

IMPORTANT NOTICE OF LOAN TERMS

The following sets forth several material terms of the loan for which you have been approved and that is scheduled to close. Please discuss with your loan officer or mortgage broker if you have any questions about these terms.

The TOTAL AMOUNT of your mortgage loan is \$ 52,500.00.

Your loan amount includes TOTAL LENDER AND BROKER FEES OF \$ 2,643.89.

Lender is charging you \$ _____ loan DISCOUNT POINTS, which lowers the interest rate on your loan.

Fixed Rate: Your loan will bear interest at 7.875 %.

Your MONTHLY PAYMENTS¹ of principal and interest will be \$ 380.67 for the life of your loan.

Interest-Only – You are only required to pay the interest accruing on your loan for the first _____ months, after which your MONTHLY PAYMENTS¹ will increase as you start to pay down the principal amount of your loan. Your initial interest-only payment will be \$ _____.

Adjustable Rate: The Initial Note Rate on your loan is _____ %.

This loan is a fixed rate loan for _____ month. After that the rate may adjust. This means that after the initial period, your interest rate and loan payments can go up every _____ months, depending on market rates. Your interest rate will never be greater than _____ %.

This loan is a fixed rate loan for _____ months. After that the rate may adjust. This means that after the initial period, your interest rate and loan payments can go up every _____ months, depending on market rates. Your interest rate will never be more than _____ % or less than _____ %.

Your initial MONTHLY PAYMENTS¹ of principal and interest will be \$ _____ for the first _____ months, after which they may increase as your loan interest rate adjusts.

Interest-Only – You are only required to pay the interest accruing on your loan for the first _____ months, after which your MONTHLY PAYMENTS¹ will increase as you start to pay down the principal amount of your loan. **This increase is in addition to any increase resulting from adjustments to your interest rate.** Your initial interest-only payment will be \$ _____.

Interest-Only with Payment Options – Your loan allows for multiple payment options.

Option Period Payments: The Option Period begins at closing and continues through the 60th payment or through the payment the month before the payment which might cause your loan balance to equal or exceed 115% of the original principal balance, whichever is earlier. During the Option Period, you will be given the option, each month, of making one of the following payments:

- **Minimum Required Payment** of \$ _____¹. This payment will remain fixed during the Option Period. The Minimum Payment will not be sufficient to cover all of the interest due each month. If you choose to make the Minimum Payment, the difference between that amount and the interest due for that month will be added to your principal balance (this is called negative amortization).
- **Interest-Only Payment** of \$ _____¹. This amount may change each month. This amount is calculated each month using the Initial Note rate applied against the unpaid principal balance.
- **Fully-Amortized Payment** of \$ _____¹. This amount may change each month. This is an amount sufficient to cover all of the interest due that month and reduce your mortgage loan balance over the term remaining on the loan.

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- **15 Year Amortized Payment** of \$ _____¹. This amount may change each month. This is an amount sufficient to cover all of the interest due that month and reduce your mortgage loan balance over a term ending approximately 15 years from your closing date. It will be higher than the Fully Amortized Payment and you will never be required to make a payment in this amount.

Interest-Only Payment after Option Period: After the Option Period ends your interest-only payment will increase to an amount sufficient to cover all amount of interest due that month and will last through your 120th payment. This amount may vary depending upon the unpaid principal balance when the interest-only period goes into effect and may change as your interest rate adjusts as outlined above.

Fully-Amortized Period: Beginning with the 121st payment your monthly payment will increase to an amount sufficient to cover all of the interest due that month and to reduce your mortgage loan balance over the remaining term of your loan. **This increase is in addition to any increase resulting from adjustments to your interest rate.**

- Temporary Buydown:** Your loan also contains a temporary buydown feature. This means your initial monthly payment will be less than as outlined above for the first two years. You will still be obligated for the full monthly payment as stated above. However, a subsidy account has been established to supplement your initial monthly payment to equal the total payment due. Please refer to your temporary buydown agreement for complete details.
- Balloon Feature:** Your loan also contains a balloon feature. This means your monthly payment will not be sufficient to repay the debt in equal installments. You will be required to make a lump sum payment at the time of maturity.
- This loan has a **PREPAYMENT PENALTY**. This means that if you were to prepay your loan in part or full within _____ year(s), you may be required to pay a prepayment penalty fee in accordance with the terms outlined in your note and prepayment penalty document. This amount may be substantial. Please refer to your Prepayment Penalty Disclosure for details on your prepayment penalty.

I ACKNOWLEDGE RECEIPT OF THIS NOTICE.

3/23/07

Borrower J. KEITH SWINEY Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____

Borrower _____ Date _____ Borrower _____ Date _____

1 – Monthly payments do not include the cost of property taxes, homeowner's insurance, private mortgage insurance or any other monthly fees or costs.

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