SH), or investment property (IP)?	_____		_____	
(2) How did you hold title to the home -- by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?	_____		_____	

## IX. ACKNOWLEDGMENT AND AGREEMENT

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors or assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application, and the "Loan" will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application, are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated in this application; (6) the Lender, its servicers, successors or assigns may retain the original and/or an electronic record of this application, whether or not the Loan is approved; (7) the Lender and its agents, brokers, insurers, servicers, successors, and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to closing of the Loan; (8) in the event that my payments on the Loan become delinquent, the Lender, its servicers, successors or assigns may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer reporting agencies; (9) ownership of the Loan and/or administration of the Loan's account may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic record" containing my "electronic signature" as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or my facsimile transmission of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

**Acknowledgment.** Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the loan, for any legitimate business purpose through any source, including a source named in this application or a consumer reporting agency.

Borrower's Signature	Date	Co-Borrower's Signature	Date
<b>X</b>		<b>X</b>	

X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES	
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To be Completed by Loan Originator

Borrower information was provided: \_\_\_\_\_ Co-Borrower information was provided: \_\_\_\_\_

- |                          |                                                           |                          |                                                           |
|--------------------------|-----------------------------------------------------------|--------------------------|-----------------------------------------------------------|
| <input type="checkbox"/> | In a face-to-face interview                               | <input type="checkbox"/> | In a face-to-face interview                               |
| <input type="checkbox"/> | In a telephone interview                                  | <input type="checkbox"/> | In a telephone interview                                  |
| <input type="checkbox"/> | By the applicant and submitted by fax or mail             | <input type="checkbox"/> | By the applicant and submitted by fax or mail             |
| <input type="checkbox"/> | By the applicant and submitted via e-mail or the internet | <input type="checkbox"/> | By the applicant and submitted via e-mail or the internet |

Co-Borrower information was provided:

- ☐ In a face-to-face interview
- ☐ In a telephone interview
- ☐ By the applicant and submitted by fax or mail
- ☐ By the applicant and submitted via e-mail or the internet

Loan Originator's Signature <b>X</b>		Date
Loan Originator's Name (print or type)	Loan Originator Identifier	Loan Originator's Phone Number (including area code)
Loan Originator Company's Name	Loan Origination Company Identifier	Loan Origination Company's Address

The purpose of collecting this information is to help ensure that all borrowers are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask borrowers for their demographic information (ethnicity, race, and sex) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "Ethnicity" and one or more designations for "Race". The law provides that we may not discriminate on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, race, and sex on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

**Borrower:**

**Ethnicity:** Check one or more

- ☐ Hispanic or Latino
- ☐ Mexican
- ☐ Puerto Rican
- ☐ Cuban
- ☐ Other Hispanic or Latino - Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on:

- ☒ Not Hispanic or Latino
- ☐ I do not wish to provide this information

**Race:** Check one or more

- ☐ American Indian or Alaskan Native - Print name of enrolled or principal tribe:

- ☐ Asian
- ☐ Asian Indian
- ☐ Chinese
- ☐ Filipino
- ☐ Japanese
- ☐ Korean
- ☐ Vietnamese
- ☐ Other Asian - Print race, for example, Hmong, Laottan, Thai, Pakistani, Cambodian, and so on:

- ☐ Black or African American
- ☐ Native Hawaiian or Other Pacific Islander
- ☐ Native Hawaiian
- ☐ Guamanian or Chamorro
- ☐ Samoan
- ☐ Other Pacific Islander - Print race, for example, Fijian, Tongan, and so on:

- ☐ White
- ☐ I do not wish to provide this information

**Sex:**

- ☐ Female
- ☐ Male
- ☐ I do not wish to provide this information

**To Be Completed by Financial Institution (for an application taken in person):**

Was the ethnicity of the borrower collected on the basis of visual observation or surname?

- ☐ Yes
- ☐ No

Was the race of the borrower collected on the basis of visual observation or surname?

- ☐ Yes
- ☐ No

Was the sex of the Borrower collected on the basis of visual observation or surname?

- ☐ Yes
- ☐ No

**Co-Borrower:**

**Ethnicity:** Check one or more

- ☐ Hispanic or Latino
- ☐ Mexican
- ☐ Puerto Rican
- ☐ Cuban
- ☐ Other Hispanic or Latino - Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on:

- ☐ Not Hispanic or Latino
- ☐ I do not wish to provide this information

**Race:** Check one or more

- ☐ American Indian or Alaskan Native - Print name of enrolled or principal tribe:

- ☐ Asian
- ☐ Asian Indian
- ☐ Chinese
- ☐ Filipino
- ☐ Japanese
- ☐ Korean
- ☐ Vietnamese
- ☐ Other Asian - Print race, for example, Hmong, Laottan, Thai, Pakistani, Cambodian, and so on:

- ☐ Black or African American
- ☐ Native Hawaiian or Other Pacific Islander
- ☐ Native Hawaiian
- ☐ Guamanian or Chamorro
- ☐ Samoan
- ☐ Other Pacific Islander - Print race, for example, Fijian, Tongan, and so on:

- ☐ White
- ☐ I do not wish to provide this information

**Sex:**

- ☐ Female
- ☐ Male
- ☐ I do not wish to provide this information

Was the ethnicity of the co-borrower collected on the basis of visual observation or surname?

- ☐ Yes
- ☐ No

Was the race of the co-borrower collected on the basis of visual observation or surname?

- ☐ Yes
- ☐ No

Was the sex of the co-Borrower collected on the basis of visual observation or surname?

- ☐ Yes
- ☐ No

CONTINUATION SHEET/RESIDENTIAL LOAN APPLICATION

Use this continuation sheet if you need more space to complete the Residential Loan Application: Mark B for Borrower or C for Co-Borrower.	Borrower:	Agency Case Number:
	Co-Borrower:	Lender Case Number:

I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.

Borrower's Signature:	Date	Co-Borrower's Signature:	Date
X		X	



## Home Equity Loan Application

### Important Information about Procedures for Opening a New Account

Identification Procedures Requirements: To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

**PROPERTY TYPE** - Single Family Home    Condominium    Townhouse    Other: \_\_\_\_\_

**AMOUNT REQUESTED** \_\_\_\_\_      **APPROXIMATE VALUE OF HOME** \_\_\_\_\_

**ANY EXISTING LIENS**    Yes      No      **PRIMARY RESIDENCE**    Yes      No

**PROPERTY ADDRESS** \_\_\_\_\_

**PURPOSE** \_\_\_\_\_

*All loans against a homestead are limited to a maximum of 80% of the market value of the property. To get an idea of the amount you could qualify for, please fill out the following chart.*

<b>Estimated Value of Home</b>		\$ _____
Multiply by 80%	X	0.80
Credit value of your home	=	\$ _____
Subtract the balance of your mortgage(s)	-	_____
<b>Estimated amount you may be eligible to borrow:</b>		_____



## **Home Equity FAQ**

### **Q: What is a home equity loan?**

*A: A loan secured by the equity you have in your primary residence. Your "equity" is the market value of your homestead minus any outstanding liens secured by your home.*

*Example:*

$$\begin{array}{rcl} \$100,000.00 & \text{Market value of your homestead} & \\ - \$60,000.00 & \text{Liens secured by your homestead} & \\ \hline = \$40,000.00 & \text{Equity in your homestead} & \end{array}$$

### **Q: How can I use a home equity loan?**

*A: You can use the money from a home equity loan for any purpose, such as sending a child to college, paying medical expenses, home improvements/expansions, emergencies, or debt consolidation.*

