

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**
Order Number: **201404210283**

PeirsonPatterson, LLP
Loan Transmittal Memorandum

www.ppdocs.com

NOTE TO TITLE COMPANY: PeirsonPatterson's fee will not change if our warranty deed is not used or is not provided. PeirsonPatterson still needs to review the deed unless this *review* is waived by the lender.

This loan package was prepared by: **Margaret Davey**

Comments:

SAMPLE ONE TIME CLOSE (WITH TWO TIL'S)

PPDocs, Inc. Compliance Certificate

LO Company NMLS ID 123456
LO NMLS ID 987654

Lender: ABC Bank
Borrower(s): John Doe, a single man
Property: 1234 Main Street, Arlington, TX 76017
Loan Type: First Lien Adjustable Rate Conventional Loan
Loan Purpose: New Construction
Loan Number: 123456789
Closing Date: 04/09/2014
Ordered By: ABC Bank
Investor: * No Investor *
Loan Term: 357 draw days + 360 months P&I
Order Number: 201404210283

HCML	HPML	QM	State High Cost	FNMA 5%	MDIA	HUD 1
✓	✓	N/A	N/A	✓	✓	✓

Legend

- ✓ Passed
- ✗ Failed

Section 32: High-Cost Mortgage Analysis:

The following points and fees test methodology, format, and terminology directly tracks the points and fees calculation text published by the CFPB on pages 37 through 41 of the Ability-to-Repay And Qualified Mortgage Rule Small Entity Compliance Guide, the most recent version of which is located at: http://files.consumerfinance.gov/f/201310_cfpb_atr-qm-small-entity_compliance-guide.pdf. PPDocs, Inc. has only added applicable calculations to support the CFPB's published methodology.

Points and Fees Test

- Finance Charges. In general, include all items included in the finance charge (see § 1026.32(b)(1)(i))

<u>Description</u>	<u>Amount</u>
Tax service	\$96.00
Flood certification	\$14.00
Settlement or closing fee	\$375.00
Loan origination fee	\$3,000.00
TX Doc Prep APR	\$300.00
Attorney's fee	\$50.00
Title courier fee/Express mail fee	<u>\$12.00</u>
TOTAL	\$3,847.00
	\$3,847.00

However, you may **exclude** the following types and amounts of charges, even if they normally would be included in the finance charge:

- Interest or the time-price differential: \$0.00
- Private mortgage insurance (PMI) premiums: Exclude monthly or annual PMI premiums. You may also exclude up-front PMI premiums if the premium is refundable on a prorated basis and a refund is automatically issued upon loan satisfaction. However, even if the premium is excludable, you must include any portion that exceeds the up-front MIP for FHA loans. Those amounts are published in HUD Mortgagee Letters. \$0.00
- Bona fide third-party charges not retained by the creditor, loan originator, or an affiliate of either.

<u>Description</u>	<u>Amount</u>
TX Doc Prep APR	<u>(\$300.00)</u>
	(\$300.00)

- Bona fide discount points (§ 1026.32(b)(1)(i)(E) and (F) and (b)(3)).
 - None, because there are no discount fees or the fees are not bona fide, discount fees may not be excluded.

Total charges that must be included in the calculations **\$3,547.00**

2. Loan originator compensation (§ 1026.32(b)(1)(ii))

Include compensation paid directly or indirectly by a consumer or creditor to a loan originator other than compensation paid by a mortgage broker or creditor to an employee. Include compensation that is attributable to the transaction, to the extent that such compensation is known as of the date the interest rate for the transaction is set.

Total Compensation paid directly by a consumer to a mortgage broker:	\$0.00
Total Compensation paid by a creditor to a mortgage broker:	\$0.00
Total Compensation paid by a consumer or creditor to a manufactured home retailer:	\$0.00
Total Compensation included in the sales price of a manufactured home:	\$0.00

Total compensation that must be included in the calculations **\$0.00**

3. Real estate-related fees (§ 1026.32(b)(1)(iii))

The following categories of charges are **excluded** from points and fees **only if**:

- a. The charge is reasonable;
- b. The creditor receives no direct or indirect compensation in connection with the charge; and
- c. The charge is not paid to an affiliate of the creditor.

If one or more of those three conditions is **not** satisfied, **you must include** these charges in points and fees even if they would be excluded from the finance charge:

<u>Description</u>	<u>Amount</u>
Appraisal fee	\$450.00
Credit report	\$66.00
Title services and lender's title insurance	\$786.90
Owner's title insurance	\$1,872.00
Lender's title insurance	\$248.10
Deed/Mortgage/Releases	\$140.00
Texas Title Insurance Guaranty Association Fee	<u>\$1.80</u>
TOTAL	\$3,564.80

Total fees that must be included in the calculations **\$3,564.80**

- 4. Premiums for credit insurance; credit property insurance, other life, accident, health, or loss-of-income insurance where the creditor is beneficiary; or debt cancellation or suspension coverage payments (§ 1026.32(b)(1)(iv)) \$0.00
- 5. Maximum prepayment penalty (§ 1026.32(b)(1)(v)) \$0.00
- 6. Prepayment penalty paid in a refinance (§ 1026.32(b)(1)(vi)) \$0.00

Compliance Certificate

7. Charges paid by third parties. (Comment 32(b)(1)-2)	\$0.00
	\$0.00
8. Creditor-paid charges. (Comment 32(b)(1)-2)	\$0.00
TOTAL ACTUAL POINTS AND FEES	\$7,111.80

Note amount: \$300,000.00

"Amount Financed" per Truth-In-Lending (Regulation Z): \$296,153.00

"Total Loan Amount" per Truth-In-Lending (Regulation Z): \$292,588.20

Limits on points and fees for High-Cost Mortgage Loan:

(i) 5 percent of the total loan amount for a transaction with a loan amount of \$20,000 or more; or

(ii) The lesser of 8 percent of the total loan amount or \$1,000 for a transaction with a loan amount of less than \$20,000;

	Amount	Percent
ALLOWED MAXIMUM POINTS AND FEES	\$14,629.41	5.00%
LESS TOTAL ACTUAL POINTS AND FEES	\$7,111.80	
CUSHION	\$7,517.61	51.39%
POINTS AND FEES TEST		PASSED

Prepayment Penalty Test

No prepayment penalty may be charged after 36 months	Passed
Prepayment penalty may not exceed 2% of amount prepaid	Passed
PREPAYMENT PENALTY TEST	PASSED

APR Test

APR (According to 32(a)(3)): 4.7270

APOR: 2.9900%

Maturity Term: 5 Year

Published Date: Monday, March 31, 2014

Lien Position: First lien

APR - APOR: 1.7370

The APR must not exceed the Average Prime Offer Rate (APOR) by:

(i) 6.5% if the loan is a first lien

(ii) 8.5% if the loan is a subordinate lien

APR TEST PASSED

Section 35: Higher-Priced Mortgage Analysis:

If the loan's APR exceeds the Average Prime Offer Rate as published by the Federal Reserve Board in effect when the rate is set by 1.5% or more (2.5% for 1st lien jumbo, 3.5% for 2nd liens), this loan is a higher-priced mortgage loan.

Loan Amount	\$300,000.00
Lien Position	First
Application Date	04/01/2014
Lock Date	04/01/2014

Compliance Certificate

Annual Percentage Rate	3.99 %
Average Prime Offer Rate (5-year maturity published on 03/31/2014)	<u>- 2.99 %</u>
APR minus Average Prime Offer Rate	1.00 %

SUMMARY

This loan is not an HPML loan.

Section 43: Qualified Mortgage Analysis:

Not Applicable

State High Cost Analysis:

Not Applicable

Fannie Mae Fee Cap Analysis:

The following fees and charges have been designated to be included in the calculation to determine whether this loan is subject to the Fannie Mae 5% Fee Cap.

Tax service	96.00
Loan origination fee	+ <u>3,000.00</u>
Total Fees	3,096.00
Total Fees Divided By Total Loan Amount (3,096.00 / 300,000.00)	1.032 %

SUMMARY

This loan passes the Fannie Mae fee cap test.

MDIA Summary:

APR Summary

<u>Interest Rate</u>	<u>APR</u>	<u>Disclosed APR</u>	<u>Point Difference</u>
4.0000%	3.9865%	4.0000%	-0.0135

This loan was **OVERDISCLOSED** by 0.0135%

Draw Period APR Summary

<u>Interest Rate</u>	<u>APR</u>	<u>Disclosed APR</u>	<u>Point Difference</u>
4.0000%	4.0000%	4.1000%	-0.1000

This loan was **OVERDISCLOSED** by 0.1000%

Compliance Certificate

Date Analysis

Application Date:	4/1/2014
Initial TIL Sent Date:	4/1/2014
Last TIL Received Date:	4/4/2014
Earliest Allowable Closing Date:	4/9/2014
Closing Date:	4/9/2014

SUMMARY

Point difference between Disclosed APR and actual APR is within tolerance. Closing Date timing is valid.
 Point difference between construction period's Disclosed APR and construction period's actual APR is within tolerance.

HUD 1 Tolerance Summary:

Charges That Cannot Increase

<u>Fee Description</u>	<u>Line #</u>	<u>GFE Amt</u>	<u>HUD Amt</u>	<u>Cure Amt</u>
Our origination charge	801	\$3,300.00	\$3,300.00	N/A
Credit or charge for interest rate	802	\$0.00	\$0.00	N/A
Your adjusted origination charges	803	\$3,300.00	\$3,300.00	N/A
Transfer taxes	1203	\$0.00	\$0.00	N/A

Charges That in Total Cannot Increase More Than 10%

<u>Fee Description</u>	<u>Line #</u>	<u>GFE Amt</u>	<u>HUD Amt</u>
Government recording charges	1201	\$140.00	\$140.00
Appraisal fee	804	\$450.00	\$450.00
Credit report	805	\$60.00	\$66.00
Tax service	806	\$96.00	\$96.00
Flood certification	807	\$14.00	\$14.00
Title services and lender's title insurance	1101	\$786.90	\$786.90
Owner's title insurance	1103	\$2,000.00	\$1,872.00
Total Charges:		\$3,546.90	\$3,424.90
Increase between GFE and HUD Charges:		\$-122.00	or N/A
Maximum Increase Allowed:		\$354.69	or 10.0000%
Amount to Cure:		\$0.00	or 0.0000%

Charges That Can Change

<u>Fee Description</u>	<u>Line #</u>	<u>GFE Amt</u>	<u>HUD Amt</u>
Initial deposit for your escrow account	1001	\$0.00	\$0.00
Daily interest charges	901	\$0.00	\$0.00
Homeowner's insurance premium	903	\$0.00	\$0.00

PPDocs, Inc. certifies that the above calculations are accurate based on the information the user has entered.

