

## Uniform Residential Loan Application

**Verify and complete the information on this application.** If you are applying for this loan with others, each additional Borrower must provide information as directed by your Lender.

**Section 1: Borrower Information.** This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

### 1a. Personal Information

<b>Name</b> (First, Middle, Last, Suffix) _____	<b>Social Security Number</b> _____ (or Individual Taxpayer Identification Number) _____
<b>Alternate Names</b> – List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix) _____	<b>Date of Birth</b> (mm/dd/yyyy) _____ / _____ / _____ <b>Citizenship</b> <input type="radio"/> U.S. Citizen <input type="radio"/> Permanent Resident Alien <input type="radio"/> Non-Permanent Resident Alien
<b>Type of Credit</b> <input type="radio"/> I am applying for <b>individual credit</b> . <input type="radio"/> I am applying for <b>joint credit</b> . Total Number of Borrowers: _____ Each Borrower intends to apply for joint credit. <b>Your initials:</b> _____	<b>List Name(s) of Other Borrower(s) Applying for this Loan</b> (First, Middle, Last, Suffix) – Use a separator between names _____

<b>Marital Status</b> <input type="radio"/> Married <input type="radio"/> Separated <input type="radio"/> Unmarried (Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship)	<b>Dependents</b> (not listed by another Borrower) Number _____ Ages _____	<b>Contact Information</b> <b>Home Phone</b> (____) _____ – _____ <b>Cell Phone</b> (____) _____ – _____ <b>Work Phone</b> (____) _____ – _____ <b>Ext.</b> _____ <b>Email</b> _____
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**Current Address**  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_  
How Long at Current Address? \_\_\_\_ Years \_\_\_\_ Months **Housing** ☐ No primary housing expense ☐ Own ☐ Rent (\$ \_\_\_\_\_ /month)

**If at Current Address for LESS than 2 years, list Former Address** ☐ **Does not apply**  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_  
How Long at Former Address? \_\_\_\_ Years \_\_\_\_ Months **Housing** ☐ No primary housing expense ☐ Own ☐ Rent (\$ \_\_\_\_\_ /month)

**Mailing Address** – if different from Current Address ☐ **Does not apply**  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_

### 1b. Current Employment/Self-Employment and Income

☐ **Does not apply**

<b>Employer or Business Name</b> _____ Phone (____) _____ – _____ Street _____ Unit # _____ City _____ State _____ ZIP _____ Country _____	<b>Gross Monthly Income</b> Base \$ _____ /month Overtime \$ _____ /month Bonus \$ _____ /month Commission \$ _____ /month Military Entitlements \$ _____ /month Other \$ _____ /month <b>TOTAL \$</b> _____ /month
<b>Position or Title</b> _____ <b>Start Date</b> ____ / ____ / ____ (mm/dd/yyyy) How long in this line of work? ____ Years ____ Months	<b>Check if this statement applies:</b> <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.
<input type="checkbox"/> <b>Check if you are the Business Owner or Self-Employed</b> <input type="radio"/> I have an ownership share of less than 25%. <b>Monthly Income (or Loss)</b> \$ _____ <input type="radio"/> I have an ownership share of 25% or more. \$ _____	

**1c. IF APPLICABLE, Complete Information for Additional Employment/Self-Employment and Income**☐ Does not apply

**Employer or Business Name** \_\_\_\_\_ Phone (\_\_\_\_) \_\_\_\_ - \_\_\_\_  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_

**Position or Title** \_\_\_\_\_**Start Date** \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (mm/dd/yyyy)

How long in this line of work? \_\_\_\_ Years \_\_\_\_ Months

**Check if this statement applies:**☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.

☐ **Check if you are the Business Owner or Self-Employed** ☐ I have an ownership share of less than 25%. **Monthly Income (or Loss)**  
☐ I have an ownership share of 25% or more. \$ \_\_\_\_\_

**Gross Monthly Income**

Base \$ \_\_\_\_\_ /month  
Overtime \$ \_\_\_\_\_ /month  
Bonus \$ \_\_\_\_\_ /month  
Commission \$ \_\_\_\_\_ /month  
Military Entitlements \$ \_\_\_\_\_ /month  
Other \$ \_\_\_\_\_ /month  
**TOTAL \$** \_\_\_\_\_ /month

**1d. IF APPLICABLE, Complete Information for Previous Employment/Self-Employment and Income**☐ Does not apply**Provide at least 2 years of current and previous employment and income.**

**Employer or Business Name** \_\_\_\_\_  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_

**Position or Title** \_\_\_\_\_**Start Date** \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (mm/dd/yyyy)**End Date** \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (mm/dd/yyyy)☐ **Check if you were the Business Owner or Self-Employed****Previous Gross Monthly Income \$** \_\_\_\_\_ /month**1e. Income from Other Sources**☐ Does not apply**Include income from other sources below. Under Income Source, choose from the sources listed here:**

• Alimony	• Child Support	• Interest and Dividends	• Notes Receivable	• Royalty Payments	• Unemployment
• Automobile Allowance	• Disability	• Mortgage Credit Certificate	• Public Assistance	• Separate Maintenance	Benefits
• Boarder Income	• Foster Care	• Mortgage Differential	• Retirement	• Social Security	• VA Compensation
• Capital Gains	• Housing or Parsonage	Payments	(e.g., Pension, IRA)	• Trust	• Other

**NOTE:** Reveal alimony, child support, separate maintenance, or other income ONLY IF you want it considered in determining your qualification for this loan.

Income Source – use list above	Monthly Income
	\$
	\$
	\$
	\$
<b>Provide TOTAL Amount Here</b>	<b>\$</b>

**Borrower Name:** \_\_\_\_\_

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**Section 2: Financial Information — Assets and Liabilities.** This section asks about things you own that are worth money and that you want considered to qualify for this loan. It then asks about your liabilities (or debts) that you pay each month, such as credit cards, alimony, or other expenses.

**2a. Assets – Bank Accounts, Retirement, and Other Accounts You Have**

**Include all accounts below. Under Account Type, choose from the types listed here:**

- Checking
- Savings
- Money Market
- Certificate of Deposit
- Mutual Fund
- Stocks
- Stock Options
- Bonds
- Retirement (e.g., 401k, IRA)
- Bridge Loan Proceeds
- Individual Development Account
- Trust Account
- Cash Value of Life Insurance (used for the transaction)

Account Type – use list above	Financial Institution	Account Number	Cash or Market Value
			\$
			\$
			\$
			\$
			\$
Provide TOTAL Amount Here			\$

**2b. Other Assets and Credits You Have**

☐ Does not apply

**Include all other assets and credits below. Under Asset or Credit Type, choose from the types listed here:**

- Assets*

  - Proceeds from Real Estate
  - Property to be sold on or before closing
  - Proceeds from Sale of Non-Real Estate Asset
  - Secured Borrowed Funds
  - Unsecured Borrowed Funds
  - Other

*Credits*

  - Earnest Money
  - Employer Assistance
  - Lot Equity
  - Relocation Funds
  - Rent Credit
  - Sweat Equity
  - Trade Equity

Asset or Credit Type – use list above	Cash or Market Value
	\$
	\$
	\$
	\$
Provide TOTAL Amount Here	\$

**2c. Liabilities – Credit Cards, Other Debts, and Leases that You Owe**

☐ Does not apply

**List all liabilities below (except real estate) and include deferred payments. Under Account Type, choose from the types listed here:**

- Revolving (e.g., credit cards)
- Installment (e.g., car, student, personal loans)
- Open 30-Day (balance paid monthly)
- Lease (not real estate)
- Other

Account Type – use list above	Company Name	Account Number	Unpaid Balance	To be paid off at or before closing	Monthly Payment
			\$	<input type="checkbox"/>	\$
			\$	<input type="checkbox"/>	\$
			\$	<input type="checkbox"/>	\$
			\$	<input type="checkbox"/>	\$
			\$	<input type="checkbox"/>	\$

**2d. Other Liabilities and Expenses**

☐ Does not apply

**Include all other liabilities and expenses below. Choose from the types listed here:**

Account Type – use list above	Monthly Payment
• Alimony • Child Support • Separate Maintenance • Job Related Expenses • Other	\$
	\$
	\$

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**Section 3: Financial Information — Real Estate.** This section asks you to list all properties you currently own and what you owe on them. ☐ *I do not own any real estate*

**3a. Property You Own**

If you are refinancing, list the property you are refinancing FIRST.

Address Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_

Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. <i>if not included in Monthly Mortgage Payment</i>	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$			\$	\$	\$

Mortgage Loans on this Property ☐ Does not apply

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance <i>To be paid off at or before closing</i>	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit <i>(if applicable)</i>
		\$	\$ <input type="checkbox"/>		\$
		\$	\$ <input type="checkbox"/>		\$

**3b. IF APPLICABLE, Complete Information for Additional Property**

☐ Does not apply

Address Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_

Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. <i>if not included in Monthly Mortgage Payment</i>	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$			\$	\$	\$

Mortgage Loans on this Property ☐ Does not apply

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance <i>To be paid off at or before closing</i>	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit <i>(if applicable)</i>
		\$	\$ <input type="checkbox"/>		\$
		\$	\$ <input type="checkbox"/>		\$

**3c. IF APPLICABLE, Complete Information for Additional Property**

☐ Does not apply

Address Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_

Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. <i>if not included in Monthly Mortgage Payment</i>	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$			\$	\$	\$

Mortgage Loans on this Property ☐ Does not apply

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance <i>To be paid off at or before closing</i>	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit <i>(if applicable)</i>
		\$	\$ <input type="checkbox"/>		\$
		\$	\$ <input type="checkbox"/>		\$

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## Section 4: Loan and Property Information.

This section asks about the loan's purpose and the property you want to purchase or refinance.

### 4a. Loan and Property Information

**Loan Amount** \$ \_\_\_\_\_ **Loan Purpose** ☐ Purchase ☐ Refinance ☐ Other (specify) \_\_\_\_\_

**Property Address** Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ County \_\_\_\_\_  
Number of Units \_\_\_\_\_ **Property Value** \$ \_\_\_\_\_

**Occupancy** ☐ Primary Residence ☐ Second Home ☐ Investment Property **FHA Secondary Residence** ☐

**1. Mixed-Use Property.** If you will occupy the property, will you set aside space within the property to operate your own business? (e.g., daycare facility, medical office, beauty/barber shop) ☐ NO ☐ YES

**2. Manufactured Home.** Is the property a manufactured home? (e.g., a factory built dwelling built on a permanent chassis) ☐ NO ☐ YES

### 4b. Other New Mortgage Loans on the Property You are Buying or Refinancing

☐ Does not apply

Creditor Name	Lien Type	Monthly Payment	Loan Amount/ Amount to be Drawn	Credit Limit (if applicable)
	<input type="radio"/> First Lien <input type="radio"/> Subordinate Lien	\$ _____	\$ _____	\$ _____
	<input type="radio"/> First Lien <input type="radio"/> Subordinate Lien	\$ _____	\$ _____	\$ _____

### 4c. Rental Income on the Property You Want to Purchase

**For Purchase Only** ☐ Does not apply

Complete if the property is a 2-4 Unit Primary Residence or an Investment Property	Amount
Expected Monthly Rental Income	\$ _____
<b>For LENDER to calculate:</b> Expected Net Monthly Rental Income	\$ _____

### 4d. Gifts or Grants You Have Been Given or Will Receive for this Loan

☐ Does not apply

Include all gifts and grants below. Under Source, choose from the sources listed here:

- Community Nonprofit
- Federal Agency
- Relative
- State Agency
- Lender
- Employer
- Local Agency
- Religious Nonprofit
- Unmarried Partner
- Other

Asset Type: Cash Gift, Gift of Equity, Grant	Deposited/Not Deposited	Source – use list above	Cash or Market Value
	<input type="radio"/> Deposited <input type="radio"/> Not Deposited		\$ _____
	<input type="radio"/> Deposited <input type="radio"/> Not Deposited		\$ _____

**Borrower Name:** \_\_\_\_\_

**Section 5: Declarations.** This section asks you specific questions about the property, your funding, and your past financial history.

**5a. About this Property and Your Money for this Loan**

<b>A.</b> Will you occupy the property as your primary residence? If YES, have you had an ownership interest in another property in the last three years? If YES, complete (1) and (2) below: (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)? (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?	<input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES _____ _____
<b>B.</b> If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property?	<input type="radio"/> NO <input type="radio"/> YES
<b>C.</b> Are you borrowing any money for this real estate transaction ( <i>e.g., money for your closing costs or down payment</i> ) or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application? If YES, what is the amount of this money?	<input type="radio"/> NO <input type="radio"/> YES \$ _____
<b>D.</b> 1. Have you or will you be applying for a mortgage loan on another property (not the property securing this loan) on or before closing this transaction that is not disclosed on this loan application? 2. Have you or will you be applying for any new credit ( <i>e.g., installment loan, credit card, etc.</i> ) on or before closing this loan that is not disclosed on this application?	<input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES
<b>E.</b> Will this property be subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid through your property taxes ( <i>e.g., the Property Assessed Clean Energy Program</i> )?	<input type="radio"/> NO <input type="radio"/> YES

**5b. About Your Finances**

<b>F.</b> Are you a co-signer or guarantor on any debt or loan that is not disclosed on this application?	<input type="radio"/> NO <input type="radio"/> YES
<b>G.</b> Are there any outstanding judgments against you?	<input type="radio"/> NO <input type="radio"/> YES
<b>H.</b> Are you currently delinquent or in default on a Federal debt?	<input type="radio"/> NO <input type="radio"/> YES
<b>I.</b> Are you a party to a lawsuit in which you potentially have any personal financial liability?	<input type="radio"/> NO <input type="radio"/> YES
<b>J.</b> Have you conveyed title to any property in lieu of foreclosure in the past 7 years?	<input type="radio"/> NO <input type="radio"/> YES
<b>K.</b> Within the past 7 years, have you completed a pre-foreclosure sale or short sale, whereby the property was sold to a third party and the Lender agreed to accept less than the outstanding mortgage balance due?	<input type="radio"/> NO <input type="radio"/> YES
<b>L.</b> Have you had property foreclosed upon in the last 7 years?	<input type="radio"/> NO <input type="radio"/> YES
<b>M.</b> Have you declared bankruptcy within the past 7 years? If YES, identify the type(s) of bankruptcy: <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13	<input type="radio"/> NO <input type="radio"/> YES

**Borrower Name:** \_\_\_\_\_

## Section 6: Acknowledgments and Agreements.

This section tells you about your legal obligations when you sign this application.

### Acknowledgments and Agreements

#### Definitions:

- "Lender" includes the Lender's agents, service providers, and any of their successors and assigns.
- "Other Loan Participants" includes (i) any actual or potential owners of a loan resulting from this application (the "Loan"), (ii) acquirers of any beneficial or other interest in the Loan, (iii) any mortgage insurer, (iv) any guarantor, (v) any servicer of the Loan, and (vi) any of these parties' service providers, successors or assigns.

