

ADDITIONAL REQUIRED CALIFORNIA DISCLOSURES

I. Proposed Loan Amount: \$ _____

Initial Commissions, Fees, Costs and Expenses Summarized on Page 1: \$ _____

Payment of Other Obligations (List):

Credit Life and/or Disability Insurance (see XIV below) \$ _____

_____ \$ _____

_____ \$ _____

Subtotal of All Deductions: \$ _____

Estimated Cash at Closing **To You** **That you must pay** \$ _____

II. Proposed Loan Term: _____ Years Months

III. Proposed Interest Rate: _____% Fixed Rate Initial Adjustable Rate

Initial Adjustable Rate in effect for _____ Months

IV. Fully Indexed Interest Rate _____%

V. Maximum Interest Rate _____%

VI. Proposed Initial (Minimum) Loan Payment \$ _____ Monthly

VII. Interest Rate can Increase _____% each _____ Months

VIII. Payments Options end after _____ Months or _____% of Original Balance, whichever comes first

IX. After _____ months you will not have the option to make minimum or interest only payments and negative amortization (increases in your principal balance), if any, will no longer be allowed. Assuming you have made minimum payments, you may then have to make principal and interest payments of \$ _____ at the maximum interest rate in effect for the remaining _____ months of the loan. ***These payments will be significantly higher than the minimum or interest only payments.***

X. If your loan contains negative amortization, at the time no additional negative amortization will accrue, your loan balance will be \$ _____ assuming minimum payments are made.

XI. The loan is subject to a balloon payment: No Yes. If Yes, the following paragraph applies and a final balloon payment of \$ _____ will be due on ___/___/___ [estimated date (day/month/year)].

NOTICE TO BORROWER: IF YOU DO NOT HAVE THE FUNDS TO PAY THE BALLOON PAYMENT WHEN IT COMES DUE, YOU MAY HAVE TO OBTAIN A NEW LOAN AGAINST YOUR PROPERTY TO MAKE THE BALLOON PAYMENT. IN THAT CASE, YOU MAY AGAIN HAVE TO PAY COMMISSIONS, FEES, AND EXPENSES FOR THE ARRANGING OF THE NEW LOAN. IN ADDITION, IF YOU ARE UNABLE TO MAKE THE MONTHLY PAYMENTS OR THE BALLOON PAYMENT, YOU MAY LOSE THE PROPERTY AND ALL OF YOUR EQUITY THROUGH FORECLOSURE. KEEP THIS IN MIND IN DECIDING UPON THE AMOUNT AND TERMS OF THIS LOAN.

XII. Prepayments: The proposed loan has the following prepayment provisions:

No prepayment penalty (you will not be charged a penalty to pay off or refinance the loan before maturity)

You will have to pay a prepayment penalty if the loan is paid off or refinanced in the first _____ years. The prepayment penalty could be as much as \$ _____. Any prepayment of principal in excess of 20% of the

original loan balance or

unpaid balance

for the first _____ years will include a penalty not to exceed _____ months interest at the note interest rate but not more than the interest you would be charged if the loan were paid to maturity.

Other – you will have to pay a prepayment penalty if the loan is paid off or refinanced in the first _____ years as follows:

XIII. Taxes and Insurance:

There will be an impound (escrow) account which will collect approximately \$ _____ a month in addition to your principal and interest payments for the payment of county property taxes* hazard insurance mortgage insurance.

If there is no impound (escrow) account you will have to plan for the payment of county property taxes * and hazard insurance of approximately \$ _____ per year.

* In a purchase transaction, county property taxes are calculated based on the sales price of the property and may require the payment of an additional (supplemental) tax bill from the county tax authority by your lender (if escrowed) or you if not escrowed.

XIV. Credit Life and/or Disability Insurance: The purchase of credit life and/or disability insurance by a borrower is NOT required as a condition of making this proposed loan.

