

## CONSTRUCTION/PERM APPLICATION DISCLOSURE

Generally the Promissory Note and Deed of Trust or Mortgage establish your rights as a borrower and establish the Lender's rights. You should become familiar with and understand the provisions of these documents.

The purpose of this loan is to allow a borrower to obtain a construction loan and permanent loan to construct an owner-occupied primary residence all at one time. A borrower would make application once, receive one loan approval, have one closing, and pay closing costs once.

In order to process a loan under this program, the borrower must provide plans, specifications, itemized cost of proposed building and any and all contracts between the buyer/owner and the General Contractor. It is not permissible for the borrower to act as his/her own General Contractor. ANY changes to the plans and specifications must be approved by the lender in advance.

All loans will have an amortization period of 15, 20, 25 or 30 years. The construction portion of this loan will be for a term of six (6) months. Payments will be due on the first day of each month and will be interest accrued based on disbursements made to date. All disbursements will be made through a title company or disbursement agency acceptable to lender. At the end of the six- (6) month construction term your loan will 'roll over' into the permanent financing. Your next payment will be a full principal, interest, taxes, homeowners insurance and private mortgage insurance if applicable (PITI). If you select an adjustable rate mortgage (ARM) product, the first interest rate adjustment change date will be based on approximately 36 months (3/1 ARM) from the date of closing.

The following will be required on all loans at initial loan closing:

1. Builders Risk Insurance to cover the full construction term (at least until date of first PITI payment)
2. A plot or spot survey is required prior to first disbursement.
3. Down payment (equity) from borrower.
4. Any applicable closing costs and prepaid items.

Below is an example of a Construction/Perm loan schedule (based on a January 15, 2000 closing):

February 2000 Payment	Interest & Escrows due for funds drawn through January 31, 2000
March 2000 Payment	Interest & Escrows due for funds drawn through February 29, 2000
April 2000 Payment	Interest & Escrows due for funds drawn through March 31, 2000
May 2000 Payment	Interest & Escrows due for funds drawn through April 30, 2000
June 2000 Payment	Interest & Escrows due for funds drawn through May 31, 2000
July 2000 Payment	Interest & Escrows due for funds drawn through June 30, 2000
July 15, 2000	Construction must be 100% complete with final inspection by original appraiser, all funds disbursed and all documentation must be in file (including final spot survey and full homeowners insurance paid for one full year).
August 2000 Payment	Interest & Escrows due for funds drawn through July 31, 2000
September 1, 2000	First full PITI payment

You will receive a monthly statement during the first week of each month. This bill is due IMMEDIATELY upon receipt, is delinquent if not paid by the 15th of the month and overdue if not paid by the 30th of the month. Note that at the end of the construction period, you will owe an interest payment at the beginning of the month and then a full PITI payment on the first day of the next month.