#### I agree to, acknowledge, and represent the following:

##### (1) The Complete Information for this Application

- The information I have provided in this application is true, accurate, and complete as of the date I signed this application.
- If the information I submitted changes or I have new information before closing of the Loan, I must change and supplement this application, including providing any updated/supplemented real estate sales contract.
- For purchase transactions: The terms and conditions of any real estate sales contract signed by me in connection with this application are true, accurate, and complete to the best of my knowledge and belief. I have not entered into any other agreement, written or oral, in connection with this real estate transaction.
- The Lender and Other Loan Participants may rely on the information contained in the application before and after closing of the Loan.
- Any intentional or negligent misrepresentation of information may result in the imposition of:
  - (a) civil liability on me, including monetary damages, if a person suffers any loss because the person relied on any misrepresentation that I have made on this application, and/or
  - (b) criminal penalties on me including, but not limited to, fine or imprisonment or both under the provisions of Federal law (18 U.S.C. §§ 1001 *et seq.*).

##### (2) The Property's Security

The Loan I have applied for in this application will be secured by a mortgage or deed of trust which provides the Lender a security interest in the property described in this application.

##### (3) The Property's Appraisal, Value, and Condition

- Any appraisal or value of the property obtained by the Lender is for use by the Lender and Other Loan Participants.
- The Lender and Other Loan Participants have not made any representation or warranty, express or implied, to me about the property, its condition, or its value.

##### (4) Electronic Records and Signatures

- The Lender and Other Loan Participants may keep any paper record and/or electronic record of this application, whether or not the Loan is approved.

- If this application is created as (or converted into) an "electronic application", I consent to the use of "electronic records" and "electronic signatures" as the terms are defined in and governed by applicable Federal and/or state electronic transactions laws.
- I intend to sign and have signed this application either using my:
  - (a) electronic signature; or
  - (b) a written signature and agree that if a paper version of this application is converted into an electronic application, the application will be an electronic record, and the representation of my written signature on this application will be my binding electronic signature.
- I agree that the application, if delivered or transmitted to the Lender or Other Loan Participants as an electronic record with my electronic signature, will be as effective and enforceable as a paper application signed by me in writing.

##### (5) Delinquency

- The Lender and Other Loan Participants may report information about my account to credit bureaus. Late payments, missed payments, or other defaults on my account may be reflected in my credit report and will likely affect my credit score.
- If I have trouble making my payments I understand that I may contact a HUD-approved housing counseling organization for advice about actions I can take to meet my mortgage obligations.

##### (6) Authorization for Use and Sharing of Information

By signing below, in addition to the representations and agreements made above, I expressly authorize the Lender and Other Loan Participants to obtain, use, and share with each other (i) the loan application and related loan information and documentation, (ii) a consumer credit report on me, and (iii) my tax return information, as necessary to perform the actions listed below, for so long as they have an interest in my loan or its servicing:

- (a) process and underwrite my loan;
- (b) verify any data contained in my consumer credit report, my loan application and other information supporting my loan application;
- (c) inform credit and investment decisions by the Lender and Other Loan Participants;
- (d) perform audit, quality control, and legal compliance analysis and reviews;
- (e) perform analysis and modeling for risk assessments;
- (f) monitor the account for this loan for potential delinquencies and determine any assistance that may be available to me; and
- (g) other actions permissible under applicable law.

**Borrower Signature** \_\_\_\_\_ **Date (mm/dd/yyyy)** \_\_\_\_/\_\_\_\_/\_\_\_\_

**Additional Borrower Signature** \_\_\_\_\_ **Date (mm/dd/yyyy)** \_\_\_\_/\_\_\_\_/\_\_\_\_

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## Section 7: Military Service.

This section asks questions about your (or your deceased spouse's) military service.

### Military Service of Borrower

**Military Service** – Did you (or your deceased spouse) ever serve, or are you currently serving, in the United States Armed Forces? ☐ NO ☐ YES

If YES, check all that apply:

- ☐ Currently serving on active duty with projected expiration date of service/tour \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (mm/dd/yyyy)
- ☐ Currently retired, discharged, or separated from service
- ☐ Only period of service was as a non-activated member of the Reserve or National Guard
- ☐ Surviving spouse

## Section 8: Demographic Information.

This section asks about your ethnicity, sex, and race.

### Demographic Information of Borrower

**The purpose of collecting this information** is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "Ethnicity" and one or more designations for "Race." **The law provides that we may not discriminate** on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

#### Ethnicity: Check one or more

- ☐ Hispanic or Latino
  - ☐ Mexican ☐ Puerto Rican ☐ Cuban
  - ☐ Other Hispanic or Latino – Print origin: \_\_\_\_\_

*For example: Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.*

- ☐ Not Hispanic or Latino
- ☐ I do not wish to provide this information

#### Sex

- ☐ Female
- ☐ Male
- ☐ I do not wish to provide this information

#### Race: Check one or more

- ☐ American Indian or Alaska Native – Print name of enrolled or principal tribe: \_\_\_\_\_

#### ☐ Asian

- ☐ Asian Indian ☐ Chinese ☐ Filipino
- ☐ Japanese ☐ Korean ☐ Vietnamese
- ☐ Other Asian – Print race: \_\_\_\_\_

*For example: Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.*

- ☐ Black or African American
- ☐ Native Hawaiian or Other Pacific Islander
  - ☐ Native Hawaiian ☐ Guamanian or Chamorro ☐ Samoan
  - ☐ Other Pacific Islander – Print race: \_\_\_\_\_

*For example: Fijian, Tongan, and so on.*

- ☐ White
- ☐ I do not wish to provide this information

### To Be Completed by Financial Institution (for application taken in person):

- Was the ethnicity of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES
- Was the sex of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES
- Was the race of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES

### The Demographic Information was provided through:

- ☐ Face-to-Face Interview (includes Electronic Media w/ Video Component) ☐ Telephone Interview ☐ Fax or Mail ☐ Email or Internet

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## Section 9: Loan Originator Information.

To be completed by your **Loan Originator**.

### Loan Originator Information

Loan Originator Organization Name \_\_\_\_\_

Address \_\_\_\_\_

Loan Originator Organization NMLSR ID# \_\_\_\_\_ State License ID# \_\_\_\_\_

Loan Originator Name \_\_\_\_\_

Loan Originator NMLSR ID# \_\_\_\_\_ State License ID# \_\_\_\_\_

Email \_\_\_\_\_ Phone ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_

Signature \_\_\_\_\_ Date (mm/dd/yyyy) \_\_\_\_ / \_\_\_\_ / \_\_\_\_

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To be completed by the **Lender:**

Lender Loan No./Universal Loan Identifier \_\_\_\_\_

Agency Case No. \_\_\_\_\_

## Uniform Residential Loan Application — Unmarried Addendum

### For Borrower Selecting the Unmarried Status

#### Lenders Instructions for Using the Unmarried Addendum

The Lender may use the Unmarried Addendum only when a Borrower selected “Unmarried” in Section 1 and the information collected is necessary to determine how State property laws directly or indirectly affecting creditworthiness apply, including ensuring clear title.

For example, the Lender may use the Unmarried Addendum when the Borrower resides in a State that recognizes civil unions, domestic partnerships, or registered reciprocal beneficiary relationships or when the property is located in such a State. “State” means any state, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

**If you selected “Unmarried” in Section 1,** is there a person who is not your legal spouse but who currently has real property rights similar to those of a legal spouse? ☐ NO ☐ YES

**If YES, indicate the type of relationship and the State in which the relationship was formed.** For example, indicate if you are in a civil union, domestic partnership, registered reciprocal beneficiary relationship, or other relationship recognized by the State in which you currently reside or where the property is located.

☐ Civil Union ☐ Domestic Partnership ☐ Registered Reciprocal Beneficiary Relationship ☐ Other (*explain*) \_\_\_\_\_

State:

#### Borrower Name:

Uniform Residential Loan Application — Unmarried Addendum

Freddie Mac Form 65 • Fannie Mae Form 1003

Effective 1/2021

## Uniform Residential Loan Application — Additional Borrower

Verify and complete the information on this application as directed by your Lender.

**Section 1: Borrower Information.** This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

### 1a. Personal Information

<b>Name</b> (First, Middle, Last, Suffix) _____	<b>Social Security Number</b> _____ (or Individual Taxpayer Identification Number)
<b>Alternate Names</b> – List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix) _____	<b>Date of Birth</b> (mm/dd/yyyy) _____ / _____ / _____ <b>Citizenship</b> <input type="radio"/> U.S. Citizen <input type="radio"/> Permanent Resident Alien <input type="radio"/> Non-Permanent Resident Alien
<b>Type of Credit</b> <input type="radio"/> I am applying for <b>individual credit</b> . <input type="radio"/> I am applying for <b>joint credit</b> . Total Number of Borrowers: _____ Each Borrower intends to apply for joint credit. <b>Your initials:</b> _____	<b>List Name(s) of Other Borrower(s) Applying for this Loan</b> (First, Middle, Last, Suffix) – Use a separator between names _____

<b>Marital Status</b> <input type="radio"/> Married <input type="radio"/> Separated <input type="radio"/> Unmarried (Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship)	<b>Dependents</b> (not listed by another Borrower) Number _____ Ages _____	<b>Contact Information</b> <b>Home Phone</b> (____) _____ – _____ <b>Cell Phone</b> (____) _____ – _____ <b>Work Phone</b> (____) _____ – _____ <b>Ext.</b> _____ <b>Email</b> _____
--	--	--

**Current Address**  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_  
How Long at Current Address? \_\_\_\_ Years \_\_\_\_ Months **Housing** ☐ No primary housing expense ☐ Own ☐ Rent (\$ \_\_\_\_\_ /month)

**If at Current Address for LESS than 2 years, list Former Address** ☐ Does not apply  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_  
How Long at Former Address? \_\_\_\_ Years \_\_\_\_ Months **Housing** ☐ No primary housing expense ☐ Own ☐ Rent (\$ \_\_\_\_\_ /month)

**Mailing Address** – if different from Current Address ☐ Does not apply  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_

### 1b. Current Employment/Self-Employment and Income

☐ Does not apply

<b>Employer or Business Name</b> _____ Phone (____) _____ – _____ Street _____ Unit # _____ City _____ State _____ ZIP _____ Country _____	<b>Gross Monthly Income</b> Base \$ _____ /month Overtime \$ _____ /month Bonus \$ _____ /month Commission \$ _____ /month Military Entitlements \$ _____ /month Other \$ _____ /month <b>TOTAL \$</b> _____ /month
<b>Position or Title</b> _____ <b>Start Date</b> ____ / ____ / ____ (mm/dd/yyyy) How long in this line of work? ____ Years ____ Months	<b>Check if this statement applies:</b> <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.
<input type="checkbox"/> <b>Check if you are the Business Owner or Self-Employed</b> <input type="radio"/> I have an ownership share of less than 25%. <b>Monthly Income (or Loss)</b> \$ _____ <input type="radio"/> I have an ownership share of 25% or more. \$ _____	

**1c. IF APPLICABLE, Complete Information for Additional Employment/Self-Employment and Income**☐ Does not apply

Employer or Business Name \_\_\_\_\_ Phone (\_\_\_\_) \_\_\_\_ - \_\_\_\_  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_

**Position or Title** \_\_\_\_\_**Start Date** \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (mm/dd/yyyy)

How long in this line of work? \_\_\_\_ Years \_\_\_\_ Months

**Check if this statement applies:**☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.

☐ **Check if you are the Business Owner or Self-Employed** ☐ I have an ownership share of less than 25%. **Monthly Income (or Loss)** \$ \_\_\_\_\_  
☐ I have an ownership share of 25% or more. \$ \_\_\_\_\_

**Gross Monthly Income**

Base \$ \_\_\_\_\_ /month  
Overtime \$ \_\_\_\_\_ /month  
Bonus \$ \_\_\_\_\_ /month  
Commission \$ \_\_\_\_\_ /month  
Military Entitlements \$ \_\_\_\_\_ /month  
Other \$ \_\_\_\_\_ /month  
**TOTAL \$** \_\_\_\_\_ /month

**1d. IF APPLICABLE, Complete Information for Previous Employment/Self-Employment and Income**☐ Does not apply**Provide at least 2 years of current and previous employment and income.**

Employer or Business Name \_\_\_\_\_  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_

**Position or Title** \_\_\_\_\_**Start Date** \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (mm/dd/yyyy)**End Date** \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (mm/dd/yyyy)☐ **Check if you were the Business Owner or Self-Employed****Previous Gross Monthly Income \$** \_\_\_\_\_ /month**1e. Income from Other Sources**☐ Does not apply**Include income from other sources below. Under Income Source, choose from the sources listed here:**

- |                        |                        |                               |                      |                        |                   |
|------------------------|------------------------|-------------------------------|----------------------|------------------------|-------------------|
| • Alimony              | • Child Support        | • Interest and Dividends      | • Notes Receivable   | • Royalty Payments     | • Unemployment    |
| • Automobile Allowance | • Disability           | • Mortgage Credit Certificate | • Public Assistance  | • Separate Maintenance | • Benefits        |
| • Boarder Income       | • Foster Care          | • Mortgage Differential       | • Retirement         | • Social Security      | • VA Compensation |
| • Capital Gains        | • Housing or Parsonage | • Payments                    | (e.g., Pension, IRA) | • Trust                | • Other           |

**NOTE:** Reveal alimony, child support, separate maintenance, or other income ONLY IF you want it considered in determining your qualification for this loan.

Income Source – use list above	Monthly Income
_____	\$ _____
_____	\$ _____
_____	\$ _____
<b>Provide TOTAL Amount Here</b>	<b>\$ _____</b>

**Section 2: Financial Information — Assets and Liabilities.**

My information for Section 2 is listed on the Uniform Residential Loan Application with \_\_\_\_\_  
(insert name of Borrower)

**Section 3: Financial Information — Real Estate.**

My information for Section 3 is listed on the Uniform Residential Loan Application with \_\_\_\_\_  
(insert name of Borrower)

**Section 4: Loan and Property Information.**

My information for Section 4 is listed on the Uniform Residential Loan Application with \_\_\_\_\_  
(insert name of Borrower)

**Borrower Name:**

Uniform Residential Loan Application — Additional Borrower  
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**Section 5: Declarations.** This section asks you specific questions about the property, your funding, and your past financial history.

**5a. About this Property and Your Money for this Loan**

<b>A.</b> Will you occupy the property as your primary residence? If YES, have you had an ownership interest in another property in the last three years? If YES, complete (1) and (2) below: (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)? (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?	<input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES _____ _____
<b>B.</b> If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property?	<input type="radio"/> NO <input type="radio"/> YES
<b>C.</b> Are you borrowing any money for this real estate transaction (e.g., money for your closing costs or down payment) or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application? If YES, what is the amount of this money?	<input type="radio"/> NO <input type="radio"/> YES \$ _____
<b>D.</b> 1. Have you or will you be applying for a mortgage loan on another property (not the property securing this loan) on or before closing this transaction that is not disclosed on this loan application? 2. Have you or will you be applying for any new credit (e.g., installment loan, credit card, etc.) on or before closing this loan that is not disclosed on this application?	<input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES
<b>E.</b> Will this property be subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid through your property taxes (e.g., the Property Assessed Clean Energy Program)?	<input type="radio"/> NO <input type="radio"/> YES

**5b. About Your Finances**

<b>F.</b> Are you a co-signer or guarantor on any debt or loan that is not disclosed on this application?	<input type="radio"/> NO <input type="radio"/> YES
<b>G.</b> Are there any outstanding judgments against you?	<input type="radio"/> NO <input type="radio"/> YES
<b>H.</b> Are you currently delinquent or in default on a Federal debt?	<input type="radio"/> NO <input type="radio"/> YES
<b>I.</b> Are you a party to a lawsuit in which you potentially have any personal financial liability?	<input type="radio"/> NO <input type="radio"/> YES
<b>J.</b> Have you conveyed title to any property in lieu of foreclosure in the past 7 years?	<input type="radio"/> NO <input type="radio"/> YES
<b>K.</b> Within the past 7 years, have you completed a pre-foreclosure sale or short sale, whereby the property was sold to a third party and the Lender agreed to accept less than the outstanding mortgage balance due?	<input type="radio"/> NO <input type="radio"/> YES
<b>L.</b> Have you had property foreclosed upon in the last 7 years?	<input type="radio"/> NO <input type="radio"/> YES
<b>M.</b> Have you declared bankruptcy within the past 7 years? If YES, identify the type(s) of bankruptcy: <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13	<input type="radio"/> NO <input type="radio"/> YES

**Section 6: Acknowledgements and Agreements.**

My signature for Section 6 is on the Uniform Residential Loan Application with \_\_\_\_\_  
(insert name of Borrower)

**Section 7: Military Service.** This section asks questions about your (or your deceased spouse's) military service.

**Military Service of Borrower**

**Military Service** – Did you (or your deceased spouse) ever serve, or are you currently serving, in the United States Armed Forces? ☐ NO ☐ YES

If YES, check all that apply: ☐ Currently serving on active duty with projected expiration date of service/tour \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (mm/dd/yyyy)  
☐ Currently retired, discharged, or separated from service  
☐ Only period of service was as a non-activated member of the Reserve or National Guard  
☐ Surviving spouse

**Borrower Name:**

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## Section 8: Demographic Information.

