PRIVATE MORTGAGE INSURANCE DISCLOSURE
LENDER PAID MORTGAGE INSURANCE

Loan No.:

Lender:

Property Address:

You have applied for a mortgage loan that requires private mortgage insurance ("PMI"). PMI protects lenders and others against certain financial losses incurred primarily when a borrower defaults.

In this disclosure, "you" and "your" mean the original borrower(s); "loan" means a residential mortgage transaction; "property" means the property securing repayment of a loan; and "original value" means the **lesser** of (a) the contract sales price of the property, or (b) the appraised value of the property at the time the loan is consummated.

Your loan will have "lender paid mortgage insurance" ("LPMI"). LPMI is PMI that is required in connection with a residential mortgage transaction in which the premiums are paid by a person other than the borrower(s). LPMI differs from "borrower paid mortgage insurance" ("BPMI"). BPMI is PMI that is required in connection with a residential mortgage transaction in which the premiums are paid by the borrower(s). Please note the following:

- You do not have the right to request that LPMI be cancelled. By contrast, a borrower with BPMI may be able to cancel BPMI, at his or her option, on either (1) the date the principal balance of the loan is first **scheduled** to reach 80% of the original value of the property, or (2) the date the principal balance of the loan **actually** reaches 80% of the original value of the property. In addition, assuming the borrower is current on payments, BPMI automatically terminates on the date the principal balance of the loan is first **scheduled** to reach 78% of the original value of the property.
- LPMI (1) usually results in a mortgage loan with a higher interest rate than one with BPMI, and (2) terminates only when the loan is refinanced, paid off or otherwise terminated.
- LPMI may be tax deductible for purposes of federal income taxes if you itemize deductions on your tax return. Consult your tax advisor for details.
- Both LPMI and BPMI have advantages and disadvantages. Set forth below is a generic analysis of the differing costs and benefits of a 30-year fixed rate fully amortizing residential mortgage loan which has either LPMI or BPMI over a 10-year period, assuming prevailing interest and property appreciation rates:

30-YEAR FIXED RATE LOAN	LPMI	BPMI
Loan Amount	$180,000	$180,000
Loan-to-Value	90%	90%
Interest Rate	7.50	7.00
PMI Premium Rate	--	0.52%
Monthly P&I Payment Year 1	$1,259	$1,198
Monthly PMI Payment Year 1	--	$78
Total Monthly Payment Year 1	$1,259	$1,276
Monthly Pre-Tax Savings	$17	--
PMI Automatic Cancellation Eligibility Month*	--	115
Average Monthly MI Payment Year 10	--	$52
Monthly P&I Payment Year 10	$1,259	$1,198
Total Monthly Payment Year 10	$1,259	$1,198
Total Interest Paid During 10 Years	$127,261	$118,127.90
Total PMI Paid During 10 Years	--	$8,970
Equity Build Up During 10 Years	$24,051	$25,536.95
After Tax Cost During 10 Years	$91,628	$93,508
Comparative Savings or Loss	$1,880	$0

* Assuming your payments are current, your BPMI will automatically terminate on the date your loan's principal balance is scheduled to reach 78% of the original value of the property.

LOAN ASSUMPTIONS	
Loan Purpose: Purchase	Property Type: Single Family Primary Residence
Purchase Price: $200,000	Marginal Income Tax Rate: 28%
Downpayment: $20,000	Monthly MI Coverage: 25%

The above chart is an estimate and is for illustration only. You should consult a tax advisor for advice on the extent to which interest or points on a loan with LPMI are tax deductible.

By signing below, you acknowledge receipt of a copy of this disclosure.

Borrower	Date	Borrower	Date
Borrower	Date	Borrower	Date