Compliance Certificate

NOTICE: This Compliance Certificate is the product of the various tests that PPDocs, Inc. analyzed for this transaction. The findings above are intended to act as a tool to correct any potential errors before a package is generated for closing and to assist in understanding the various rules and regulations currently in place. This includes certain audits we have programmed where appropriate to warn the user if the loan created exceeds limits or thresholds for federal high cost (Section 32/HCML); higher-priced mortgage loans (Section 35/HPML); qualified mortgage (Section 43); state high cost home loans; Texas home equity loans (also referred to as Texas 50(a)6 loans) requiring a 3% fee maximum and 80% LTV maximum; or FNMA/FHLMC's 5% limit on fees. Please be aware that audits may change periodically due to client input, and updates to both federal and state regulations.

It should be noted that our audits are only as good as the information entered and is ultimately the user's responsibility. Our closers are not responsible for determining which fees are to be included and which are not. Our system uses certain assumptions based on standard requirements to include or exclude items in these calculations such as discount points (which may be considered "bona fide"), or lender and affiliate fees to be included in high cost calculations. However, the user may flag or un-flag any item as needed and at their discretion. Because the calculations may subject to various investor interpretations and depend upon accurate and complete data input from Client, PPDocs, Inc. does not make any representation or warranty regarding the marketability of the loan.

Fee Details Form

Borrower Name: John Doe

Investor Loan Number: _____

Date: 6/6/2014

Affiliated Business Relationship Information:

Were any of the points and fees paid to an affiliate of the broker and/or lender on this transaction?

_____ YES X NO

If yes, list names of affiliates paid in association with this transaction below:

Summary:

Total Fees Paid to Broker:	0.00	Amount of PPP included in Fees:	0.00
Total Fees Paid to Lender:	1,161,388.86	Total Fees Included in HOEPA/QM Test:	6,324.90
Total Fees Paid to Affiliate:	0.00	Total Fees Excluded from HOEPA/QM Test:	400.00
Total Fees POC:	100.00	Total Loan Amount:	292,588.20
Total Fees Paid By Lender/ Broker/Seller (credits):	100.00	HOEPA APR:	4.7270

Paid by/Paid To Key

B Borrower L Lender BR Broker A Affiliate 3 Third Party S Seller

Other Fees Itemization:

	Description	FHA MIP Comparable Factor (%)	Bona Fide Discount Points (%)	Fully Adjusted Par Rate	APOR at Time Rate is Set	\$ Amount	Paid By	Paid To	Amount of Fee Excluded from HOEPA/QM	Amount of Fee Excluded from State High Cost
	Broker Comp at Time Interest Rate Set					0.00				
	Broker Comp from final HUD-1					0.00				
	Bona Fide Discount Points									
Refundable <input type="checkbox"/>	Conventional Upfront MI Premium	1.75								

Final HUD-1 Fee Itemization:

HUD 800 Series Itemization										
HUD Line #	Fee Name	Financed	Included in APR	Paid Outside of Closing (POC)	\$ Amount	Paid By	Paid To	Amount of Fee Excluded from HOEPA/QM	Amount of Fee Excluded from State High Cost	
801	Loan origination fee		X		3,000.00	B	L			
801	TX Doc Prep APR		X		300.00	B	3	300.00	300.00	
804	Appraisal fee				350.00	B	L			
804	Appraisal fee			X	100.00	B	L			
805	Credit report				66.00	B	L			
806	Tax service		X		96.00	B	L			
807	Flood certification		X		14.00	B	L			

HUD 900 Series Itemization									
HUD Line #	Fee Name	Financed	Included in APR	Paid Outside of Closing (POC)	\$ Amount	Paid By	Paid To	Amount of Fee Excluded from HOEPA/QM	Amount of Fee Excluded from State High Cost

HUD 1000 Series Itemization									
HUD Line #	Fee Name	Financed	Included in APR	Paid Outside of Closing (POC)	\$ Amount	Paid By	Paid To	Amount of Fee Excluded from HOEPA/QM	Amount of Fee Excluded from State High Cost

HUD 1100 Series Itemization									
HUD Line #	Fee Name	Financed	Included in APR	Paid Outside of Closing (POC)	\$ Amount	Paid By	Paid To	Amount of Fee Excluded from HOEPA/QM	Amount of Fee Excluded from State High Cost
1101	Abstract or title search				100.00	L	3	100.00	100.00
1101	Attorney's fee		X		50.00	B	L		
1101	Title courier fee/Express mail fee		X		12.00	B	L		
1101	Texas Title Insurance Guaranty Association Fee				1.80	B	L		
1102	Settlement or closing fee		X		375.00	B	L		
1103	Owner's title insurance				1,872.00	B	L		
1104	Lender's title insurance				248.10	B	L		

HUD 1200 Series Itemization									
HUD Line #	Fee Name	Financed	Included in APR	Paid Outside of Closing (POC)	\$ Amount	Paid By	Paid To	Amount of Fee Excluded from HOEPA/QM	Amount of Fee Excluded from State High Cost
1201	Government recording charges				140.00	B	L		

HUD 1300 Series Itemization

HUD Line #	Fee Name	Financed	Included in APR	Paid Outside of Closing (POC)	\$ Amount	Paid By	Paid To	Amount of Fee Excluded from HOEPA/QM	Amount of Fee Excluded from State High Cost

Attorney Invoice
PeirsonPatterson, LLP
 2310 Interstate 20 W, Suite 100
 Arlington, TX 76017
 Phone: (817) 461-5500 Fax: (817) 856-6060

Invoice To: Closing Dept
 Your Title Company
 123 Main Street, Suite 555
 Boston, MA 02101
 Phone: (617) 555-5555 Fax:
 GF Number:

Date	Order #	Description	Amount
4/21/2014	201404210283	For professional services in connection with the preparation of real estate documents.	\$0.00

Lender:
 ABC Bank
 2310 W Interstate 20, 100
 Arlington, TX 76017
 Phone: (817) 461-5500 Fax:
 Closer: Ambra Costner
 Loan # 123456789

Property:
 1234 Main Street
 Arlington, TX 76017

Borrower(s):
 John Doe

Seller(s):
 John Smith

TO INSURE PROPER CREDIT, PLEASE RETURN COPY OF INVOICE WITH REMITTANCE AND PLEASE REFERENCE OUR INVOICE NUMBER ON YOUR CHECK.

**MAKE CHECK PAYABLE TO: * PeirsonPatterson, LLP. - ARLINGTON *
 DO NOT MAIL TO DALLAS - MAIL CHECK TO ARLINGTON**

Note to Settlement Agent:

If a Warranty Deed is prepared by this office, it must be used in the instant transaction or Seller(s) may submit an alternative Deed to this office for review and approval prior to closing. This is a most important requirement. The dating and proper creation of the Vendor's Lien in said Deed is of the utmost importance to the Lender.

THE ABOVE REFERENCED FEE INCLUDES OUR PREPARATION OF ANY ENCLOSED DEED, IF USED
OR FOR THE REVIEW OF ANY ALTERNATIVE DEED IF THE ALTERNATIVE DEED IS REVIEWED AND APPROVED BY THIS OFFICE.

The fee(s) on this invoice must be separately itemized on the closing statement and shown as a fee to the Lender's attorney. Please contact this office immediately should the transaction be cancelled so that our billing department can close this account. Please make your payment within three days following the closing.

Please do not staple checks to this invoice.
 THANK YOU FOR YOUR BUSINESS.

To Settlement Agent:
Your Title Company
123 Main Street, Suite 555
Boston, MA 02101
 Attn: **Closing Dept**
 Phone No.:(617) 555-5555
 Fax No.:
 Email:

From Lender:
ABC Bank
2310 W Interstate 20, 100
Arlington, TX 76017
 Attn: **Ambra Costner**
 Phone No.:(817) 461-5500
 Fax No.:
 Email: **ambra@ppdocs.com**

Supplemental Closing Instructions

SECTION I. LOAN INFORMATION

Borrower(s): **John Doe**
 Mailing Address: **122 South Main, Arlington, TX 76017**

Seller(s): **John Smith**
 Property Address: **1234 Main Street, Arlington, TX 76017**

Sales Price: **\$50,000.00**
 Down Payment: **\$10,000.00**
 Loan Amount: **\$300,000.00**
 Loan Type: **First Lien-Conventional-New Construction-Insured**
 Initial Payment: **\$1,432.25**

Index: **1.570%**
 Margin: **1.250%**

Loan #: **123456789**
 GF No:
 Order Number: **201404210283**
 Invoice Number: **4-04-02809**

Closing Date: **April 9, 2014**
 Document Exp. Date: **April 30, 2014**
 Final Payment Date: **April 1, 2045**
 First Payment Date: **May 1, 2015**

Initial Interest Rate: **4.000%**
 Terms of Loan: **357 draw days + 360 months P&I**
 Fully Indexed Rate: **2.875%**
 Min Life Rate: **1.250%**

SECTION II. LOAN FEES AND ESCROWS

Settlement agent fees are provided as an estimate. Final settlement fees must comply with applicable federal laws, rules and regulations; and any applicable state laws or local ordinances.

A. Fees Paid at Closing.

The following fees must be indicated on the HUD-1 Settlement Statement. Collect same unless indicated as "POC" (Paid Outside Closing). Show all "POC"s as such on the HUD-1 Settlement Statement.

