

Mortgage+Care

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MORTGAGE LOAN DISCLOSURE STATEMENT – GOOD FAITH ESTIMATE NONTRADITIONAL MORTGAGE LOAN PRODUCT (ONE TO FOUR RESIDENTIAL UNITS (RE885) INFORMATIONAL SHEET

WHEN TO USE THIS FORM

NONTRADITIONAL LOAN PRODUCTS- THIS FORM MUST BE USED WHEN THE LOAN PRODUCT BEING OFFERED TO THE CONSUMER ALLOWS THE BORROWER TO DEFER REPAYMENT OF PRINCIPAL OR INTEREST AND IS SECURED BY A 1 TO 4 UNIT RESIDENTIAL PROPERTY WHETHER OWNER OR NON-OWNER OCCUPIED.

Commissioner’s Regulation 2842 defines a nontraditional loan product as “a loan that allows borrowers to defer repayment of principal or interest. Such products include, but are not limited to, interest only loans where the borrower pays no loan principal for a period of time and payment option loans where one or more of the payment options may result in negative amortization. A “nontraditional loan product” does not include reverse mortgages or home equity lines of credit (other than simultaneous second lien loans).”

If the loan product is **NOT** a nontraditional loan product the RE882 or RE883 form may be used.

PROPERTY SECURING THE LOAN – This form is used only when the real property securing the nontraditional loan is a 1 to 4 unit residential property whether owner or non-owner occupied. When the property securing the loan is **NOT** a 1 to 4 unit residential property the RE882 or RE883 may be used.

TIPS ON COMPLETING THIS FORM

Page 1 – Compensation to Broker (Not Paid Out of Loan Proceeds) – This section is completed to disclose any compensation received by the broker from a lender in the form of a yield/spread premium, service release premium or any other rebate or compensation.

Page 2 – Section III – If the “Initial Adjustable Rate” box is checked, complete sections IV through XI. If the “Fixed Rate” box is checked and the loan has an interest only or negative amortization payment feature skip sections IV through IX and complete section X and XI as appropriate.

Page 3 – Certification – If any or all of the columns on page 4, section XIX, with the exception of the last column “Proposed Loan”, in the Typical Mortgage Transactions portion of the form are not completed, the broker **MUST** read and complete the Certification on page 3.

Page 4 – Section XIX – Comparison of Sample Mortgage Features (One to Four Residential Units) – Use the “Instructional Guide for Nontraditional Loan Disclosure (Page 4)” found on the DRE Web site at www/dre.ca.gov/firm_forms.html and go to Mortgage Lending Brokers. If the broker does not offer one or more comparison loan products, the box “not offered” should be checked for that particular loan product. However, the broker must provide the required information in all columns except those for which the broker has executed the CERTIFICATION on page 3 of the RE885.

DO NOT LEAVE ANY LINES OR SPACES BLANK.

After completion, the form must be signed by the broker or broker’s representative and provided to the borrower within THREE (3) DAYS OF RECEIVING THE BORROWER’S COMPLETED WRITTEN LOAN APPLICATION.

A COPY OF THE FORM SIGNED BY THE BORROWER MUST BE RETAINED BY THE BROKER FOR A PERIOD OF THREE (3) YEARS.



MORTGAGE LOAN DISCLOSURE STATEMENT/GOOD FAITH ESTIMATE
NONTRADITIONAL MORTGAGE PRODUCT (ONE TO FOUR RESIDENTIAL UNITS)

RE 885 (Rev. 6/09)

Borrower's Name(s): <f5> <f6> <f7> <f8> <f10> <f11> <f12>

Real Property Collateral: The intended security for this proposed loan will be a Deed of Trust on (street address or legal description) <f18>, <f19>

This joint Mortgage Loan Disclosure Statement/Good Faith Estimate is being provided by <f80>, a real estate broker acting as a mortgage broker, pursuant to the Federal Real Estate Settlement Procedures Act (RESPA) if applicable and similar California law. In a transaction subject to RESPA, a lender will provide you with an additional Good Faith Estimate within three business days of the receipt of your loan application. You will also be informed of material changes before settlement/close of escrow. The name of the intended lender to whom your loan application will be delivered is:

