RESPA DISCLOSURES

NOTICE TO MORTGAGE LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED. FEDERAL LAW GIVES YOU CERTAIN RIGHTS. READ THIS STATEMENT AND SIGN ONLY IF YOU UNDERSTAND ITS CONTENTS.

Because you are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. 2601 et. seq.) you have certain rights under federal law. This statement tells you about those rights. It also tells you what the chances are that the Servicing for this loan may be transferred to different loan servicer. "Servicing" refers to collecting your principal, interest and escrow account payments. If the loan servicer changes, there are certain procedures that must be followed. This statement generally explains those procedures.

Transfer Practices and Requirements:

If the servicing of your loan is assigned, sold, or transferred to a new servicer, you must be given written notice of that transfer. The present loan servicer must send you notice in writing of the assignment, sale or transfer of the servicing not less than 15 days before the effective date of the transfer. The new loan servicer must also send you notice within 15 days after the effective date of transfer. The present servicer and the new servicer may combine this information in one notice, so long as the notice is sent to you 15 days before the effective date of transfer. The 15 day period is not applicable if a notice of prospective transfer is provided to you at settlement. Notices must contain certain information. They must contain the effective date of the transfer of the servicing of your loan to the new servicer, the name, address, and toll-free or collect-call telephone number of the new servicer, and toll-free or collect-call telephone numbers of a person or a department for both your present and your new servicer to answer you questions about the transfer of servicing. During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late, and a late fee may not be imposed on you.

Complaint Resolution:

Section 6 of RESPA (12 U.S.C. 2605) gives you certain rights, whether or not your loan servicing is transferred. If you send a "qualified written request" to your loan servicer concerning the servicing of your loan, your servicer must provide you with a written acknowledgment within 30 business days of receipt of your request. A "qualified written request" is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, which includes your name and account number and your reasons for the request. Not later than 60 business days after receiving your request, your servicer must make any appropriate corrections to your account, and must provide you with a written clarification regarding any dispute. During this 60 day period, your servicer may not provide information to a consumer credit reporting agency concerning any overdue payment related to such period or qualified written request.

Damages and Costs:

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that Section.

Servicing Transfer Estimates by Original Lender:

The following is the best estimate of what will happen to the servicing of your mortgage loan:

FINANCIER$ DOES NOT SERVICE MORTGAGE LOANS. We intend to assign, sell or transfer the servicing of your loan to another party. You will be notified at settlement regarding the servicer.

This is our record of transferring the servicing of the loans we have made in the past:

YEAR	PERCENTAGE OF LOANS TRANSFERRED (Rounded to the nearest quarter - 0%, .25%, 50%, 75%, 100%)
2002 thru 2006	76-100%

This is only our best estimate and it is not binding. Business conditions or other circumstances may affect our future transferring decisions. The estimates above do not include transfers to affiliates or subsidiaries. If the servicing of your loan is transferred to an affiliate or subsidiary in the future, you will be notified in accordance with RESPA.

VOLUNTARY PREPAYMENT OF ESCROWS

❑ New Home Construction or Over 65 Tax Exemption

The U.S. Department of Housing and Urban Development (HUD) amended the existing Real Estate Settlement Procedures Act (RESPA) effective May 24, 1995 for all new loans and establishes specific guidelines on the amount we are required to collect for the payment of taxes during the coming year. **If we follow these requirements, in certain situations, you could experience a significant increase in the amount of your payment next year.** To avoid a **substantial increase**, or to minimize the amount of any increase, you can elect to VOLUNTARILY pay a higher escrow deposit in the first year's payment.

Newly constructed homes may require property taxes to be collected based upon unimproved assessments (lot value only, not lot + house value). Pre-existing homes may require property taxes to be collected based upon OVER 65 exemptions. Later, when the taxing authority fully assesses the value based upon improved assessments (add the value of your home or removes the OVER 65 exemption), your escrow account will be adjusted accordingly to cover the resulting shortage. Your payment can increase dramatically at this time! If you choose to do so, your initial payments can be figured based upon an estimate of the higher tax rate to minimize this payment shock.

❑ **YES** I VOLUNTARILY elect to pay escrow deposits based upon the higher estimate of "improved" tax assessment or with the removal of the OVER 65 exemption. I understand that it is still possible to have an escrow shortage next year because the amount collected is based upon an estimate.

❑ **NO** I do not choose to pay escrow deposits based upon the higher amount. I understand that I will have a substantial payment increase next year and may have to pay the shortage in cash. Sometimes this escrow shortage can be prorated over 12 monthly installments but this would result in an even larger payment increase next year. Choosing to spread the escrow shortage over a 12 month period would have the net effect of paying 2 years worth of taxes in one year's payment. If you choose this option you should set aside additional funds monthly to pay these taxes when they come due.

❑ **Disclaimer** If you choose not to pay the larger escrow deposit, you need to prepare yourself for the **LUMP SUM** payment of a full year's taxes at the end of the calendar year & a full year's renewal of insurance at the anniversary date of closing.

❑ **WAIVE ESCROWS** I would prefer to pay my own escrows. I realize this privilege varies by loan type and situation and may not be available to me. "A" loans with at least **20% downpayment** may allow you to pay your own taxes and insurance but they typically **charge extra for this privilege**. " B" loans usually **require** you to pay your own taxes and insurance.

ACKNOWLEDGMENT OF MORTGAGE LOAN APPLICANT:

I/We have read this disclosure form and understand its contents as evidenced by my/our signatures below. I/We understand that this acknowledgment is a required part of the mortgage loan application.

Dated: ______________________________

______________________________ Borrower

______________________________ Co-Borrower

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