INSTRUCTIONAL GUIDE FOR NONTRADITIONAL LOAN DISCLOSURE (PAGE 3)
(ONE TO FOUR RESIDENTIAL UNITS)

	Principal and Interest *Fully Amortizing*	**Interest Only** *Fully Amortizing*	**5/1 ARM** *Fully Amortizing*	**Interest Only** *Fully Amortizing*	**Option Payment** *Fully Amortizing*	**Proposed Loan Type of Loan: (25) / Type of Amortization: (26)**
PROPOSED LOAN AMOUNT $ (1) (1)-YEAR TERM	**Fixed Rate ((2)%)**	**Fixed Rate ((3)%) 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 (4)%; Maximum Rate is (4)%)**	**Interest Only and Fixed Rate for First 5 years; Adjustable Rate Each Year After First 5 Years (Initial rate for 1 to 5 is (4)%; Maximum Rate is (4)%)**	**Adjustable Rate for Entire Term of the Mortgage (Rate in month 1 is (5)%; Rate in month 2 through year 5 is (5)%; Maximum Rate is (5)%)**	**Explanation of Type of Proposed Loan Product: (26)**
Payment Scenarios						
Minimum Monthly Payment Years 1-5 except as noted	$ (6) *	$ (7)	$ (8)	$ (7)	$ (9) *** (1st year only)	$ (26)
Monthly Payment in Year 6 with no change in rates	$ (6)	$ (10) **	$ (11)	$ (12)	$ (13)	$ (26)
Monthly Payment in Year 6 with a 2% rise in rates	$ (6)	$ (10)	$ (14)	$ (15)	$ (16)	$ (26)
Minimum Monthly Payment	$ (6)	$ (7)	$ (8)	$ (7)	$ (9)	$ (26)
Your Gross Income	$ (17)	$ (17)	$ (17)	$ (17)	$ (17)	$ (17)
Difference	$ (18)	$ (18)	$ (18)	$ (18)	$ (18)	$ (18)
Maximum Monthly Payment in Year 6 with a 5% rise in rates	$ (6)	$ (10)	$ (19)	$ (20)	$ (21)	$ (26)
Your Gross Income	$ (17)	$ (17)	$ (17)	$ (17)	$ (17)	$ (17)
Difference	$ (22)	$ (22)	$ (22)	$ (22)	$ (22)	$ (22)
Loan Balance Scenarios						
How much will be owed after 5 years?	$ (23)	$ (23)	$ (23)	$ (23)	$ (23)	$ (23)
Has the loan balance been reduced after 5 years of payments?	**Yes** The loan balance was reduced by $ (24)	**No** The loan balance was not reduced	**Yes** The loan balance was reduced by $ (24)	**No** The loan balance was not reduced	**No** The loan balance **increased** by $ (24)	**No/Yes** The loan balance: **did not change/ increased/decreased** by $ (24)

(1) Proposed loan amount and term.

(2) Current interest rate for fixed rate loan.

(3) Current interest rate for fixed rate loan that is interest-only for first 5 years.

(4) Current fixed interest rate for first 5 years and maximum rate based on 5% maximum increase.

(5) Current initial interest rate for month 1; interest rate for month 2 through year 5 based on current fully-indexed interest rate; maximum rate based on 5% maximum increase.

(6) Fixed rate loan payment (see *)

(7) Interest-only payment based on fixed rate for first 5 years.

(8) P&I payment based on fixed rate for first 5 years.

(9) Minimum option payment based on month 1 rate for first year only(see ***).

(10) P&I payment for remaining term (see **).

(11) P&I payment for remaining term (same as #8).

(12) P&I payment for remaining term.

(13) P&I payment based on increased principal balance for remaining term.

(14) P&I payment for remaining term based on decreased principal balance at 2% increase in interest rate.

(15) P&I payment for remaining term based on original principal balance at 2% increase in interest rate.

(16) P&I payment for remaining term based on increased principal balance at 2% increase in interest rate.

(17) Borrower's gross income from loan application.

(18) Subtract minimum monthly payment from gross income.

(19) P&I payment for remaining term based on reduced principal balance at maximum interest rate.

(20) P&I payment for remaining term based on original principal balance at maximum interest rate.

(21) P&I payment for remaining term based on increased principal balance at maximum interest rate.

(22) Subtract maximum monthly payment from gross income.

(23) Calculate loan balance after 5 years based on minimum monthly payments for years 1 through 5.

(24) Calculate the amount the loan balance has increased or decreased after 5 years.

(25) Insert type of proposed loan product.

(26) Insert applicable information for each scenario.

* **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 increased 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.**