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**NOTICE OF AVAILABILITY OF LOAN WITHOUT A PREPAYMENT PENALTY**

**Introduction.** If you pay off the principal balance of your loan sooner than your loan documents require, you will have made a “prepayment.” A fee imposed for prepayment is called a “prepayment penalty.” Your lender offers loan programs with and without prepayment penalties. You have the choice of applying for a loan with or without a prepayment penalty. The purpose of this disclosure is to explain the terms of the prepayment penalty and to give you a comparison of rates and terms of similar loan programs with and without the prepayment penalty. This is not a loan commitment or loan approval. To obtain a loan you must complete the application process and satisfy all conditions the lender imposes for completing the loan. Your signature on the final loan documents will constitute your election to accept a loan with or without a prepayment penalty.

**Prepayment Penalty Defined.** As indicated above, the prepayment penalty is an extra charge you must pay if within the first 36 months of your loan you pay your loan off sooner than the loan contract requires. During this initial 36 month period, you may prepay up to 20% of the unpaid balance without penalty. Amounts of principal prepaid in excess of the 20% are subject to a prepayment penalty equal to six months’ advance interest, at the loan contract rate then in effect, on the excess amount prepaid.

**Fees Common to Both Loan Programs.** Various fees are common to the loan programs with and without prepayment penalties. These estimated fees are:

Escrow or Settlement Fees:	\$ _____	Tax Service:	\$ _____
Title Insurance Premiums:	\$ _____	Recording Fees:	\$ _____
Reconveyance Fees:	\$ _____	Credit Report Fees:	\$ _____
Flood Insurance:	\$ _____	Flood Certificate:	\$ _____
Beginning Interest:	\$ _____	_____:	\$ _____
_____:	\$ _____	_____:	\$ _____

**Term Comparison:** The following chart summarizes the major features of the lender’s loan programs with and without a prepayment penalty:

Term or Charge	Loan WITH Prepayment Penalty	Loan WITHOUT Prepayment Penalty
Loan Amount		
Loan Length		
Initial Interest Rate		
Interest Rate Fixed/Adjustable		
Annual Percentage Rate (APR)		
Lender Fees		
Loan Origination (points)		
Underwriting		
Documentation		
Processing		
Other		
Broker Fees		
Commission (points)		
Underwriting		
Documentation		
Processing		
Other		

We each acknowledge receipt of a copy of this Notice on the dates indicated beside our signatures.