### **Q: Is there a maximum amount a homeowner can borrow?**

*A: Yes. All loans against a homestead are limited to a maximum of 80% of the market value of the property. For example, if your home's market value is \$100,000.00 and the balance of your mortgage(s) is \$60,000.00, you could be eligible to borrow up to \$20,000.00*

### **Q: Will the interest on a home equity loan be tax deductible?**

*A: The interest charged on a home equity loan may be tax deductible. Check your tax advisor.*

### **Q: Will there be any prepayment penalties?**

*A: No. There will not be any prepayment penalties.*

### **Q: Are there any built-in safeguards to protect borrowers on home equity loans?**

*A: Yes, after the later of the loan application or the giving of a constitutionally specified notice, lenders and borrowers must wait 12 days before the loan papers can be signed. There is also an additional three day right of rescission period before funds can be disbursed. This "cooling off" period allows borrowers time to review all aspects of their equity loan.*

### **Q: If I still have questions who can I call?**

*A: You can contact The National Bank of Texas' Mortgage Department at 817-752-2367.*

## **Additional Home Equity Requirements:**

- ✓ Maximum loan amount is limited to 80% loan to value (established fair market value x 80%, less any liens).
- ✓ A borrower may obtain only one home equity loan at a time.
- ✓ An equity loan may not be refinanced more frequently than once a year.
- ✓ There is no prepayment penalty.
- ✓ Loan closings must occur in the office of the lender, a title company, or an attorney.
- ✓ Closing documents may NOT be executed before the 12<sup>th</sup> day after the lender receives an executed credit application and Notice Concerning Extensions of Credit
- ✓ There is a three day Right of Rescission period after the loan documents are signed before loan proceeds will be disbursed (Sundays and some legal holidays are excluded).



COLLATERAL PROPERTY ADDRESS			
Primary Residence Secondary Residence Investment Property Own with Mortgage Own Clear_____			
Address			Owned for How Long?
Current Mortgage Holder (if applicable)			Mortgage Holder Phone No
Purchase Price	Market Value	Mortgage Balance	Monthly Mortgage Pymt Amount

CREDIT INFORMATION (Be sure to list all open accounts with or without a balance)					
A - Applicant C- Spouse/Co-Applicant D - Debts to be paid off if loan is granted					
A/C/D	Creditor				

### Home Equity Application Checklist

- Executed credit application (attached)
- Notice Concerning Extensions of Credit, signed and dated by all parties (attached)
- Texas Home Equity Questionnaire, signed by all parties (attached)
- Pay stubs for most recent 30 days
- Last two years tax return
- Provide amounts for property taxes, homeowner's insurance premium, and any applicable homeowner's association dues
- Mortgage statement showing current balance and monthly payment, if applicable

*If self-employed or if income is derived from commissions, interest, dividends, or rental properties:*

- Complete personal tax returns for the last two years, YTD Profit & Loss statement and Balance Sheet
- Complete business tax returns (if applicable) for the last two years
- Current Rental Agreement

**ADDITIONAL ITEMS MAY BE REQUIRED UPON RECEIPT AND REVIEW OF ANY OF THE ABOVE**



### Home Equity Questionnaire

The questions below are critical to processing your request for an equity loan as defined by Section 50(a)(6) Article XVI of the Texas Constitution. Please circle the appropriate response.

Property Address: \_\_\_\_\_

- |                                                                                                                                       |     |    |
|---------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| ✓ Do you reside at and own the above property?                                                                                        | YES | NO |
| ✓ Is the above property your homestead?                                                                                               | YES | NO |
| ✓ Is the above property within the limits of an incorporated city or town?                                                            | YES | NO |
| ✓ Is above property a duplex, condominium, or mobile home?                                                                            | YES | NO |
| ✓ Is the property in the name of a Trust?                                                                                             | YES | NO |
| ✓ Does anyone else have ownership interest in above property besides you or your spouse? ( <b>ALL</b> owners must sign all documents) | YES | NO |
| ✓ Are there any mortgages or debts secured by above property today?<br>(This includes your house payment)                             | YES | NO |
| ✓ Is this a refinance of an existing home equity lien?                                                                                | YES | NO |
| ✓ Powers of Attorney and mail-out closing are unacceptable. Are all parties available and capable of signing all documents?           | YES | NO |

I (we) acknowledge the above and have answered all questions truthfully to induce The National Bank of Texas to extend credit as defined by Section 50(a)(6) Article XVI of the Texas Constitution. I (we) understand that The National Bank of Texas relies upon and accepts as true the representations made in this Questionnaire in order to make an extension of credit upon the above described property. I (we) understand that certain answers may disqualify me (us) from obtaining an equity loan based on State laws or the availability of a suitable loan product from The National Bank of Texas.

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Signature Date

Lender: The National Bank of Texas

Borrower: \_\_\_\_\_

Property: \_\_\_\_\_

## **NOTICE CONCERNING EXTENSIONS OF CREDIT**

**DEFINED BY SECTION 50(a)(6), ARTICLE XVI, TEXAS CONSTITUTION**

**LO Company NMLS ID:** 712108

**LO NMLS ID:** \_\_\_\_\_

**Loan Number:** \_\_\_\_\_

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 2 PERCENT OF THE LOAN AMOUNT, EXCEPT FOR A FEE OR CHARGE FOR AN APPRAISAL PERFORMED BY A THIRD PARTY APPRAISER, A PROPERTY SURVEY PERFORMED BY A STATE REGISTERED OR LICENSED SURVEYOR, A STATE BASE PREMIUM FOR A MORTGAGEE POLICY OF TITLE INSURANCE WITH ENDORSEMENTS, OR A TITLE EXAMINATION REPORT;
- (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) (repealed);
- (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 CLOSES; 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 80 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 80 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.

Received by the undersigned on the date indicated:

\_\_\_\_\_  
(Borrower or Owner or Spouse of Owner)

\_\_\_\_\_  
(Borrower or Owner or Spouse of Owner)

\_\_\_\_\_  
(Borrower or Owner or Spouse of Owner)

\_\_\_\_\_  
(Borrower or Owner or Spouse of Owner)

Lender: The National Bank of Texas

Borrower: \_\_\_\_\_

Property: \_\_\_\_\_

**NOTICE CONCERNING REFINANCE OF EXISTING HOME EQUITY  
LOAN TO NON-HOME EQUITY LOAN UNDER SECTION 50(f)(2),  
ARTICLE XVI, TEXAS CONSTITUTION**

LO Company NMLS ID: 712108

MLO NMLS ID: \_\_\_\_\_

Loan Number: \_\_\_\_\_

YOUR EXISTING LOAN THAT YOU DESIRE TO REFINANCE IS A HOME EQUITY LOAN. YOU MAY HAVE THE OPTION TO REFINANCE YOUR HOME EQUITY LOAN AS EITHER A HOME EQUITY LOAN OR AS A NON-HOME EQUITY LOAN, IF OFFERED BY YOUR LENDER.

HOME EQUITY LOANS HAVE IMPORTANT CONSUMER PROTECTIONS. A LENDER MAY ONLY FORECLOSE A HOME EQUITY LOAN BASED ON A COURT ORDER. A HOME EQUITY LOAN MUST BE WITHOUT RECOURSE FOR PERSONAL LIABILITY AGAINST YOU AND YOUR SPOUSE.