100. Gross Amount Due from Borrower		400. Gross Amount Due to Seller	
101. Contract sales price	\$50,000.00	401. Contract sales price	\$50,000.00
102. Personal Property		402. Personal property	
103. Settlement charges to Borrower (line 1400)	\$6,624.90	403.	
104. Residential Construction Contract \$260,000.00		404.	
105.		405.	
106. City/town taxes to		406. City/town taxes to	
107. County taxes to		407. County taxes to	
108. Assessments to		408. Assessments to	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. Gross Amount Due From Borrower	\$56,624.90	420. Gross Amount Due To Seller	\$50,000.00
200. Amounts Paid by or in Behalf of Borrower		500. Reductions in Amount Due to Seller	
201. Deposit or earnest money	\$2,000.00	501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)		502. Settlement charges to seller (line 1400)	
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204. Loan Amount - \$300,000.00 - advanced towards lot purchase	\$40,000.00	504. Payoff of first mortgage loan	
205.		505. Payoff of second mortgage loan	
206.		506. Owners Title Policy	
207.		507. Option Fee	
208.		508. seller	
209.		509.	
210. City/town taxes to		510. City/town taxes to	
211. County taxes 01/01/2013 to 07/27/2013	\$4,001.38	511. County taxes 01/01/2013 to 07/27/2013	\$4,001.38

Supplemental Closing Instructions

212. Assessments to	
213.	
214.	
215.	
216.	
217.	
218.	
219.	
300. Cash at Settlement from/to Borrower	
301. Gross amount due from borrower (line 120)	\$56,624.90
302. Less amounts paid by/for Borrower (line 220)	(\$46,001.38)
303. Cash <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$10,623.52

512. Assessments to	
513.	
514.	
515.	
516.	
517.	
518.	
519.	
600. Cash at Settlement to/from Seller	
601. Gross amount due to Seller (line 420)	\$50,000.00
602. Less reductions in amount due seller (line 520)	\$4,001.38
603. Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	\$45,998.62

700. Total Real Estate Broker Fees		Paid From	Paid From
Division of commission (line 700) as follows:		Borrower's	Seller's
701. \$0.00		Funds at	Funds at
702. \$0.00		Settlement	Settlement
703. Commission paid at settlement		\$0.00	\$0.00
704.		\$0.00	\$0.00

800. Items Payable in Connection with Loan			
801. Our origination charge (Includes Origination Point 1.000% or \$3,000.00)	\$3,300.00	(GFE #1)	
802. Credit or charge for interest rate			
803. Your adjusted origination charges		(GFE A)	\$3,300.00
804. Appraisal fee to ABC Bank		(GFE #3) \$100.00 (POC B)	\$350.00
805. Credit report to Credit Co.		(GFE #3)	\$66.00
806. Tax service to Tax Service Co.		(GFE #3)	\$96.00
807. Flood certification to Flood Group		(GFE #3)	\$14.00
808. TX Doc Prep APR to PeirsonPatterson, LLP \$300.00 (included in 801)		(GFE #1)	
809.			
810.			
811.			
812.			
813.			
814.			

900. Items Required by Lender to Be Paid in Advance			
901. Daily interest charges from to @ \$ -0- /day			
902. Mortgage insurance premium for 0 months			
903. Homeowner's insurance for years			
904.			
905.			
906.			

1000. Reserves Deposited with Lender			
1001. Initial deposit for your escrow account			
1002. Homeowner's insurance			
1003. Mortgage insurance			
1004. Property taxes			
1005.			
1006.			
1007. Aggregate Escrow Adjustment			
1008.			
1009.			
1010.			

1100. Title Charges			
1101. Title services and lender's title insurance to Your Title Company		(GFE #4)	\$786.90
1102. Settlement or closing fee to Your Title Company	\$375.00		
1103. Owner's title insurance to Your Title Company		(GFE #5)	\$1,872.00
1104. Lender's title insurance to Your Title Company	\$248.10		
1105. Lender's title policy limit \$300,000.00			
1106. Owner's title policy limit \$50,000.00			
1107. Agent's portion of the total title insurance premium			
1108. Underwriter's portion of the total title insurance premium			
1109.			
1110.			
1111.			
1112.			

1200. Government Recording and Transfer Charges			
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Supplemental Closing Instructions

1201. Government recording charges to County Clerk		(GFE #7)	\$140.00	
1202. Deed \$20.00	Mortgage \$120.00	Releases		
1203. Transfer Taxes				
1204. City/County tax/stamps	Deed	Mortgage		
1205. State tax/stamps	Deed	Mortgage		
1206.				

1300. Additional Settlement Charges				
1301. Additional services that you can shop for				
1302.				
1303.				
1304.				
1305.				
1306.				
1307.				

Comparison of Good Faith Estimate (GFE) and HUD-1 Charges	
Charges That Cannot Increase	HUD-1 Line Number
Our origination charge	# 801
Your credit or charge (points) for the specific interest rate chosen	# 802
Your adjusted origination charges	# 803
Transfer taxes	# 1203

Good Faith Estimate	HUD-1
\$3,300.00	\$3,300.00
\$0.00	\$0.00
\$3,300.00	\$3,300.00
\$0.00	\$0.00

Charges That in Total Cannot Increase More Than 10%	
Government recording charges	# 1201
Appraisal fee	# 804
Credit report	# 805
Tax service	# 806
Flood certification	# 807
Title services and lender's title insurance	# 1101
Owner's title insurance	# 1103

Good Faith Estimate	HUD-1
\$140.00	\$140.00
\$450.00	\$450.00
\$60.00	\$66.00
\$96.00	\$96.00
\$14.00	\$14.00
\$786.90	\$786.90
\$2,000.00	\$1,872.00

Total
Increase between GFE and HUD-1 Charges

\$3,546.90	\$3,424.90
N/A	

Charges That Can Change	
Initial deposit for your escrow account	# 1001
Daily interest charges	# 901 \$32.8767 /day
Homeowner's insurance premium	# 903

Good Faith Estimate	HUD-1
\$0.00	\$0.00
\$0.00	\$0.00
\$0.00	\$0.00

Loan Terms

Your initial loan amount is	\$300,000.00
Your loan term is	30.98 years
Your interest rate is	4.000%
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$1,649.75 includes: <input checked="" type="checkbox"/> Principal <input checked="" type="checkbox"/> Interest <input checked="" type="checkbox"/> Mortgage Insurance
Can your interest rate rise?	<input type="checkbox"/> No. <input checked="" type="checkbox"/> Yes, it can rise to a maximum of 9.000%. The first change will be on April 1, 2020 and can change again every 12 months after April 1, 2020. Every change date, your interest rate can increase or decrease by 2.750%. Over the life of the loan, your interest rate is guaranteed to never be lower than 1.250% or higher than 9.000%.
Even if you make payments on time, can your loan balance rise?	<input checked="" type="checkbox"/> No. <input type="checkbox"/> Yes, it can rise to a maximum of \$_____
Even if you make payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise?	<input type="checkbox"/> No. <input checked="" type="checkbox"/> Yes, the first increase can be on May 1, 2020 and the monthly amount owed can rise to \$1,965.76. The maximum amount it can ever rise to is \$2,474.66.
Does your loan have a prepayment penalty?	<input checked="" type="checkbox"/> No. <input type="checkbox"/> Yes, your maximum prepayment penalty is \$_____.
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No. <input type="checkbox"/> Yes, you have a balloon payment of \$_____ due in _____ years on _____
Total monthly amount owed including escrow account payments	<input checked="" type="checkbox"/> You do not have a monthly escrow payment for items, such as property taxes and homeowner's insurance. You must pay these items directly yourself. You have an additional monthly escrow payment of \$_____ that results in a total initial monthly amount owed of \$_____. This includes principal, interest, any mortgage insurance and any items checked below:

Supplemental Closing Instructions

	<input type="checkbox"/> Property taxes <input type="checkbox"/> Flood insurance <input type="checkbox"/> _____	<input type="checkbox"/> Homeowner's insurance <input type="checkbox"/> _____ <input type="checkbox"/> _____
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Itemization of Credit from Lender	
Abstract or title search to Busy Bee Title	\$100.00

Itemization of Our Origination Fee (Line 801)	
Loan origination fee to ABC Bank	\$3,000.00
TX Doc Prep APR to PeirsonPatterson, LLP	\$300.00

Itemization of Title Services and Lender's Title Insurance (Line 1101)	
Abstract or title search to Busy Bee Title	\$100.00
Attorney's fee to Some Title Attorney Firm	\$50.00
Title courier fee/Express mail fee to Your Title Company	\$12.00
Texas Title Insurance Guaranty Association Fee to Your Title Company	\$1.80

B. Per Diem Interest and Escrows:

Escrows: Unless waived by Lender, ALL Escrows (including PMI, if applicable) will be collected and setup at completion.

SECTION III. LOAN DOCUMENTS

We are enclosing the following documents in connection with the above-referenced loan. Do not allow anyone to execute the loan documents before the date indicated on the Note. ALL PAPERS MUST BE SIGNED AS THE LEGAL DOCUMENTATION HAS BEEN TYPED. IF YOU HAVE INFORMATION THAT THE TYPED NAMES OR OTHER FACTUAL INFORMATION ARE INCORRECT, PLEASE CONTACT LENDER IMMEDIATELY. All documents requiring execution in the presence of a notary public shall be so executed, and this notary shall complete the proper notary acknowledgment and affix the proper seal to such documents. If there is any question as to the identity of the person executing any document, the responsibility of determining that person's identity is that of the notary public and the Settlement Agent. No corrections, erasures, changes or substitutions may be made to the documents without Lender's prior written approval. Such documents are conditionally delivered to Settlement Agent only for loan settlement and should under no circumstances leave Settlement Agent's possession or control except for delivery to Lender unless Settlement Agent is in receipt of written instructions otherwise from Lender. Powers of Attorney are not allowed unless specifically approved in writing by Lender. If you have information that the typed names are incorrect, please contact Lender immediately. Please follow the respective instructions for the disposition of each document.

Loan Transmittal Memorandum

Attorney Invoice Return with payment to PeirsonPatterson, LLP. @ 2310 W. Interstate-20, Suite 100, Arlington, Texas, 76017-1668.

Supplemental Closing Instructions Originals to be signed by Settlement Agent and returned to Lender.

Add to CI - Subchapter K-TX Pro. Code Originals to be signed by Settlement Agent and returned to Lender.

Master Closing Instructions (Texas) Originals to be signed by Settlement Agent and returned to Lender.

Truth in Lending Disclosure Statement Each Borrower must sign original counterpart prior to signing the Note and Security Instrument (Mortgage / Deed of Trust). Return Original and one (1) certified copy to Lender. Give each Borrower one (1) copy.

APR & Finance Charge Summary Give to Borrower(s).

Itemization of Amount Financed Borrower(s) must initial. Return original to Lender. Give One (1) copy to Borrower(s).

Truth in Lending Disclosures(s) Draw Period Each Borrower must sign original counterpart prior to signing the Note and Security Instrument (Mortgage / Deed of Trust). Return Original and one (1) certified copy to Lender. Give each Borrower one (1) copy.

APR & Finance Charge Summary

Itemization of Amount Financed Borrower(s) must initial. Return original to Lender. Give One (1) copy to Borrower(s).

Periodic Amortization Schedule Borrower(s) to initial each page of amortization schedule. Return original to Lender.

Fix/Adj Rate Note -LIBOR 1 Yr Index WSJ- 3528 MUL Borrower(s) must sign Original and initial each page. Return Original and one (1) certified copy to Lender. Give Borrower(s) one (1) copy.