<f26> Unknown <f38> (Name of lender, if known)

GOOD FAITH ESTIMATE OF CLOSING COSTS

The information provided below reflects estimates of the charges you are likely to incur at the settlement of your loan. The fees, commissions, costs and expenses listed are estimates; the actual charges may be more or less. Your transaction may not involve a charge for every item listed and any additional items charged will be listed. The numbers listed beside the estimated items generally correspond to the numbered lines contained in the HUD-1 Settlement Statement which you will receive at settlement if this transaction is subject to RESPA. The HUD-1 Settlement Statement contains the actual costs for the items paid at settlement. When this transaction is subject to RESPA, by signing page four of this form you are also acknowledging receipt of the HUD Guide to Settlement Costs.

HUD-1	Item	Paid to Others	Paid to Broker
800	Items Payable in Connection with Loan		
801	Lender's Loan Origination Fee	\$ <f411>	\$ <f410>
802	Lender's Loan Discount Fee	\$ <f413>	\$ <f412>
803	Appraisal Fee	\$ <f94>	\$ <f93>
804	Credit Report	\$ <f104>	\$ <f103>
805	Lender's Inspection Fee	\$ <f415>	\$ <f414>
808	Mortgage Broker Commission/Fee	\$	\$ <f34>
809	Tax Service Fee	\$ <f117>	\$ <f116>
810	Processing Fee	\$ <f106>	\$ <f105>
811	Underwriting Fee	\$ <f417>	\$ <f416>
812	Wire Transfer Fee	\$ <f419>	\$ <f418>
		\$	\$
900	Items Required by Lender to be Paid in Advance		
901	Interest for <f371> days at \$<f264> per day	\$ <f77>	\$ <f46>
902	Mortgage Insurance Premiums	\$ <f115>	\$ <f114>
903	Hazard Insurance Premiums	\$ <f113>	\$ <f112>
904	County Property Taxes	\$ <f119>	\$ <f118>
905	VA Funding Fee	\$ <f421>	\$ <f420>
	<f111>	\$ <f110>	\$ <f109>
1000	Reserves Deposited with Lender		
1001	Hazard Insurance: <f438> months at \$ <f439> /mo.	\$ <f423>	\$ <f422>
1002	Mortgage Insurance: <f440> months at \$ <f441> /mo.	\$ <f425>	\$ <f424>
1004	Co. Property Taxes: <f442> months at \$ <f443> /mo.	\$ <f427>	\$ <f426>
	<f430>	\$ <f429>	\$ <f428>
1100	Title Charges		
1101	Settlement or Closing/Escrow Fee	\$ <f96>	\$ <f95>
1105	Document Preparation Fee	\$ <f108>	\$ <f107>
1106	Notary Fee	\$ <f100>	\$ <f99>
1108	Title Insurance	\$ <f98>	\$ <f97>
	<f433>	\$ <f432>	\$ <f431>
1200	Government Recording and Transfer Charges		
1201	Recording Fees	\$ <f102>	\$ <f101>
1202	City/County Tax/Stamps	\$ <f435>	\$ <f434>
1300	Additional Settlement Charges		
1302	Pest Inspection	\$ <f437>	\$ <f436>
	Beneficiary Statement	\$ <f121>	\$ <f120>
	Reconveyance	\$ <f123>	\$ <f122>
	<f124>	\$ <f126>	\$ <f125>
	<f469>	\$ <f462>	\$ <f461>
	<f470>	\$ <f464>	\$ <f463>
	<f471>	\$ <f466>	\$ <f465>
	<f472>	\$ <f468>	\$ <f467>
		\$ <f448>	\$ <f447>
Subtotals of Initial Fees, Commissions, Costs and Expenses		\$	\$ <f129>
Total of Initial Fees, Commissions, Costs and Expenses		\$	\$ <f129>
Compensation to Broker (Not Paid Out of Loan Proceeds):			
Mortgage Broker Commission/Fee		\$	
Any Additional Compensation From Lender <f444> NO <f445> YES		\$	
(Approximate Yield Spread Premium or Other Rebate)		\$ <f448>	(if known)