IF YOU HAVE APPLIED TO REFINANCE YOUR EXISTING HOME EQUITY LOAN AS A NON-HOME EQUITY LOAN, YOU WILL LOSE CERTAIN CONSUMER PROTECTIONS. A NON-HOME EQUITY REFINANCED LOAN:

- (1) WILL PERMIT THE LENDER TO FORECLOSE WITHOUT A COURT ORDER;
- (2) WILL BE WITH RECOURSE FOR PERSONAL LIABILITY AGAINST YOU AND YOUR SPOUSE; AND
- (3) MAY ALSO CONTAIN OTHER TERMS OR CONDITIONS THAT MAY NOT BE PERMITTED IN A TRADITIONAL HOME EQUITY LOAN.

BEFORE YOU REFINANCE YOUR EXISTING HOME EQUITY LOAN TO MAKE IT A NON-HOME EQUITY LOAN, YOU SHOULD MAKE SURE YOU UNDERSTAND THAT YOU ARE WAIVING IMPORTANT PROTECTIONS THAT HOME EQUITY LOANS PROVIDE UNDER THE LAW AND SHOULD CONSIDER CONSULTING WITH AN ATTORNEY OF YOUR CHOOSING REGARDING THESE PROTECTIONS.

YOU MAY WISH TO ASK YOUR LENDER TO REFINANCE YOUR LOAN AS A HOME EQUITY LOAN. HOWEVER, A HOME EQUITY LOAN MAY HAVE A HIGHER INTEREST RATE AND CLOSING COSTS THAN A NON-HOME EQUITY LOAN.

Received by the undersigned on the date indicated:

\_\_\_\_\_  
(Borrower or Owner or Spouse of Owner) (Date)

\_\_\_\_\_  
(Borrower or Owner or Spouse of Owner) (Date)

\_\_\_\_\_  
(Borrower or Owner or Spouse of Owner) (Date)

\_\_\_\_\_  
(Borrower or Owner or Spouse of Owner) (Date)





\*ORIZATION%02132018%00000000000%000000000\*

## CERTIFICATION AND AUTHORIZATION

**Applicant:**

**Lender:**

The National Bank of Texas  
Mortgage Department  
5550 N. Riverside Dr.  
Fort Worth, TX 76137

### CERTIFICATION

**To The National Bank of Texas ("Lender"):**

1. Applicant (and co-applicant if applicable), \_\_\_\_\_, has applied for a loan from Lender. In applying for the loan, Applicant provided to Lender various information about Applicant and the requested loan, such as the amount and source of any downpayment, income information, and assets and liabilities. Applicant certifies that all of the information is true and complete. Applicant made no misrepresentations to Lender, nor did Applicant omit any important information.
2. Applicant understands and agrees that Lender may verify any information provided to Lender concerning Applicant's application, including, but without limitation, verifications from financial institutions of the information provided.
3. Applicant fully understands that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements when applying for this loan, as applicable under the provisions of Title 18, United States Code, Section 1014.

### AUTHORIZATION TO RELEASE INFORMATION

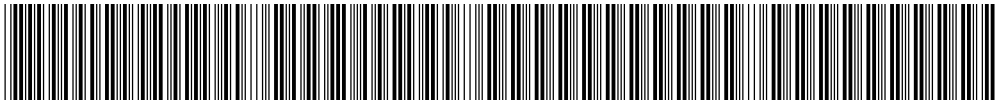
**To Whom It May Concern:**

1. Applicant has applied for a loan from The National Bank of Texas ("Lender"). As part of the application process, Lender, any insurer of the loan and any collateral title insurer may verify information Applicant provided to Lender either before or after the loan is closed.
2. Applicant authorizes you to provide to Lender, to any investor to whom Lender may sell Applicant's loan, and to any insurer of the loan any and all information and documentation that they may request. Such information may include, but is not limited to, income; bank, money market, and similar account balances; credit history; and copies of income tax returns.
3. Lender, any investor that purchases the loan, and any insurer of the loan may address and send this authorization to any person or company named in the loan application.
4. A copy of this authorization may be accepted as an original.
5. Your prompt reply to The National Bank of Texas, to any investor that purchases the loan, and to any insurer of the loan is appreciated.

### AUTHORIZATION TO FILE FINANCING STATEMENT

**Applicant hereby authorizes Lender to file the appropriate Financing Statements for the following collateral prior to executing a security agreement, pledge, or control agreement:** \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



\*ORIZATION%02132018%000000000000%000000000\*

**CERTIFICATION AND AUTHORIZATION  
(Continued)**

**Page 2**

**APPLICANT:**

<b>X</b> _____	_____	<b>X</b> _____	_____
<b>Applicant</b>	<b>Date</b>	<b>Co-Applicant</b>	<b>Date</b>

# ELECTRONIC COMMUNICATIONS AGREEMENT

App. Date	Application No.	Loan Amount	Branch	Collateral	Officer	Init.
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.						

**Applicant:**

**Lender:**

The National Bank of Texas  
Mortgage Department  
5550 N. Riverside Dr.  
Fort Worth, TX 76137

From time to time we may send you information and documents by email related to your loan application or in reference to other inquiries. If required by law and unless you have provided us with consent to receive electronic communications as required by the Electronic Signatures in Global and National Commerce Act (ESIGN Act), such information may also be provided in hard copy. Note that this document does not provide ESIGN Act consumer consent. If you would like to receive email from us, please provide your preferred email address below. We will never request personal or sensitive information via email from you.

I would like to receive emails from The National Bank of Texas at the following email address:

\_\_\_\_\_  
(e-mail address)

I understand that I am not required to consent to the electronic delivery of information or documents and separate ESIGN Act consumer consent to electronic delivery may be required for certain types of communications.

**APPLICANT:**

X \_\_\_\_\_  
Applicant Date

# TELEPHONE COMMUNICATIONS CONSENT

App. Date	Application No.	Loan Amount	Dept.	Collateral	Officer	Init.
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.						

**Applicant:**

**Lender:**

The National Bank of Texas  
Mortgage Department  
5550 N. Riverside Dr.  
Fort Worth, TX 76137

I authorize The National Bank of Texas to deliver non-emergency voice calls and texts, which may include telemarketing messages, to the following phone number:

\_\_\_\_\_  
(telephone number)

I understand and agree that such phone calls and texts may be delivered using an automatic telephone dialing system, which can include any phone that is not a rotary phone, or an artificial or prerecorded voice.

I understand and agree that I am not required to consent to be contacted as a condition to receiving any product or service.

**APPLICANT:**

X \_\_\_\_\_  
Applicant Date



\*EXCEPTION%02132018%00000000000%000000000\*

## CONSUMER CREDIT SCORE DISCLOSURE

App. Date	Application No.	Loan Amount	Branch	Collateral	Officer	Init.
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.						

**Applicant:**

**Lender:**

The National Bank of Texas  
Mortgage Department  
5550 N. Riverside Dr.  
Fort Worth, TX 76137

### NOTICE TO THE HOME LOAN APPLICANT

#### IMPORTANT

DO NOT SIGN THIS FORM UNTIL YOU CAREFULLY  
READ IT AND UNDERSTAND ITS CONTENT

#### SECTION 1. REQUIRED CREDIT SCORING NOTICE

In connection with your application for a home loan, the lender must disclose to you the score that a consumer reporting agency distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer generated summary calculated at the time of the request and based on information a consumer reporting agency or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

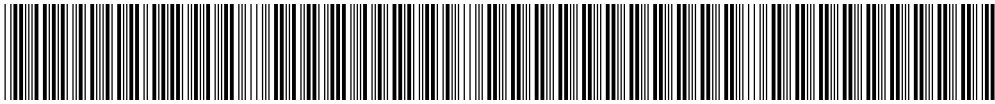
If you have questions about your credit score or the credit information that is furnished to you, contact the consumer reporting agency at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The consumer reporting agency plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have questions concerning the terms of the loan, contact the lender.