Construction Loan Allonge to Note (FNMA Fixed) Borrower(s) must sign Original and initial each page. Return Original and one (1) certified copy to Lender. Give Borrower(s) one (1) copy.

Texas Conventional Deed of Trust Form 3044 The indicated Borrower(s) must sign original Security Instrument (Mortgage / Deed of Trust). Obtain acknowledgements and file original. After recording, return original and one (1) certified copy to Lender. Give Borrower(s) one (1) copy.

Residential Construction Loan Addendum Attach the rider to original Security Instrument (Mortgage / Deed of Trust) and file of record. Borrower(s) must sign. Return one (1) certified copy.

RD: Fix/Adj Libor 1 Yr Index WSJ 3187 MUL Attach the rider to original Security Instrument (Mortgage / Deed of Trust) and file of record. Borrower(s) must sign. Return one (1) certified copy.

Renewal & Extension (Construction) Attach to Original Deed of Trust and file of record. Borrower(s) to initial. Return one (1) certified copy to Lender.

Warranty Deed: General (V.L. to extent of) The law firm of PeirsonPatterson, LLP has prepared the enclosed draft deed to be used in this transaction. If consistent with the agreement between Seller and Borrower, it can be used. If another deed is used, send that proposed deed to PeirsonPatterson, LLP for their review and approval. Because it takes longer for PeirsonPatterson to review another's deed than to prepare their proposed deed, PeirsonPatterson, LLP WILL NOT reduce their fee if their deed is not used. The deed used must be executed, notarized, filed and returned to Borrower(s). Return one (1) certified copy to Lender with closing package. Give Seller(s) and Borrower(s) each a copy after closing.

Residential Construction Note Contractor 1 The Residential Construction Note must be executed by the Borrowers and endorsed without recourse to the Lender by the Contractor. It must be returned to the Lender.

Supplemental Closing Instructions

Residential Construction Contract (1) The Residential Construction Contract (With Assignment) must be executed by the Borrowers and the Contractor and filed of record in the county where the subject property is located. A certified copy of the original Residential Construction Contract must be returned to Lender.

Borrower's Acknowledgement of Texas Construction Compliance Procedures All indicated Parties must sign. Return original to Lender. Give each Party one (1) copy.

Texas Fraud Notice Borrower(s) must sign. Return Original to Lender. Give Borrower(s) one (1) copy.

1st Payment Letter & Mailing Add Cert/Coupons Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Flood Insurance Coverage Subject to Possible Change Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Borrower(s) Acknowledgement of Receipt of Disclosures Borrower(s) must acknowledge disclosures indicated therein. Return original to Lender. Give Borrower(s) one (1) copy.

Affidavit of Commencement After commencement of construction, Builder/Contractor and Borrower must sign so Lender may record. Return original to Lender. Give Borrower(s) and Builder/Contractor one (1) copy each.

Affidavit of Non-Commence All indicated Parties must sign. Return original to Lender. Give each Party one (1) copy.

Agreement to Provide Builder's Risk All indicated Parties must sign. Return original to Lender. Give each Party one (1) copy.

All Bills Paid Affidavit Upon completion of construction, all indicated Parties must sign. Return original to Lender. Give each Party one (1) copy.

Appraisal Receipt Borrower(s) must complete date and name of appraiser if not already complete. Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Attorney Representation Notice Borrower(s) and Seller(s) must sign. Return original to Lender. Give Borrower(s) and Seller(s) one (1) copy.

Borrower's Closing Affidavit Borrower(s) must sign and swear to the truth of the matter(s) stated. Signatures must be acknowledged. Return Original(s) to Lender. Give Borrower(s) one (1) copy.

Certification and Authorization to Release Information Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Affidavit Of Completion Upon completion of construction, original to be completed, executed by Borrower(s) and notarized. Return original to Lender.

Texas Deletion of Arbitration Provision Return unsigned to Lender for signature, unless signed original forwarded direct by Lender under separate cover.

Lender's Disbursement Statement Authorization Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Disclosure of Right to Receive a Copy of an Appraisal Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Document Correction Agreement Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Error & Omissions/Compliance Agreement Borrower(s) must sign and signature(s) notarized. Return original to Lender. Give Borrower(s) one (1) copy.

Multistate Initial Escrow Account Waiver Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Fair Credit Reporting Act Notice Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

TX Waiver of the List of Subcontractors and Suppliers Borrower(s) must sign. Return original to Lender. Give each Party one (1) copy.

Loan Agreement (Res. Const. 1-Time) Return one executed original to Lender.

Mineral Rights Acknowledgment Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Mortgage Fraud Warning FBI Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Name Affidavit - Borrower 1 Borrower(s) must sign and swear to the truth of the matter(s) stated. Signatures must be acknowledged. Return Original(s) to Lender. Give Borrower(s) one (1) copy.

No Undisclosed Debt Affidavit The indicated Borrower(s) must sign original Security Instrument (Mortgage / Deed of Trust). Obtain acknowledgements and file original. After recording, return original and one (1) certified copy to Lender. Give Borrower(s) one (1) copy.

Notice of No Oral Agreements All Parties must sign. Return original to Lender. Give each Party one (1) copy.

PMI Disclosure (Adjustable/Balloon with Refinance/Mod Option) Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Residential Construction Loan Borrower's Affidavit - One Time The executed and acknowledged original must be returned to Lender.

Residential Construction Contractor's Affidavit Builder/Contractor must sign. Signature must be acknowledged. Return original to Lender. Give Borrower(s) and Builder/Contractor one (1) copy.

Retainage Notice with waiver option All indicated Parties must sign. Return original to Lender. Give each Party one (1) copy.

Collateral Protection Insurance Notice (Texas) Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Texas Consumer Complaint Process Notice (State Chartered Banks and Trusts) Borrower(s) must sign. Return original to Lender. Give Borrower(s) one (1) copy.

Form 4506-T Request for Transcript LINES 1b, 6 - 9 MUST BE COMPLETED. **LINE 4 SHOULD BE COMPLETED, if applicable.** Borrower(s) to complete, fully execute and return original to Lender.

Request for Taxpayer Identification Number and Certification - Borrower 1 Each Borrower must complete and sign a separate W-9. Return Original(s) to Lender.

SECTION IV. ADDITIONAL REQUIREMENTS

Title Insurance.

Texas Loan Policy of Title Insurance (T-2) ("Title Policy"). - to be issued in favor of Lender in accordance with the terms, conditions, coverages and exceptions set forth in the Commitment for Title Insurance ("Commitment") previously issued by Settlement Agent and its Underwriter and delivered to Lender in connection with this loan transaction, subject however, to the various deletions, changes, corrections, endorsements and other revisions thereto required by Lender which are listed below, all of which are to be reflected in a revised Commitment to be issued and delivered to Lender prior to the date of Closing. The Title Policy (which shall be issued by Settlement Agent and its Underwriter and delivered to Lender not later than 10 days after the date of Closing) shall insure Lender that the lien(s) securing this loan is/are valid first lien(s) on the fee simple title to the real property described in the Commitment and as described in the Deed of Trust and other of the Loan Documents listed above and delivered herewith;

Lender's Requirements. Lender makes the following requirements ("Requirements") in connection with the issuance of the revised Commitment and the Title Policy, each such Requirement being equally applicable to both such forms when prepared and issued unless one or more of the following Requirements specifies to the contrary:

- * The "insured" named in Schedule A must read: "[Lender's name as appearing in the Note] and each successor in ownership of the indebtedness secured by the insured mortgage except a successor who is an obligor under the provision of Section 12(c) of the Conditions and Stipulations;"
- * The "Effective Date" on Schedule A must be the date the Deed of Trust is recorded;
- * Fee simple title to the real property described in the Deed of Trust must be shown by the Title Policy to be vested in Borrower;
- * There can be no exception for reversionary rights of any kind in Schedule B;
- * There can be no exceptions in Schedule B for "parties in possession;"
- * Item 2 of Schedule B must be modified to read "shortages in area;"
- * Item 3 of Schedule B must be modified to read "and subsequent assessments, for prior years due to change in land usage or ownership," and must except only to taxes, assessments and stand-by fees for the current calendar year (if taxes for the current year are due and payable when the Closing occurs) and subsequent years, not yet due and payable;
- * All curative matters in Schedule C of your Commitment shall be resolved to your satisfaction and not carried on as exceptions in the Title Policy;

- * Provide all common and customary endorsements at Borrower's expense including any endorsements to remove any "pending disbursement" and/or "completion of improvements" exceptions that will later be removed upon completion of construction.
 - * Provide T-36 Environmental Protection Lien Endorsement to the Title Policy at Borrower's expense;
 - * As to any encroachment that is an exception or any exclusion to coverage with respect to minerals in either Schedule A, Item 2 or Schedule B in the Loan Policy of Title Insurance which falls under the provisions of Procedural Rule 50 of the MANUAL OF RULES, RATES AND FORMS FOR THE WRITING OF TITLE INSURANCE IN THE STATE OF TEXAS ("Texas Title Rules"), the Lender hereby requests that any such matter be insured by providing a T-19 Restrictions, Encroachments, Mineral Rights Endorsement at borrower's expenses. If provided, see Master Closing Instructions 4.13(p).
- If, however, the title company does not issue the above-referenced T-19 Restrictions, Encroachments, Minerals Endorsement without amendment for any reason, Lender requests the title company to issue, as applicable and pursuant to Texas Title Rules P-5.1, and P-50.1, its Minerals and Surface Damage Endorsement (T-19.2) if the Property insured is one acre or less and is improved or intended to be improved for one-to-four family residential use. If the Property is improved or intended to be improved for office, industrial, retail, mixed use retail/residential or multifamily purposes, lender requests that the title company issue the Minerals and Surface Damage Endorsement (T-19.3). Please see Master Closing Instructions 4.13(i), 4.13(j), and 4.18.
- * Delete Section 13 of the Conditions and Stipulations of the Loan Policy of Title Insurance relating to Arbitration.
 - * Provide T-33 ARM Endorsement to Mortgagee's Title Policy at Borrower's expense.

Corrected Title Commitment. In addition to the requirements contained in the Master Closing Instructions, if provided, the Commitment must be amended as follows: (WE REQUIRE THE FOLLOWING ITEMS WITHIN TWENTY-FOUR HOURS OF THE EXECUTION OF THE DOCUMENTATION.)

Schedule A: Borrower(s) name(s) to read exactly as Legal Documents are drawn.

Schedule A: Proposed Insured to read "ABC Bank" and add Conventional verbiage.

Schedule B: Reflect Tax Deletion. Guarantee all taxes are paid current.