XV. Other Liens: Are there liens currently on this property for which the borrower is obligated? No Yes
If Yes, describe below:

<i>Lienholder's Name</i>	<i>Amount Owing</i>	<i>Priority</i>

Liens that will remain or are anticipated on this property after the proposed loan for which you are applying is made or arranged (including the proposed loan for which you are applying):

<i>Lienholder's Name</i>	<i>Amount Owing</i>	<i>Priority</i>

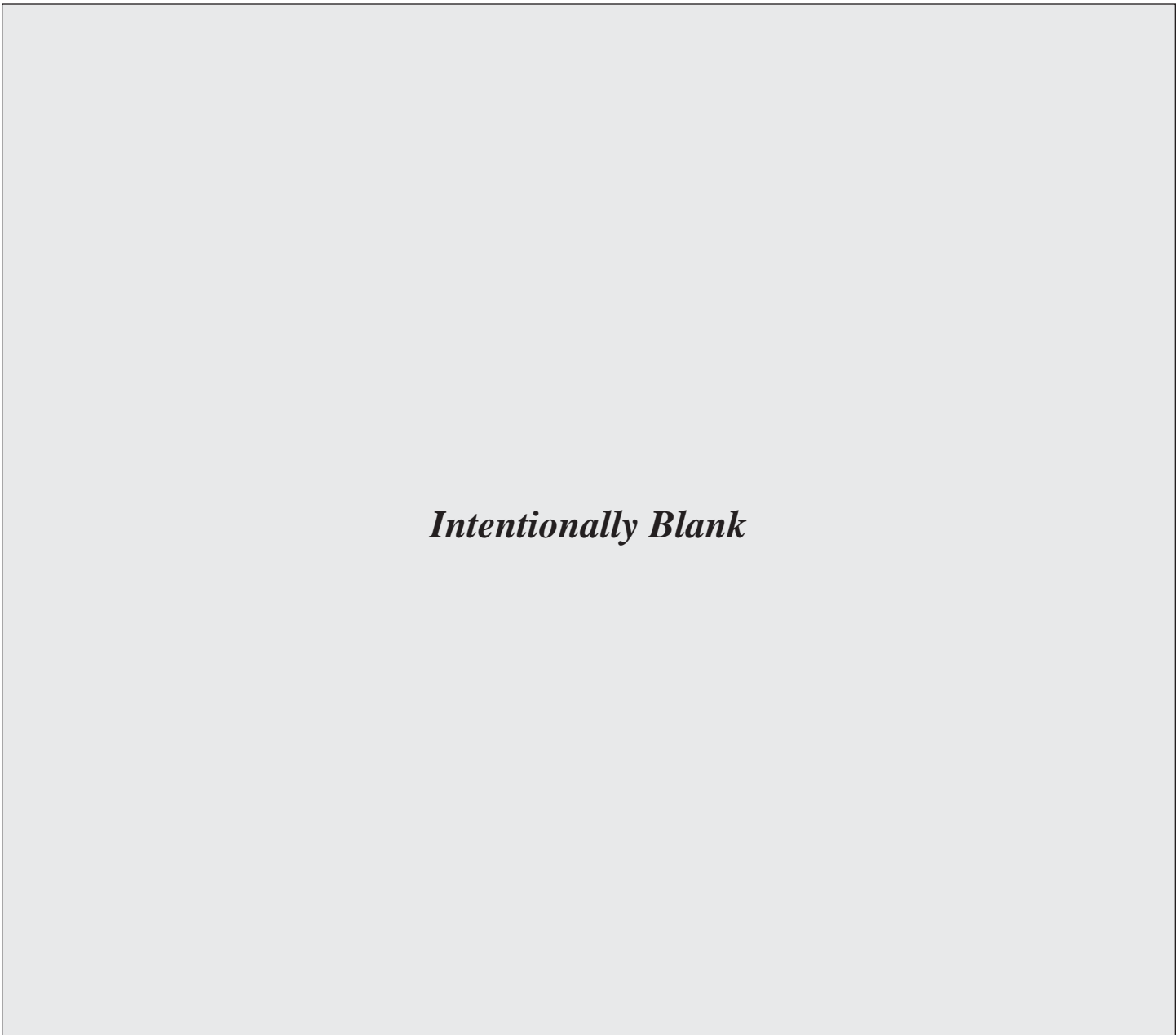
NOTICE TO BORROWER: Be sure that you state the amount of all liens as accurately as possible. If you contract with the broker to arrange this loan, but it cannot be arranged because you did not state these liens correctly, you may be liable to pay commissions, costs, fees, and expenses even though you do not obtain the loan.