BY SIGNING BELOW, I ACKNOWLEDGE THAT I HAVE READ, RECEIVED AND UNDERSTOOD THIS DISCLOSURE AND THE ACCOMPANYING INFORMATION REGARDING MY CREDIT SCORE.

**APPLICANT:**

X \_\_\_\_\_ X \_\_\_\_\_  
Applicant Date Co-Applicant Date



\*JOINT CRT%02132018%000000000000%0000000000\*

## JOINT APPLICATION ACKNOWLEDGMENT

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**Applicant:**

**Lender:**

The National Bank of Texas  
Mortgage Department  
5550 N. Riverside Dr.  
Fort Worth, TX 76137

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We, the undersigned, intend to apply for joint credit.

**APPLICANT(S):**

X \_\_\_\_\_  
Applicant Date

X \_\_\_\_\_  
Co-Applicant Date

# APPRAISAL NOTICE

App. Date	Application No.	Loan Amount	Branch	Collateral	Officer	Init.
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.						

**Applicant:**

**Lender:**

The National Bank of Texas  
Mortgage Department  
5550 N. Riverside Dr.  
Fort Worth, TX 76137

We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close.

You can pay for an additional appraisal for your own use at your own cost.

By signing below, you acknowledge receipt of this Appraisal Notice.

**APPLICANT:**

X \_\_\_\_\_ X \_\_\_\_\_  
Applicant Date Applicant Date

## FACTS:

## WHAT DOES NBT DO WITH YOUR PERSONAL INFORMATION?

### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

### What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:  
Social Security number and account balances  
Payment history and credit history  
Account transactions and checking account information  
Name, Address and email Address  
When you are *no longer* our customer, we continue to share your information as described in this notice.

### How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons NBT chooses to share; and whether you can limit this sharing.

Reason we can share your personal information	Does NBT share?	Can you limit this sharing?
For our everyday business purposes such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus.	Yes	No
For our marketing purposes to offer our products and services to you.	Yes	No
For joint marketing with other financial companies.	No	We don't share
For our affiliates' everyday business purposes information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

### Questions?

Call 817-759-9001 or visit [www.nbt.bank](http://www.nbt.bank)



## Who we are

Who is providing this notice?	NBT means The National Bank of Texas
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## What we do

### How does NBT protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

### How does NBT collect my personal information?

We collect your personal information, for example, when you:  
open an account or apply for a loan  
make deposits or withdrawals from your account or provide employment information  
show your driver's license  
We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

### Why can't I limit all sharing?

Federal law gives you the right to limit only:  
sharing for affiliates' everyday business purposes information about your creditworthiness  
affiliates from using your information to market to you  
sharing for nonaffiliates to market to you  
State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.

## Definitions

### Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.  
*NBT does not share with our affiliates.*

### Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.  
*Nonaffiliates we share with can include companies such as email marketing firms and direct mailing firms working on behalf of The National Bank of Texas.*

### Joint marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.  
*NBT does not jointly market.*

## Other important information

For Alaska, Illinois, Maryland and North Dakota Customers. We will not share personal information with nonaffiliates either for them to market to you or for joint marketing - without your authorization.

For California Customers. We will not share personal information with nonaffiliates either for them to market to you or for joint marketing - without your authorization. We will also limit our sharing of personal information about you with our affiliates to comply with all California privacy laws that apply to us.

For Massachusetts, Mississippi and New Jersey Customers. We will not share personal information from deposit or share relationships with nonaffiliates either for them to market to you or for joint marketing - without your authorization.

For Vermont Customers. We will not share personal information with nonaffiliates for them to market to you without your authorization and we will not share personal information with affiliates or for joint marketing about your creditworthiness without your authorization.

*Para información en español, visite [www.consumerfinance.gov/learnmore](http://www.consumerfinance.gov/learnmore) o escribe a la Consumer Financial Protection Bureau, 1700 G Street N.W., Washington, DC 20552.*

## **A Summary of Your Rights Under the Fair Credit Reporting Act**

The federal Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies. There are many types of consumer reporting agencies, including credit bureaus and specialty agencies (such as agencies that sell information about check writing histories, medical records, and rental history records). Here is a summary of your major rights under FCRA. **For more information, including information about additional rights, go to [www.consumerfinance.gov/learnmore](http://www.consumerfinance.gov/learnmore) or write to: Consumer Financial Protection Bureau, 1700 G Street N.W., Washington, DC 20552.**

- **You must be told if information in your file has been used against you.** Anyone who uses a credit report or another type of consumer report to deny your application for credit, insurance, or employment – or to take another adverse action against you – must tell you, and must give you the name, address, and phone number of the agency that provided the information.
- **You have the right to know what is in your file.** You may request and obtain all the information about you in the files of a consumer reporting agency (your “file disclosure”). You will be required to provide proper identification, which may include your Social Security number. In many cases, the disclosure will be free. You are entitled to a free file disclosure if:
  - a person has taken adverse action against you because of information in your credit report;
  - you are the victim of identity theft and place a fraud alert in your file;
  - your file contains inaccurate information as a result of fraud;
  - you are on public assistance;
  - you are unemployed but expect to apply for employment within 60 days.

In addition, all consumers are entitled to one free disclosure every 12 months upon request from each nationwide credit bureau and from nationwide specialty consumer reporting agencies. See [www.consumerfinance.gov/learnmore](http://www.consumerfinance.gov/learnmore) for additional information.

- **You have the right to ask for a credit score.** Credit scores are numerical summaries of your credit-worthiness based on information from credit bureaus. You may request a credit score from consumer reporting agencies that create scores or distribute scores used in residential real property loans, but you will have to pay for it. In some mortgage transactions, you will receive credit score information for free from the mortgage lender.
- **You have the right to dispute incomplete or inaccurate information.** If you identify information in your file that is incomplete or inaccurate, and report it to the consumer

reporting agency, the agency must investigate unless your dispute is frivolous. See [www.consumerfinance.gov/learnmore](http://www.consumerfinance.gov/learnmore) for an explanation of dispute procedures.

- **Consumer reporting agencies must correct or delete inaccurate, incomplete, or unverifiable information.** Inaccurate, incomplete, or unverifiable information must be removed or corrected, usually within 30 days. However, a consumer reporting agency may continue to report information it has verified as accurate.
- **Consumer reporting agencies may not report outdated negative information.** In most cases, a consumer reporting agency may not report negative information that is more than seven years old, or bankruptcies that are more than 10 years old.
- **Access to your file is limited.** A consumer reporting agency may provide information about you only to people with a valid need – usually to consider an application with a creditor, insurer, employer, landlord, or other business. The FCRA specifies those with a valid need for access.
- **You must give your consent for reports to be provided to employers.** A consumer reporting agency may not give out information about you to your employer, or a potential employer, without your written consent given to the employer. Written consent generally is not required in the trucking industry. For more information, go to [www.consumerfinance.gov/learnmore](http://www.consumerfinance.gov/learnmore).
- **You may limit “prescreened” offers of credit and insurance you get based on information in your credit report.** Unsolicited “prescreened” offers for credit and insurance must include a toll-free phone number you can call if you choose to remove your name and address from the lists these offers are based on. You may opt out with the nationwide credit bureaus at 1-888-5-OPTOUT (1-888-567-8688).
- The following FCRA right applies with respect to nationwide consumer reporting agencies:

#### **CONSUMERS HAVE THE RIGHT TO OBTAIN A SECURITY FREEZE**

**You have a right to place a “security freeze” on your credit report, which will prohibit a consumer reporting agency from releasing information in your credit report without your express authorization.** The security freeze is designed to prevent credit, loans, and services from being approved in your name without your consent. However, you should be aware that using a security freeze to take control over who gets access to the personal and financial information in your credit report may delay, interfere with, or prohibit the timely approval of any subsequent request or application you make regarding a new loan, credit, mortgage, or any other account involving the extension of credit.

