



Mortgage, Ltd.

**FIXED RATE MORTGAGE LOAN DISCLOSURE**  
**IMPORTANT LOAN INFORMATION ON FIXED RATE MORTGAGE LOAN**  
**PLEASE READ CAREFULLY**

If you wish to apply for a Fixed Rate Mortgage Loan (“Loan”) with CS Mortgage Ltd. (the “lender”), you should read the information below. There may be other types of financing available from the Lender. Information disclosures describing other available mortgage loans will be provided to you upon request. This disclosure is for informational purposes only and does not constitute a commitment on the part of the Lender to provide any financing. The Lender reserves the right to make changes at any time with regard to any matter covered in this disclosure.

If you obtain a loan, the loan note, security instrument and any other related documents (collectively the “Loan Documents”) will control the terms of the Loan; therefore, you should become familiar with and understand the provisions of the Loan Documents. Upon execution of the Loan Documents, both the Lender and you will become bound by the terms of the Loan Documents.

**1. ASSUMPTION OF YOUR LOAN (“DUE ON SALE”)**

The Loan Documents include a “due-on-sale” provision. This means that if you sell or transfer any interest in the property which has been mortgaged to secure the Loan (“Property”) (or if the title to the Property is held by a land trust, sell or transfer the beneficial interest in the trust) without the Lender’s written consent, it may, subject to certain limitations set forth below that are applicable to VA Insured or Guaranteed Loans and FHA Insured Loans, demand immediate repayment of all sums due in connection with the Loan. If the indebtedness is not repaid upon demand, the Lender may foreclose and sell the property.

If your loan is a conventional Loan and if the Lender chooses to permit your Loan to be assumed, the purchaser must meet the Lender’s credit standards and the Lender will have the right to change the Loan terms, including the interest rate, upon assumption.

If your loan is a FHA Insured Loan and if you sell your home to a purchaser who will not occupy the Property as his or her principal or secondary residence or who does occupy the Property but whose credit has not been approved in accordance with HUD requirements, Lender may, at its option, declare all the sums secured by the Property immediately due and payable. If you sell your home by letting an approved purchaser assume your mortgage, you are still liable for the mortgage debt unless you obtain a release from the Lender. You may obtain a release of liability by (1) having the credit of your purchaser approved by HUD/FHA or Lender, (2) requesting that the purchaser of your property execute an agreement to assume and pay the mortgage debt, thereby agreeing to become the substitute mortgagor, and (3) having Lender complete Form HUD 99210-1 “Approval of Purchaser and Release of Seller.” If you sell your Property but do not obtain a release from liability and if the purchaser assumes responsibility for the debt rather than merely taking title subject to the mortgagee, then both you and the purchaser of your Property will be liable, both individually and jointly, for any default following the date of assumption. If the purchaser takes title subject to the mortgage without assuming personal liability of the debt, you will remain liable for the full term of the loan. If you wish to pursue being released from liability, you should get in touch with your Lender.

If your Loan is a VA Insured or Guaranteed Loan, the Loan may be assumed on the original terms and you will be relieved of further liability on the Loan, if the purchaser satisfies Lender’s applicable credit standards and the purchaser assumes full liability to repay the Loan and perform all of the obligations under the Loan Documents. Under certain conditions, subject to VA approval, a purchaser who does not satisfy Lender’s applicable credit standards may assume a VA Insured or Guaranteed Loan on the original terms if you request approval of the assumption. If the assumption was approved, you would have secondary liability under the Loan Documents, which means you could be required to repay the Loan if the purchaser failed to make payments. Regardless of whether your Loan is a Conventional, VA Insured or Guaranteed or FHA Insurance Loan, the Lender will require the purchaser to pay a fee for assuming the Loan. The amount of this fee will be based on the then current market conditions and any applicable limitations.

**2. LATE CHARGES**

If the Lender does not receive your monthly payment within 15 days after it is due, the Lender will impose a late charge in an amount equal to \_\_\_\_% of the late payment. \*\*4% for FHA and VA \*\*5% for Conventional

**3. PREPAYMENT PENALTY**

You may prepay your Loan in whole or in part without penalty at any time during the Loan term. All partial prepayments will be applied to your outstanding principal Loan balance and will not allow you to skip any monthly payments. However, please note if you are applying for an FHA Insured Loan, you may be assessed interest charges until the end of the month if you prepay your Loan on a date other than the due date.

**4. ESCROW PAYMENTS**

Unless prohibited by applicable state law, the Lender will require you to maintain an escrow account for the payment of taxes and insurance. This means that in addition to your regular monthly payment of principal and interest, you will be required to pay 1/12<sup>th</sup> of the established tax and insurance charges that will become due in the coming year. Unless applicable state law provides otherwise, the Lender will not pay you interest on the escrow funds.

Unless applicable state law requires a different procedure, once during each year of your Loan, the Lender will calculate the amount necessary to pay the estimated tax and insurance charges for the coming year and will determine whether the funds contained in the escrow account will be sufficient to pay the charges when due. If the Lender determines that the funds in the escrow account are not sufficient to pay the estimated tax and insurance charges, the Lender will notify you of the shortage. You may then pay the amount of the shortage in one lump sum, or you may request that the Lender divide this amount by the number of months remaining in the year and increase each of the monthly payments by the prorated amount. If there is a surplus in your escrow account, the Lender will notify you of the surplus.

Failure to make the required escrow payments is a default under the terms of your Loan Documents and may result in the Lender declaring the unpaid balance of your Loan to be immediately due and payable.

You, after having read the contents of the above Disclosure Notice acknowledge (1) receipt of the Disclosure Notice, and (2) that this Disclosure Notice was completed in full prior to its receipt.

Borrower \_\_\_\_\_ Date \_\_\_\_\_ Borrower \_\_\_\_\_ Date \_\_\_\_\_