

MORTGAGE BROKER COMPENSATION DISCLOSURE & LOAN ORIGATION AGREEMENT

The information in this disclosure is provided to clarify the nature of our relationship, my duties to you, and how I am to be compensated as a Mortgage Broker or Loan Officer. This disclosure is a requirement of the Texas Mortgage Broker License Act.

You, the applicant(s), agree to enter into this Mortgage Loan Origination Agreement with FINANCIERS[®] Mortgage Group, Inc. (F\$) to apply for a residential mortgage loan. After processing we will submit your loan application to a participating investor or lender which we may from time to time contract upon such terms as you may request or as the lender/investor may require.

We hope this will answer some of the most commonly asked questions about mortgages & how we are compensated.

Virtually all mortgages are now made with the capacity to be sold later. There are very few direct lenders left in business, and those, typically, are more expensive or are for specialty products or needs.

It will help you understand things better if you think of us as a department store. Just as a department store carries a number of different brands of jeans, we carry a number of different brands of money. Some brands of jeans fit skinny people, some fit larger people. In this manner the department store has jeans for almost every body, in the same way we have loans for almost everybody. We have different prices and different terms to fit almost every situation.

The **You Have a Choice!** section shows how points affect interest rates & how interest rates affect your monthly payments.

SECTION 1. NATURE OF RELATIONSHIP. In connection with your mortgage loan F\$ is acting as an independent contractor and not as your Agent. F\$ has also entered into separate independent contractor agreements with various investors. While we seek to assist you in meeting your financial needs, F\$ does not distribute the products of every lender and investor in the market and therefore cannot guarantee the absolute lowest price or best terms available in the market.

SECTION 2. OUR COMPENSATION. The investors whose loan products we distribute generally provide their loan products to us at a wholesale rate. The retail price F\$ offers you - your interest rate, total points and fees - will include our compensation. We are very open and are not disinclined to tell you that we attempt to maintain a 2-3% profit margin dependent upon the complexity and work necessary to facilitate loan approval. If a Builder has directed you to us, they may also require compensation in return for maintaining their seller concessions such as paying title policy &/or decorator allowances. In some cases, F\$ may be paid all of our compensation by either you or the investor. Alternatively, we may be paid a portion of our compensation by both you and the investor. (as in the 7.625% example below) In some cases, if you would rather pay less up-front, you may be able to pay a higher interest rate in which case we would be paid totally by the lender (as in the 7.75% example below). Conversely a lower interest rate would require higher up front points and fees (as in the 7.5% example below). F\$ may also be compensated by the lender based on other goods, services, or facilities performed or provided by us to the lender.

You have a choice!

Most people are aware that points exist, but are not aware of how points affect interest rate & monthly payments. As you can see in the simplistic example below of a \$100,000 loan amortized over 30 years, the more points you pay, the lower your interest rate - BUT the higher your out of pocket costs. This is because each point paid costs you an amount that is equal to 1% of the loan amount. (\$100,000 loan X 1% (1 point) = \$1,000)

Interest Rate	POINTS	P & I PAYMENT	F\$ COMPENSATION PAID BY:
7.375%	2 + 1	\$690.68	(BUYER pays F\$ 3%. F\$ keeps 2% and pays WHOLESALER 1%)
7.5%	1 + 1	\$699.21	(BUYER pays F\$ 2%)
7.625%	0 + 1	\$707.79	The most common option (Compensation is SPLIT by Buyer & Wholesaler - Buyer pays 1% origination fee and Wholesaler pays F\$ 1%)
7.75%	0 + 0	\$716.41	(WHOLESALER pays F\$ 2%)
7.875%	(1) + 0	\$725.07	(WHOLESALER pays F\$ 3%. F\$ keeps 2% and pays BUYER 1% which can be used to cover some of your closing costs or prepaid items)

*The above example is designed to help you understand the concept and is not representative of today's rates.

Which is the best choice for you?