As an alternative to a security freeze, you have the right to place an initial or extended fraud alert on your credit file at no cost. An initial fraud alert is a 1-year alert that is

placed on a consumer's credit file. Upon seeing a fraud alert display on a consumer's credit file, a business is required to take steps to verify the consumer's identity before extending new credit. If you are a victim of identity theft, you are entitled to an extended fraud alert, which is a fraud alert lasting 7 years.

A security freeze does not apply to a person or entity, or its affiliates, or collection agencies acting on behalf of the person or entity, with which you have an existing account that requests information in your credit report for the purposes of reviewing or collecting the account. Reviewing the account includes activities related to account maintenance, monitoring, credit line increases, and account upgrades and enhancements.

- **You may seek damages from violators.** If a consumer reporting agency, or, in some cases, a user of consumer reports or a furnisher of information to a consumer reporting agency violates the FCRA, you may be able to sue in state or federal court.
- **Identity theft victims and active duty military personnel have additional rights.** For more information, visit [www.consumerfinance.gov/learnmore](http://www.consumerfinance.gov/learnmore).

**To file a direct dispute with The National Bank of Texas, mail your dispute in writing to The National Bank of Texas, Attn: Loan Operations Officer, P. O. Box 161969, Fort Worth, TX 76161-1969.** Include the NBT loan number, the specific information being disputed and any supporting documentation that will substantiate the basis of the dispute.

**States may enforce the FCRA, and many states have their own consumer reporting laws. In some cases, you may have more rights under state law. For more information, contact your state or local consumer protection agency or your state Attorney General. For information about your federal rights, contact:**

TYPE OF BUSINESS:	CONTACT:
<p>1. a. Banks, savings associations, and credit unions with total assets of over \$10 billion and their affiliates</p> <p>b. Such affiliates that are not banks, savings associations, or credit unions also should list, in addition to the CFPB:</p>	<p>a. Consumer Financial Protection Bureau 1700 G Street, N.W. Washington, DC 20552</p> <p>b. Federal Trade Commission Consumer Response Center 600 Pennsylvania Avenue, N.W. Washington, DC 20580 (877) 382-4357</p>
<p>2. To the extent not included in item 1 above:</p> <p>a. National banks, federal savings associations, and federal branches and federal agencies of foreign banks</p> <p>b. State member banks, branches and agencies of foreign banks (other than federal branches, federal agencies, and Insured State Branches of Foreign Banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act.</p> <p>c. Nonmember Insured Banks, Insured State Branches of Foreign Banks, and insured state savings associations</p> <p>d. Federal Credit Unions</p>	<p>a. Office of the Comptroller of the Currency Customer Assistance Group 1301 McKinney Street, Suite 3450 Houston, TX 77010-9050</p> <p>b. Federal Reserve Consumer Help Center P.O. Box 1200 Minneapolis, MN 55480</p> <p>c. FDIC Consumer Response Center 1100 Walnut Street, Box #11 Kansas City, MO 64106</p> <p>d. National Credit Union Administration Office of Consumer Financial Protection (OCFP) Division of Consumer Compliance Policy and Outreach 1775 Duke Street Alexandria, VA 22314</p>
<p>3. Air carriers</p>	<p>Asst. General Counsel for Aviation Enforcement &amp; Proceedings Aviation Consumer Protection Division Department of Transportation 1200 New Jersey Avenue, S.E. Washington, DC 20590</p>
<p>4. Creditors Subject to the Surface Transportation Board</p>	<p>Office of Proceedings, Surface Transportation Board Department of Transportation 395 E Street, S.W. Washington, DC 20423</p>
<p>5. Creditors Subject to the Packers and Stockyards Act, 1921</p>	<p>Nearest Packers and Stockyards Administration area supervisor</p>
<p>6. Small Business Investment Companies</p>	<p>Associate Deputy Administrator for Capital Access United States Small Business Administration 409 Third Street, S.W., Suite 8200 Washington, DC 20416</p>
<p>7. Brokers and Dealers</p>	<p>Securities and Exchange Commission 100 F Street, N.E. Washington, DC 20549</p>
<p>8. Federal Land Banks, Federal Land Bank Associations, Federal Intermediate Credit Banks, and Production Credit Associations</p>	<p>Farm Credit Administration 1501 Farm Credit Drive McLean, VA 22102-5090</p>
<p>9. Retailers, Finance Companies, and All Other Creditors Not Listed Above</p>	<p>Federal Trade Commission Consumer Response Center 600 Pennsylvania Avenue, N.W. Washington, DC 20580 (877) 382-4357</p>

# ADJUSTABLE-RATE MORTGAGE LOAN PROGRAM DISCLOSURE

## NATIONAL BANK OF TEXAS

This is not a contract nor a commitment to lend.

This disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. It covers loans for which the interest rate and payment remain unchanged for the first 5 years (5/1 ARMs) or 3 years (3/1 ARMs). Information on other ARM programs is available upon request.

This disclosure does not constitute a commitment to make a loan to you. If you eventually obtain a loan, the note, security instrument and related documents will establish your legal rights and obligations regarding the loan.

### Information Applicable to All ARM Loans

#### How Your Interest Rate and Payment Are Determined

- Your interest rate will be based on an index plus a margin.
  - The interest rate will be based on the weekly average yield on United States Treasury Securities adjusted to a constant maturity of 10 years (your index), plus our margin.
  - Information about the index is published weekly by the Federal Reserve in Statistical Release H.15.
  - Your interest rate will equal the index rate plus our margin unless your interest rate “caps” limit the amount of change in the interest rate.
  - Your initial interest rate is based on the greater of 1.5% or the weekly average yield on United States Treasury Securities adjusted to a constant maturity of 10 years (your index), plus our margin. Ask for our current interest rate and margin.
  - Your interest rate will never be less than your initial interest rate.
  - Your index will be the most recent figure available as of each change date. If the index is discontinued, we may use a comparable index.
- Your payment will be based on the interest rate, loan balance, and remaining loan term.

#### Additional Features:

- This loan program does not contain a demand feature.
- This loan program does not have a conversion option to a fixed interest rate.

For additional information on:

**5/1 ARM Loans – See Page 2**

**3/1 ARM Loans – See Page 3**

## Additional Information for 5/1 ARM Loans

### How Your Interest Rate Can Change

- Your interest rate is fixed for the first 60 months(s), after which the interest rate can change every 12 months to the index value plus the margin, subject to the limits below.
- Your first interest rate cannot increase or decrease more than 2 percentage points (2%).
- Your interest rate cannot increase or decrease more than 2 percentage points (2%) at each adjustment after the first rate change.
- Your interest rate cannot increase or decrease by more than 6 percentage points (6%) over the term of the loan.

