# INFORMED CONSUMER CHOICE DISCLOSURE NOTICE

Borrower(s): ______________________ Property Addr: ______________________

______________________ ______________________

Loan Number: ______________________

In addition to an FHA-insured mortgage, you may also qualify for other mortgage products offered by your lender. To assure that you are aware of possible choices in financing, your lender has prepared a comparison of the typical costs of alternative conventional mortgage product(s) below, using representative loan amounts and costs (the actual loan amounts and associated costs shown below will vary from your own mortgage loan transaction). You should study the comparison carefully, ask questions, and determine which product is best for you. The information provided below was prepared as of

Neither your lender nor FHA warrants that you actually qualify for any mortgage loan offered by your lender. This notice is provided to identify the key differences between these mortgage products offered by your lender. **This disclosure is not a contract and does not constitute loan approval.** Actual mortgage approval can only be made following a full underwriting analysis by your mortgage lender.

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| **1** | **Sales Price** | | |
| **2** | **Mortgage Amount**<br>**(with Up-front Mortgage Insurance Premium)** | | |
| **3** | **Closing Costs** | | |
| **4** | **Down Payment Needed** | | |
| **5** | **Interest Rate and Term of Loan in Years** | | |
| **6** | **Monthly Payment (principal and interest only)** | | |
| **7** | **Loan-to-Value** | | |
| **8** | **Monthly Mortgage Insurance Premium (first year) *** | | |
| **9** | **Maximum # of Years of Monthly Insurance Premium Payments** | | |
| **10** | **Up-front Mortgage Insurance Premium (if applicable) ****<br>**(Included in Mortgage Amount, line 2)** | | |
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* Monthly mortgage insurance premiums are calculated on the average annual principal balance, i.e., as the amount you owe on the loan decreases each year, so does the amount of the monthly premium.

** Based on an up-front mortgage insurance premium rate of %.

## FHA Mortgage Insurance Premium Information:

If you paid an up-front mortgage insurance premium, you will also be charged a monthly mortgage insurance premium until the loan-to-value ratio of your mortgage reaches 78 percent of the *initial* sales price or appraised value of your home, whichever was lower (provided that premiums are paid for at least five years). You will reach 78 percent loan-to-value threshold in one of two ways: Through normal amortization as you make your monthly payments, or by paying additional principal on the mortgage. Your lender can advise you on when the mortgage will reach the 78 percent level through normal amortization.

If you have a 15-year mortgage and make a downpayment in excess of 10 percent, you will not have to make monthly mortgage insurance premiums. You will also reach the 78 percent loan-to-value threshold earlier than on longer term mortgages and may not have to pay monthly mortgage insurance premiums for the full five years.

You are required to make these payments on your FHA-insured loan unless you refinance or the mortgage is otherwise paid in full.

If you were *not* charged an up-front premium, as for example on condominiums, you will pay the monthly premium for the life of the mortgage.

I/We have received a copy of this disclosure.

______________________ ______________________

Borrower Date

______________________ ______________________

Borrower Date