This section asks about your ethnicity, sex, and race.

### Demographic Information of Borrower

**The purpose of collecting this information** is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "Ethnicity" and one or more designations for "Race." **The law provides that we may not discriminate** on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

#### Ethnicity: Check one or more

- ☐ Hispanic or Latino
- ☐ Mexican ☐ Puerto Rican ☐ Cuban
- ☐ Other Hispanic or Latino – *Print origin:* \_\_\_\_\_

*For example: Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.*

- ☐ Not Hispanic or Latino
- ☐ I do not wish to provide this information

#### Sex

- ☐ Female
- ☐ Male
- ☐ I do not wish to provide this information

#### Race: Check one or more

- ☐ American Indian or Alaska Native – *Print name of enrolled or principal tribe:* \_\_\_\_\_

- ☐ Asian
- ☐ Asian Indian ☐ Chinese ☐ Filipino
- ☐ Japanese ☐ Korean ☐ Vietnamese
- ☐ Other Asian – *Print race:* \_\_\_\_\_

*For example: Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.*

- ☐ Black or African American
- ☐ Native Hawaiian or Other Pacific Islander
- ☐ Native Hawaiian ☐ Guamanian or Chamorro ☐ Samoan
- ☐ Other Pacific Islander – *Print race:* \_\_\_\_\_

*For example: Fijian, Tongan, and so on.*

- ☐ White
- ☐ I do not wish to provide this information

#### To Be Completed by Financial Institution (for application taken in person):

- Was the ethnicity of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES
- Was the sex of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES
- Was the race of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES

#### The Demographic Information was provided through:

- ☐ Face-to-Face Interview (includes Electronic Media w/ Video Component) ☐ Telephone Interview ☐ Fax or Mail ☐ Email or Internet

## Section 9: Loan Originator Information.

To be completed by your **Loan Originator**.

### Loan Originator Information

Loan Originator Organization Name \_\_\_\_\_

Address \_\_\_\_\_

Loan Originator Organization NMLSR ID# \_\_\_\_\_ State License ID# \_\_\_\_\_

Loan Originator Name \_\_\_\_\_

Loan Originator NMLSR ID# \_\_\_\_\_ State License ID# \_\_\_\_\_

Email \_\_\_\_\_ Phone ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_

Signature \_\_\_\_\_ Date (mm/dd/yyyy) \_\_\_\_ / \_\_\_\_ / \_\_\_\_

#### Borrower Name:

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To be completed by the **Lender:**

Lender Loan No./Universal Loan Identifier \_\_\_\_\_

Agency Case No. \_\_\_\_\_

## Uniform Residential Loan Application — Unmarried Addendum

### For Borrower Selecting the Unmarried Status

#### Lenders Instructions for Using the Unmarried Addendum

The Lender may use the Unmarried Addendum only when a Borrower selected “Unmarried” in Section 1 and the information collected is necessary to determine how State property laws directly or indirectly affecting creditworthiness apply, including ensuring clear title.

For example, the Lender may use the Unmarried Addendum when the Borrower resides in a State that recognizes civil unions, domestic partnerships, or registered reciprocal beneficiary relationships or when the property is located in such a State. “State” means any state, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

**If you selected “Unmarried” in Section 1,** is there a person who is not your legal spouse but who currently has real property rights similar to those of a legal spouse? ☐ NO ☐ YES

**If YES, indicate the type of relationship and the State in which the relationship was formed.** For example, indicate if you are in a civil union, domestic partnership, registered reciprocal beneficiary relationship, or other relationship recognized by the State in which you currently reside or where the property is located.

☐ Civil Union ☐ Domestic Partnership ☐ Registered Reciprocal Beneficiary Relationship ☐ Other (*explain*) \_\_\_\_\_

State:

#### Borrower Name:

Uniform Residential Loan Application — Unmarried Addendum

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To be completed by the **Lender:**

Lender Loan No./Universal Loan Identifier \_\_\_\_\_

Agency Case No. \_\_\_\_\_

## Uniform Residential Loan Application — Continuation Sheet

### Continuation Sheet

Use this continuation sheet if you need more space to complete the Uniform Residential Loan Application.

**Borrower Name** (*First, Middle, Last, Suffix*) \_\_\_\_\_

**Additional Information** \_\_\_\_\_

**Additional Borrower Name** (*First, Middle, Last, Suffix*) \_\_\_\_\_

**Additional Information** \_\_\_\_\_

I/We fully understand that it is a federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of federal law (18 U.S.C. §§ 1001 *et seq.*).

**Borrower Signature** \_\_\_\_\_ **Date** (*mm/dd/yyyy*) \_\_\_\_/\_\_\_\_/\_\_\_\_

**Additional Borrower Signature** \_\_\_\_\_ **Date** (*mm/dd/yyyy*) \_\_\_\_/\_\_\_\_/\_\_\_\_



**Uniform Residential Loan Application — Lender Loan Information**

This section is completed by your Lender.

**L1. Property and Loan Information****Community Property State**

- ☐ At least one borrower lives in a community property state.  
☐ The property is in a community property state.

**Transaction Detail**

- ☐ Conversion of Contract for Deed or Land Contract  
☐ Renovation  
☐ Construction-Conversion/Construction-to-Permanent

☐ Single-Closing ☐ Two-Closing

Construction/Improvement Costs \$ \_\_\_\_\_

Lot Acquired Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (mm/dd/yyyy)

Original Cost of Lot \$ \_\_\_\_\_

**Refinance Type**

- ☐ No Cash Out  
☐ Limited Cash Out  
☐ Cash Out

**Refinance Program**

- ☐ Full Documentation  
☐ Interest Rate Reduction  
☐ Streamlined without Appraisal  
☐ Other \_\_\_\_\_

**Energy Improvement**

- ☐ Mortgage loan will finance energy-related improvements.  
☐ Property is currently subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid for through property taxes (e.g., the *Property Assessed Clean Energy* program).

**Project Type** ☐ Condominium ☐ Cooperative ☐ Planned Unit Development (PUD) ☐ Property is not located in a project

**L2. Title Information**Title to the Property **Will** be Held in What Name(s):**For Refinance:** Title to the Property is **Currently** Held in What Name(s):**Estate Will be Held in**

- ☐ Fee Simple  
☐ Leasehold Expiration Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (mm/dd/yyyy)

**Manner in Which Title Will be Held**

- ☐ Sole Ownership ☐ Joint Tenancy with Right of Survivorship  
☐ Life Estate ☐ Tenancy by the Entirety  
☐ Tenancy in Common ☐ Other

**Trust Information**

- ☐ Title Will be Held by an *Inter Vivos (Living)* Trust  
☐ Title Will be Held by a Land Trust

**Indian Country Land Tenure**

- ☐ Fee Simple On a Reservation  
☐ Individual Trust Land (*Allotted/Restricted*)  
☐ Tribal Trust Land On a Reservation  
☐ Tribal Trust Land Off Reservation  
☐ Alaska Native Corporation Land

**L3. Mortgage Loan Information****Mortgage Type Applied For**

- ☐ Conventional ☐ USDA-RD  
☐ FHA ☐ VA ☐ Other: \_\_\_\_\_

**Terms of Loan**

Note Rate \_\_\_\_\_ %

Loan Term \_\_\_\_\_ (months)

**Mortgage Lien Type**

- ☐ First Lien  
☐ Subordinate Lien

**Amortization Type**

- ☐ Fixed Rate ☐ Other (explain): \_\_\_\_\_  
☐ Adjustable Rate

**If Adjustable Rate:**

Initial Period Prior to First Adjustment \_\_\_\_\_ (months)

Subsequent Adjustment Period \_\_\_\_\_ (months)

**Loan Features**

- ☐ Balloon/ Balloon Term \_\_\_\_\_ (months)  
☐ Interest Only / Interest Only Term \_\_\_\_\_ (months)  
☐ Negative Amortization  
☐ Prepayment Penalty / Prepayment Penalty Term \_\_\_\_\_ (months)  
☐ Temporary Interest Rate Buydown/Initial Buydown Rate \_\_\_\_\_ %  
☐ Other (explain): \_\_\_\_\_

**Proposed Monthly Payment for Property**

First Mortgage (P &amp; I) \$ \_\_\_\_\_

Subordinate Lien(s) (P &amp; I) \$ \_\_\_\_\_

Homeowner's Insurance \$ \_\_\_\_\_

Supplemental Property Insurance \$ \_\_\_\_\_

Property Taxes \$ \_\_\_\_\_

Mortgage Insurance \$ \_\_\_\_\_

Association/Project Dues (Condo, Co-Op, PUD) \$ \_\_\_\_\_

Other \$ \_\_\_\_\_

**TOTAL** \$ \_\_\_\_\_**Borrower Name(s):**

Uniform Residential Loan Application — Lender Loan Information

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**L4. Qualifying the Borrower – Minimum Required Funds or Cash Back****DUE FROM BORROWER(S)**

<b>A.</b> Sales Contract Price	\$
<b>B.</b> Improvements, Renovations, and Repairs	\$
<b>C.</b> Land <i>(if acquired separately)</i>	\$
<b>D.</b> For Refinance: Balance of Mortgage Loans on the Property to be paid off in the Transaction <i>(See Table 3a. Property You Own)</i>	\$
<b>E.</b> Credit Cards and Other Debts Paid Off <i>(See Table 2c. Liabilities — Credit Cards, Other Debts, and Leases that You Owe)</i>	\$
<b>F.</b> Borrower Closing Costs <i>(including Prepaid and Initial Escrow Payments)</i>	\$
<b>G.</b> Discount Points	\$
<b>H. TOTAL DUE FROM BORROWER(s) (Total of A thru G)</b>	\$

**TOTAL MORTGAGE LOANS**

<b>I.</b> Loan Amount Loan Amount Excluding Financed Mortgage Insurance <i>(or Mortgage Insurance Equivalent)</i> \$ _____ Financed Mortgage Insurance <i>(or Mortgage Insurance Equivalent)</i> Amount \$ _____	\$
<b>J.</b> Other New Mortgage Loans on the Property the Borrower(s) is Buying or Refinancing <i>(See Table 4b. Other New Mortgage Loans on the Property You are Buying or Refinancing)</i>	\$
<b>K. TOTAL MORTGAGE LOANS (Total of I and J)</b>	\$

**TOTAL CREDITS**

<b>L.</b> Seller Credits <i>(Enter the amount of Borrower(s) costs paid by the property seller)</i>	\$
<b>M.</b> Other Credits <i>(Enter the sum of all other credits — Borrower Paid Fees, Earnest Money, Employer Assisted Housing, Lease Purchase Fund, Lot Equity, Relocation Funds, Sweat Equity, Trade Equity, Other)</i>	\$
<b>N. TOTAL CREDITS (Total of L and M)</b>	\$

**CALCULATION**

TOTAL DUE FROM BORROWER(s) <i>(Line H)</i>	\$
LESS TOTAL MORTGAGE LOANS <i>(Line K)</i> AND TOTAL CREDITS <i>(Line N)</i>	– \$
<b>Cash From/To the Borrower (Line H minus Line K and Line N)</b> <b>NOTE: This amount does not include reserves or other funds that may be required by the Lender to be verified.</b>	\$

**Borrower Name(s):**

Uniform Residential Loan Application — Lender Loan Information  
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## SERVICING DISCLOSURE STATEMENT

App. Date	Application No.	Loan Amount	Dept.	Collateral	Officer	Init.
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.						

**Applicant:**

**Lender:**

Washington Savings Bank  
200 S Banker St.  
P.O. Box 707  
Effingham, IL 62401

## SERVICING DISCLOSURE STATEMENT

### NOTICE TO FIRST LIEN MORTGAGE LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED.

You are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. 2601 et seq.). RESPA gives you certain rights under Federal law. This statement describes whether the servicing for this loan may be transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest, and escrow payments, if any, as well as sending any monthly or annual statements, tracking account balances, and handling other aspects of your loan. You will be given advance notice before a transfer occurs.

#### Servicing Transfer Information

- ☒ We may assign, sell or transfer the servicing of your loan while the loan is outstanding.
- or
- ☐ We do not service mortgage loans of the type for which you applied. We intend to assign, sell, or transfer the servicing of your mortgage loan before the first payment is due.
- or
- ☐ The loan for which you have applied will be serviced at this financial institution and we do not intend to sell, transfer, or assign the servicing of the loan.

### 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.

**APPLICANT:**

X \_\_\_\_\_ X \_\_\_\_\_  
Applicant's Signature Date Co-Applicant's Signature Date



## CERTIFICATION AND AUTHORIZATION

**Applicant:**

**Lender:**

Washington Savings Bank  
200 S Banker St.  
P.O. Box 707  
Effingham, IL 62401

### CERTIFICATION

**To Washington Savings Bank ("Lender"):**

1. Applicant (and co-applicant if applicable), \_\_\_\_\_, has applied for a loan from Lender. In applying for the loan, Applicant provided to Lender various information about Applicant and the requested loan, such as the amount and source of any downpayment, income information, and assets and liabilities. Applicant certifies that all of the information is true and complete. Applicant made no misrepresentations to Lender, nor did Applicant omit any important information.
2. Applicant understands and agrees that Lender may verify any information provided to Lender concerning Applicant's application, including, but without limitation, verifications from financial institutions of the information provided.
3. Applicant fully understands that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements when applying for this loan, as applicable under the provisions of Title 18, United States Code, Section 1014.

### AUTHORIZATION TO RELEASE INFORMATION

**To Whom It May Concern:**

1. Applicant has applied for a loan from Washington Savings Bank ("Lender"). As part of the application process, Lender, any insurer of the loan and any collateral title insurer may verify information Applicant provided to Lender either before or after the loan is closed.
2. Applicant authorizes you to provide to Lender, to any investor to whom Lender may sell Applicant's loan, and to any insurer of the loan any and all information and documentation that they may request. Such information may include, but is not limited to, income; bank, money market, and similar account balances; credit history; and copies of income tax returns.
3. Lender, any investor that purchases the loan, and any insurer of the loan may address and send this authorization to any person or company named in the loan application.
4. A copy of this authorization may be accepted as an original.
5. Your prompt reply to Washington Savings Bank, to any investor that purchases the loan, and to any insurer of the loan is appreciated.

