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
123 Anywhere Street, 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.

<table>
<thead>
<tr>
<th>Escrow</th>
<th>Estimated total amount over year 1 for your escrowed property costs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escrowed Property Costs over Year 1</td>
<td>$2,473.56 Property Taxes, Homeowner’s Insurance</td>
</tr>
<tr>
<td>Non-Escrowed Property Costs over Year 1</td>
<td>Estimated total amount over year 1 for your non-escrowed property costs:</td>
</tr>
<tr>
<td></td>
<td>You may have other property costs.</td>
</tr>
<tr>
<td>Initial Escrow Payment</td>
<td>$576.95 A cushion for the escrow account you pay at closing. See Section G on page 2.</td>
</tr>
<tr>
<td>Monthly Escrow Payment</td>
<td>$206.13 The amount included in your total monthly payment.</td>
</tr>
</tbody>
</table>

☒ 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.

<table>
<thead>
<tr>
<th>No Escrow</th>
<th>Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Property Costs over Year 1</td>
<td></td>
</tr>
</tbody>
</table>

In the future,
Your property costs may change and, as a result, your escrow pay-
ment 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.