Schedule C: Clear ALL Items. All Liens MUST be paid in full and released. Show LENDER in first lien position.

Provide all applicable Endorsements @ Borrower's expense.

Provide an amended, original and countersigned Title Commitment, updated within 30 days of closing.

Borrower's HUD-1 Settlement Statement. HUD-1 must reference SETTLEMENT AGENT NAME, ADDRESS and PHONE NUMBER in Section H "Settlement Agent" and at least SETTLEMENT AGENT ADDRESS in "Place of Settlement" box. Three (3) certified copies. The Borrower(s) cannot receive any credit against the Sales Price for repairs or any other matter(s) without Lender's specific approval. Must reflect the name and address, including zip code of the Borrower(s), the Lender and the Settlement Agent.

Seller's HUD-1 Settlement Statement. Three (3) certified copies. Reflect Seller(s) new address.

Tax Certificates. Provide Lender with one (1) certified copy.

Survey. Obtain a survey. Follow requirements of the Master Closing Instructions if provided. Determine that the description matches the Property description used in the loan documents. New or existing, whichever is applicable.

Lender's Privacy Requirements. Maintaining public confidence is important to the success and well-being of Lender. Additionally, Lender is bound by certain state and federal laws and regulations that require Lender and Lender's employees to transact business mindful that information shall be properly safeguarded. These closing instructions hereby put Settlement Agent on notice that the laws, regulations and safeguards that apply to Lender and its employees equally apply to vendors, agents and service providers [VASPs] of Lender. In conducting the business of Lender, certain customer information is obtained, used, created, stored and disposed. It is expected and required that all persons or entities with access to Lender's customer information shall keep that information confidential. VASPs are not authorized to access Lender's customer information except as is minimally necessary to complete assigned work. VASPs are not to make unauthorized copies of customer information. VASPs are not to discuss customer information with anyone other than authorized persons. Casual conversation about customers and customer information is prohibited and should be avoided even with other VASPs or Lender employees. VASPs shall not sell or otherwise share any customer information with any third party persons or companies. It is understood by Settlement Agent that Lender's customer information shall only be obtained, used, stored and disposed by methods and means that are necessary and permitted in order to conduct the business of Lender and Settlement Agent. All such access shall be in a safe guarded manner consistent with Lender's business practices and generally accepted professional business standards.

Other Items:

- Borrower(s) must complete Social Security Number(s) or Tax ID number on any applicable documents.
- Provide any and all other state specific documents necessary to properly close and insure this transaction.
- HUD-1 must reference SETTLEMENT AGENT NAME, ADDRESS and PHONE NUMBER in Section H "Settlement Agent" and at least SETTLEMENT AGENT ADDRESS in "Place of Settlement" box.
- Title Company to complete the enclosed Borrower's Closing Affidavit (#6 on Page 3 Hold Harmless) with ANY/ALL Survey violations, if any. Return executed original to Lender.
- Title Company to return the entire, executed package to the following address immediately after funding: ABC Bank, 2310 W Interstate 20, 100, Arlington, TX 76017, ATTN: .
- According to information provided to Lender, settlement agent will charge Borrower(s) an escrow fee of \$375.00 and a wire/courier/Fed-X fee (to meet Lender's requirements) of 12.00. Do not increase or decrease these fees without Lender's prior written consent. These fees have been included as a prepaid finance charge in Borrower(s)' Truth in Lending Disclosure.

SECTION V: LOAN FUNDING

All papers must be signed as the legal documentation has been typed. If you have information that the typed names or other factual information are incorrect, please contact Lender immediately. All fees and charges required to be paid and known by Settlement Agent must be reflected on the Settlement Statement. The Settlement Statement must be faxed to Lender for approval prior to Closing. After Lender approval, no charges or fees can be added to the Settlement Statement without lender's written consent. The loan must close and fund by the Document Expiration Date indicated on page one of these Instructions. Do not file the Deed of Trust prior to Lender's funding authorization. The Closing of this loan is contingent upon the Sales Price captioned herein being true and correct. Should you have information indicating a lesser Sales Price or any secondary financing not shown above, do not close this loan and contact Lender immediately.

The escrow agent shall prepare the HUD-1 Settlement Statement in accordance with these instructions and provide it to us for our approval at least 24 hours before the real estate settlement transaction is closed. Then, the escrow agent shall close the transaction and disburse funds only in accordance with the approved HUD-1

Supplemental Closing Instructions

Settlement Statement. If any party to the transaction requests that his/her funds be disbursed in any manner different from the approved HUD-1, the escrow agent shall advise us of the request and obtain prior approval from us before any funds are disbursed in a manner different from the approved HUD-1 Settlement Statement.

SUBJECT TO ANY LIMITATIONS IMPOSED BY PROCEDURAL RULE P-35 OF THE BASIC MANUAL OF TITLE INSURANCE IN THE STATE OF TEXAS, THE UNDERSIGNED AS AUTHORIZED AGENT FOR SETTLEMENT AGENT HEREBY ACKNOWLEDGES RECEIPT OF AND AGREES TO FOLLOW ALL THE TERMS CONTAINED IN THESE SUPPLEMENTAL CLOSING INSTRUCTIONS, THE COMMITMENT FOR TITLE INSURANCE ISSUED FOR THIS LOAN AND THE MASTER CLOSING INSTRUCTIONS WHICH ARE INCORPORATED HEREIN BY REFERENCE PRIOR TO THE REQUEST FOR LOAN FUNDING, UNLESS OTHERWISE AUTHORIZED HEREIN. THIS ACKNOWLEDGEMENT DOES NOT OTHERWISE IMPLY A CERTIFICATION OR GUARANTY OF FACT, INSURANCE COVERAGE OR CONCLUSION OF LAW.

Your Title Company

By: _____

Settlement Agent Signature

[ORIGINAL SIGNATURE, NOT STAMP, REQUIRED AS A CONDITION OF FUNDING.]

Lender: **ABC Bank**
Borrower: **John Doe**
Contractor: **Contractor Group**
Property: **1234 Main Street, Arlington, Texas 76017**

Subchapter K - Texas Property Code Addendum to Closing Instructions

**LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789**

This transaction is subject to Subchapter K of the Texas Property Code. The following will be required:

- X Advance Receipt of Loan Documents By Borrowers - Deliver to all Borrowers all documentation relating to the closing of the loan not later than one business day before the date of the closing. If any changes, deletions or amendments are made to those documents after they are given to the Borrowers, unless instructed in writing by Lender, closing must be delayed at least one business day after the revised loan document package is given to Borrower.

- X Disclosure Statement Required for Texas Residential Construction Contract - Provide the attached Disclosure Statement to Borrowers before the execution of the mechanic's lien contract. Each Borrower must sign and date the original. Return original to Lender. Give each Borrower a copy after signature.

- X Disbursement Authorization - Each Borrower must sign and date the original. Return original to Lender. Give copy to Borrower after execution.

- X Borrower's Acknowledgement of Texas Construction Compliance Procedure - Each Borrower must sign and date the original. Return original to Lender. Give copy to Borrower after execution.

- Waiver of Advance Delivery of Loan Documents - Borrower must provide detailed reason for request to waive one business day advance delivery of loan documents in their own words and handwriting. Borrower must clearly detail "bona fide financial emergency" or "other good cause." Each Borrower must sign and date. Fax same to lender. If request is approved, Lender will fax back approval.

I agree to follow these additional closing instructions.

Your Title Company

Settlement Agent	Date
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Addendum to Closing Instructions

MASTER CLOSING INSTRUCTIONS

LO Company NMLS ID 123456

LO NMLS ID 987654

Loan # 123456789

These Master Closing Instructions are for closing the loan referenced in the Supplemental Closing Instructions. Do not proceed unless you accept full responsibility for following these instructions. All Master and Supplemental Closing Instructions must be strictly followed. Do Not Close The Loan Otherwise. Have any questions answered prior to commencement of closing. Any modifications must be in writing and signed by the Lender. SETTLEMENT AGENT IS NOT AUTHORIZED TO MAKE ANY CHANGES ON THE NOTE, SECURITY INSTRUMENT OR TRUTH-IN-LENDING DISCLOSURE STATEMENT. THE DOCUMENTS MUST BE REORDERED BY THE LENDER.

If any ambiguities, obvious errors, or questions arise in connection with the loan or any matter contained in the Master or Supplemental Closing Instructions, the Closing Coordinator specified in the Supplemental Closing Instructions must be contacted prior to closing. The Settlement Agent will be liable for losses incurred by the Lender as a result of the agent closing the loan with knowledge that errors were contained in any documents or instructions. If the Settlement Agent determines that the loan cannot be closed in accordance with these Master Closing Instructions, do not proceed to closing without further instructions from the Lender. An attempt has been made to provide complete and correct forms necessary to close the loan. However, if any required forms are missing, obviously incorrect, or obsolete, contact the Lender.

1. FRAUD PREVENTION.

- 1.1 Settlement Agent has special knowledge that the Lender cannot obtain from any other source. Lender is relying on Settlement Agent to communicate any material information, such as, by way of example, an adverse change of the value or title of the property, changes to the sales contract (if purchase), changes to the financing, bankruptcy, or enforcement of creditor's rights are material to Lender. If Settlement Agent receives any such material information, the Settlement Agent shall suspend loan closing and immediately disclose the information to Lender.
- 1.2 If Settlement Agent has knowledge that anyone in Settlement Agent's office is a party to the transaction, is a family member or relative of any of the parties to the transaction, or has a conflict of interest, obtain Lender's written consent before closing.
- 1.3 If Settlement Agent has reason to believe there is a fraud or scheme related to the transaction, Settlement Agent shall suspend loan closing and immediately contact Lender.
- 1.4 Information related to the Borrower, Seller, Real Estate Broker, Builder, Mortgage Broker, Title Insurer, Settlement Agent, or property may be a material inducement to Lender for making the loan. If Settlement Agent knows any party to the transaction made a material misstatement or discovers a falsehood, Settlement Agent shall suspend the closing and immediately contact the Lender.
- 1.5 If Settlement Agent has knowledge or belief that any document has been tampered with, falsely generated, bears an incorrect or falsified date, bears different names and addresses for the same party, bears a fictitious name, or a party's handwriting is inconsistent throughout the file, suspend closing and immediately contact the Lender.