ADDITIONAL REQUIRED CALIFORNIA DISCLOSURES

I. Proposed Loan Amount:		\$	<u>«f20»</u>
Initial Commissions, Fees, Costs and Expenses Summarized on Page 1:		\$	«f129»
Payment of Other Obligations (List):		\$	«f481»
Credit Life and/or Disability Insurance (see XV below)		\$	«f260»
Payoff of Existing Loans		\$	«f482»
		\$	«f483»

Subtotal of All Deductions: \$ «f484»
Estimated Cash at Closing «f258» To You «f259» That you must pay \$ «f130»

- II. Proposed Loan Term: «f23» Years XX Months
 III. Proposed Interest Rate: «f22» % «f223» Fixed Rate «f718» Initial Adjustable Rate

If the Fixed Rate Box is checked in Section III immediately above, proceed to section X. Do not complete sections IV through IX .

- IV. Initial Adjustable Rate in effect for «f719» Months
 V. Fully Indexed Interest Rate «f701»
 VI. Maximum Interest Rate «f703»
 VII. Proposed Initial (Minimum) Loan Payment «f710» Monthly
 VIII. Interest Rate can Increase «f713» each «f714» Months
 IX. Payments Options end after «f709» Months or _____ % of Original Balance, whichever comes first
- X. After _____ months you will not have the option to make minimum or interest only payments and negative amortization (increases in your principal balance), if any, will no longer be allowed. Assuming you have made minimum payments, you may then have to make principal and interest payments of \$ _____ at the maximum interest rate in effect for the remaining _____ months of the loan. **These payments will be significantly higher than the minimum or interest only payments.**
- XI. If your loan contains negative amortization, at the time no additional negative amortization will accrue, your loan balance will be \$ _____ assuming minimum payments are made.
- XII. The loan is subject to a balloon payment: «f225» No «f224» Yes. If Yes, the following paragraph applies and a final balloon payment of \$ «f25» will be due on «f27» [estimated date (month/day/year)].

NOTICE TO BORROWER: IF YOU DO NOT HAVE THE FUNDS TO PAY THE BALLOON PAYMENT WHEN IT COMES DUE, YOU MAY HAVE TO OBTAIN A NEW LOAN AGAINST YOUR PROPERTY TO MAKE THE BALLOON PAYMENT. IN THAT CASE, YOU MAY AGAIN HAVE TO PAY COMMISSIONS, FEES, AND EXPENSES FOR THE ARRANGING OF THE NEW LOAN. IN ADDITION, IF YOU ARE UNABLE TO MAKE THE MONTHLY PAYMENTS OR THE BALLOON PAYMENT, YOU MAY LOSE THE PROPERTY AND ALL OF YOUR EQUITY THROUGH FORECLOSURE. KEEP THIS IN MIND IN DECIDING UPON THE AMOUNT AND TERMS OF THIS LOAN.

- XIII. Prepayments: The proposed loan has the following prepayment provisions.
- «f256» No prepayment penalty (you will not be charged a penalty to pay off or refinance the loan before maturity)
- «f257» You will have to pay a prepayment penalty if the loan is paid off or refinanced in the first _____ years. The prepayment penalty could be as much as \$ _____. Any prepayment of principal in excess of 20% of the XX original balance or _____ unpaid balance for the first _____ years will include a penalty not to exceed Three months interest at the note interest rate but not more than the interest you would be charged if the loan were paid to maturity.
- Other – you will have to pay a prepayment penalty if the loan is paid off or refinanced in the first _____ years as follows:

- XIV. Taxes and Insurance:
- «f730» There will be an impound (escrow) account which will collect approximately «f731» a month in addition to your principal and interest payments for the payment of «f732» county property taxes* «f733» hazard insurance «f734» mortgage insurance «f738» flood insurance «f737» other «f430».
- «f735» If there is no impound (escrow) account you will have to plan for the payment of «f732» county property taxes* «f733» hazard insurance «f734» mortgage insurance «f738» flood insurance «f737» other «f430» of approximately «f736» per year.