### How Your Payment Can Change

- There is no change in your payment for the first 60 month(s). At the end of 60 month(s) your payment can change every 12 months based on changes in the interest rate.
- You will be notified at least 210, but no more than 240, days before the first payment at the adjusted level is due after the initial interest rate adjustment of the loan. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.
- You will be notified at least 60, but no more than 120, days before the first payment at the adjusted level is due after any interest rate adjustment resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.
- ***Your monthly payment can increase or decrease substantially based on changes in the interest rate.***

### Interest Rate and Payment Example

- For example, on a \$10,000 loan with an initial interest rate of 4.50% (the index in effect March 4, 2020 or 1.50%, whichever is higher, plus margin of 3.00%) the maximum amount that the interest rate can rise under this program is 6.000 percentage points, to 10.50%.
  - On a 30 year loan, the monthly payment can rise from a first-year payment of \$50.66 to a maximum of \$61.55 in the 6<sup>th</sup> year.
  - On a 20 year loan, the monthly payment can rise from a first-year payment of \$63.25 to a maximum of \$72.03 in the 6th year.
  - On a 15 year loan, the monthly payment can rise from a first-year payment of \$76.47 to a maximum of \$83.80 in the 6th year.
  - On a 10 year loan, the monthly payment can rise from a first-year payment of \$103.60 to a maximum of \$108.73 in the 6th year.
- To see what your payments would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. For example, the monthly payment for a mortgage amount of \$60,000 would be:
  - On a 30 year loan:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$50.66 = \$303.96$  per month.
  - On a 20 year loan:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$63.25 = \$379.50$  per month.
  - On a 15 year loan:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$76.47 = \$458.82$  per month.
  - On a 10 year loan:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$103.60 = \$621.60$  per month.

## Additional Information for 3/1 ARM Loans

### How Your Interest Rate Can Change

- Your interest rate is fixed for the first 36 months(s), after which the interest rate can change every 12 months to the index value plus the margin, subject to the limits below.
- Your first interest rate cannot increase or decrease more than 2 percentage points (2%).
- Your interest rate cannot increase or decrease more than 2 percentage points (2%) at each adjustment after the first rate change.
- Your interest rate cannot increase or decrease by more than 6 percentage points (6%) over the term of the loan.

### How Your Payment Can Change

- There is no change in your payment for the first 36 month(s). At the end of 36 month(s) your payment can change every 12 months based on changes in the interest rate.
- You will be notified at least 210, but no more than 240, days before the first payment at the adjusted level is due after the initial interest rate adjustment of the loan. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.
- You will be notified at least 60, but no more than 120, days before the first payment at the adjusted level is due after any interest rate adjustment resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.
- ***Your monthly payment can increase or decrease substantially based on changes in the interest rate.***

### Interest Rate and Payment Example

- For example, on a \$10,000 loan with an initial interest rate of 5.40% (the index in effect March 4, 2020 or 1.50%, whichever is higher, plus margin of 3.90%) the maximum amount that the interest rate can rise under this program is 6.000 percentage points, to 11.40%.

—On a 15 year loan, the monthly payment can rise from a first-year payment of \$81.15 to a maximum of \$90.15 in the 4th year.

—On a 10 year loan, the monthly payment can rise from a first-year payment of \$107.98 to a maximum of \$115.28 in the 4th year.

- To see what your payments would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. For example, the monthly payment for a mortgage amount of \$60,000 would be:

—On a 15 year loan:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$81.15 = \$486.90$  per month.

—On a 10 year loan:  $\$60,000 \div \$10,000 = 6$ ;  $6 \times \$107.98 = \$647.88$  per month.



CONSUMER HANDBOOK ON

# Adjustable-Rate Mortgages

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Find out how  
your payment can  
change over time



Consumer Financial  
Protection Bureau



An official publication of the U.S. government

## How to use the booklet

When you and your mortgage lender discuss adjustable-rate mortgages (ARMs), you receive a copy of this booklet. When you apply for an ARM loan, you receive a Loan Estimate. You can request and receive multiple Loan Estimates from competing lenders to find your best deal.

You may want to have your Loan Estimate handy for any loan you are considering as you work through this booklet. We reference a sample Loan Estimate throughout the booklet to help you apply the information to your situation.

You can find more information about ARMs at [cfpb.gov/about-arms](https://cfpb.gov/about-arms). You'll also find other mortgage-related CFPB resources, facts, and tools to help you take control of the homebuying process.

## About the CFPB

The Consumer Financial Protection Bureau regulates the offering and provision of consumer financial products and services under the federal consumer financial laws and educates and empowers consumers to make better informed financial decisions.

This booklet, titled Consumer Handbook on Adjustable Rate Mortgages, was created to comply with federal law pursuant to 12 U.S.C. 2604 and 12 CFR 1026.19(b)(1).

## How can this booklet help you?

This booklet can help you decide whether an adjustable-rate mortgage (ARM) is the right choice for you and to help you take control of the homebuying process.

Your lender may have already provided you with a copy of Your Home Loan Toolkit. You can also download the Toolkit from the CFPB's Buying a House guide at [consumerfinance.gov/owning-a-home](https://consumerfinance.gov/owning-a-home).

An ARM is a mortgage with an interest rate that changes, or "adjusts," throughout the loan.

With an ARM, the interest rate and monthly payment may start out low. However, both the rate and the payment can increase very quickly.

**Consider an ARM only if you can afford increases in your monthly payment—even to the maximum amount.**

## After you finish this booklet:

- You'll understand how an ARM works and whether it's the right choice for you. (page 2)
- You'll know how to review important documents when you apply for an ARM. (page 6)
- You'll understand the risks that come with different types of ARMs. (page 18)

# Is an ARM right for you?

ARMs come with the risk of higher payments in the future that you might not be able to predict. But in some situations, an ARM might make sense for you. If you are considering an ARM, be sure to understand the tradeoffs.

## TIP

Don't count on being able to refinance before your interest rate and monthly payments increase. You might not qualify for refinancing if the value of your home goes down or if something unexpected damages your financial situation, like a job loss or medical costs.

COMPARE	FIXED-RATE MORTGAGE	ADJUSTABLE-RATE MORTGAGE
Consider this option if	<ul style="list-style-type: none"><li>You prefer predictable payments, or</li><li>You plan to keep your home for a long period of time</li></ul>	<ul style="list-style-type: none"><li>You are confident you can afford increases in your monthly payment—even to the maximum amount, or</li><li>You plan to sell your home within a short period of time</li></ul>
Interest rate	<ul style="list-style-type: none"><li>Set when you take out the loan</li><li>Stays the same for the entire loan term</li></ul>	<ul style="list-style-type: none"><li>Based on an index that changes</li><li>May start out lower than a fixed rate mortgage but you bear the risk of increases throughout your loan</li></ul>
Monthly payment	<ul style="list-style-type: none"><li>Principal and interest payment stays the same over the life of your loan</li><li>You know the total you will pay in principal and interest over the life of the loan</li></ul>	<ul style="list-style-type: none"><li>Initial principal and interest payment amount remains in effect for a limited period</li><li>You can't know in advance how much total interest you will pay because your interest rate changes</li><li>If you can't afford the increased payments, you may lose your home to foreclosure</li></ul>

# Learn about how ARMs work

As you decide whether to move ahead with an ARM, you should understand how they work and how your housing costs can be affected.

## Interest rate = index + margin

The interest rate on an ARM has two parts: the index and the margin.

### INDEX

An **index** is a measure of interest rates generally that reflects trends in the overall economy. Different lenders use different indexes for their ARM programs.

Common indexes include the U.S. prime rate and the Constant Maturity Treasury (CMT) rate. Talk with your lender to find out more about the index they use, which is also shown on your Loan Estimate.

### MARGIN

The **margin** is an extra percentage that the lender adds to the index.

You can shop around to different lenders to find the lowest combination of the index plus the margin. Your Loan Estimate shows the index and the margin being offered to you.

# Changes to initial rate and payment

The *initial* interest rate and *initial* principal and interest payment amount on an ARM remain in effect for a limited period.