- 1.6 If the Borrower or Seller appear to be coerced, under undue influence, or lack capacity to understand the transaction, suspend closing and immediately contact the Lender.
- 1.7 The Borrower(s) must appear to be able to read the loan documents and the nature of the transaction.
- 1.8 To comply with the US Patriot Act, the Bank Secrecy Act, and regulations promulgated by the Secretary of the Treasury, Lender has established a customer identification program. The reason for this program is to ascertain and verify the Borrower's, and any Signatory's, true identity. To this end, and because the Settlement Agent has face-to-face contact with the Borrower, perform the following activities for each Borrower and Signatory:
- (a) explain to the Borrower that information is being obtained to verify identity;
 - (b) complete the Identity Affidavit, either electronically or manually, in accordance with the instructions accompanying it;
 - (c) for U.S. residents, obtain a copy of an **unexpired** government-issued identification that bears a photograph or similar safeguard;
 - (d) for non-U.S. residents, obtain a copy of one or more of the following: a copy of an **unexpired** government-issued document evidencing nationality or residence and bearing a photograph; and/or an **unexpired** passport with passport number and country of issuance; and/or an **unexpired** alien identification card;
 - (e) if a customer is unable to produce an unexpired form of identification, contact the Lender for assistance in independently verifying the true identity of the customer;
 - (f) for corporations, partnerships, trusts, and other persons that are not individuals, obtain from the state of incorporation certification of good standing and a copy of the authorizing resolution duly certified by a corporate official, a government-issued business license, Partnership Agreement, or Trust Agreement;
 - (g) if Settlement Agent cannot form a reasonable belief that the true identity of the Borrower is known, suspend closing and immediately contact the Lender; and
 - (h) include in the closing package returned to Lender copies of all identifying information provided by the Borrower, copies of all documents relied on to establish the Borrower's true identity, and any documents pertaining to the resolution of any discrepancy in the identifying information obtained.
- 1.9 Settlement Agent must obtain Borrower's acknowledgement supplied by Lender, that no third party is paying the Borrower to lend credit or identity to the transaction.
- 1.10 If Settlement Agent has knowledge that there is, or will be, a "silent second mortgage" placed on the property, or that any monies Borrower is required to pay or deposit at closing are not from the Borrower's own funds or a bona fide gift, the Settlement Agent shall suspend loan closing and immediately contact Lender.
- 1.11 Settlement Agent is only to accept Borrower funds from Borrower's deposited accounts in the financial institutions verified and disclosed on Fannie Mae Form 1003, Freddie Mac Form 65, or from the account and institution specified elsewhere in these Closing Instructions. Settlement Agent must verify the source of funds; if Borrower funds come from a different institution or an out-of-state institution, suspend closing and immediately contact Lender.

- 1.12 All funds must pass through escrow and should be noted on the HUD-1 Settlement Statement. Copies of down payment checks or funds needed to close must be sent to Lender. The name and address on the deposit check must match Borrower's name and address.
- 1.13 If the property has been subject to a closing within one year of the current transaction, Settlement Agent is to contact Lender and obtain Lender's written consent to close. Settlement Agent must obtain Lender's written consent to close if there have been any transfers of the property within the last 180 days.
- 1.14 If this is an owner-occupied property transaction and Settlement Agent has knowledge of the Borrower owning and occupying another residence not subject to sale, or that the Borrower does not intend to occupy the property, the Settlement Agent shall obtain the written consent of Lender.
- 1.15 If the Mortgage Broker and the property Seller are the same, or the Settlement Agent has knowledge that are owned or controlled by the same person, do not proceed with closing and immediately contact Lender.
- 1.16 Immediately inform the Lender if the Borrower had a former interest in the property, or if other parties to the transaction such as the Real Estate Agent, Mortgage Broker, Appraiser, or Settlement Agent had an interest in the property.
- 1.17 If a business entity is acting as the Seller, confirm that the Borrower does not control, and is not related to, the Owner or the Seller.
- 1.18 If this is a purchase transaction, have Borrower confirm a property inspection has occurred on form supplied by Lender; if no real estate commission is payable, provide the Lender with an explanation if the sales contract provides otherwise.
- 1.19 If the real estate commission appears excessive for the market area, contact the Lender prior to closing.
- 1.20 All Borrowers must execute IRS Form 4506.
- 1.21 Confirm the preliminary Title Commitment or Binder is correct for insuring purposes, or issue a corrected Title Commitment or Binder to Lender. Immediately contact the Lender if the owner, as shown on the Title Commitment, is different from the Seller on the Purchase Contract. The sale must not be subject to Seller acquiring title.
- 1.22 Settlement Agent must be an approved agent with the Title Insurer whose name appears on the Title Commitment and Binder.
- 1.23 If there are material or significant changes to the sales price or the escrow, Lender must approve the same prior to closing. Confirm the sales price on the contract matches the sales price on the HUD-1 Settlement Statement.
- 1.24 If the property tax assessment is less than or greater than 10% of the sales price, contact Lender, if other than new home sale.

- 1.25 Contact Lender immediately if there are any unusual payouts denoted on the Seller's column on the HUD-1 Settlement Statement.
 - 1.26 Settlement Agent must sign the HUD-1 or HUD-1A Settlement Statement.
 - 1.27 Settlement Agent must sign the Closing Instructions to acknowledge receipt and to affirm that the Settlement Agent has read, understood and accepts all conditions of conducting the settlement.
 - 1.28 Borrower must sign all verification documents and certify that the information in the verifications is accurate.
 - 1.29 Settlement Agent must return recordable documents and the final Title Policy in a timely manner, but no later than 30 days from the date of closing. Failure to deliver these documents in a timely manner will result in a claim being filed with the Title Insurer.
 - 1.30 Do not allow the Borrower to sign any document containing blanks.
 - 1.31 If actual settlement charges on the HUD-1 Settlement Statement exceed the Good Faith Estimate supplied at closing by 10% or more, contact the Lender prior to closing.
 - 1.32 If the legal documents are incomplete or inconsistent with other information in the mortgage file, immediately contact the Lender.
 - 1.33 Ensure all documents have proper signatures.
 - 1.34 **The escrow agent shall prepare the HUD-1 Settlement Statement in accordance with these instructions and provide it to us for our approval at least 24 hours before the real estate settlement transaction is closed. Then, the escrow agent shall close the transaction and disburse funds only in accordance with the approved HUD-1 Settlement Statement. If any party to the transaction requests that his/her funds be disbursed in any manner different from the approved HUD-1, the escrow agent shall advise us of the request and obtain prior approval from us before any funds are disbursed in a manner different from the approved HUD-1 Settlement Statement.**
2. **INSURED CLOSING.** Request is hereby made pursuant to Article 9.49 of the Texas Insurance Code that an Insured Closing Service Letter in the form authorized by the State Board of Insurance be issued in connection with the closing and settlement of the loan closing through an agent for a title insurance company authorized to do business in the State of Texas. All Settlement Agents should confirm that such a letter is on file with the Lender before closing the loan.
 3. **CLOSE AS INSTRUCTED AND REQUIRED.** As Settlement Agent, you must close the transaction in strict accordance with these Closing Instructions. If this transaction involves a sale, all applicable terms and conditions of the sales contract furnished to Lender must be followed. Immediately advise the Lender if any of the sales contract provisions conflict with these Closing Instructions. Immediately advise the Lender of any recent (within the last year (1 year)) or impending change in ownership or material change in the sales price or valuation. Approval must be granted by the Lender prior to closing. Prior to request for funding, you must have written authorization from Lender approving any deviation from the Master and Supplemental Closing Instructions. No credits, debits, secondary financing, or third party

contributions are allowed unless specifically authorized in the Supplemental Closing Instructions. All persons signing both the note and the deed of trust must be vested in title unless the Lender indicates that an individual is acting pro forma or as a cosigner or guarantor.

4. **TITLE COMMITMENT AND POLICY.** The title policy must be written through the same company that issued the Commitment for Title Insurance (“Title Commitment”) previously furnished to the Lender. Lender’s loan documents have been prepared based upon the Title Commitment. If the Title Commitment does not comply with the following requirements, Settlement Agent must either (i) amend it, (ii) provide a new Title Commitment, or (iii) agree to provide Lender a subsequent Loan Title Policy (“Title Policy”) in accordance with the following requirements:

4.1 The date of the Title Commitment may not be more than ninety (90) days before the settlement date. If the Title Commitment has expired, do not close the loan, and contact the Lender immediately. The Title Commitment must have an authorized counter signature.

4.2 The Title Policy must insure a first and superior deed of trust lien. The Short Form Residential Mortgage Policy (T-2R) may be issued if available and requested by the Lender. Procedural Rule P-51 regulates the Title Policy.

4.3 The “Proposed Insured” must read exactly as Lender’s loan documents, with the following additional phrase:

If a Conventional Loan: “And each successor in ownership of the indebtedness secured by the insured mortgage except a successor who is an obligor under the provisions of Section 12(C) of the Conditions and Stipulations.”

If an FHA Loan: “And/or the Secretary of Housing and Urban Development of Washington, D.C., and each successor in ownership of the indebtedness secured by the insured mortgage except a successor who is an obligor under the provisions of Section 12(C) of the Conditions and Stipulations.”

If a VA Loan: “And/or the Administrator of Veterans Affairs, an Officer of the United States of America, and each successor in ownership of the indebtedness secured by the insured mortgage except a successor who is an obligor under the provisions of Section 12(C) of the Conditions and Stipulations.”

If a Texas Veteran Land Board Loan: “And/Or the Veteran Land Board of TEXAS, and each successor in ownership of the indebtedness secured by the insured mortgager except a successor who is an obligor under the provisions of Section 12(C) of the Conditions and Stipulations.”

4.4 The amount of the coverage in the Title Policy should at least equal the loan amount indicated in the Supplemental Closing Instructions. If the loan has either capitalized interest or negative amortization, the coverage should equal the highest outstanding balance indicated in the loan documents, not to exceed one hundred twenty-five percent (125%) of the original principal amount.

4.5 “Title to the estate or interest in land is insured as vested in” in the Title Policy (Loan Policy of Title Insurance) must exactly match the Borrower’s name(s) indicated on the loan documents.