* In a purchase transaction, county property taxes are calculated based on the sales price of the property and may require the payment of an additional (supplemental) tax bill from the county tax authority by your lender (if escrowed) or you if not escrowed.

XV. Credit Life and/or Disability Insurance: The purchase of credit life and/or disability insurance by a borrower is NOT required as a condition of making this proposed loan.

XVI. Other Liens: Are there liens currently on this property for which the borrower is obligated? <f313> No <f312> Yes
If Yes, describe below:

<i>Lienholder's Name</i>		<i>Amount Owning</i>	<i>Priority</i>
This Loan		<f20>	<f65>
<f143>	\$	<f147>	<f139>
<f144>	\$	<f148>	<f140>
<f145>	\$	<f149>	<f141>
<f146>	\$	<f150>	<f142>

Liens that will remain or are anticipated on this property after the proposed loan for which you are applying is made or arranged (including the proposed loan for which you are applying):

<i>Lienholder's Name</i>		<i>Amount Owning</i>	<i>Priority</i>
<f181>	\$	<f185>	<f177>
<182>	\$	<f186>	<f178>
<f183>	\$	<f187>	<f179>

NOTICE TO BORROWER: Be sure that you state the amount of all liens as accurately as possible. If you contract with the broker to arrange this loan, but it cannot be arranged because you did not state these liens correctly, you may be liable to pay commissions, costs, fees, and expenses even though you do not obtain the loan.

XVII. Article 7 Compliance: If this proposed loan is secured by a first deed of trust in a principal amount of less than \$30,000 or secured by a junior lien in a principal amount of less than \$20,000, the undersigned broker certifies that the loan will be made in compliance with Article 7 of Chapter 3 of the Real Estate Law.

- A. This loan <f214> may ___ will <f213> will not be made wholly or in part from broker controlled funds as defined in Section 10241(j) of the Business and Professions Code.
- B. If the broker indicates in the above statement that the loan "may" be made out of broker-controlled funds, the broker must inform the borrower prior to the close of escrow if the funds to be received by the borrower are in fact broker-controlled funds.

XVIII. This loan is based on limited or no documentation of your income and/or assets and may have a higher interest rate, or more points or fees than other products requiring documentation: <f728> NO <f729> YES.

NOTICE TO BROKER

If any of the columns in section XIX, Comparison of Sample Mortgage Features, on page 4 of this RE885 form, are not completed, you must certify to the following:

CERTIFICATION

I, <f86>, hereby certify (or declare) that the failure to complete the information in any or all of the columns (with exception of the last column "Proposed Loan" in the Typical Mortgage Transactions portion of this RE885) is either because (1) after a diligent search, I have determined that the product specified in that column is not available to consumers from mortgage lenders, or (2) the borrower to whom this form applies does not qualify for that particular product.