So, when you see ARMs advertised as 5/1 or 5/6m ARMs:

- The first number tells you the length of time your initial interest rate lasts.
- The second number tells you how often the rate changes after that.

For example, during the first five years in a 5/6m ARM your rate stays the same. After that, the rate may adjust every six months (the 6m in the 5/6m example) until the loan is paid off. This period between rate changes is called the **adjustment period**. Adjustment periods can vary. Some last a month, a year, or like this example, six months.

For some ARMs, the initial rate and payment can be very different from the rates and payments later in the loan term. Even if the market for interest rates is stable, your rates and payments could change a lot.

# Use your Loan Estimate to understand your ARM

When you apply for a mortgage, the lender gives you a document called a **Loan Estimate**. It describes important features of the loan the lender is offering you. This section illustrates the parts of a Loan Estimate that are specific features of ARM loans. An interactive, online version of this Loan Estimate sample is available at: [cfpb.gov/arm-explainer/](https://cfpb.gov/arm-explainer/)

## Loan Terms

## Projected Payments

## Adjustable Interest Rate (AIR) Table

## Product

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED  
APPLICANTS  
  
PROPERTY  
  
SALE PRICE

LOAN TERM  
PURPOSE  
PRODUCT  
LOAN TYPE  
LOAN ID #  
RATE LOCK

30 years  
Purchase  
5/1 Adjustable Rate  
☒ Conventional ☐ FHA ☐ VA ☐  
123456789  
☒ NO ☐ YES

Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on

Loan Terms		Can this amount increase after closing?	
Loan Amount	\$216,000	NO	
Interest Rate	3%	YES	• Adjusts every year starting in year 6 • Can go as high as 8% in year 8 • See AIR Table on page 2 for details
Monthly Principal & Interest <small>See Projected Payments Below for Your Total Monthly Payment</small>	\$910.66	YES	• Adjusts every year starting in year 6 • Can go as high as \$1,467 in year 8
Does the loan have these features?			
Prepayment Penalty	NO		
Balloon Payment	NO		

Projected Payments				
Payment Calculation	Years 1-5	Years 6	Years 7	Years 8-30
Principal & Interest	\$910.66	\$838 min \$1,123 max	\$838 min \$1,350 max	\$838 min \$1,467 max
Mortgage Insurance	+ 99	+ 99	+ 99	+ —
Estimated Escrow <small>Amount can increase over time</small>	+ 341	+ 341	+ 341	+ 341
Estimated Total Monthly Payment	\$1,290	\$1,217 – \$1,502	\$1,217 – \$1,729	\$1,179 – \$1,808
Estimated Taxes, Insurance & Assessments <small>Amount can increase over time</small>	\$341 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <small>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</small>		In escrow? YES YES

Costs at Closing	
Estimated Closing Costs	\$X,XXX Includes in Loan Costs + in Other Costs – in Lender Credits. See details on page 2.
Estimated Cash to Close	\$XX,XXX Includes Closing Costs. See calculating Cash to Close on page 2 for details.

Visit [www.consumerfinance.gov/learnmore](https://www.consumerfinance.gov/learnmore) for general information and tools.

LOAN ESTIMATE PAGE 1 OF 3 • LOAN ID # 123456789

Adjustable Interest Rate (AIR) Table

Index + Margin 1 Year Cmt + 2.25%

Initial Interest Rate 3%

Minimum/Maximum Interest Rate 2.25% / 8%

Change Frequency

First Change Beginning of 61st month

Subsequent Changes Every 12 months after first change

Limits on Interest Rate Changes

First Change 2%

Subsequent Changes 2%

LOAN ESTIMATE PAGE 2 OF 3 • LOAN ID # 123456789

# Loan terms

## INTEREST RATE

The Loan Estimate shows the *initial* interest rate you pay at the beginning of your loan term. This row also shows how often your rate can change and how high it can go.

## MONTHLY PRINCIPAL & INTEREST

The Loan Estimate shows the *initial* monthly principal and interest payment you'll make if you accept this loan. Your **principal** is the money that you originally agreed to pay back on your loan. **Interest** is a cost you pay to borrow the principal. The initial principal and interest payment amount for an ARM is set only for the initial period and may change after that.

### THE TALK

You might hear, "An ARM makes sense because you can refinance the loan before your interest rate and monthly payment increase."

Ask yourself, a spouse, or a loved one:

"What if the market value of the home goes down?"

"What if our financial situation or our credit score gets damaged by something unexpected like a job loss or illness?"

"If we can't refinance at a better rate, can we afford the maximum interest rate and payment increase under this loan?"

Loan Terms		Can this amount increase after closing?	
Loan Amount	\$216,000	NO	
Interest Rate	3%	YES	<ul style="list-style-type: none"><li>· Adjusts <b>every year</b> starting in year 6</li><li>· Can go <b>as high as 8%</b> in year 8</li><li>· See <b>AIR Table</b> for details</li></ul>
Monthly Principal & Interest <i>See Projected Payments Below for Your Total Monthly Payment</i>	\$910.66	YES	<ul style="list-style-type: none"><li>· Adjusts <b>every year</b> starting in year 6</li><li>· Can go <b>as high as \$1,467</b> in year 8</li></ul>
		Does the loan have these features?	
Prepayment Penalty		NO	
Balloon Payment		NO	

Example of "Loan terms" section. Find this on page 1 of your own Loan Estimate

Projected Payments				
Payment Calculation	Years 1-5	Years 6	Years 7	Years 8-30
Principal & Interest	\$910.66	\$838 min \$1,123 max	\$838 min \$1,350 max	\$838 min \$1,467 max
Mortgage Insurance	+ 99	+ 99	+ 99	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 341	+ 341	+ 341	+ 341
<b>Estimated Total Monthly Payment</b>	<b>\$1,290</b>	<b>\$1,217 – \$1,502</b>	<b>\$1,217 – \$1,729</b>	<b>\$1,179 – \$1,808</b>
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time</i>	<b>\$341</b> a month	<b>This estimate includes</b> <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>		
		<b>In escrow?</b> <b>YES</b> <b>YES</b>		

Example of "Projected payments" section. Find this on page 1 of your own Loan Estimate

Projected payments

PRINCIPAL & INTEREST

The monthly principal and interest payment on your ARM is likely to change after the initial period. Review this section to see how your payment can change based on your loan’s interest rate.

ESTIMATED TOTAL MONTHLY PAYMENT

Review this row to see the total minimum and maximum monthly payments. The payments include mortgage insurance, property taxes, homeowners insurance, and any additional property assessments or other escrow items. Learn more about these mortgage terms at [cfpb.gov/mortgage-terms/](https://cfpb.gov/mortgage-terms/)

Keep in mind that other parts of your monthly and annual housing costs can change, such as your property taxes and homeowners insurance payments.

THE TALK

Talk over how your financial life could be affected if your ARM monthly payment increases. In future years, you might face money decisions like:

- Job changes
- School or other education expenses
- Medical needs and expenses

Because ARM adjustments are unpredictable, you might have less or more financial flexibility for other parts of your life.

# Adjustable Interest Rate (AIR) table

You should read and understand the AIR table calculations before committing to an ARM. It's important to know how your interest rate changes over the life of your loan.

## INDEX + MARGIN

Your lender is required to show you how your interest rate is calculated, which is determined by the index and margin on your loan. See page 2 of this booklet for more about index and margin.

## INITIAL INTEREST RATE

This is the interest rate at the beginning of your loan. The initial interest rate changes to the index plus the margin at your first adjustment (subject to the limits on interest rate changes). Your loan servicer tells you your new payment amount seven to eight months in advance, so you can budget for it or shop for a new loan.

