Private Mortgage Insurance - LPMI Initial Disclosure

Borrower(s) : ______________________ Date : ______________________

______________________ Property Address :

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Loan Number : ______________________ ______________________

You have applied for a mortgage loan that requires private mortgage insurance ("PMI"). PMI protects lenders and others against financial loss when borrowers default. Your loan will have "lender paid" mortgage insurance ("LPMI").

Lender paid mortgage insurance differs from "borrower paid" mortgage insurance ("BPMI") in several ways, and each form of insurance has advantages and disadvantages.

* First, LPMI may not be canceled by you, the borrower. By contrast, borrowers may be able to cancel BPMI on either (1) the date the principal balance of the mortgage loan is first **scheduled** to reach 80% of the original value of the property or (2) the date the principal balance 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.
* Second, LPMI usually (1) 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.
* Third, LPMI may be tax deductible for purposes of federal income taxes if you itemize deductions on your return. Consult your tax advisor for details.

The following analysis reflects the differing costs and benefits of LPMI versus BPMI:

SEE ATTACHED

I/we have received a copy of this disclosure.

______________________ ______________________

Borrower Date

______________________ ______________________

Borrower Date