### AUTHORIZATION TO FILE FINANCING STATEMENT

**Applicant hereby authorizes Lender to file the appropriate Financing Statements for the following collateral prior to executing a security agreement, pledge, or control agreement:** \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**APPLICANT:**

X \_\_\_\_\_ Date X \_\_\_\_\_ Date  
Applicant Co-Applicant

**IVES Request for Transcript of Tax Return**

▶ Do not sign this form unless all applicable lines have been completed.

▶ Request may be rejected if the form is incomplete or illegible.

▶ For more information about Form 4506-C, visit [www.irs.gov](http://www.irs.gov) and search IVES.

1a. Name shown on tax return (if a joint return, enter the name shown first)	1b. First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)
2a. If a joint return, enter spouse's name shown on tax return	2b. Second social security number or individual taxpayer identification number if joint tax return

3. Current name, address (including apt., room, or suite no.), city, state, and ZIP code (see instructions)

4. Previous address shown on the last return filed if different from line 3 (see instructions)

5a. IVES participant name, address, and EORI mailbox ID

5b. Customer file number (if applicable) (see instructions)

**Caution:** This tax transcript is being sent to the third party entered on Line 5a. Ensure that lines 5 through 8 are completed before signing. (see instructions)6. **Transcript requested.** Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request 1040

a. **Return Transcript**, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120-A, Form 1120-H, Form 1120-L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years ☐

b. **Account Transcript**, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns ☐

c. **Record of Account**, which provides the most detailed information as it is a combination of the Return Transcript and the Account Transcript. Available for current year and 3 prior tax years ☐

7. **Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript.** The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2016, filed in 2017, will likely not be available from the IRS until 2018. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213 ☐

**Caution:** If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.8. **Year or period requested.** Enter the ending date of the tax year or period using the mm/dd/yyyy format (see instructions)

/ / / / / / / /

**Caution:** Do not sign this form unless all applicable lines have been completed.

**Signature of taxpayer(s).** I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, at least one spouse must sign. If signed by a corporate officer, 1 percent or more shareholder, partner, managing member, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-C on behalf of the taxpayer. **Note:** This form must be received by IRS within 120 days of the signature date.

☐ **Signatory attests that he/she has read the attestation clause and upon so reading declares that he/she has the authority to sign the Form 4506-C. See instructions.**

<b>Sign Here</b>	Signature (see instructions)	Date	Phone number of taxpayer on line 1a or 2a
	Print/Type name		
	Title (if line 1a above is a corporation, partnership, estate, or trust)		
	Spouse's signature		Date
	Print/Type name		

# Instructions for Form 4506-C, IVES Request for Transcript of Tax Return

Section references are to the Internal Revenue Code unless otherwise noted.

## Future Developments

For the latest information about Form 4506-C and its instructions, go to [www.irs.gov](http://www.irs.gov) and search IVES. Information about any recent developments affecting Form 4506-C (such as legislation enacted after we released it) will be posted on that page.

**What's New.** Form 4506-C was created to be utilized by authorized IVES participants to order tax transcripts with the consent of the taxpayer.

## General Instructions

**Caution:** Do not sign this form unless all applicable lines have been completed

**Designated Recipient Notification.** Internal Revenue Code, Section 6103(c), limits disclosure and use of return information received pursuant to the taxpayer's consent and holds the recipient subject to penalties for any unauthorized access, other use, or redisclosure without the taxpayer's express permission or request.

**Taxpayer Notification.** Internal Revenue Code, Section 6103(c), limits disclosure and use of return information provided pursuant to your consent and holds the recipient subject to penalties, brought by private right of action, for any unauthorized access, other use, or redisclosure without your express permission or request.

**Purpose of form.** Use Form 4506-C to request tax return information through an authorized IVES participant. You will designate an IVES participant to receive the information on line 5a.

**Note:** If you are unsure of which type of transcript you need, check with the party requesting your tax information.

**Where to file.** The IVES participant will fax Form 4506-C with the approved IVES cover sheet to their assigned Service Center.

## Chart for ordering transcripts

If your assigned Service Center is:	Fax the requests with the approved coversheet to:
Austin Submission Processing Center	Austin IVES Team 844-249-6238
Fresno Submission Processing Center	Fresno IVES Team 844-249-6239
Kansas City Submission Processing Center	Kansas City IVES Team 844-249-8128
Ogden Submission Processing Center	Ogden IVES Team 844-249-8129

## Specific Instructions

**Line 1b.** Enter the social security number (SSN) or individual taxpayer identification number (ITIN) for the individual listed on line 1a, or enter the employer identification number (EIN) for the business listed on line 1a.

**Line 3.** Enter your current address. If you use a P.O. box, include it on this line.

**Line 4.** Enter the address shown on the last return filed if different from the address entered on line 3.


**Note:** If the addresses on lines 3 and 4 are different and you have not changed your address with the IRS, file Form 8822, Change of Address, or Form 8822-B, Change of Address or Responsible Party — Business, with Form 4506-C.

**Line 5b.** Enter up to 10 numeric characters to create a unique customer file number that will appear on the transcript. The customer file number cannot contain an SSN, ITIN or EIN. Completion of this line is not required.

**Note.** If you use an SSN, name or combination of both, we will not input the information and the customer file number will reflect a generic entry of "999999999" on the transcript.

**Line 8.** Enter the end date of the tax year or period requested in mm/dd/yyyy format. This may be a calendar year, fiscal year or quarter. Enter each quarter requested for quarterly returns. Example: Enter 12/31/2018 for a calendar year 2018 Form 1040 transcript.

**Signature and date.** Form 4506-C must be signed and dated by the taxpayer listed on line 1a or 2a. The IRS must receive Form 4506-C within 120 days of the date signed by the taxpayer or it will be rejected. Ensure that all applicable lines, including lines 5a through 8, are completed before signing.

 **CAUTION** You must check the box in the signature area to acknowledge you have the authority to sign and request the information. The form will not be processed if unchecked.

**Individuals.** Transcripts listed on line 6 may be furnished to either spouse if jointly filed. Only one signature is required. Sign Form 4506-C exactly as your name appeared on the original return. If you changed your name, also sign your current name.

**Corporations.** Generally, Form 4506-C can be signed by:

(1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, or (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer. A bona fide shareholder of record owning 1 percent or more of the outstanding stock of the corporation may submit a Form 4506-C but must provide documentation to support the requester's right to receive the information.

**Partnerships.** Generally, Form 4506-C can be signed by any person who was a member of the partnership during any part of the tax period requested on line 8.

**All others.** See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

**Note:** If you are Heir at law, Next of kin, or Beneficiary you must be able to establish a material interest in the estate or trust.

**Documentation.** For entities other than individuals, you must attach the authorization document. For example, this could be the letter from the principal officer authorizing an employee of the corporation or the letters testamentary authorizing an individual to act for an estate.

**Signature by a representative.** A representative can sign Form 4506-C for a taxpayer only if the taxpayer has specifically delegated this authority to the representative on Form 2848, line 5. The representative must attach Form 2848 showing the delegation to sign Form 4506-C.

**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on this form to establish your right to gain access to the requested tax information under the Internal Revenue Code. We need this information to properly identify the tax information and respond to your request. You are not required to request any transcript; if you do request a transcript, sections 6103 and 6109 and their regulations require you to provide this information, including your SSN or EIN. If you do not provide this information, we may not be able to process your request. Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

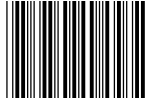
The time needed to complete and file Form 4506-C will vary depending on individual circumstances. The estimated average time is:

**Learning about the law or the form** . . . 10 min.  
**Preparing the form** . . . . . 12 min.  
**Copying, assembling, and sending the form to the IRS** . . . . . 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506-C simpler, we would be happy to hear from you. You can write to:

Internal Revenue Service  
 Tax Forms and Publications Division  
 1111 Constitution Ave. NW, IR-6526  
 Washington, DC 20224

Do not send the form to this address. Instead, see Where to file on this page.



\*7469\*

## INSURANCE DISCLOSURE FOR CREDIT APPLICATION

**Applicant:**

**Lender:**

Washington Savings Bank  
Main office  
200 S Banker St  
PO Box 707  
Effingham, IL 62401

### IMPORTANT

**DO NOT SIGN THIS FORM UNTIL YOU CAREFULLY  
READ IT AND UNDERSTAND ITS CONTENT**

**Purpose.**

You have submitted an application for a loan. In connection with your loan application, Lender may be soliciting, offering to sell, or will sell you an insurance product or annuity. Federal law requires Lender to provide you with the following disclosures.

**Credit Disclosures.**

1. Lender, as a condition of granting you a loan, cannot require that you purchase an insurance product or annuity from Lender or any of its affiliates.
2. Lender, as a condition of granting you a loan, cannot require your agreement not to obtain or prohibit you from obtaining an insurance product or annuity from an unaffiliated entity.

**Acknowledgment.**

**BY SIGNING BELOW, I ACKNOWLEDGE THAT I HAVE READ, RECEIVED AND UNDERSTAND THIS INSURANCE DISCLOSURE.**

**APPLICANT:**

X \_\_\_\_\_  
Applicant Date

X \_\_\_\_\_  
Co-Applicant Date

**INSURANCE DISCLOSURE FOR CREDIT APPLICATION  
(Continued)**

**Page 2**

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BY SIGNING BELOW I ACKNOWLEDGE ON BEHALF OF THE LENDER THAT AN ORAL DISCLOSURE OF INSURANCE WAS DULY MADE TO THE APPLICANT AND THAT APPLICANT ACKNOWLEDGED RECEIPT OF THE DISCLOSURE.

LENDER:

WASHINGTON SAVINGS BANK

X \_\_\_\_\_  
Authorized Signer                      Date

Title: \_\_\_\_\_



# APPRAISAL NOTICE

App. Date	Application No.	Loan Amount	Dept.	Collateral	Officer	Init.
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.						

**Applicant:**

**Lender:**

Washington Savings Bank  
200 S Banker St.  
P.O. Box 707  
Effingham, IL 62401

Document Date:

We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close.

You can pay for an additional appraisal for your own use at your own cost.

By signing below, you acknowledge receipt of this Appraisal Notice.

**APPLICANT:**

X \_\_\_\_\_ X \_\_\_\_\_  
Applicant Date Applicant Date

# Your home loan toolkit

A step-by-step guide



Consumer Financial  
Protection Bureau



# How can this toolkit help you?

Buying a home is exciting and, let's face it, complicated. This booklet is a toolkit that can help you make better choices along your path to owning a home.

## After you finish this toolkit:

- You'll know the most important steps you need to take to **get the best mortgage** for your situation ..... Section 1: Page 3
- You'll better **understand your closing costs** and what it takes to buy a home ..... Section 2: Page 16
- You'll see a few ways to **be a successful homeowner** ..... Section 3: Page 24

## How to use the toolkit:



The location symbol orients you to where you are in the home buying process.



The pencil tells you it is time to get out your pencil or pen to circle, check, or fill in numbers.



The magnifying glass highlights tips to help you research further to find important information.



The speech bubble shows you conversation starters for talking to others and gathering more facts.

## About the CFPB

The Consumer Financial Protection Bureau is a federal agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

Have a question about a common consumer financial product or problem? You can find answers by visiting [consumerfinance.gov/askcfpb](https://consumerfinance.gov/askcfpb). Have an issue with a mortgage, student loan, or other financial product or service? You can submit a complaint to the CFPB. We'll forward your complaint to the company and work to get you a response. Turn to the back cover for details on how to submit a complaint or call us at (855) 411-2372.

This booklet was created to comply with federal law pursuant to 12 U.S.C. 2604, 12 CFR 1024.6, and 12 CFR 1026.19(g).

# Choosing the best mortgage for you



You're starting to look for a mortgage or want to confirm you made a good decision.

To make the most of your mortgage, you need to decide what works for you and then shop around to find it. In this section, you'll find eight steps to get the job done right.

## 1. Define what affordable means to you

Only you can decide how much you are comfortable paying for your housing each month. In most cases, your lender can consider only if you are able to repay your mortgage, not whether you will be comfortable repaying your loan. Based on your whole financial picture, think about whether you want to take on the mortgage payment plus the other costs of homeownership such as appliances, repairs, and maintenance.

### IN THIS SECTION

1. Define what affordable means to you
2. Understand your credit
3. Pick the mortgage type that works for you
4. Choose the right down payment for you
5. Understand the trade-off between points and interest rate
6. Shop with several lenders
7. Choose your mortgage
8. Avoid pitfalls and handle problems



### THE TALK

Ask your spouse, a loved one, or friend about what affordable means to you:

"What's more important—a bigger home with a larger mortgage or more financial flexibility?"

"How much do we want to budget for all the monthly housing costs, including repairs, furniture, and new appliances?"

"What will a mortgage payment mean for other financial goals?"



## KNOW YOUR NUMBERS

Calculate the home payment you can take on by filling in the worksheets below:

Think about what an affordable home loan looks like for you. These worksheets can help. First, estimate your total monthly home payment. Second, look at the percentage of your income that will go toward your monthly home payment. Third, look at how much money you will have available to spend on the rest of your monthly expenses.

### Step 1. Estimate your total monthly home payment by adding up the items below

Your **total monthly home payment** is more than just your mortgage. There are more expenses that go along with owning your home. Start with estimates and adjust as you go.

MONTHLY ESTIMATE	
<b>Principal and interest (P&amp;I)</b> Your principal and interest payment depends on your home loan amount, the interest rate, and the number of years it takes to repay the loan. <b>Principal</b> is the amount you pay each month to reduce the loan balance. <b>Interest</b> is the amount you pay each month to borrow money. Many principal and interest calculators are available online.	\$
<b>Mortgage insurance</b> Mortgage insurance is often required for loans with less than a 20% down payment.	+ \$
<b>Property taxes</b> The local assessor or auditor's office can help you estimate property taxes for your area. If you know the yearly amount, divide by 12 and write in the monthly amount.	+ \$
<b>Homeowner's insurance</b> You can call one or more insurance agents to get an estimate for homes in your area. Ask if flood insurance is required.	+ \$
<b>Homeowner's association or condominium fees, if they apply</b> Condominiums and other planned communities often require homeowner's association (HOA) fees.	+ \$
<b>My estimated total monthly home payment</b>	= \$

## Step 2. Estimate the percentage of your income spent on your monthly home payment

Calculate the percentage of your total monthly income that goes toward your total monthly home payment each month. A mortgage lending rule of thumb is that **your total monthly home payment should be at or below 28% of your total monthly income before taxes**. Lenders may approve you for more or for less depending on your overall financial picture.

$$\begin{array}{ccccc} \$ & \div & \$ & \times 100 & = & \% \\ \hline \text{My estimated total monthly} & & \text{My total monthly income} & & & \text{Percentage of my income} \\ \text{home payment (from step 1)} & & \text{before taxes} & & & \text{going toward my monthly} \\ & & & & & \text{home payment} \end{array}$$

## Step 3. Estimate what is left after subtracting your monthly debts

To determine whether you are comfortable with your total monthly home payment, figure out how much of your income is left after you pay for your housing plus your other monthly debts.