## MINIMUM/MAXIMUM INTEREST RATE

This shows how low or high your interest rate could be over the life of your loan. Generally, an ARM's interest rate is never lower than the margin.

## CHANGE FREQUENCY

This indicates when the interest rate on your loan will change. Your loan servicer sends you advance notices of changes.

## LIMITS ON INTEREST RATE CHANGES

This shows the highest amount your interest rate can increase when there is a change.

Adjustable Interest Rate (AIR) Table	
Index + Margin	1 Year Cmt + 2.5%
Initial Interest Rate	3%
Minimum/Maximum Interest Rate	2.5% / 8%
Change Frequency	
First Change	Beginning of 61st month
Subsequent Changes	Every 12 months after first change
Limits on Interest Rate Changes	
First Change	2%
Subsequent Changes	2%

Example of "AIR table" section. Find this on page 2 of your own Loan Estimate

## ! "TEASER" RATES

Some lenders offer a "teaser," "start," or "discounted" rate that is lower than their fully indexed rate. When the teaser rate ends, your loan takes on the fully indexed rate. Don't assume that a loan with a teaser rate is a good one for you. Not everyone's budget can accommodate a higher payment.

Consider this example:

- A lender's fully indexed rate is 4.5% (the index is 2% and the margin is 2.5%).
- The loan also features a "teaser" rate of 3%.
- Even if the index doesn't change, your interest rate still increases from 3% to 4.5% when your teaser rate expires.





## COMPARE YOUR ARM OFFERS

Shop for at least three loan offers, and fill in the blanks below using the information on your Loan Estimates:

	ARM OFFER 1	ARM OFFER 2	FIXED-RATE OFFER
Lender name			
Loan amount	\$	\$	\$
Initial interest rate	%	%	%
Initial principal and interest payment	\$	\$	\$
Index			
Margin			
How long will the initial interest rate and initial payment apply?			
How high can my interest rate go?	%	%	%
How high can my principal and interest payment go?	\$	\$	\$

My best loan offer is: \_\_\_\_\_



## THE TALK

You are in control of whether or not to proceed with an ARM. If you prefer to proceed with a fixed-rate mortgage, here is one way to start the conversation with a lender:

"A fixed-rate mortgage seems to be a better fit for me. Let's talk about what you can offer and how it compares to other loans I may be able to get."

## Review your lender's ARM program disclosure

Your lender gives you an ARM program disclosure when they give you an application. This is the lender's opportunity to tell you about their different ARM loans and how the loans work. The index and margin can differ from one lender to another, so it is helpful to compare offers from different lenders.

Generally, the index your lender uses won't change after you get your loan, but your loan contract may allow the lender to switch to a different index in some situations.

### GATHER FACTS

Review your program disclosure and ask your lender questions to understand their ARM loan offerings:

- ☐ How are the interest rate and payment determined?
- ☐ Does this loan have interest-rate **caps** (that is, limits on interest rate changes)?
- ☐ How often do the interest rate and payment adjust?
- ☐ What index is used and where is it published?
- ☐ Is the initial interest rate lower than the fully indexed rate? (see "Teaser rates," on page 12)
- ☐ What type of information is provided in notices of adjustment and when do I receive them?

## Ask about other options offered by your lender

### Conversion option

Your loan agreement may include a clause that lets you convert the ARM to a fixed-rate mortgage in the future.

When you convert, the new rate is generally set using a formula given in your loan documents. That fixed rate may be higher or lower than interest rates available to you in the market at that time. Also your lender may charge you a conversion fee. Ask your lender whether the loan you are being offered has a conversion feature and how it works.

### Special features

You can shop around to understand what special ARM features may be available from different lenders.

Not all programs are the same. Talk with your lender to find out if there's anything special about their ARM programs that you may find valuable.

# Check your ARM for features that could pose risks

Some types of ARMs have features that can reduce your payments in the short term but may include fees or the risk of higher payments later. Review your loan terms and make sure that you understand the fees and how your rate and payment may change. **Lower payments at the beginning could mean higher fees or much higher payments later.**

## Paying points to reduce your initial interest rate

Lenders can offer you a lower rate in exchange for paying loan fees at closing, or **points**.

With an ARM, paying points often reduces your interest rate only until the end of the initial period—the reduction most likely does not apply over the life of your loan.

If you are using an ARM to refinance a loan, points are often rolled into your new loan amount. You might not realize you are paying points unless you look carefully. Points are disclosed on the top of Page 2 of your Loan Estimate.

Lenders may give you the option to pay points, but you never have to take that option. To figure out if you have a good deal, compare your cost in points with the amount that you will save with a lower interest rate.

### Loan Costs

<b>A. Origination Charges</b>	<b>\$3,160</b>
1% of Loan Amount (Points)	\$2,160
Application Fee	\$500
Processing Fee	\$500

Example of "Loan costs" section. Find this on page 2 of your own Loan Estimate

### THE TALK

If your Loan Estimate shows points, ask your lender:

- "What is my interest rate if I choose not to pay points?"
- "How much money do I pay in points? And, compared to the total reduction in my payments during the initial period, am I coming out ahead?"
- "Can I see a revised Loan Estimate with the points removed and the interest rate adjusted?"

## Interest-only ARMs

With an interest-only ARM payment plan, you pay only the interest for a specified number of years. During this interest-only period, you have smaller monthly payments, but you are not paying anything toward your mortgage loan balance.

When the interest-only period ends, your monthly payment increases—even if interest rates stay the same—because you must start paying back the principal plus the interest each month. Your monthly payments can increase a lot. The longer the interest-only period, the more your monthly payments increase after the interest-only period ends.

## Payment option ARMs

Payment option ARMs were common before 2008 when the housing crisis began, and some lenders might still offer them.

A payment option ARM means the borrower can choose from different payment options, such as:

- A traditional principal and interest payment
- An interest-only payment (see above)
- A minimum payment, which could result in negative amortization

**Negative amortization** happens when you are not paying enough to cover all of the interest due. Your loan balance goes up instead of down.



### GATHER FACTS

Learn more information about payment option ARMs and negative amortization at:

- [cfpb.gov/askcfpb/102/](https://cfpb.gov/askcfpb/102/)
- [cfpb.gov/askcfpb/103/](https://cfpb.gov/askcfpb/103/)



### WELL DONE!

Choosing the right home loan is just as important as choosing the right home. By equipping yourself with knowledge about ARMs, you can decide whether or not this type of loan is the right choice for you.

# Consumer Handbook on Adjustable-Rate Mortgages



## ASK YOUR LENDER

- How high can my payment go?
- How high can my interest rate go?
- How long is my initial principal and interest payment guaranteed?



## ASK YOURSELF

- Have I shopped around to compare ARMs and fixed-rate loans?
- If an ARM has a lower initial interest rate than a fixed-rate mortgage, is paying less money now worth the risk of an increase later?
- Can I afford the highest payment possible with the ARM if I can't sell the home, or refinance into a lower rate, before the increase?



## ONLINE TOOLS

**CFPB website**

[cfpb.gov](https://cfpb.gov)

**Answers to common questions**

[cfpb.gov/askcfpb](https://cfpb.gov/askcfpb)

**Tools and resources for home buyers**

[cfpb.gov/owning-a-home](https://cfpb.gov/owning-a-home)

**Talk to a housing counselor**

[cfpb.gov/find-a-housing-counselor](https://cfpb.gov/find-a-housing-counselor)

**Submit a complaint**

[cfpb.gov/complaint](https://cfpb.gov/complaint)