That depends upon your situation & the interest rate structure at the time you lock your loan. In the above example, if you were to buy your rate down from 7.625% to 7.5% you would have a savings of \$8.58 a month, but you would also have a cost of 1 point or \$1,000. It would take over 116 months (almost 10 years) to recover this \$1,000 @ \$8.58 savings a month. This means you must look at how long you intend to stay in this home. Keep in mind that any points you decide to pay will be in addition to your downpayment, normal closing costs & prepaid items.

FEE DISCLOSURES

FINANCIERS[®] Mortgage Group thanks you for the opportunity to serve you in your efforts to secure a mortgage loan. In the interests of clarity and good will, we would like you to clearly understand the following:

Since we are paid after the fact, we cannot commit the time and resources to do the work necessary to secure you a mortgage loan unless you also commit to us. In good faith FINANCIERS[®] Mortgage Group is using its resources in an attempt to secure a mortgage loan for you. You understand you have not entered into an Agency relationship with F\$ and neither F\$ or its Investors have made a commitment to lend you money for your mortgage loan. Our Investors consider many variables in evaluating credit and property approval, consequently, we cannot make any approval guarantees in advance. F\$ & the Investors reserve the right to reject any loan requests that do not meet acceptable lending standards. Since we cannot control the decisions of our investors, you agree to hold us harmless in the event your loan request is denied.

If we are unable to secure approval of your loan application, F\$ will be more than willing to cooperate with any other lender who may be interested in looking at your loan and we will transfer your loan application package to such lender free of charge (any fees owed to us must, of course, be paid). If at any time PRIOR to a final determination regarding your loan application you should, for any reason, wish to transfer your loan file or simply decide to close through another company OR, if after your loan is substantially processed &/or approved you decide not to close at all, you understand and agree to promptly pay F\$ 2% of the loan amount in addition to any sums you may have already paid as liquidated damages for the time and expenses incurred by us in the processing of your loan application. If these damages have not been paid by the time of loan closing, you authorize the title company to collect these monies for us at any subsequent closing. **In the event it becomes necessary, you authorize us to record this instrument as a lien against your present or future home.**

In addition you also agree to reimburse F\$ for any other expenses we may have incurred due to your instructions to process &/or close your loan. Furthermore, you agree to bear any costs incurred by F\$ in collecting said fees, including, without limitation, reasonable attorney fees.

In connection with your mortgage loan application, the amount we need to begin processing your loan is:

APPLICATION FEE \$ _____

The charge for setting up your loan application ordering the appraisal, credit reports, processing your loan and working with you to present your loan information in the most favorable light. *This fee is non-refundable.*

EXTRA DOCUMENTATION \$ _____

If your loan will require extra documentation there will be an additional charge. This fee will be for actual expenses or based upon your credit scores (as they give us an idea of the work and time that will be involved in processing your loan).

LOWEST CREDIT SCORE

580 - 619	\$200
530 - 579	\$300
below 530	\$500

This fee is non-refundable.

AUTOMATED UW \$ _____

Charges for Automated or Computerized Underwriting.

VERIF CHARGES \$ _____

Some Banks &/or Employers charge a \$10- \$20 fee or require the use of 900# to verify your info. In lieu of Bank verifs we can sometimes use the most recent 3 bank statements. (VA will not accept bank statements) *Once spent, this fee is non-refundable.* **These estimated fees will also be shown on the Good Faith Estimate which we are providing to you now or which we will provide you within three (3) days in accordance with the requirements of the Real Estate Settlement Procedures Act and its implementing regulations.**

_____ Initial if you would prefer to furnish bank statements. Bank statements are not an option if the money needed to close has not been reported on your last bank statement.

TOTAL \$ _____

Date: _____

Borrower: _____

Co-Borrower: _____

Mortgage Broker or Loan Officer: _____ License Number: _____

COMPLAINTS REGARDING MORTGAGE BROKERS OR LOAN OFFICERS MUST BE SIGNED AND SENT TO THE TEXAS SAVINGS AND LOAN DEPARTMENT. 2601 NORTH LAMAR, SUITE 201, AUSTIN, TEXAS 78705. A TOLL FREE CONSUMER HOTLINE IS AVAILABLE AT (877) 276-5550.