Total monthly income <i>after taxes</i>	\$
My estimated total monthly home payment (from step 1)	
Monthly car payment(s)	– \$
Monthly student loan payment(s)	– \$
Monthly credit card payment(s)	– \$
Other monthly payments, such as child support or alimony	– \$
Total monthly income minus all debt payments This money must cover your utilities, groceries, child care, health insurance, repairs, and everything else. If this isn't enough, consider options such as buying a less expensive home or paying down debts.	= \$

## Step 4. Your choice

I am comfortable with a total monthly home payment of: \$



## 2. Understand your credit

Your credit, your credit scores, and how wisely you shop for a loan that best fits your needs have a significant impact on your mortgage interest rate and the fees you pay. To improve your credit and your chances of getting a better mortgage, get current on your payments and stay current. About 35% of your credit scores are based on whether or not you pay your bills on time. About 30% of your credit scores are based on how much debt you owe. That's why you may want to consider paying down some of your debts.

### RESEARCH STARTER

Check out interest rates and make sure you're getting the credit you've earned.

- ☐ Get your credit report at [annualcreditreport.com](https://annualcreditreport.com) and check it for errors. If you find mistakes, submit a request to each of the credit bureaus asking them to fix the mistake. For more information about correcting errors on your credit report, visit [consumerfinance.gov/askcfpb](https://consumerfinance.gov/askcfpb).
- ☐ For more on home loans and credit, visit [consumerfinance.gov/owning-a-home](https://consumerfinance.gov/owning-a-home).

### TIP

Be careful making any big purchases on credit before you close on your home. Even financing a new refrigerator could make it harder for you to get a mortgage.

### TIP

Correcting errors on your credit report may raise your score in 30 days or less. It's a good idea to correct errors before you apply for a mortgage.

### NOW

- If your credit score is below 700, you will likely pay more for your mortgage.
- Most credit scoring models are built so you can shop for a mortgage within a certain period—generally between 14 days and 45 days—with little or no impact on your score. If you shop outside of this period, any change triggered by shopping should be minor—a small price to pay for saving money on a mortgage loan.

### IN THE FUTURE

- If you work on improving your credit and wait to buy a home, you will likely save money. Some people who improve their credit save \$50 or \$100 on a typical monthly mortgage payment.
- An average consumer who adopts healthy credit habits, such as paying bills on time and paying down credit cards, could see a credit score improvement in three months or more.

### YOUR CHOICE *Check one:*

- ☐ I will go with the credit I have. **OR** ☐ I will wait a few months or more and work to improve my credit.

### 3. Pick the mortgage type—fixed or adjustable—that works for you

With a **fixed-rate mortgage**, your principal and interest payment stays the same for as long as you have your loan.

- Consider a fixed-rate mortgage if you want a predictable payment.
- You may be able to refinance later if interest rates fall or your credit or financial situation improves.

With an **adjustable-rate mortgage (ARM)**, your payment often starts out lower than with a fixed-rate loan, but your rate and payment could increase quickly. It is important to understand the trade-offs if you decide on an ARM.

- Your payment could increase a lot, often by hundreds of dollars a month.
- Make sure you are confident you know what your maximum payment could be and that you can afford it.

Planning to sell your home within a short period of time? That's one reason some people consider an ARM. But, you probably shouldn't count on being able to sell or refinance. Your financial situation could change. Home values may go down or interest rates may go up.

You can learn more about ARMs in the Consumer Handbook on Adjustable Rate Mortgages ([files.consumerfinance.gov/f/201401\\_cfpb\\_booklet\\_charm.pdf](https://files.consumerfinance.gov/f/201401_cfpb_booklet_charm.pdf)) or by visiting [consumerfinance.gov/owning-a-home](https://consumerfinance.gov/owning-a-home).

#### TIP

Many borrowers with ARMs underestimate how much their interest rates can rise.

#### YOUR CHOICE Check one:

- ☐ I prefer a fixed-rate mortgage.      **OR**      ☐ I prefer an adjustable-rate mortgage.

### Check for risky loan features

Some loans are safer and more predictable than others. It is a good idea to make sure you are comfortable with the risks you are taking on when you buy your home. You can find out if you have certain types of risky loan features from the Loan Terms section on the first page of your Loan Estimate.

A **balloon payment** is a large payment you must make, usually at the end of your loan repayment period. Depending on the terms of your loan, the balloon payment could be as large as the entire balance on your mortgage.

A **prepayment penalty** is an amount you have to pay if you refinance or pay off your loan early. A prepayment penalty may apply even if you sell your home.

## 4. Choose the right down payment for you

A down payment is the amount you pay toward the home yourself. You put a percentage of the home's value down and borrow the rest through your mortgage loan.



YOUR DOWN PAYMENT	WHAT THAT MEANS FOR YOU
<input type="checkbox"/> I will put down 20% or more.	A 20% or higher down payment likely provides the best rates and most options. However, think twice if the down payment drains all your savings.
<input type="checkbox"/> I will put down between 5% and 19%.	<p>You probably have to pay higher interest rates or fees. Lenders most likely require <b>private mortgage insurance (PMI)</b>. PMI is an insurance policy that lets you make a lower down payment by insuring the lender against loss if you fail to pay your mortgage.</p> <p>Keep in mind when you hear about “no PMI” offers that doesn’t mean zero cost. No PMI offers often have higher interest rates and may also require you to take out a second mortgage. Be sure you understand the details.</p>
<input type="checkbox"/> I will make no down payment or a small one of less than 5%.	<p>Low down payment programs are typically more expensive because they may require mortgage insurance or a higher interest rate. Look closely at your total fees, interest rate, and monthly payment when comparing options.</p> <p>Ask about loan programs such as:</p> <ul style="list-style-type: none"><li>▪ Conventional loans that may offer low down payment options.</li><li>▪ FHA, which offers a 3.5% down payment program.</li><li>▪ VA, which offers a zero down payment option for qualifying veterans.</li><li>▪ USDA, which offers a similar zero down payment program for eligible borrowers in rural areas.</li></ul>

### The advantages of prepayment

**Prepayment** is when you make additional mortgage payments so you pay down your mortgage early. This reduces your overall cost of borrowing, and you may be able to cancel your private mortgage insurance early and stop paying the premium. Especially if your down payment is less than 20%, it may make sense to make additional payments to pay down your loan earlier.

#### TIP

Prepayment is your choice. You don’t have to sign up for a program or pay a fee to set it up.

## 5. Understand the trade-off between points and interest rate

**Points** are a percentage of a loan amount. For example, when a loan officer talks about one point on a \$100,000 loan, the loan officer is talking about one percent of the loan, which equals \$1,000. Lenders offer different interest rates on loans with different points. There are three main choices you can make about points. You can decide you don't want to pay or receive points at all. This is called a **zero point loan**. You can pay points at closing to receive a lower interest rate. Or you can choose to have points paid to you (also called **lender credits**) and use them to cover some of your closing costs.

The example below shows the trade-off between points as part of your closing costs and interest rates. In the example, you borrow \$180,000 and qualify for a 30-year fixed-rate loan at an interest rate of 5.0% with zero points. Rates currently available may be different than what is shown in this example.

### COMPARE THREE SCENARIOS OF HOW POINTS AFFECT INTEREST RATE

RATE	4.875%	5.0%	5.125%
POINTS	+0.375	0	-0.375
YOUR SITUATION	You plan to keep your mortgage for a long time. You can afford to pay more cash at closing.	You are satisfied with the market rate without points in either direction.	You don't want to pay a lot of cash upfront and you can afford a larger mortgage payment.
YOU MAY CHOOSE	Pay points now and get a lower interest rate. This will save you money over the long run.	Zero points.	Pay a higher interest rate and get a lender credit toward some or all of your closing costs.
WHAT THAT MEANS	<p>You might agree to pay \$675 more in closing costs, in exchange for a lower rate of 4.875%.</p> <p><b>Now:</b> You <b>pay</b> \$675</p> <p><b>Over the life of the loan:</b> Pay \$14 <b>less</b> each month</p>	<p>With no adjustments in either direction, it is easier to understand what you're paying and to compare prices.</p>	<p>You might agree to a higher rate of 5.125%, in exchange for \$675 toward your closing costs.</p> <p><b>Now:</b> You <b>get</b> \$675</p> <p><b>Over the life of the loan:</b> Pay \$14 <b>more</b> each month</p>

## 6. Shop with several lenders

You've figured out what affordable means for you. You've reviewed your credit and the kind of mortgage and down payment that best fits your situation. Now is the time to start shopping seriously for a loan. The work you do here could save you thousands of dollars over the life of your mortgage.

### GATHER FACTS AND COMPARE COSTS

#### ☐ Make a list of several lenders you will start with

Mortgages are typically offered by community banks, credit unions, mortgage brokers, online lenders, and large banks. These lenders have loan officers you can talk to about your situation.

#### ☐ Get the facts from the lenders on your list

Find out from the lenders what loan options they recommend for you, and the costs and benefits for each. For example, you might find a discount is offered for borrowers who have completed a home buyer education program.

#### ☐ Get at least three offers—in writing—so that you can compare them

Review the decisions you made on [pages 4 to 8](#) to determine the loan type, down payment, total monthly home payment and other features to shop for. Now ask at least three different lenders to give you a **Loan Estimate**, which is a standard form showing important facts about the loan. It should be sent to you within three days, and it shouldn't be expensive. Lenders can charge you only a small fee for getting your credit report—and some lenders provide the Loan Estimate without that fee.

#### ☐ Compare Total Loan Costs

Review your Loan Estimates and compare Total Loan Costs, which you can see under *Section D* at the bottom left of the second page of the Loan Estimate. **Total Loan Costs** include what your lender charges to make the loan, as well as costs for services such as appraisal and title. The third page of the Loan Estimate shows the **Annual Percentage Rate** (APR), which is a measure of your costs over the loan term expressed as a rate. Also shown on the third page is the **Total Interest Percentage** (TIP), which is the total amount of interest that you pay over the loan term as a percentage of your loan amount. **You can use APR and TIP to compare loan offers.**

### RESEARCH STARTER

Loan costs can vary widely from lender to lender, so this is one place where a little research may help you save a lot of money. Here's how:

#### ☐ Ask real estate and title professionals about average costs in your area.

#### ☐ Learn more about loan costs, and get help comparing options, at [consumerfinance.gov/owning-a-home](https://consumerfinance.gov/owning-a-home).

### TIP

A loan officer is not necessarily shopping on your behalf or providing you with the best fit or lowest cost loan.

### TIP

It is illegal for a lender to pay a loan officer more to steer you into a higher cost loan.

## THE TALK

Talking to different lenders helps you to know what options are available and to feel more in control. Here is one way to start the conversation:

**"This mortgage is a big decision and I want to get it right. Another lender is offering me a different loan that may cost less. Let's talk about what the differences are and whether you may be able to offer me the best deal."**



## TRACK YOUR LOAN OFFERS

*Fill in the blanks for these important factors:*

	LOAN OFFER 1	LOAN OFFER 2	LOAN OFFER 3
Lender name			
Loan amount	\$	\$	\$
Interest rate	%	%	%
	<input type="checkbox"/> Fixed <input type="checkbox"/> Adjustable	<input type="checkbox"/> Fixed <input type="checkbox"/> Adjustable	<input type="checkbox"/> Fixed <input type="checkbox"/> Adjustable
Monthly principal and interest	\$	\$	\$
Monthly mortgage insurance	\$	\$	\$
Total Loan Costs (See section D on the second page of your Loan Estimate.)	\$	\$	\$

My best loan offer is: \_\_\_\_\_

## 7. Choose your mortgage

You've done a lot of hard work to get this far! Now it is time to make your call.



### CONFIRM YOUR DECISION

*Check the box if you agree with the statement:*

- ☐ I can repay this loan.
- ☐ I am comfortable with my monthly payment.
- ☐ I shopped enough to know this is a good deal for me.
- ☐ There are no risky features such as a balloon payment or prepayment penalty I can't handle down the road.
- ☐ I know whether my principal and interest payment will increase in the future.

Still need advice? The U.S. Department of Housing and Urban Development (HUD) sponsors housing counseling agencies throughout the country to provide free or low-cost advice. To find a HUD-approved housing counselor visit [consumerfinance.gov/find-a-housing-counselor](https://consumerfinance.gov/find-a-housing-counselor) or call HUD's interactive voice system at (800) 569-4287.

### Intent to proceed

When you receive a Loan Estimate, the lender has not yet approved or denied your loan. Up to this point, they are showing you what they expect to offer if you decide to move forward with your application. You have not committed to this lender. In fact, you are not committed to any lender before you have signed final closing documents.

Once you have found your best mortgage, the next step is to tell the loan officer you want to proceed with that mortgage application. This is called expressing your **intent to proceed**. Lenders have to wait until you express your intent to proceed before they require you to pay an application fee, appraisal fee, or most other fees.

### Rate lock

Your Loan Estimate may show a rate that has been "locked" or a rate that is "floating," which means it can go up or down. Mortgage interest rates change daily, sometimes hourly. A **rate lock** sets your interest rate for a period of time. Rate locks are typically available for 30, 45, or 60 days, and sometimes longer.

The interest rate on your Loan Estimate is not a guarantee. If your rate is floating and it is later locked, your interest rate will be set at that later time. Also, if there are changes in your application—including your loan amount, credit score, or verified income—your rate and terms will probably change too. In those situations, the lender gives you a revised Loan Estimate.

There can be a downside to a rate lock. It may be expensive to extend if your transaction needs more time. And, a rate lock may lock you out of better market pricing if rates fall.

#### THE TALK

Rate lock policies vary by lender. Choosing to lock or float your rate can make an important difference in your monthly payment. To avoid surprises, ask:

**“What does it mean if I lock my rate today?”**

**“What rate lock time frame does this Loan Estimate provide?”**

**“Is a shorter or longer rate lock available, and at what cost?”**

**“What if my closing is delayed and the rate lock expires?”**

**“If I lock my rate, are there any conditions under which my rate could still change?”**



## 8. Avoid pitfalls

WHAT NOT TO DO	WHY?
Don't sign documents where important details are left blank or documents you don't understand.	You are agreeing to repay a substantial amount of money over an extended period of time. Make sure you know what you are getting into and protect yourself from fraud.
Don't assume you are on your own.	<p>HUD-approved housing counselors can help you navigate the process and find programs available to help first-time homebuyers.</p> <p>You can find a HUD-approved housing counselor in your area at <a href="https://consumerfinance.gov/find-a-housing-counselor">consumerfinance.gov/find-a-housing-counselor</a> or call HUD's interactive voice system at (800) 569-4287.</p>
Don't take on more mortgage than you want or can afford.	Make certain that you want the loan that you are requesting and that you are in a position to live up to your end of the bargain.
Don't count on refinancing, and don't take out a loan if you already know you will have to change it later.	If you are not comfortable with the loan offered to you, ask your lender if there is another option that works for you. Keep looking until you find the right loan for your situation.
Don't fudge numbers or documents.	You are responsible for an accurate and truthful application. Be upfront about your situation. Mortgage fraud is a serious offense.
Don't hide important financial information.	Hiding negative information may delay or derail your loan application.

