

Alamo Premier Mortgage Truth in Lending Explanation Form

This document is used to help customers understand the federal disclosures that we are required to send to all of our borrowers. The Truth In Lending (TIL) disclosure is one of the most commonly misunderstood document in the mortgage process. The TIL is designed to help borrowers understand that their borrowing cost consist of more than the simply the interest rate on the new mortgage. The TIL express the cost of the new loan in the form of an Annual percentage rate (APR) which essentially says "If all your mortgage related closing costs were lumped into the interest rate rather than being paid separately, what would the interest rate have to increase by to incorporate these costs"

1

ANNUAL PERCENTAGE RATE:
The APR is not the same as your interest rate. **Because the APR includes items in addition to interest, it is higher than the note rate.** It is a combination of the amount of interest to be paid over the life of the loan, together with the prepaid finance charges computed as an annual rate.

4

AMOUNT OF PAYMENTS:
This is the estimated dollar amount of your monthly payments.

5

PREPAYMENT:
If the first box is checked, your loan has a prepayment penalty. This means that a fee may be charged to you if you pay off your loan before it is due.

The second box indicates that if you pay the loan off early you will not receive a refund for interest that you paid in the **previous** years. You will not owe any future interest, but will not be refunded any interest from the previous years.

7

ASSUMPTION:
Your lender will determine if the loan is assumable (transferable with no change in rate or conditions) by a third party. **Very few modern mortgages are assumable.**

FEDERAL TRUTH-IN-LENDING DISCLOSURE STATEMENT (MADE IN COMPLIANCE WITH FEDERAL LAW)

Lender:
Borrower: Alamo Premier Client
Property Address:
 Initial disclosure at time of application Final disclosure based on contract terms

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	Total of Payments
5.89%	\$203,053.88	\$147,190.00	180
1	2	3	

Your payment schedule will be:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	WHEN PAYMENTS ARE DUE MONTHLY
120	\$1027.51	03/01/2009
	4	

*includes mortgage insurance premiums, excludes taxes, hazard insurance or flood insurance

- DEMAND FEATURE: This loan transaction has a demand feature.
 REQUIRED DEPOSIT: The annual percentage rate does not take into account your required deposit.
 VARIABLE RATE FEATURE: Your loan contains a variable rate feature. Disclosures about the variable rate feature have been provided to you earlier.
 SECURITY INTEREST: You are giving a security interest in:
 the goods or property being purchased.
 FILING OR RECORDING FEES \$65
 LATE CHARGE: If a payment is more than 15 days late, you will be charged \$50 / 5 % of the principal and interest past due.
 PREPAYMENT: If you pay off your loan early, you

- may will not have to pay a penalty **5**
 may will not be entitled to a refund of part of the finance charge.

6INSURANCE: Credit life, accident health or loss of income insurance is not required in connection with this loan. This loan transaction requires the following property insurance:
 Hazard Insurance Flood Insurance Private Mortgage Insurance
 Borrower(s) may obtain property insurance through any person of his/her choice provided said carrier meets the requirements of the lender.

7 ASSUMPTION: If this loan is to purchase and is secured by your principal dwelling, someone buying your principle dwelling.
 may may, subject to conditions may not assume the remainder of your loan on the original terms.
 See your contract documents for additional information regarding nonpayment, default, right to accelerate the maturity of the obligation, prepayment rebates and penalties, and the lender's policy regarding assumption of the obligation.

check boxes where applicable all dates and numerical disclosures except late payment disclosures are estimates

2

FINANCE CHARGE:
Represents the total dollar amount you will have to pay over the life of the loan- i.e., the cost of the loan to you. It is a combination of the amount of interest paid over the life of the loan plus any/all mortgage insurance premiums, plus the prepaid finance charges.

3

AMOUNT FINANCED:
The amount financed is different will always be different from what you borrowed. **The amount financed represents your new mortgage amount minus points and certain closing fees as shown in your Good Faith Estimate of Closing Costs.**

6

DISCLOSURE:
States that if you pay the loan off early, you will not be entitled to a refund of part of the finance charge. This means that you will be charged interest for the period of time in which you are using the money loaned to you. Prepaid finance charges and interest already paid are not refundable. **In other words, you only pay interest for the time the loan is still outstanding.**