



Explanation of Truth-in-Lending

ANNUAL PERCENTAGE RATE:

This represents the true cost of borrowing expressed as a percentage and will take into consideration the total finance charges paid over the life of the loan. This includes origination fees, private mortgage insurance premiums and the interest portion of monthly payments. THE APR IS NOT THE MORTGAGE NOTE RATE. The APR will always be higher than the note rate because of the inclusion of the above mentioned costs.

FINANCE CHARGES:

This represents the interest and private mortgage insurance premiums paid over the life of the mortgage and less paid at the time of closing.

AMOUNT FINANCED:

This represents the amount of credit available to a customer. It is defined under Regulation Z as the amount of loan minus the prepaid charges (origination fees, per diem interest, first year private mortgage insurance premium, escrow closing costs, etc.)

TOTAL OF PAYMENTS:

This represents the amount of payment times the number of payments the customer will make over the life of the loan.

PAYMENT SCHEDULE:

This represents the number, amounts and timing of payments scheduled to repay the loan. "Timing" means the "due dates" or "periods" upon which payment must be made. The "amounts" can be either fixed or a range of payments. If your loan has private mortgage insurance, that monthly amount will be added to the principal and interest and the sum of these two figures will show in this area.