# Handle problems

WHAT HAPPENED	WHAT TO DO ABOUT IT
I have experienced a problem with my loan application or how my loan officer is treating me.	Ask to talk to a supervisor. It may be a good idea to talk to the loan officer first, and if you are not satisfied, ask to speak with a supervisor.
I think I was unlawfully discriminated against when I applied for a loan or when I tried to buy a home.	<p>The Fair Housing Act and Equal Credit Opportunity Act prohibit housing and credit discrimination. If you think you have been discriminated against during any part of the mortgage process, you can submit a complaint and describe what happened. To do so, you can call the Consumer Financial Protection Bureau at (855) 411-2372 or visit <a href="https://consumerfinance.gov/complaint">consumerfinance.gov/complaint</a>. Submit a complaint to the U.S. Department of Housing and Urban Development (HUD) by calling (800) 669-9777, TTY (800) 927-9275. Or, file a complaint online at <a href="https://HUD.gov">HUD.gov</a>.</p> <p>You can find more information about your rights and how to submit a complaint with the CFPB at <a href="https://consumerfinance.gov/fair-lending">consumerfinance.gov/fair-lending</a>.</p>
I have a complaint.	Submit a complaint to the Consumer Financial Protection Bureau if you have problems at any stage of the mortgage application or closing process, or later if you have problems making payments or become unable to pay. You can call (855) 411-2372 or visit <a href="https://consumerfinance.gov/complaint">consumerfinance.gov/complaint</a> .
I think I may have been the victim of a predatory lender or a loan fraud.	<p>Don't believe anyone who tells you they are your "only chance to get a loan," or that you must "act fast." Learn the warning signs of predatory lending and protect yourself. Find more information at <a href="https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc/OHC_PREDLEND/OHC_LOANFRAUD">portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc/OHC_PREDLEND/OHC_LOANFRAUD</a>.</p> <p>You could learn more about your loan officer at <a href="https://nmlsconsumeraccess.org">nmlsconsumeraccess.org</a>.</p>

# Your closing



You've chosen a mortgage. Now it's time to select and work with your closing agent.

Once you've applied for a mortgage, you may feel like you're done. But mortgages are complicated and you still have choices to make.

## IN THIS SECTION

1. Shop for mortgage closing services
2. Review your revised Loan Estimate
3. Understand and use your Closing Disclosure

## 1. Shop for mortgage closing services

Once you've decided to move forward with a lender based on the Loan Estimate, you are ready to shop for the **closing agent** who gathers all the legal documents, closes the loan, and handles the money involved in your purchase. After you apply for a loan, your lender gives you a list of companies that provide closing services. You may want to use one of the companies on the list. Or, you may be able to choose companies that are not on the list if your lender agrees to work with your choice. The seller cannot require you to buy a title insurance policy from a particular title company.

### Closing agent

In most of the country, a settlement agent does your closing. In other states, particularly several states in the West, the person is known as an escrow agent. And in some states, particularly in the Northeast and South, an attorney may be required.



## RESEARCH STARTER

When you compare closing agents, look at both cost and customer service.

- ☐ Ask your real estate professional and your friends. These people may know companies they would recommend. Be sure to ask how that company handled problems and if they have a good reputation.

## TIP

Settlement services may feel like a drop in the bucket compared to the cost of the home. But in some states borrowers who shop around may save hundreds of dollars.

- Review the list of companies your lender gave you. Select a few companies on the list and ask for references from people who recently bought a home. Ask those people how the company handled problems that came up during the transaction.

## Title insurance

When you purchase your home, you receive a document most often called a deed, which shows the seller transferred their legal ownership, or “title,” to the home to you. **Title insurance** can provide protection if someone later sues and says they have a claim against the home. Common claims come from a previous owner’s failure to pay taxes or from contractors who say they were not paid for work done on the home before you purchased it.

Most lenders require a **Lender’s Title Insurance** policy, which protects the amount they lent. You may want to buy an **Owner’s Title Insurance** policy, which protects your financial investment in the home. The Loan Estimate you receive lists the Owner’s Title Insurance policy as optional if your lender does not require the policy as a condition of the loan.

Depending on the state where you are buying your home, your title insurance company may give you an itemized list of fees at closing. This itemized list may be required under state law and may be different from what you see on your Loan Estimate or Closing Disclosure. That does not mean you are being charged more. If you add up all the title-related costs your title insurance company gives you, it should match the totals of all the title-related costs you see on your Loan Estimate or Closing Disclosure. When comparing costs for title insurance, make sure to compare the bottom line total.

## Home inspector and home appraiser

When you are considering buying a home, it is smart to check it out carefully to see if it is in good condition. The person who does this for you is called a **home inspector**. The inspector works for you and should tell you whether the home you want to buy is in good condition and whether you are buying a “money pit” of expensive repairs. Get your inspection before you are finally committed to buy the home.

A home inspector is different from a **home appraiser**. The appraiser is an independent professional whose job is to give the lender an estimate of the home’s market value. You are entitled to a copy of the appraisal prior to your closing. This allows you to see how the price you agreed to pay compares to similar and recent property sales in your area.

## 2. Review your revised Loan Estimate

When important information changes, your lender is required to give you a new Loan Estimate that shows your new loan offer.

It is illegal for a lender to quote you low fees and costs for its services on your Loan Estimate and then surprise you with much higher costs in a revised Loan Estimate or Closing Disclosure. However, a lender may change the fees it quotes you for its services if the facts on your application were wrong or changed, you asked for a change, your lender found you did not qualify for the original loan offer, or your Loan Estimate expired.

Here are common reasons why your Loan Estimate might change:

- You decided to change loan programs or the amount of your down payment.
- The appraisal on the home you want to buy came in higher or lower than expected.
- You took out a new loan or missed a payment and that has changed your credit.
- Your lender could not document your overtime, bonus, or other income.

### THE TALK

If your Loan Estimate is revised you should look it over to see what changed. Ask your lender:

**"Can you explain why I received a new Loan Estimate?"**

**"How is my loan transaction different from what I was originally expecting?"**

**"How does this change my loan amount, interest rate, monthly payment, cash to close, and other loan features?"**

### 3. Understand and use your Closing Disclosure

You've chosen a home you want to buy and your offer has been accepted. You've also applied for and been approved for a mortgage. Now you are ready to take legal possession of the home and promise to repay your loan.

At least three days before your closing, you should get your official **Closing Disclosure**, which is a five-page document that gives you more details about your loan, its key terms, and how much you are paying in fees and other costs to get your mortgage and buy your home.

Many of the costs you pay at closing are set by the decisions you made when you were shopping for a mortgage. Charges shown under "services you can shop for" may increase at closing, but generally by no more than 10% of the costs listed on your final Loan Estimate.

The Closing Disclosure breaks down your closing costs into two big categories:

#### YOUR LOAN COSTS

- The lender's **Origination Costs** to make or "originate" the loan, along with application fees and fees to underwrite your loan. **Underwriting** is the lender's term for making sure your credit and financial information is accurate and you meet the lender's requirements for a loan.
- Discount points—that is, additional money you pay up front to reduce your interest rate.
- Services you shopped for, such as your closing or settlement agent and related title costs.
- Services your lender requires for your loan. These include appraisals and credit reports.

#### OTHER COSTS

- Property taxes.
- Homeowner's insurance premiums. You can shop around for homeowner's insurance from your current insurance company, or many others, until you find the combination of premium, coverage, and customer service that fits your situation. Your lender will ask you for proof you have an insurance policy on your new home.
- Any portion of your total mortgage payment you must make before your first full payment is due.
- Flood insurance, if required.

#### RESEARCH STARTER

Get tips, a step-by-step checklist, and help with the rest of the documents you'll see at closing at [consumerfinance.gov/owning-a-home](https://consumerfinance.gov/owning-a-home).

## What is your Closing Disclosure?

The five-page Closing Disclosure sums up the terms of your loan and what you pay at closing. You can easily compare the numbers to the Loan Estimate you received earlier. There should not be any significant changes other than those you have already agreed to.

Take out your own Closing Disclosure, or review the example here. Double-check that you clearly understand what you'll be expected to pay—over the life of your loan and at closing.

### ON PAGE 1 OF 5

#### Loan terms

Review your monthly payment. Part of it goes to repay what you borrowed (and may build equity in your new home), and part of it goes to pay interest (which doesn't build equity). Equity is the current market value of your home minus the amount you still owe on your mortgage.

#### Costs at Closing

Be prepared to bring the full "Cash to Close" amount with you to your closing. This amount includes your down payment and closing costs. The closing costs are itemized on the following pages.

### Closing Disclosure

*This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.*

Closing Information		Transaction Information		Loan Information	
<b>Date Issued</b>	4/15/2013	<b>Borrower</b>	Michael Jones and Mary Stone	<b>Loan Term</b>	30 years
<b>Closing Date</b>	4/15/2013		123 Anywhere Street	<b>Purpose</b>	Purchase
<b>Disbursement Date</b>	4/15/2013		Anytown, ST 12345	<b>Product</b>	Fixed Rate
<b>Settlement Agent</b>	Epsilon Title Co.	<b>Seller</b>	Steve Cole and Amy Doe	<b>Loan Type</b>	<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA
<b>File #</b>	12-3456		321 Somewhere Drive	<input type="checkbox"/> VA <input type="checkbox"/>	
<b>Property</b>	456 Somewhere Ave	<b>Lender</b>	Anytown, ST 12345	<b>Loan ID #</b>	123456789
	Anytown, ST 12345		Ficus Bank	<b>MIC #</b>	000654321
<b>Sale Price</b>	\$180,000				

Loan Terms		Can this amount increase after closing?
<b>Loan Amount</b>	\$162,000	NO
<b>Interest Rate</b>	3.875%	NO
<b>Monthly Principal &amp; Interest</b> <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$761.78	NO

Does the loan have these features?	
<b>Prepayment Penalty</b>	YES • As high as \$3,240 if you pay off the loan during the first 2 years
<b>Balloon Payment</b>	NO

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <small>Amount can increase over time</small>	+ 206.13	+ 206.13
<b>Estimated Total Monthly Payment</b>	\$1,050.26	\$967.91

Estimated Taxes, Insurance & Assessments	This estimate includes	In escrow?
\$356.13 a month <small>Amount can increase over time See page 4 for details</small>	<input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: Homeowner's Association Dues <small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small>	YES YES NO

Costs at Closing	
<b>Closing Costs</b>	\$9,712.10 Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs – \$0 in Lender Credits. See page 2 for details.
<b>Cash to Close</b>	\$14,147.26 Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

CLOSING DISCLOSURE

PAGE 1 OF 5 • LOAN ID # 123456789

Closing Disclosure, page 1. The most important facts about your loan are on the first page.

### ON PAGE 2 OF 5

#### Total Loan Costs

Origination charges are fees your lender charges to make your loan. Some closing costs are fees paid to the providers selected by your lender. Some are fees you pay to providers you chose on your own.

#### Prepays

Homeowner's insurance is often paid in advance for the first full year. Also, some taxes and other fees need to be paid in advance.

## Closing Cost Details

Loan Costs		Borrower-Paid		Seller-Paid		Paid by Others
		At Closing	Before Closing	At Closing	Before Closing	
<b>A. Origination Charges</b>		<b>\$1,802.00</b>				
01	0.25 % of Loan Amount (Points)	\$405.00				
02	Application Fee	\$300.00				
03	Underwriting Fee	\$1,097.00				
04						
05						
06						
07						
08						
<b>B. Services Borrower Did Not Shop For</b>		<b>\$236.55</b>				
01	Appraisal Fee to John Smith Appraisers Inc.		\$29.80			\$405.00
02	Credit Report Fee to Information Inc.					
03	Flood Determination Fee to Info Co.	\$20.00				
04	Flood Monitoring Fee to Info Co.	\$31.75				
05	Tax Monitoring Fee to Info Co.	\$75.00				
06	Tax Status Research Fee to Info Co.	\$80.00				
07						
08						
09						
10						
<b>C. Services Borrower Did Shop For</b>		<b>\$2,655.50</b>				
01	Pest Inspection Fee to Pests Co.	\$120.50				
02	Survey Fee to Surveys Co.	\$85.00				
03	Title - Insurance Binder to Epsilon Title Co.	\$650.00				
04	Title - Lender's Title Insurance to Epsilon Title Co.	\$500.00				
05	Title - Settlement Agent Fee to Epsilon Title Co.	\$500.00				
06	Title - Title Search to Epsilon Title Co.	\$800.00				
07						
08						
<b>D. TOTAL LOAN COSTS (Borrower-Paid)</b>		<b>\$4,694.05</b>				
Loan Costs Subtotals (A + B + C)		\$4,664.25	\$29.80			
<b>Other Costs</b>						
<b>E. Taxes and Other Government Fees</b>		<b>\$85.00</b>				
01	Recording Fees Deed: \$40.00 Mortgage: \$45.00	\$85.00				
02	Transfer Tax to Any State			\$950.00		
<b>F. Prepaids</b>		<b>\$2,120.80</b>				
01	Homeowner's Insurance Premium ( 12 mo.) to Insurance Co.	\$1,209.96				
02	Mortgage Insurance Premium ( mo.)					
03	Prepaid Interest ( \$17.44 per day from 4/15/13 to 5/1/13 )	\$279.04				
04	Property Taxes ( 6 mo.) to Any County USA	\$631.80				
05						
<b>G. Initial Escrow Payment at Closing</b>		<b>\$412.25</b>				
01	Homeowner's Insurance \$100.83 per month for 2 mo.	\$201.66				
02	Mortgage Insurance per month for mo.					
03	Property Taxes \$105.30 per month for 2 mo.	\$210.60				
04						
05						
06						
07						
08	Aggregate Adjustment	- 0.01				
<b>H. Other</b>		<b>\$2,400.00</b>				
01	HOA Capital Contribution to HOA Acre Inc.	\$500.00				
02	HOA Processing Fee to HOA Acre Inc.	\$150.00				
03	Home Inspection Fee to Engineers Inc.	\$750.00				
04	Home Warranty Fee to XYZ Warranty Inc.			\$450.00	\$750.00	
05	Real Estate Commission to Alpha Real Estate Broker			\$5,700.00		
06	Real Estate Commission to Omega Real Estate Broker			\$5,700.00		
07	Title - Owner's Title Insurance (optional) to Epsilon Title Co.	\$1,000.00				
08						
<b>I. TOTAL OTHER COSTS (Borrower-Paid)</b>		<b>\$5,018.05</b>				
Other Costs Subtotals (E + F + G + H)		\$5,018.05				
<b>J. TOTAL CLOSING COSTS (Borrower-Paid)</b>		<b>\$9,712.10</b>				
Closing Costs Subtotals (D + I)		\$9,682.30	\$29.80	\$12,800.00	\$750.00	\$405.00
Lender Credits						

CLOSING DISCLOSURE

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## Escrow

An escrow or impound account is a special account where monthly insurance and tax payments are held until they are paid out each year. You get a statement showing how much money your lender or mortgage servicer plans to require for your escrow or impound account.

You also get an annual analysis showing what happened to the money in your account. Your lender must follow federal rules to make sure they do not end up with a large surplus or shortage in your escrow or impound account.

Details of your closing costs appear on page 2 of the Closing Disclosure.



## USE YOUR CLOSING DISCLOSURE TO CONFIRM THE DETAILS OF YOUR LOAN

Circle one. If you answer no, turn to the page indicated for more information:

The interest rate is what I was expecting based on my Loan Estimate. **YES / NO** (see page 10)

I know whether I have a prepayment penalty or balloon payment. **YES / NO** (see page 7)

I know whether or not my payment changes in future years. **YES / NO** (see page 7)

I see whether I am paying points or receiving points at closing. **YES / NO** (see page 9)

I know whether I have an escrow account. **YES / NO** (see above)



Calculating Cash to Close

Closing costs are only a part of the total cash you need to bring to closing.

