



MORTGAGE LOAN DISCLOSURE STATEMENT/GOOD FAITH ESTIMATE

Nontraditional Mortgage Product (One-tofour Residential Units) (DRE 885)

Prepared by: Agent _____
Broker _____

Phone _____
Email _____

Borrower's Name(s): _____

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

This joint Mortgage Loan Disclosure Statement/Good Faith Estimate is being provided by _____, 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:

Unknown _____ (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 | \$ _____ | \$ _____ |
| 802 | Lender's Loan Discount Fee | \$ _____ | \$ _____ |
| 803 | Appraisal Fee | \$ _____ | \$ _____ |
| 804 | Credit Report | \$ _____ | \$ _____ |
| 805 | Lender's Inspection Fee | \$ _____ | \$ _____ |
| 808 | Mortgage Broker Commission/Fee | \$ _____ | \$ _____ |
| 809 | Tax Service Fee | \$ _____ | \$ _____ |
| 810 | Processing Fee | \$ _____ | \$ _____ |
| 811 | Underwriting Fee | \$ _____ | \$ _____ |
| 812 | Wire Transfer Fee | \$ _____ | \$ _____ |
| | | \$ _____ | \$ _____ |
| 900 | Items Required by Lender to be Paid in Advance | | |
| 901 | Interest for _____ days at \$ _____ per day | \$ _____ | \$ _____ |
| 902 | Mortgage Insurance Premiums | \$ _____ | \$ _____ |
| 903 | Hazard Insurance Premiums | \$ _____ | \$ _____ |
| 904 | County Property Taxes | \$ _____ | \$ _____ |
| 905 | VA Funding Fee | \$ _____ | \$ _____ |
| | | \$ _____ | \$ _____ |
| 1000 | Reserves Deposited with Lender | | |
| 1001 | Hazard Insurance: _____ months at \$ _____ /mo. | \$ _____ | \$ _____ |
| 1002 | Mortgage Insurance: _____ months at \$ _____ /mo. | \$ _____ | \$ _____ |
| 1004 | Co. Property Taxes: _____ months at \$ _____ /mo. | \$ _____ | \$ _____ |
| | | \$ _____ | \$ _____ |
| 1100 | Title Charges | | |
| 1101 | Settlement or Closing/Escrow Fee | \$ _____ | \$ _____ |
| 1105 | Document Preparation Fee | \$ _____ | \$ _____ |
| 1106 | Notary Fee | \$ _____ | \$ _____ |
| 1108 | Title Insurance | \$ _____ | \$ _____ |
| | | \$ _____ | \$ _____ |

1200 Government Recording and Transfer Charges

| | | | |
|-------|------------------------|----------|----------|
| 1201 | Recording Fees | \$ _____ | \$ _____ |
| 1202 | City/County Tax/Stamps | \$ _____ | \$ _____ |
| _____ | _____ | \$ _____ | \$ _____ |

1300 Additional Settlement Charges

| | | | |
|-------|-----------------|----------|----------|
| 1302 | Pest Inspection | \$ _____ | \$ _____ |
| _____ | _____ | \$ _____ | \$ _____ |

Subtotals of Initial Fees, Commissions, Costs and Expenses \$ _____

Total of Initial Fees, Commissions, Costs and Expenses \$ _____

Compensation to Broker (Not Paid Out of Loan Proceeds):

Mortgage Broker Commission/Fee \$ _____
 Any Additional Compensation from Lender No Yes \$ _____
 (Approximate Yield Spread Premium or Other Rebate)

ADDITIONAL REQUIRED CALIFORNIA DISCLOSURES

I. Proposed Loan Amount: \$ _____
 Initial Commissions, Fees, Costs and
 Expenses Summarized on Page 1: \$ _____
 Payment of Other Obligations (List):
 Credit Life and/or Disability Insurance (see XIV below) \$ _____
 _____ \$ _____
 _____ \$ _____

Subtotal of All Deductions: \$ _____

Estimated Cash at Closing To You That you must pay \$ _____

II. Proposed Loan Term: _____ Years Months

III. Proposed Interest Rate: _____% Fixed Rate 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 _____ Months

V. Fully Indexed Interest Rate _____%

VI. Maximum Interest Rate _____%

VII. Proposed Initial (Minimum) Loan Payment \$ _____ Monthly

VIII. Interest Rate can Increase _____% each _____ Months

IX. Payment Options end after _____ 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: No Yes. If Yes, the following paragraph applies and a final balloon payment of \$ _____ will be due on ___/___/___ [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:

- No prepayment penalty (you will not be charged a penalty to pay off or refinance the loan before maturity)
- 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
 - original loan balance or
 - unpaid balance

for the first _____ years will include a penalty not to exceed _____ 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:

There will be an impound (escrow) account which will collect approximately \$ _____ a month in addition to your principal and interest payments for the payment of county property taxes* hazard insurance mortgage insurance flood insurance other.

