



PEOPLE'S COMMUNITY FEDERAL CREDIT UNION

Mortgage Disclosure Statement

READ CAREFULLY!

THIS DISCLOSURE CONTAINS IMPORTANT INFORMATION CONCERNING THE KEY FEATURES OF THE MORTGAGE LOAN ("LOAN") FOR WHICH YOU HAVE APPLIED. THIS LENDER IS REQUIRED BY LAW TO DISCLOSE THIS INFORMATION TO YOU. WE URGE YOU TO READ THIS DISCLOSURE CAREFULLY.

If you have any questions, please call the Lender. You may wish to consult your attorney.

THIS DISCLOSURE DOES NOT CONSTITUTE A COMMITMENT ON THE PART OF THE LENDER TO MAKE A LOAN TO YOU.

Since Lenders may sell loans they have made, the term "Lender" refers to the Lender making the loan or to anyone to whom the loan is sold.

A. GENERAL DESCRIPTION OF THE LOAN PROGRAM

You have applied for a mortgage loan. If the Lender issues a commitment to you and the loan is closed, you will become bound by the terms of the note and the security instrument used to create a lien on your property. Those documents establish your rights and obligations under the loan program. You should read and understand the provisions of the note and security agreement.

Repayment of the Loan will be secured by a security instrument on your property. If you fail to make payments on your loan as required by the loan documents, you will be subject to losing your interest in the property through foreclosure.

The interest rate on the loan may be either a fixed rate or an adjustable rate. If you have applied for an adjustable rate loan program, the Lender will be giving you additional disclosures that will explain the adjustable rate features of your loan.

B. DUE-ON-SALE CLAUSE

Subject to any applicable law, you will sell or transfer all or any part of the property, or if any interest in it is sold or transferred, without the prior written consent of the Lender, the Lender has the right to require you to immediately pay the loan in full. This is called a Due-On-Sale clause. If the Lender does require you to pay the loan in full, you must be given 30 days prior written notice in which to make your payment. If you do not make the payment by the time specified, you will be in default and the Lender can begin foreclosure proceedings.

The Lender shall not exercise the rights under the Due-On-Sale clause if the sale or transfer involves:

- 1) Creation of a subordinate lien without a transfer of occupancy (other than a contract for deed);
- 2) Purchase-money lines for household appliances;
- 3) Death of a joint tenant or tenant by the entirety;
- 4) Leases for three years or less without an option to purchase;
- 5) Transfers where the new owner will be the occupant and (i) is a relative of the borrower who acquired the property because of the death of the borrower, (ii) is the spouse or child(ren) of the borrower, or (iii) is a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes the owner of the property; or
- 6) An inter vivos trust for the benefit of the borrower, who will remain occupant of the property and the beneficiary of the trust.

YOU SHOULD ALWAYS CHECK WITH THE LENDER IN THE EVENT OF A PROPOSED SALE OR TRANSFER.

C. PREPAYMENT PENALTIES AND LATE CHARGES

PREPAYMENT: You have the right to make payments of principal at any time before they are due. This is known as prepayment. When you make a prepayment, you must tell the Lender in writing that you are doing so. You may make a full prepayment or partial prepayments without paying any prepayment charge. All prepayments will be applied to reduce the amount of principal that you owe under the terms of the note.

LATE CHARGES: If payment is fifteen (15) days late, you will be charged up to 5% of payment due, minimum \$5.00, maximum \$50.00

D. ESCROW REQUIREMENTS

Subject to applicable law or written waiver by the Lender, you will be required to make monthly Escrow payments in addition to the monthly payments of principal and interest on the loan. Escrow payments will be equal to one twelfth (1/12) of the Escrow items which are: yearly taxes and assessments which may obtain priority over the security instrument; yearly leasehold payments or ground rents on the property, if any. The purpose of the Escrow payment is to enable the Lender to pay the Escrow items in your behalf.

The Lender shall give to you, without charge, an annual accounting of the Escrow payments showing credits and debits and the purpose for each debit to your escrow account. The Lender will give you written notice in the event of any deficiency in your escrow account.

If the amount of the Escrow payments held by the Lender, together with future monthly Escrow payments payable prior to the due date of the Escrow items, shall exceed the amount required to pay the Escrow items when due, the excess shall be, at your option, either promptly paid to you or credited to you on your monthly Escrow payments. If the amount of the funds held by the Lender in your Escrow account is not sufficient to pay the Escrow items when due, you shall pay to the Lender any amount necessary to make up the deficiency in one or more payments as may be required by the Lender.

Failure to make Escrow Payments is a default under the terms of your loan and security instrument which may result in the Lender declaring the unpaid balance on your loan immediately due and payable.