- 4.6 The legal description in the Title Policy must conform to the loan documentation and the survey.
- 4.7 The “estate or interest in land that is insured as encumbered by the insured mortgage” stated in the Title Policy (Loan Policy of Title Insurance) must read FEE SIMPLE unless provided otherwise in the Supplemental Closing Instructions. The Title Policy (Loan Policy of Title Insurance) must insure against any loss or damage sustained or incurred by reason of a lack of a right of access to and from the land. Any easements providing access to the property must be insured as part of the estate, and not shown as an exception on Schedule “B.”
- 4.8 Item 2 of Schedule “B” must read “shortages in area.”
- 4.9 The portion of Schedule “B,” Number 5, which refers to “subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership” must be deleted pursuant to Procedural Rule P-20 and Rate Rule R-19. The following language “Company insures that standby fees, taxes, and assessments by any taxing authority for the applicable year are not yet due and payable.” must be added to the standard tax exception, pursuant to Procedural Rule P-29 and Rate R-24. The Borrower should pay the expense associated with such coverage.
- 4.10 Any easement, encroachment, and right-of-way or restriction constituting an exception must be specifically described on Schedule “B.” Any easement or right-of-way indicated on Schedule “B” must be located on the survey unless Lender approves otherwise. If the survey does not show easements which are on the Title Commitment, either (i) remove said item(s) from Title Commitment or (ii) have surveyor locate and identify on amended survey and obtain Lender’s approval of said location. A surveyor’s letter is not sufficient in lieu of removing the exception.
- 4.11 Remove any “visible and apparent” or similar exception to coverage. Remove any “rights to parties in possession,” “tenants in possession,” or similar exceptions to coverage unless such exception has been specifically authorized in the Supplemental Closing Instructions.
- 4.12 All items mentioned on Schedule “C” of the Title Commitment must be disposed of prior to requesting funding authorization. By disbursing the loan funds, Settlement Agent certifies to Lender that all matters disclosed on Schedule “C” will be paid or disposed of to the satisfaction of the title insurer prior to the date of the issuance of the Title Policy, and that no exceptions for any item on Schedule “C” will be contained therein.
- 4.13 TLTA Endorsements: Provide all appropriate endorsements and collect all corresponding premiums and expenses from among the following, as promulgated by the Texas Department of Insurance in the currently effective “Basic Manual of Rules, Rates, and Forms for the Writing of Title Insurance in the State of Texas”:
- (a) T-2R Short Form Residential Policy of Title
 - (b) T-3 General Endorsement
 - (c) T-4R Residential Leasehold Endorsement
 - (d) T-5 Leasehold Mortgagee Policy Endorsement
 - (e) T-13 Mortgagee Title Policy Binder on Interim Construction Loan
 - (f) T-16 Mortgagee Policy Aggregation Endorsement
 - (g) T-17 Planned Unit Development Endorsement
 - (h) T-19 Restrictions, Encroachments, Minerals Endorsement
 - (i) T-19.2 Minerals and Surface Damage Endorsement

- (j) T-19.3 Minerals and Surface Damage Endorsement
- (k) T-30 Tax Deletion Endorsement
- (l) T-31 Manufactured Housing Endorsement
- (m) T-31.1 Supplemental Coverage Manufactured Housing Unit Endorsement
- (n) T-33 Adjustable Mortgage Loan Endorsement
- (o) T-35 Revolving Credit Endorsement
- (p) T-36 Environmental Protection Lien Endorsement
- (q) T-38 Mortgage Policy of Title Insurance P-9.b.(3) Endorsement Form
- (r) T-39 Balloon Mortgage Endorsement
- (s) T-42 Equity Loan Mortgage Endorsement
- (t) T-42.1 Supplemental Coverage Equity Loan Mortgage Endorsement
- (u) T-43 Texas Reverse Mortgage Endorsement
- (v) T-47 Residential Real Property Affidavit

- 4.14 (a) If the Title Commitment references any restrictions containing homeowners association dues, maintenance charges, and/or assessment language, Lender requires that such lien(s) be itemized and shown in Schedule "B." The Settlement Agent must obtain a letter signed by a representative of the homeowners association, or appropriate entity, indicating that there are no past due homeowners association fees, maintenance charges or assessments.
- (b) If the maintenance charge or assessment is not subordinated to the Lender's lien, do not close the loan without Lender's written authorization. If Lender authorizes the closing, obtain a letter from the appropriate entity agreeing to provide Lender or its assigns with notice of any default or unpaid dues, charges or fees. In addition, the holder of any superior encumbrance must agree in writing to provide the Lender or its assigns with sixty (60) days advance notice (at Lender's address as set forth in the deed of trust or a different address if so provided) of any pending sale, foreclosure action, or litigation regarding the property.
- 4.15 Unless provided to the contrary in the Supplemental Closing Instructions, the property may not be located on a private road, and there may not be any limitations or conditions affecting access to a public road.
- 4.16 Without Lender approval, no exceptions may be taken for adverse possession claims, bankruptcies, fraudulent transfers, filed lis pendens claims, unpaid liens or assessments. Provided that an acceptable survey is furnished to the Settlement Agent, **no exception may be taken** for any titles or rights asserted by anyone to tidelands; or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans; or to any land extending from the line of mean low tide to the line of vegetation; or to lands beyond the line of the harbor or bulkhead lines as established or changed by any government; or to filled-in lands; or artificial islands; or to riparian rights; or the rights or interests of the State of Texas or the public generally in the area extending from the line of mean low tide to the line of vegetation or their right of access, thereto, or right of easement along and across the same without locating a vegetation line on the survey without obtaining Lender's written consent to closing the transaction. Any inspection fees required for such coverage must be paid by the Borrower.
- 4.17 If a Title Policy (Loan Policy of Title Insurance) is issued to include the cost of immediately contemplated improvements, an exception may be made for any and all liens arising by reason of unpaid bills or claims for work performed or materials furnished in connection with

improvements to be placed on the property. An exception may also be taken for "pending disbursements." Upon completion of the improvements, the owner's acceptance thereof and satisfactory evidence that all bills for labor and materials have been paid, those exceptions must be eliminated from the Title Policy, and mechanics' and materialmen's lien coverage amended by issuance of the appropriate endorsement, the cost of which shall be paid by the Borrower. In no other event are such exceptions acceptable. If a satisfactory survey is required, after completion of the contemplated improvements to provide the survey coverage provided in Procedural Rules P-16 and P-2, then collect the cost of obtaining such survey from the Borrower at closing.

- 4.18 If, pursuant to Rule P-5.1 of the Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas ("Texas Title Rules"), either an exclusion to coverage is made in Schedule A, Item 2 or an exception to coverage is made in Schedule B, the lender hereby requests pursuant to Rule P-50.1 of the Texas Title Rules for the title company to issue its Minerals and Surface Damage Endorsement (T-19.2) if the Property insured is one acre or less and is improved or intended to be improved for one-to-four family residential use. If the Property is improved or intended to be improved for office, industrial, retail, mixed use retail/residential or multifamily purposes, lender requests that the title company issue the Minerals and Surface Damage Endorsement (T-19.3).
- 4.19 If a mineral lease term has expired, no exception may be made for mineral leases. If the lease term is still in effect, there must be a designated drilling site or an Affidavit of Non-Production must be signed by the seller/owner of the property.
- 4.20 If an exception is being taken for a joint drive-way, or party or common wall agreement filed of record, the agreement must be approved by Lender prior to closing.
- 4.21 The effective date of the Title Policy must be the date of the recording of the security instrument(s). If any documents must be re-recorded, the Settlement Agent agrees to provide an endorsement showing both the original and re-recorded documents.
- 4.22 In the refinance of homestead property, the Title Policy must not take exception to outstanding liens, which must be paid in full. The outstanding principal balance, including accrued but unpaid interest on an existing mechanic's lien or deed of trust, must not be less than Lender's loan amount excluding financed closing costs. Any balance owing at the time of closing on the existing lien which is being renewed and extended must be paid in full.
- 4.23 If the Owner's Title Policy is rejected by Borrower, the Borrower must sign a rejection statement acknowledging that the Mortgage Title Policy does not provide title insurance to the Borrower.
- 4.24 **NO REVERSIONARY INTEREST, RIGHTS OF FIRST REFUSAL, OR RIGHTS OF RE-ENTRY THAT COULD RESULT IN A FORFEITURE OF TITLE OR ANY PART OF TITLE TO THE PROPERTY WHICH IS NOT SUBORDINATED TO LENDER'S INSURED LIEN ARE ALLOWED.**
- 4.25 Delete Section 13 of the Conditions and Stipulations relating to arbitration.
- 4.26 **Title Policy must be received by Lender no later than 30 days from date of closing.**

5. **SURVEY REQUIREMENTS.** On all loans covering individual units and approved PUDs, one (1) original location survey certified by a licensed surveyor will be required prior to issuing closing papers. The following survey requirements must be met:
- 5.1 Survey must show the location of buildings, driveways, fences, easements, encroachments, setback lines, beginning point, relation to adjacent properties and street intersections, north point, surveyor's original seal, lot and block number, recorded map information and indicate where property abuts public street with permanent access.
 - 5.2 Survey must contain certification by surveyor as to whether property is located in a flood hazard area. If survey indicates flood insurance is required, refer to paragraph on Flood Insurance Requirements. If survey does not contain certification as to flood insurance, a separate certification must be furnished from the surveyor.
 - 5.3 If the survey shows a discrepancy from the property description of more than 2% in the front lot line or 5% in any other lot line, or a change in the description from that appearing in the Supplemental Closing Instructions, you should obtain the Lender's approval prior to closing.
 - 5.4 The Survey must show the name of the Borrower.
 - 5.5 For Condominium Loans, a copy of the recorded map showing the location of the unit is required in lieu of a Survey.
6. **HAZARD INSURANCE.** A comprehensive Texas Homeowner's Form-B policy insuring the property in an amount at least equal to the loan amount is required.
- 6.1 The original hazard insurance policy with the first year's premium paid receipt must be obtained by Settlement Agent prior to disbursement. Binders are not acceptable unless: (a) (i) issued by a "licensed local recording agent" (as defined by of the Texas Insurance Code), who has been (ii) appointed to represent and (iii) authorized to issue binders by the insurance company whose name appears on the binder, and (iv) such agent has furnished appropriate evidence to the Lender confirming (i) through (iii) above;
(b) the binder is accompanied by evidence of payment of the required premium; and (c) the binder will be replaced by an original insurance policy for the required coverage within 30 days of the date of issuance of the binder. The property's legal description, street address, city, county, state, zip, and Borrower's name indicated on the hazard insurance binder and hazard insurance policy must be identical to that contained within the loan documents. Unless instructed otherwise in the Supplemental Closing Instructions, the mortgagee clause of the binder and hazard insurance policy should exactly match the name and address of Lender indicated in the deed of trust, unless a different Lender name and address is specified in the Supplemental Closing Instructions. Additionally, the loan number must be included on the binder and hazard insurance policy. If any errors are found, the Settlement Agent agrees to obtain, prior to funding, a binder or endorsement correcting such error.
 - 6.2 The Settlement Agent must confirm that the hazard insurance obtained by the Borrower is through a company acceptable to the Lender prior to closing. The binder and policy inception date must be on or before the date of the loan documents. The binder and policy must be signed by the insuring agent, and not contain any coinsurance clauses.