If there is no impound (escrow) account you will have to plan for the payment of county property taxes* hazard insurance mortgage insurance flood insurance other _____ of approximately \$ _____ 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? No Yes
If Yes, describe below:

| <i>Lienholder's Name</i> | <i>Amount Owing</i> | <i>Priority</i> |
|--------------------------|---------------------|-----------------|
| _____ | | |
| _____ | | |
| _____ | | |

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 Owing</i> | <i>Priority</i> |
|--------------------------|---------------------|-----------------|
| _____ | | |
| _____ | | |
| _____ | | |

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 may will 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: No Yes

NOTICE TO BROKER

If any of the columns in section XIX, Comparison of Sample Mortgage Features, on page 5 of this RE 885 form, are not completed, you must certify to the following:

CERTIFICATION

I, _____, hereby certify (or declare) that the failure to complete the information in any or all of the columns (with the exception of the last column "Proposed Loan" in the Typical Mortgage Transactions portion of this RE 885) 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

XIX. Comparison of Sample Mortgage Features (One to Four Residential Units)

TYPICAL MORTGAGE TRANSACTIONS

**PROPOSED
LOAN AMOUNT**
\$ _____
____-YEAR TERM

| <u>Principal and Interest</u> <i>Fully Amortizing</i> <input type="checkbox"/> Not Offered* | <u>Interest Only</u> <i>Fully Amortizing</i> <input type="checkbox"/> Not Offered* | <u>5/1 ARM</u> <i>Fully Amortizing</i> <input type="checkbox"/> Not Offered* | <u>Interest Only</u> <i>Fully Amortizing</i> <input type="checkbox"/> Not Offered* | <u>Option Payment</u> <i>Fully Amortizing</i> <input type="checkbox"/> Not Offered* | Proposed Loan Type of Loan: Type of Amortization: |
|---|--|---|--|---|--|
| Fixed Rate (____%) | Fixed Rate (____%) Interest Only for First 5 Years | Fixed Rate for First 5 Years; Adjustable Each Year After First 5 Years (Initial rate for 1 to 5 is ____%; Maximum Rate is ____%) | Interest Only and Fixed Rate for First 5 years; Adjustable Rate Each Year After First 5 Years (Initial rate for 1 to 5 is ____%; Maximum Rate is ____%) | Adjustable Rate for Entire Term of the Mortgage (Rate in month 1 is ____%; Rate in month 2 through year 5 is ____%; Maximum Rate is ____%) | Explanation of Type of Proposed Loan Product: |

Payment Scenarios

| | | | | | | |
|---|------------|---------------|----------|----------|----------------------------------|----------|
| Minimum Monthly Payment Years 1-5 except as noted | \$ _____** | \$ _____ | \$ _____ | \$ _____ | \$ _____***** (1st year only) | \$ _____ |
| Monthly Payment in Year 6 with no change in rates | \$ _____ | \$ _____***** | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| Monthly Payment in Year 6 with a 2% rise in rates | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| Minimum Monthly Payment | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| Your Gross Income | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| Difference | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| Maximum Monthly Payment in Year 6 with a 5% rise in rates | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| Your Gross Income | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| Difference | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |

Loan Balance Scenarios

| | | | | | | |
|--|--|---|--|---|---|---|
| How much will be owed after 5 years? | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| Has the loan balance been reduced after 5 years of payments? | Yes The loan balance was reduced by \$ _____ | No The loan balance was not reduced | Yes The loan balance was reduced by \$ _____ | No The loan balance was not reduced | No The loan balance increased by \$ _____ | No/Yes The loan balance: did not change/ increased/decreased by \$ _____ |

* "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 the 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.

| | | | | |
|----------------------------|------------------|--------------------------------|------------------------------------|-------------|
| <hr/> | | <hr/> | | |
| <i>Name of Broker</i> | <i>License #</i> | <i>Broker's Representative</i> | <i>License #</i> | |
| <hr/> | | <hr/> | | |
| <i>Broker's Address</i> | | | | |
| <hr/> | | <hr/> | | |
| <i>Signature of Broker</i> | <i>Date</i> | OR | <i>Signature of Representative</i> | <i>Date</i> |
| <hr/> | | <hr/> | | |
| <i>Borrower</i> | <i>Date</i> | <i>Borrower</i> | <i>Date</i> | |

Department of Real Estate license information telephone number: (916) 227-0931, or check license status at www.dre.ca.gov