I certify, (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Broker

Date

Intentionally Blank

TYPICAL MORTGAGE TRANSACTIONS

	<u>Principal and Interest</u>	<u>Interest Only</u>	<u>5/1 ARM</u>	<u>Interest Only</u>	<u>Option Payment</u>	<u>Proposed Loan Type of Loan: «f801»</u>
	Fully Amortizing ___ Not Offered*	Fully Amortizing ___ Not Offered*	Fully Amortizing ___ Not Offered*	Fully Amortizing ___ Not Offered*	Fully Amortizing ___ Not Offered*	Type of Amortization: «f802»
PROPOSED LOAN AMOUNT \$ «f20»	Fixed Rate «f739»	Fixed Rate «f746»	Fixed Rate for First 5 Years; Adjustable Each Year After First 5 Years (Initial rate for 1 to 5 is «f756»; Maximum Rate is «f757»)	Interest Only and Fixed Rate for First 5 years; Adjustable Rate Each Year After First 5 Years (Initial rate for 1 to 5 is «f771»; Maximum Rate is «f772»)	Adjustable Rate for Entire Term of the Mortgage (Rate in month 1 is «f786»; Rate in month 2 through year 5 is «f787»; Maximum Rate is «f788»)	Explanation of Type of Proposed Loan Product: «f803»
-YEAR TERM						

Payment Scenarios

Minimum Monthly Payment Years 1-5 except as noted	«f740» **	«f747»	«f758»	«f773»	«f789»**** (1st year only)	«f804»
Monthly Payment in Year 6 with no change in rates	«f740»	«f748» ***	«f759»	«f774»	«f790»	«f805»
Monthly Payment in Year 6 with a 2% rise in rates	«f740»	«f749»	«f760»	«f775»	«f791»	«f806»
Minimum Monthly Payment	«f740»	«f750»	«f761»	«f776»	«f792»	«f807»
Your Gross Income	«f289»	«f289»	«f289»	«f289»	«f289»	«f289»
Difference	«f741»	«f751»	«f762»	«f777»	«f793»	«f808»
Maximum Monthly Payment in Year 6 with a 5% rise in rates	«f740»	«f752»	«f763»	«f778»	«f794»	«f809»
Your Gross Income	«f289»	«f289»	«f289»	«f289»	«f289»	«f289»
Difference	«f741»	«f753»	«f764»	«f779»	«f795»	«f810»

Loan Balance Scenarios

How much will be owed after 5 years?	«f742»	«f754»	«f765»	«f780»	«f796»	«f742» «f811»
Has the loan balance been reduced after 5 years of payments?	Yes The loan balance was reduced by «f743»	No The loan balance was not reduced	Yes The loan balance was reduced by «f766»	No The loan balance was not reduced	No The loan balance increased by «f797»	«f812» The loan balance: «f813» increased/decreased by «f814»

- * "Not Offered" indicates the broker does not offer the comparison loan product.
- The information provided for the products not offered was obtained from sources deemed reliable. ___ Yes ___ No
- ** This illustrates an interest rate and payments that are fixed for life of the loan.
- *** This illustrates payments that are fixed after the first five years of the loan at a higher amount because they include both principal and interest.
- **** This illustrates minimum monthly payments that are based on an interest rate that is in effect during the first month only. The payments required during the first year will not be sufficient to cover all of the interest that is due when the rate increases in the second month of the loan. Any unpaid interest amount will be added to the loan balance. Minimum payments for years 2-5 are based on the higher interest rate in effect at the time, subject to any contract limits on payment increases. Minimum payments will be recast (recalculated) after 5 years, or when the loan balance reaches a certain limit, to cover both principal and interest at the applicable rate.

IMPORTANT NOTE: Please use this chart to discuss possible loans with your broker or lender

If a mortgage loan broker licensed by the California Department of Real Estate is acting as your agent in connection with your home loan/mortgage, the agent owes you certain fiduciary duties, and California statutory law imposes other duties.

XX. NOTICE TO BORROWER: THIS IS NOT A LOAN COMMITMENT. Do not sign this statement until you have read and understood all of the information in it. All parts of this form must be completed before you sign. Borrower hereby acknowledges the receipt of a copy of this statement.

«f80»	«f85»	«f75»	«f76»
Name of Broker	License #	Broker's Representative	License #
«f81», «f82», «f83»			
Broker's Address			
Signature of Broker		OR	Signature of Representative
Date			Date
«f5» «f6» «f7»-Borrower Date			«f10» «f11» «f12»-Borrower Date

Department of Real Estate license information telephone number: (877) 373-4542, or check license status at www.dre.ca.gov