XVI. Article 7 Compliance: If this proposed loan is secured by a first deed of trust in a principal amount of less than \$30,000 or secured by a junior lien in a principal amount of less than \$20,000, the undersigned broker certifies that the loan will be made in compliance with Article 7 of Chapter 3 of the Real Estate Law.

A. This loan may will will not be made wholly or in part from broker controlled funds as defined in Section 10241(j) of the Business and Professions Code.

B. If the broker indicates in the above statement that the loan “may” be made out of broker-controlled funds, the broker must inform the borrower prior to the close of escrow if the funds to be received by the borrower are in fact broker-controlled funds.

XVII. This loan is based on limited or no documentation of your income and/or assets and may have a higher interest rate, or more points or fees than other products requiring documentation: No Yes.



TYPICAL MORTGAGE TRANSACTIONS

PROPOSED LOAN AMOUNT \$ _____ ____-YEAR TERM	<u>Principal and Interest</u>	<u>Interest Only</u>	<u>5/1 ARM</u>	<u>Interest Only</u>	<u>Option Payment</u>	Proposed Loan Type of Loan:
	<i>Fully Amortizing</i>	<i>Fully Amortizing</i>	<i>Fully Amortizing</i>	<i>Fully Amortizing</i>	<i>Fully Amortizing</i>	Type of Amortization:
	Fixed Rate (____%)	Fixed Rate (____%) Interest Only for First 5 Years	Fixed Rate for First 5 Years; Adjustable Each Year After First 5 Years (Initial rate for 1 to 5 is ____%; Maximum Rate is ____%)	Interest Only and Fixed Rate for First 5 years; Adjustable Rate Each Year After First 5 Years (Initial rate for 1 to 5 is ____%; Maximum Rate is ____%)	Adjustable Rate for Entire Term of the Mortgage (Rate in month 1 is ____%; Rate in month 2 through year 5 is ____%; Maximum Rate is ____%)	Explanation of Type of Proposed Loan Product:

Payment Scenarios

Minimum Monthly Payment Years 1-5 except as noted	\$ _____*	\$ _____	\$ _____	\$ _____	\$ _____*** (1st year only)	\$ _____
Monthly Payment in Year 6 with no change in rates	\$ _____	\$ _____**	\$ _____	\$ _____	\$ _____	\$ _____
Monthly Payment in Year 6 with a 2% rise in rates	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Minimum Monthly Payment	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Your Gross Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Difference	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Maximum Monthly Payment in Year 6 with a 5% rise in rates	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Your Gross Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Difference	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Loan Balance Scenarios

How much will be owed after 5 years?	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Has the loan balance been reduced after 5 years of payments?	Yes The loan balance was reduced by \$ _____	No The loan balance was not reduced	Yes The loan balance was reduced by \$ _____	No The loan balance was not reduced	No The loan balance increased by \$ _____	No/Yes The loan balance: did not change/ increased/decreased by \$ _____

* This illustrates an interest rate and payments that are fixed for life of the loan.

** This illustrates payments that are fixed after the first five years of the loan at a higher amount because they include both principal and interest.

*** This illustrates minimum monthly payments that are based on an interest rate that is in effect during the first month only. The payments required during the first year will not be sufficient to cover all of the interest that is due when the rate increased in the second month of the loan. Any unpaid interest amount will be added to the loan balance. Minimum payments for years 2-5 are based on the higher interest rate in effect at the time, subject to any contract limits on payment increases. Minimum payments will be re-cast (recalculated) after 5 years, or when the loan balance reaches a certain limit, to cover both principal and interest at the applicable rate.

IMPORTANT NOTE: Please use this chart to discuss possible loans with your broker or lender

If a mortgage loan broker licensed by the California Department of Real Estate is acting as your agent in connection with your home loan/mortgage, the agent owes you certain fiduciary duties, and California statutory law imposes other duties.

XIX. NOTICE TO BORROWER: THIS IS NOT A LOAN COMMITMENT. Do not sign this statement until you have read and understood all of the information in it. All parts of this form must be completed before you sign. Borrower hereby acknowledges the receipt of a copy of this statement.

Name of Broker	License #	Broker's Representative	License #
Broker's Address			
Signature of Broker	Date	OR	Signature of Representative
Borrower	Date	Borrower	Date

Department of Real Estate license information telephone number: (916) 227-0931, or check license status at www.dre.ca.gov