

**INFORMED CONSUMER CHOICE DISCLOSURE NOTICE**

In addition to an FHA-insured mortgage, you may also qualify for other mortgage products offered by your lender. To assure that you are aware of possible choices of financing, your lender has prepared a comparison of the typical costs of alternative conventional mortgage product(s) below, using representative loan amounts and costs (the actual loan amounts and associated costs shown below will vary for your own mortgage transaction). You should study the comparison carefully, ask questions, and determine which product is best for you. The information provided below was prepared as of 01/01/2009.

Neither your lender nor FHA warrants that you actually qualify for any mortgage loan offered by your lender. This notice is provided to identify the key difference between these mortgage products offered by your lender. **This disclosure is not a contract and does not constitute loan approval.** Actual mortgage approval can only be made following a full underwriting analysis by your mortgage lender.

		<b>FHA Financing 203(b) Fixed Rate</b>	<b>Conventional Financing 97% with Mortgage Insurance (MI)</b>
<b>1</b>	<b>Sales Price</b>	100,000.00	100,000.00
<b>2</b>	<b>Mortgage Amount</b>	97,750.00 ( 99,460.00 w/ Upfront Mortgage Insurance Premium)	97,000.00
<b>3</b>	<b>Closing Costs</b>	2,000.00	2,000.00
<b>4</b>	<b>Downpayment Needed</b>	3,500.00	5,000.00
<b>5</b>	<b>Interest Rate and Term of Loan in Years</b>	7.00 / 30 YRS	7.00 / 30 YRS
<b>6</b>	<b>Monthly Payment (principal and Interest only)</b>	661.71	645.00
<b>7</b>	<b>Loan-to-Value</b>	96.500	97.000
<b>8</b>	<b>Monthly Mortgage Insurance Premium (first year)</b>	44.80 <sup>1/</sup>	76.63
<b>9</b>	<b>Maximum Number of Years of Monthly Insurance Premium Payments</b>	APPROX 14 YRS	APROX 13 YRS
<b>10</b>	<b>Upfront Mortgage Insurance Premium (if applicable)</b>	1,710.63 <sup>2/</sup> / Included in Mortgage Amount, line 2)	

<sup>1/</sup> Monthly mortgage insurance premiums are calculated on the average annual principal balance, i.e., as the amount you owe on the loan decreases each year, so does the amount of the monthly premium.

<sup>2/</sup> Based on an upfront mortgage insurance premium rate of 1.50%.

**FHA Mortgage Insurance Premium Information:**

If you paid an upfront mortgage insurance premium, you will also be charged a monthly mortgage insurance premium until the loan to value ratio of your mortgage reaches 78 percent of the *initial* sales price or appraised value of your home, whichever was lower (provided that premiums are paid for at least five years). You will reach the 78 percent loan-to-value threshold in one of two ways: Through normal amortization as you make your monthly payments, or by paying additional principal on the mortgage. Your lender can advise you on when the mortgage will reach the 78 percent level through normal amortization.

If you have a 15 year mortgage and make a downpayment in excess of 10 percent, you will not have to make monthly mortgage insurance premiums. You will also reach 78 percent loan-to-value threshold earlier than on longer term mortgages and may not have to pay monthly mortgage insurance premiums for the full five years.

You are required to make these payments on your FHA-insured loan unless you refinance or the mortgage is otherwise paid in full.

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