

FHA LOAN PROGRAM DISCLOSURE

General

This disclosure does not constitute a commitment on the part of the lender to make a loan to you. The purpose of this disclosure is to provide information to help ensure understanding of the operation of the loan for which you may be applying. Information on other loan programs is available upon request.

This disclosure does not obligate either yourself or the lender and is not a restatement or replacement of any Promissory Note, Deed of Trust or Mortgage, or other loan documents that you may sign if the lender agrees to make a loan. Once those loan documents are signed by you, both you and the lender will be bound by the terms of all such documents. You should therefore become familiar with and understand all of the provisions of those documents.

Escrow Payment

With your regularly scheduled payments of principal and interest, you will be required to pay amounts which will be put into an escrow account by the lender. This account is established by the lender to ensure payment of such recurring escrow items as: real estate taxes, hazard insurance premiums, mortgage insurance premiums (if this insurance is required by the lender), etc. The amount of your escrow payments will be determined by the lender and may increase. They will be based on what the lender estimates will be required to ensure that there will be sufficient funds in the account to pay the future annual escrow items when due. These estimates will be prorated between the number of your annual regularly scheduled payments. The lender will periodically (usually annually) review the escrow account to determine changes that may be required in the amounts of your escrow payments and you will be notified in writing of the changes and when they are effective. If deficiencies occur in your account, which are caused by there being insufficient funds available when the lender pays the escrow items, the lender will prorate the deficiencies between your regularly scheduled payments. When you are notified of any increases in your escrow payments, caused by the pro-ration of the deficiencies, you will have the option of paying the deficiencies in a lump-sum payment. If surpluses occur in your escrow account, you will have the option to decide how the surpluses may be credited to your loan account, or you may request a refund of the surpluses. If you fail to pay the escrow payments when due, the lender can require you to immediately pay in full the entire loan balance and other amounts owed on the loan. If the total amounts owed on the loan are not paid, the lender could begin foreclosure proceedings that could ultimately cause a forced sale of your home.

Prepayment Penalties

You may prepay the loan in whole or in part without paying a prepayment penalty. If you prepay the loan on other than the regular installment date, you may have to pay interest charges until the end of that month.

Late Charges

If the full amount of any of your scheduled payments is not received by the lender within 15 calendar days after the date it is due, you will be obligated to pay a late charge. The amount of the late charge will be 4% of your scheduled payment.

Due on Sale

If you sell or transfer the property or any interest in it without the lender's prior written consent, then the lender may require you to immediately pay in full the total amounts owed on the loan.

Borrower

Date

Borrower

Date