

IMPORTANT INFORMATION ABOUT YOUR LOAN - READ CAREFULLY

1. **Taxes and Insurance** Unknown at this time
- Your lender will escrow the taxes and insurance associated with your property. This means that in **ADDITION** to your disclosed monthly loan payment, you will have to pay additional money every month into an escrow account. **ASK** your broker or lender to provide you with the total monthly payment you must pay **BEFORE** you take this loan.
- Your lender is **NOT** requiring that you escrow your taxes and insurance associated with your property. This means that **YOU WILL BE RESPONSIBLE** for paying the applicable taxes and insurance associated with your property directly to the appropriate taxing authorities and insurance company. **BEFORE** taking this loan, you should find out the cost of the taxes and insurance you will be required to pay.
2. **Guaranteeing Your Interest Rate**
- Your loan is being obtained through a broker. A broker is **NOT** able to directly enter into a "Lock-In" agreement to guarantee your interest rate. **ASK** your broker how you may guarantee your rate.
- Your Your loan is being obtained through a lender. A lender **IS** able to directly enter into a "Lock-In" agreement guarantee your interest rate. **ASK** your lender if your interest rate could still change with a "Lock-In" agreement.
3. **Variable Interest Rate** Not applicable. Changed. Unknown at this time.
- Your loan has a variable interest rate. This means that your interest rate may increase and cause your monthly payments to greatly increase. **ASK** your broker or lender to explain the circumstances where your interest rate will increase and carefully consider whether you will be able to pay higher monthly payments **BEFORE** you take this loan.
4. **Prepayment Penalty** Not applicable. Changed. Unknown at this time.
- Your loan has a prepayment penalty. This means that if you attempt to pay-off or refinance the loan early, you will pay a penalty in **ADDITION** to the interest and principal due under the loan. **BEFORE** deciding to take this loan, **ASK** your broker or lender how **LONG** the prepayment penalty period is and **HOW MUCH** the prepayment penalty could be.
5. **Balloon Payment** Not applicable. Changed. Unknown at this time.
- Your loan has a balloon payment. A balloon payment is a final lump sum payment due at the end of your loan. If you do not have the funds to pay off the balloon payment when due, you may have to obtain a **NEW LOAN** to make the balloon payment. If you do not have the money to make the balloon payment, you may **LOSE** your property and all of your equity in your home through foreclosure. **BEFORE** deciding to take this loan, consider your ability to **PAY** the balloon payment.
6. **Negative Amortization** Not applicable. Changed. Unknown at this time.
- Your loan has a feature that may provide for the negative amortization of your loan. This means the **PRINCIPAL BALANCE** of your loan may **INCREASE** even if you timely pay the minimum scheduled payments. **BEFORE** deciding on this loan, ask your broker or lender to explain under what circumstances your principal balance can increase even when making your minimum scheduled payments.

DO NOT SIGN this statement **UNLESS** you have read and understand the above information regarding the loan.
This form must be complete before you sign.

_____ Borrower's Signature	_____ Borrower's Printed Name	_____ Date
_____ Borrower's Signature	_____ Borrower's Printed Name	_____ Date

Licensee Name: _____ Date of Issue by Licensee: _____