

DATE:  
BORROWER:  
LOAN #:  
PROPERTY ADDRESS:

INTEREST FIRST FEATURE DISCLOSURE

This disclosure contains important information about your loan and the InterestFirst Feature. You should read it carefully and keep a copy for your records.

You have applied for a loan that provides for monthly payments of interest-only during the first 10 years, followed by monthly payments of principal and interest for the remaining years of the loan. The InterestFirst Feature on your loan provides you with the following benefits.

- Lower monthly payments during the first 10 years of your loan.
- Potential tax benefits from extra mortgage interest deductions on your loan. Ask your tax adviser for advise on tax implications for you.

During the interest-only period, the monthly payment will not reduce the principal balance that is outstanding on your loan. After the interest-only period, your monthly payments will be higher during the remaining term of the loan to cover principal and interest. Your Amortization Schedule shows the change in your monthly payment after the interest-only period. With the InterestFirst Feature, you will pay more mortgage interest over the life of the loan than you would with a 30-year fixed rate mortgage.

If your loan includes mortgage insurance, the InterestFirst Feature may delay the date on which you are eligible to cancel your mortgage insurance.

If you make a partial prepayment during the period when your monthly payments consist only of interest, the amount of the monthly payment will decrease for the remainder of the term in which the payments consist only of interest. Prepayment amounts received by the 20<sup>th</sup> of the month will decrease the payment due the next month. Prepayment amounts received after the 20<sup>th</sup> will affect the payment due the second month following receipt of the prepayment.

If a partial prepayment is made during the period when your payments consist of principal and interest, the amount of your monthly payment will not decrease; however, the principal and interest required under the Note will be paid prior to the Maturity Date.

I acknowledge that I have read and understand the information about the InterestFirst Feature and voluntarily elect this feature.

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Applicant Date

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