Summaries of Transactions

The section at the bottom of the page sums up how the money flows among you, the lender, and the seller.

Loan Disclosures

Page 4 breaks down what is and is not included in your escrow or impound account. Make sure you understand what is paid from your escrow account and what you are responsible for paying yourself.

Top image: A summary of important financial information appears on page 3 of the Closing Disclosure.

Bottom image: More details of your loan appear on page 4 of your Closing Disclosure.

Calculating Cash to Close		Use this table to see what has changed from your Loan Estimate.	
	Loan Estimate	Final	Did this change?
Total Closing Costs (J)	\$8,054.00	\$9,712.10	YES - See <b>Total Loan Costs (D)</b> and <b>Total Other Costs (I)</b>
Closing Costs Paid Before Closing	\$0	– \$29.80	YES - You paid these Closing Costs <b>before</b> closing
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	– \$10,000.00	– \$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	– \$2,500.00	YES - See Seller Credits in <b>Section L</b>
Adjustments and Other Credits	\$0	– \$1,035.04	YES - See details in <b>Sections K and L</b>
<b>Cash to Close</b>	<b>\$16,054.00</b>	<b>\$14,147.26</b>	

Summaries of Transactions		Use this table to see a summary of your transaction.	
BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
<b>K. Due from Borrower at Closing</b>	<b>\$189,762.30</b>	<b>M. Due to Seller at Closing</b>	<b>\$180,080.00</b>
01 Sale Price of Property	\$180,000.00	01 Sale Price of Property	\$180,000.00
02 Sale Price of Any Personal Property Included in Sale		02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	\$9,682.30	03	
04		04	
<b>Adjustments</b>		05	
05		06	
06		07	
07		08	
<b>Adjustments for Items Paid by Seller in Advance</b>		<b>Adjustments for Items Paid by Seller in Advance</b>	
08 City/Town Taxes to		09 City/Town Taxes to	
09 County Taxes to		10 County Taxes to	
10 Assessments to		11 Assessments to	
11 HOA Dues 4/15/13 to 4/30/13	\$80.00	12 HOA Dues 4/15/13 to 4/30/13	\$80.00
12		13	
13		14	
14		15	
15		16	
<b>L. Paid Already by or on Behalf of Borrower at Closing</b>	<b>\$175,615.04</b>	<b>N. Due from Seller at Closing</b>	<b>\$115,665.04</b>
01 Deposit	\$10,000.00	01 Excess Deposit	
02 Loan Amount	\$162,000.00	02 Closing Costs Paid at Closing (J)	\$12,800.00
03 Existing Loan(s) Assumed or Taken Subject to		03 Existing Loan(s) Assumed or Taken Subject to	
04		04 Payoff of First Mortgage Loan	\$100,000.00
05 Seller Credit	\$2,500.00	05 Payoff of Second Mortgage Loan	

Additional Information About This Loan

Loan Disclosures

**Assumption**  
If you sell or transfer this property to another person, your lender ☐ will allow, under certain conditions, this person to assume this loan on the original terms.  
☒ will not allow assumption of this loan on the original terms.

**Demand Feature**  
Your loan ☐ has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.  
☒ does not have a demand feature.

**Late Payment**  
If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.

**Negative Amortization** (Increase in Loan Amount)  
Under your loan terms, you ☐ are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.  
☐ may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.  
☒ do not have a negative amortization feature.

**Partial Payments**  
Your lender ☒ may accept payments that are less than the full amount due (partial payments) and apply them to your loan.  
☐ may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.  
☐ does not accept any partial payments.  
If this loan is sold, your new lender may have a different policy.

**Security Interest**  
You are granting a security interest in  
456 Somewhere Ave., Anytown, ST 12345

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

**Escrow Account**  
**For now, your loan** ☒ will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: Homeowner's Association Dues You may have other property costs.
Initial Escrow Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$206.13	The amount included in your total monthly payment.

☐ will not have an escrow account because ☐ you declined it ☐ your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

**In the future,**  
Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

## Finance Charge

In addition to paying back the amount you are borrowing, you pay a lot of interest over the life of the loan. This is why it is worthwhile to shop carefully for the best loan for your situation.

## Annual Percentage Rate (APR)

Your **APR** is your total cost of credit stated as a rate. Your APR is generally higher than your interest rate, because the APR takes into consideration all the costs of your loan, over the full term of the loan.

If anything on the Closing Disclosure is not clear to you, ask your lender or settlement agent, "What does this mean?"

Loan Calculations		Other Disclosures			
<b>Total of Payments.</b> Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$285,803.36	<b>Appraisal</b> If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.			
<b>Finance Charge.</b> The dollar amount the loan will cost you.	\$118,830.27	<b>Contract Details</b> See your note and security instrument for information about • what happens if you fail to make your payments, • what is a default on the loan, • situations in which your lender can require early repayment of the loan, and • the rules for making payments before they are due.			
<b>Amount Financed.</b> The loan amount available after paying your upfront finance charge.	\$162,000.00	<b>Liability after Foreclosure</b> If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan, <input checked="" type="checkbox"/> state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information. <input type="checkbox"/> state law does not protect you from liability for the unpaid balance.			
<b>Annual Percentage Rate (APR).</b> Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%	<b>Refinance</b> Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.			
<b>Total Interest Percentage (TIP).</b> The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%	<b>Tax Deductions</b> If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.			

**Questions?** If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at [www.consumerfinance.gov/mortgage-closing](http://www.consumerfinance.gov/mortgage-closing)

Contact Information					
	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
<b>Name</b>	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
<b>Address</b>	4321 Random Blvd. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
<b>NMLS ID</b>					
<b>ST License ID</b>			Z765416	Z61456	Z61616
<b>Contact</b>	Joe Smith		Samuel Green	Joseph Cain	Sarah Arnold
<b>Contact NMLS ID</b>	12345				
<b>Contact ST License ID</b>			P16415	P51461	PT1234
<b>Email</b>	joesmith@ficusbank.com		sam@omegare.biz	joe@alphare.biz	sarah@epsilontitle.com
<b>Phone</b>	123-456-7890		123-555-1717	321-555-7171	987-555-4321

**Confirm Receipt**

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_

CLOSING DISCLOSURE

Co-Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_

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Loan calculations, disclosures, and contact information for your files are on page 5 of the Closing Disclosure.

## NOW

- Now you've spent time understanding what you need to do and what you need to pay, as a new homeowner.
- Now is the time to step back and feel sure you want to proceed with the loan.

## IN THE FUTURE

- If you are not comfortable with your mortgage and your responsibility to make payments, you might not be able to keep your home.
- If you've made a careful decision about what you can afford and the mortgage you wanted, you will be able to balance owning your home and meeting your other financial goals.

# Owning your home



Now you've closed on your mortgage and the home is yours.

Owning a home is exciting. And your home is also a large investment. Here's how to protect that investment.

## 1. Act fast if you get behind on your payments

If you fall behind on your mortgage, the company that accepts payments on your mortgage contacts you. This company is your **mortgage servicer**. Your servicer is required to let you know what options are available to avoid foreclosure. Talk to your mortgage servicer if you get into trouble, and call a housing counselor (see [page 12](#) for contact information). HUD-approved counselors are professionals who can help you, often at little or no charge to you.

Homeowners struggling to pay a mortgage should beware of scammers promising to lower mortgage payments. Only your mortgage servicer can evaluate you for a loan modification. If you suspect a scam you can call (855) 411-2372 or visit [consumerfinance.gov/complaint](https://consumerfinance.gov/complaint).

## 2. Keep up with ongoing costs

Your mortgage payment is just one part of what it costs to live in your new home. Your escrow account holds your monthly taxes and homeowner's insurance payments—but if you have no escrow account, you need to keep up with these on your own. Your home needs maintenance and repairs, so budget and save for these too.

### IN THIS SECTION

1. Act fast if you get behind on your payments
2. Keep up with ongoing costs
3. Determine if you need flood insurance
4. Understand Home Equity Lines of Credit (HELOCs) and refinancing

### 3. Determine if you need flood insurance

Flooding causes more than \$8 billion in damages in the United States in an average year. You can protect your home and its contents from flood damage. Depending on your property location, your home is considered either at high-risk or at moderate-to-low risk for a flood. Your insurance premium varies accordingly. You can find out more about flood insurance at [FloodSmart.gov](https://www.floodsmart.gov). Private flood insurance could also be available.

Although you may not be required to maintain flood insurance on all structures, you may still wish to do so, and your mortgage lender may still require you to do so to protect the collateral securing the mortgage. If you choose to not maintain flood insurance on a structure, and it floods, you are responsible for all flood losses relating to that structure.

### 4. Understand Home Equity Lines of Credit (HELOCs) and refinancing

Homeowners sometimes decide they want to borrow against the value of their home to help remodel or pay for other large expenses. One way to do this is with a **Home Equity Line of Credit** (HELOC). You can learn more about HELOCs at [files.consumerfinance.gov/f/201401\\_cfpb\\_booklet\\_heloc.pdf](https://files.consumerfinance.gov/f/201401_cfpb_booklet_heloc.pdf).

Financial counselors caution homeowners against using a HELOC to wipe out credit card debt. If you use a HELOC as a quick fix to a serious spending problem, you could end up back in debt and lose your home.

If you decide to take out a HELOC or refinance your mortgage, the Truth in Lending Act (TILA) gives you the **right to rescind**, meaning you can change your mind and cancel the loan. But you can only rescind a refinance or HELOC within three days of receiving a proper notice of the right to rescind from your lender. You cannot rescind if you are using your HELOC to buy a home.

In the case of a refinance, consider how long it will take for the monthly savings to pay for the cost of the refinance. Review the closing costs you paid for your original loan to purchase the home. Refinancing costs can be about the same amount. A common rule of thumb is to proceed only if the new interest rate saves you that amount over about two years (in other words, if you break even in about two years).

### ★ Congratulations!

You have accomplished a lot. It is not easy—you should feel proud of the work you've done.



## Online tools

### CFPB website

[consumerfinance.gov](http://consumerfinance.gov)

### Answers to common questions

[consumerfinance.gov/askcfpb](http://consumerfinance.gov/askcfpb)

### Tools and resources for home buyers

[consumerfinance.gov/owning-a-home](http://consumerfinance.gov/owning-a-home)

### Talk to a housing counselor

[consumerfinance.gov/find-a-housing-counselor](http://consumerfinance.gov/find-a-housing-counselor)



## General inquiries

Consumer Financial Protection Bureau

1700 G Street NW

Washington DC 20552



## Submit a complaint

### Online

[consumerfinance.gov/complaint](http://consumerfinance.gov/complaint)

### By phone

855-411-CFPB (2372);

TTY/TDD 855-729-CFPB (2372);

8 a.m. to 8 p.m. Eastern Time, Monday-Friday

### By fax

855-237-2392

### By mail

Consumer Financial Protection Bureau

P.O. Box 4503

Iowa City, Iowa 52244



## Share your thoughts

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[Twitter.com/cfpb](https://twitter.com/cfpb)

CONSUMER HANDBOOK ON

# Adjustable-Rate Mortgages

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Find out how  
your payment can  
change over time



Consumer Financial  
Protection Bureau



An official publication of the U.S. government

## How to use the booklet

When you and your mortgage lender discuss adjustable-rate mortgages (ARMs), you receive a copy of this booklet. When you apply for an ARM loan, you receive a Loan Estimate. You can request and receive multiple Loan Estimates from competing lenders to find your best deal.

You may want to have your Loan Estimate handy for any loan you are considering as you work through this booklet. We reference a sample Loan Estimate throughout the booklet to help you apply the information to your situation.

You can find more information about ARMs at [cfpb.gov/about-arms](https://cfpb.gov/about-arms). You'll also find other mortgage-related CFPB resources, facts, and tools to help you take control of the homebuying process.

## About the CFPB

The Consumer Financial Protection Bureau regulates the offering and provision of consumer financial products and services under the federal consumer financial laws and educates and empowers consumers to make better informed financial decisions.

This booklet, titled Consumer Handbook on Adjustable Rate Mortgages, was created to comply with federal law pursuant to 12 U.S.C. 2604 and 12 CFR 1026.19(b)(1).

## How can this booklet help you?

This booklet can help you decide whether an adjustable-rate mortgage (ARM) is the right choice for you and to help you take control of the homebuying process.

Your lender may have already provided you with a copy of Your Home Loan Toolkit. You can also download the Toolkit from the CFPB's Buying a House guide at [cfpb.gov/buy-a-house/](https://cfpb.gov/buy-a-house/).

An ARM is a mortgage with an interest rate that changes, or "adjusts," throughout the loan.

With an ARM, the interest rate and monthly payment may start out low. However, both the rate and the payment can increase very quickly.

**Consider an ARM only if you can afford increases in your monthly payment—even to the maximum amount.**

## After you finish this booklet:

- You'll understand how an ARM works and whether it's the right choice for you. (page 2)
- You'll know how to review important documents when you apply for an ARM. (page 6)
- You'll understand the risks that come with different types of ARMs. (page 18)

# Is an ARM right for you?

ARMs come with the risk of higher payments in the future that you might not be able to predict. But in some situations, an ARM might make sense for you. If you are considering an ARM, be sure to understand the tradeoffs.

## TIP

Don't count on being able to refinance before your interest rate and monthly payments increase. You might not qualify for refinancing if the value of your home goes down or if something unexpected damages your financial situation, like a job loss or medical costs.

COMPARE	FIXED-RATE MORTGAGE	ADJUSTABLE-RATE MORTGAGE
Consider this option if	<ul style="list-style-type: none"><li>You prefer predictable payments, or</li><li>You plan to keep your home for a long period of time</li></ul>	<ul style="list-style-type: none"><li>You are confident you can afford increases in your monthly payment—even to the maximum amount, or</li><li>You plan to sell your home within a short period of time</li></ul>
Interest rate	<ul style="list-style-type: none"><li>Set when you take out the loan</li><li>Stays the same for the entire loan term</li></ul>	<ul style="list-style-type: none"><li>Based on an index that changes</li><li>May start out lower than a fixed rate mortgage but you bear the risk of increases throughout your loan</li></ul>
Monthly payment	<ul style="list-style-type: none"><li>Principal and interest payment stays the same over the life of your loan</li><li>You know the total you will pay in principal and interest over the life of the loan</li></ul>	<ul style="list-style-type: none"><li>Initial principal and interest payment amount remains in effect for a limited period</li><li>You can't know in advance how much total interest you will pay because your interest rate changes</li><li>If you can't afford the increased payments, you may lose your home to foreclosure</li></ul>



# Learn about how ARMs work

As you decide whether to move ahead with an ARM, you should understand how they work and how your housing costs can be affected.

## Interest rate = index + margin

The interest rate on an ARM has two parts: the index and the margin.

### INDEX

An **index** is a measure of interest rates generally that reflects trends in the overall economy. Different lenders use different indexes for their ARM programs.

Common indexes include the U.S. prime rate and the Constant Maturity Treasury (CMT) rate. Talk with your lender to find out more about the index they use, which is also shown on your Loan Estimate.

### MARGIN

The **margin** is an extra percentage that the lender adds to the index.

You can shop around to different lenders to find the lowest combination of the index plus the margin. Your Loan Estimate shows the index and the margin being offered to you.

# Changes to initial rate and payment

The *initial* interest rate and *initial* principal and interest payment amount on an ARM remain in effect for a limited period.

So, when you see ARMs advertised as 5/1 or 5/6m ARMs:

- The first number tells you the length of time your initial interest rate lasts.
- The second number tells you how often the rate changes after that.

For example, during the first five years in a 5/6m ARM your rate stays the same. After that, the rate may adjust every six months (the 6m in the 5/6m example) until the loan is paid off. This period between rate changes is called the **adjustment period**. Adjustment periods can vary. Some last a month, a year, or like this example, six months.

For some ARMs, the initial rate and payment can be very different from the rates and payments later in the loan term. Even if the market for interest rates is stable, your rates and payments could change a lot.

# Use your Loan Estimate to understand your ARM

When you apply for a mortgage, the lender gives you a document called a **Loan Estimate**. It describes important features of the loan the lender is offering you. This section illustrates the parts of a Loan Estimate that are specific features of ARM loans. An interactive, online version of a Loan Estimate sample is available at: [cfpb.gov/arm-explainer/](https://cfpb.gov/arm-explainer/)

## Loan Terms

## Projected Payments

## Adjustable Interest Rate (AIR) Table

## Product

Save this Loan Estimate to compare with your Closing Disclosure.

### Loan Estimate

DATE ISSUED  
APPLICANTS  
PROPERTY  
SALE PRICE

LOAN TERM 30 years  
PURPOSE Purchase  
PRODUCT 5/1 Adjustable Rate  
LOAN TYPE ☒ Conventional ☐ FHA ☐ VA ☐  
LOAN ID # 123456789  
RATE LOCK ☒ NO ☐ YES

Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on

Loan Terms		Can this amount increase after closing?	
Loan Amount	\$216,000	NO	
Interest Rate	3%	YES	<ul style="list-style-type: none"><li>Adjusts every year starting in year 6</li><li>Can go as high as 8% in year 8</li><li>See AIR Table on page 2 for details</li></ul>
Monthly Principal & Interest <small>See Projected Payments Below for Your Total Monthly Payment</small>	\$910.66	YES	<ul style="list-style-type: none"><li>Adjusts every year starting in year 6</li><li>Can go as high as \$1,467 in year 8</li></ul>
Prepayment Penalty		NO	
Balloon Payment		NO	

### Projected Payments

Payment Calculation	Years 1-5	Years 6	Years 7	Years 8-30
Principal & Interest	\$910.66	\$838 min \$1,123 max	\$838 min \$1,350 max	\$838 min \$1,467 max
Mortgage Insurance	+ 99	+ 99	+ 99	+ —
Estimated Escrow <small>Amount can increase over time</small>	+ 341	+ 341	+ 341	+ 341
Estimated Total Monthly Payment	\$1,290	\$1,217 – \$1,502	\$1,217 – \$1,729	\$1,179 – \$1,808

Estimated Taxes, Insurance & Assessments  
Amount can increase over time

\$341 a month

This estimate includes

☒ Property Taxes  
☒ Homeowner's Insurance  
☐ Other:  
See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.

In escrow?  
YES  
YES

### Costs at Closing

Estimated Closing Costs	\$X,XXX	Includes in Loan Costs + in Other Costs – in Lender Credits. See details on page 2.
Estimated Cash to Close	\$XX,XXX	Includes Closing Costs. See calculating Cash to Close on page 2 for details.

Visit [www.consumerfinance.gov/learnmore](https://www.consumerfinance.gov/learnmore) for general information and tools.

LOAN ESTIMATE PAGE 1 OF 3 • LOAN ID # 123456789

LOAN ESTIMATE

### Adjustable Interest Rate (AIR) Table

Index + Margin	1 Year Cmt + 2.25%
Initial Interest Rate	3%
Minimum/Maximum Interest Rate	2.25% / 8%
Change Frequency	
First Change	Beginning of 61st month
Subsequent Changes	Every 12 months after first change
Limits on Interest Rate Changes	
First Change	2%
Subsequent Changes	2%

PAGE 2 OF 3 • LOAN ID # 123456789

6 ADJUSTABLE-RATE MORTGAGES

USE YOUR LOAN ESTIMATE TO UNDERSTAND YOUR ARM 7

# Loan terms

## INTEREST RATE

The Loan Estimate shows the *initial* interest rate you pay at the beginning of your loan term. This row also shows how often your rate can change and how high it can go.

## MONTHLY PRINCIPAL & INTEREST

The Loan Estimate shows the *initial* monthly principal and interest payment you'll make if you accept this loan. Your **principal** is the money that you originally agreed to pay back on your loan. **Interest** is a cost you pay to borrow the principal. The initial principal and interest payment amount for an ARM is set only for the initial period and may change after that.

### THE TALK

You might hear, "An ARM makes sense because you can refinance the loan before your interest rate and monthly payment increase."

Ask yourself, a spouse, or a loved one:

"What if the market value of the home goes down?"

"What if our financial situation or our credit score gets damaged by something unexpected like a job loss or illness?"

"If we can't refinance at a better rate, can we afford the maximum interest rate and payment increase under this loan?"

Loan Terms		Can this amount increase after closing?	
Loan Amount	\$216,000	NO	
Interest Rate	3%	YES	<ul style="list-style-type: none"><li>· Adjusts <b>every year</b> starting in year 6</li><li>· Can go <b>as high as 8%</b> in year 8</li><li>· See <b>AIR Table</b> for details</li></ul>
Monthly Principal & Interest <i>See Projected Payments Below for Your Total Monthly Payment</i>	\$910.66	YES	<ul style="list-style-type: none"><li>· Adjusts <b>every year</b> starting in year 6</li><li>· Can go <b>as high as \$1,467</b> in year 8</li></ul>
		Does the loan have these features?	
Prepayment Penalty		NO	
Balloon Payment		NO	

Example of "Loan terms" section. Find this on page 1 of your own Loan Estimate

Projected Payments				
Payment Calculation	Years 1-5	Years 6	Years 7	Years 8-30
Principal & Interest	\$910.66	\$838 min \$1,123 max	\$838 min \$1,350 max	\$838 min \$1,467 max
Mortgage Insurance	+ 99	+ 99	+ 99	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 341	+ 341	+ 341	+ 341
<b>Estimated Total Monthly Payment</b>	<b>\$1,290</b>	<b>\$1,217 – \$1,502</b>	<b>\$1,217 – \$1,729</b>	<b>\$1,179 – \$1,808</b>
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time</i>	<b>\$341</b> a month	<b>This estimate includes</b> <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>		
		<b>In escrow?</b> <b>YES</b> <b>YES</b>		

Example of "Projected payments" section. Find this on page 1 of your own Loan Estimate

Projected payments

PRINCIPAL & INTEREST

The monthly principal and interest payment on your ARM is likely to change after the initial period. Review this section to see how your payment can change based on your loan’s interest rate.

ESTIMATED TOTAL MONTHLY PAYMENT

Review this row to see the total minimum and maximum monthly payments. The payments include mortgage insurance, property taxes, homeowners insurance, and any additional property assessments or other escrow items. Learn more about these mortgage terms at [cfpb.gov/mortgage-terms/](https://cfpb.gov/mortgage-terms/)

Keep in mind that other parts of your monthly and annual housing costs can change, such as your property taxes and homeowners insurance payments.

THE TALK

Talk over how your financial life could be affected if your ARM monthly payment increases. In future years, you might face money decisions like:

- Job changes
- School or other education expenses
- Medical needs and expenses

Because ARM adjustments are unpredictable, you might have less or more financial flexibility for other parts of your life.

# Adjustable Interest Rate (AIR) table

You should read and understand the AIR table calculations before committing to an ARM. It's important to know how your interest rate changes over the life of your loan.

## INDEX + MARGIN

Your lender is required to show you how your interest rate is calculated, which is determined by the index and margin on your loan. See page 2 of this booklet for more about index and margin.

## INITIAL INTEREST RATE

This is the interest rate at the beginning of your loan. The initial interest rate changes to the index plus the margin at your first adjustment (subject to the limits on interest rate changes). Your loan servicer tells you your new payment amount seven to eight months in advance, so you can budget for it or shop for a new loan.

## MINIMUM/MAXIMUM INTEREST RATE

This shows how low or high your interest rate could be over the life of your loan. Generally, an ARM's interest rate is never lower than the margin.

## CHANGE FREQUENCY

This indicates when the interest rate on your loan will change. Your loan servicer sends you advance notices of changes.

## LIMITS ON INTEREST RATE CHANGES

This shows the highest amount your interest rate can increase when there is a change.

Adjustable Interest Rate (AIR) Table	
Index + Margin	1 Year Cmt + 2.5%
Initial Interest Rate	3%
Minimum/Maximum Interest Rate	2.5% / 8%
Change Frequency	
First Change	Beginning of 61st month
Subsequent Changes	Every 12 months after first change
Limits on Interest Rate Changes	
First Change	2%
Subsequent Changes	2%

Example of "AIR table" section. Find this on page 2 of your own Loan Estimate



## "TEASER" RATES

Some lenders offer a "teaser," "start," or "discounted" rate that is lower than their fully indexed rate. When the teaser rate ends, your loan takes on the fully indexed rate. Don't assume that a loan with a teaser rate is a good one for you. Not everyone's budget can accommodate a higher payment.

Consider this example:

- A lender's fully indexed rate is 4.5% (the index is 2% and the margin is 2.5%).
- The loan also features a "teaser" rate of 3%.
- Even if the index doesn't change, your interest rate still increases from 3% to 4.5% when your teaser rate expires.



## COMPARE YOUR ARM OFFERS

Shop for at least three loan offers, and fill in the blanks below using the information on your Loan Estimates:

	ARM OFFER 1	ARM OFFER 2	FIXED-RATE OFFER
Lender name			
Loan amount	\$	\$	\$
Initial interest rate	%	%	%
Initial principal and interest payment	\$	\$	\$
Index			
Margin			
How long will the initial interest rate and initial payment apply?			
How high can my interest rate go?	%	%	%
How high can my principal and interest payment go?	\$	\$	\$

My best loan offer is: \_\_\_\_\_



### THE TALK

You are in control of whether or not to proceed with an ARM. If you prefer to proceed with a fixed-rate mortgage, here is one way to start the conversation with a lender:

"A fixed-rate mortgage seems to be a better fit for me. Let's talk about what you can offer and how it compares to other loans I may be able to get."

## Review your lender's ARM program disclosure

Your lender gives you an ARM program disclosure when they give you an application. This is the lender's opportunity to tell you about their different ARM loans and how the loans work. The index and margin can differ from one lender to another, so it is helpful to compare offers from different lenders.

Generally, the index your lender uses won't change after you get your loan, but your loan contract may allow the lender to switch to a different index in some situations.

### GATHER FACTS

Review your program disclosure and ask your lender questions to understand their ARM loan offerings:

- ☐ How are the interest rate and payment determined?
- ☐ Does this loan have interest-rate **caps** (that is, limits on interest rate changes)?
- ☐ How often do the interest rate and payment adjust?
- ☐ What index is used and where is it published?
- ☐ Is the initial interest rate lower than the fully indexed rate? (see "Teaser rates," on page 12)
- ☐ What type of information is provided in notices of adjustment and when do I receive them?

## Ask about other options offered by your lender

### Conversion option

Your loan agreement may include a clause that lets you convert the ARM to a fixed-rate mortgage in the future.

When you convert, the new rate is generally set using a formula given in your loan documents. That fixed rate may be higher or lower than interest rates available to you in the market at that time. Also your lender may charge you a conversion fee. Ask your lender whether the loan you are being offered has a conversion feature and how it works.

### Special features

You can shop around to understand what special ARM features may be available from different lenders.

Not all programs are the same. Talk with your lender to find out if there's anything special about their ARM programs that you may find valuable.

# Check your ARM for features that could pose risks

Some types of ARMs have features that can reduce your payments in the short term but may include fees or the risk of higher payments later. Review your loan terms and make sure that you understand the fees and how your rate and payment may change. **Lower payments at the beginning could mean higher fees or much higher payments later.**

## Paying points to reduce your initial interest rate

Lenders can offer you a lower rate in exchange for paying loan fees at closing, or **points**.

With an ARM, paying points often reduces your interest rate only until the end of the initial period—the reduction most likely does not apply over the life of your loan.

If you are using an ARM to refinance a loan, points are often rolled into your new loan amount. You might not realize you are paying points unless you look carefully. Points are disclosed on the top of Page 2 of your Loan Estimate.

Lenders may give you the option to pay points, but you never have to take that option. To figure out if you have a good deal, compare your cost in points with the amount that you will save with a lower interest rate.

### Loan Costs

<b>A. Origination Charges</b>	<b>\$3,160</b>
1% of Loan Amount (Points)	\$2,160
Application Fee	\$500
Processing Fee	\$500

Example of "Loan costs" section. Find this on page 2 of your own Loan Estimate

### THE TALK

If your Loan Estimate shows points, ask your lender:

- "What is my interest rate if I choose not to pay points?"
- "How much money do I pay in points? And, compared to the total reduction in my payments during the initial period, am I coming out ahead?"
- "Can I see a revised Loan Estimate with the points removed and the interest rate adjusted?"



## Interest-only ARMs

With an interest-only ARM payment plan, you pay only the interest for a specified number of years. During this interest-only period, you have smaller monthly payments, but you are not paying anything toward your mortgage loan balance.

When the interest-only period ends, your monthly payment increases—even if interest rates stay the same—because you must start paying back the principal plus the interest each month. Your monthly payments can increase a lot. The longer the interest-only period, the more your monthly payments increase after the interest-only period ends.

## Payment option ARMs

Payment option ARMs were common before 2008 when the housing crisis began, and some lenders might still offer them.

A payment option ARM means the borrower can choose from different payment options, such as:

- A traditional principal and interest payment
- An interest-only payment (see above)
- A minimum payment, which could result in negative amortization

**Negative amortization** happens when you are not paying enough to cover all of the interest due. Your loan balance goes up instead of down.



### GATHER FACTS

Learn more information about payment option ARMs and negative amortization at:

- [cfpb.gov/payment-option-arm/](https://cfpb.gov/payment-option-arm/)
- [cfpb.gov/negative-amortization/](https://cfpb.gov/negative-amortization/)



### WELL DONE!

Choosing the right home loan is just as important as choosing the right home. By equipping yourself with knowledge about ARMs, you can decide whether or not this type of loan is the right choice for you.

# Consumer Handbook on Adjustable-Rate Mortgages



## ASK YOUR LENDER

- How high can my payment go?
- How high can my interest rate go?
- How long is my initial principal and interest payment guaranteed?



## ASK YOURSELF

- Have I shopped around to compare ARMs and fixed-rate loans?
- If an ARM has a lower initial interest rate than a fixed-rate mortgage, is paying less money now worth the risk of an increase later?
- Can I afford the highest payment possible with the ARM if I can't sell the home, or refinance into a lower rate, before the increase?



## ONLINE TOOLS

**CFPB website**

[cfpb.gov](https://cfpb.gov)

**Answers to common questions**

[cfpb.gov/askcfpb](https://cfpb.gov/askcfpb)

**Tools and resources for home buyers**

[cfpb.gov/owning-a-home](https://cfpb.gov/owning-a-home)

**Talk to a housing counselor**

[cfpb.gov/find-a-housing-counselor](https://cfpb.gov/find-a-housing-counselor)

**Submit a complaint**

[cfpb.gov/complaint](https://cfpb.gov/complaint)