- 6.3 On condominium units, provide an original Certificate of Insurance with the original signature of the insuring agent. The certificate must be dated prior to or on the date of disbursement.
- 6.4 Lender does not escrow for hazard insurance for condominium loans, but will require the Settlement Agent to obtain: (i) an endorsement showing that the condominium unit (property) is included in the condominium association's master fire insurance policy; (ii) an acceptable endorsement adding Lender to the mortgagee clause; (iii) evidence of fidelity insurance on the Owners Association; and (iv) evidence that the policy was in effect on or before the date of the loan documents.
7. **FLOOD INSURANCE.** If any portion of the property is located within a Flood Hazard Area (Zone A or V), flood insurance is required.
- 7.1 Either the original flood insurance policy or a copy of the application, along with the paid receipt for the first year's premium, must be obtained before disbursement. The insured amount should be the lesser of the loan amount or maximum amount obtainable.
- 7.2 The property's legal description, street address, city, county, state, zip, and Borrower's name indicated on the flood insurance policy must be identical to that contained within the loan documents. The mortgagee clause of the flood insurance policy (unless instructed otherwise in the Supplemental Closing Instructions) must exactly match the name and address of Lender indicated in the deed of trust.
8. **TRUTH-IN-LENDING.** All closings are subject to compliance with the Truth-in-Lending Act and Regulation Z, as amended. The Settlement Agent is expected to be familiar with Regulation Z. As required under the Truth-in-Lending Act and Regulation Z, a Disclosure Statement with estimates has been delivered to the Borrower(s) within three (3) days of loan application. It is the Lender's practice to make a new Truth-in-Lending Disclosure Statement at closing, based on exact figures. If the closing will take place on a day other than that set forth in the Truth-in-Lending Disclosure Statement, call the Closing Coordinator for correct figures and information. Prior to consummation, a copy of the Truth-in-Lending Disclosure Statement must be provided to the Borrower(s) for keeping by the Borrower(s). The completed Truth-in-Lending Disclosure Statement must be signed by the Borrower(s) at closing prior to the execution of any of the other documents. The Borrower(s) must be given a copy of this Disclosure Statement. Contact the Closing Department if any portion of the Truth-in-Lending Disclosure Statement appears to be inaccurate.

RIGHT OF RESCISSION: When a loan is closed to refinance a lien on the Borrower's primary residence, the Borrower has the right to rescind the transaction until midnight of the third business day following the signing of all closing documents. **The Settlement Agent is not authorized to accept a rescission on behalf of the Lender, unless required by state law.**

Three (3) business days prior to disbursement of the loan, the Settlement Agent shall give a completed copy of the security instrument and two (2) copies of the Notice of Right of Rescission to each obligor (and each person holding an ownership interest in the property subject to the security interest). If an Election Not to Cancel or Rescind was provided, it must be signed and dated by each obligor after three (3) business days have elapsed, then the disbursement of the loan may be completed. The Notice of Right of Rescission forms containing the executed Election Not to Cancel or Rescind must be forwarded to the Lender with the other closing documents. **The rescission period may not be waived unless approved in writing by the Lender.**

If any of the Signatories elect to rescind the transaction, do not disburse funds. **Take no further action except** to immediately notify the Lender and return loan proceeds. Right of Rescission forms, where applicable, should be completed, executed, and enclosed with the loan document package.

9. **TERMITE CERTIFICATION.** A wood destroying insect report authorized in the jurisdiction in which the property is located, signed by the inspector, and showing no active infestation or proof of treatment for the property which does show active infestation must be furnished prior to closing for homes over one (1) year old. A Termite Soil Treatment Guarantee must be furnished prior to closing for newly constructed homes (one (1) year and under). **Applicable only if requested in Supplemental Closing Instructions Section IV. Additional Requirements.**
 - 9.1 All structures on the property, including any detached garage, must be inspected. The report must not be more than ninety (90) days old and must contain a certification that the property is “free from evidence of active infestation, infection or adverse conditions.”
 - 9.2 On Conventional, FHA and VA insured loans, the Borrower must sign the Texas Wood Destroying Insect Report.
10. **HUD-1 SETTLEMENT STATEMENT.** Furnish three (3) certified copies of the HUD-1 Settlement Statement with original signatures by Borrower, Seller and Settlement Agent.
 - 10.1 The HUD-1 Settlement Statement form promulgated by the U.S. Department of Housing and Urban Development with a certification that it reflects an accurate statement of all receipts and disbursements must be used in all transactions (including refinance loans). For loan with no Seller, use the HUD-1A Settlement Statement form.
 - 10.2 The HUD-1 or HUD-1A Settlement Statement must be typed. The type of loan, general file number, loan or process number, and mortgagee insurance case number, if applicable, must be indicated. The correct name and address, including street, city, county, state, and zip code must be shown for Borrower, Seller, Lender and Settlement Agent. The settlement date should be the date that the security instrument/deed of trust becomes effective as between the Borrower and the Lender. The date funding is authorized by the Lender must also be shown.
 - 10.3 Recording fees must itemize the charges for each instrument being recorded. Property taxes must be broken down for each taxing authority paid. If taxes are assessed at an unimproved and improved rate during the tax year, indicate on the HUD-1 Settlement Statement the charges as follows: “Unimproved taxes for ___ months at \$ _____; and improved taxes for ___ months at \$ _____.”
 - 10.4 All settlement charges listed on page 2 of the HUD-1 Settlement Statement must show the party to whom the charge is paid. All POCs (Paid Outside of Closing items) must be shown on the HUD-1 Settlement Statement. Unless indicated otherwise in the Supplemental Closing Instructions, collect per diem interest from the date of funding authorization (not the date of execution of the documents) up to and including the end of the month in which the loan closed. Do not collect per diem interest for the first day of the month following the closing. Interest charges must be accurately reflected in the HUD-1 Settlement Statement. If necessary, amend and initial the statement to reflect the correct funding date, interest amount due, and totals.

10.5 Borrower(s) must pay all recurring closing costs (i.e., “prepaids”) at closing on FHA and conventional loans. Recurring closing costs include prorated and escrow reserves for taxes, initial premium and escrow reserves for hazard insurance, flood insurance and mortgage insurance premiums and per diem interest. On VA transactions, and only if specified in the sales contract, the Seller is allowed to pay for Borrower’s prepaid items. Regardless of any contrary statement in these Master Closing Instructions, on FHA and VA loans, Borrower must not be allowed to pay more than the government allowed closing costs. If you have any doubt or question regarding what is an appropriate FHA or VA closing cost, please contact the Lender. On FHA and VA refinances, Borrower must at least pay the prepaids IN CASH at closing. If escrow accounts are waived, there must be a hazard insurance policy for twelve (12) months (with a paid receipt) in effect at closing.

10.6 Unless instructed otherwise in the Supplemental Closing Instructions, collect the following prepaids:

- (a) Property tax escrow: Collect from October 1st through the month of closing, plus two (2) months escrow reserve. Prorate taxes between the Borrower/Buyer and Seller according to the terms of their sales contract.
 - (i) New construction — If assessed value is available, collect pro rata amount based on improved basis, otherwise base proration on estimate.
 - (ii) Existing structure — If available, collect pro rata amount based on current assessed value, otherwise use prior year’s taxes for estimate.
- (b) First year’s hazard insurance premium plus two (2) months for escrow reserve.

If the Lender has indicated an aggregate accounting adjustment, collect the following escrow items:

- (a) First year’s flood insurance premium plus two (2) months for escrow reserve.
- (b) First year’s mortgage insurance premium plus two (2) months for escrow reserve or FHA MIP indicated.
- (c) FHA MIP for transactions using periodic payments of mortgage insurance (i.e., condominium units) - collect the amount indicated in the Supplemental Closing Instructions.
- (d) Annual Assessments - If a homeowners association or municipal authority has not subordinated its lien, collect from date last paid through the settlement date plus two (2) months reserve.

10.7 The Settlement Agent responsible for closing the transaction must furnish a Form 1099 to the appropriate Internal Revenue Service Center reporting the gross proceeds of the sale and any other necessary information. The Lender will not report the transaction for the Settlement Agent.

11. **WARRANTY OF COMPLETION OF CONSTRUCTION.** If FHA or VA approves plans and specifications prior to beginning of construction, and inspects property during construction, the Warranty

of Completion of Construction in Substantial Conformity with Approved Plans and Specifications (VA Form 26-1859; HUD Form 92544) will be required. The name of the builder must be included in the specifications.

12. **ESCROW FOR COMPLETION.** No loan should close with funds escrowed for completion unless prior approval has been given. If approved, escrowed funds must be held by the Settlement Agent who will act as escrow agent. Requirements for escrow documentation will vary based on the type of loan.
13. **VA LOANS.** In addition to other closing requirements, the following will apply on VA loans:

Vesting of Title: The title encumbered with a VA loan must be vested **in the name of the veteran** or the veteran and spouse. If title is vested in any other manner, approval must be given by The Department of Veteran Affairs and the Lender's Closing Department prior to closing.

VA Form 26-1820 (Report and Certification of Loan Disbursement): This form will be required on each VA loan. The form must be completed accurately and signed by the veteran and the Lender or an officer of the Settlement Agent's firm. Be sure all blanks are completed.

14. **FHA LOANS.** In addition to other closing requirements, the following will apply on FHA loans:

FHA Firm Commitment (FHA Form 92900-A): The Mortgagors should read, then sign both copies in the space provided under the Borrower's Certificate. Care should be taken to ensure that the appropriate blocks and blanks have been completed prior to signing. All parties signing the note and/or taking title must sign. Names and initials of signers must be the same as shown at top of the Firm Commitment and other closing documents. No loan should close after the expiration date of the Firm Commitment. Any contingencies included in the commitment must be complied with prior to closing. **Both copies of the signed Firm Commitment must be returned with the closing documents.**

NOTICE ON FHA LOANS: IF USING YOUR HUD-1 SETTLEMENT STATEMENT RATHER THAN THE ONE SENT WITH THIS CLOSING PACKAGE, BE SURE THE FOLLOWING LANGUAGE IS INCLUDED ON THE LAST PAGE:

Application for Commitment for Insurance Under the National Housing Act

I have carefully read the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Borrower

Seller

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused or will cause the funds to be disbursed in accordance with this statement.

Settlement Agent

Date

Applicable to FHA Insured and VA Guaranteed Loans:

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine or imprisonment. For details see Title 18 U.S. Code Section 1001 and Section 1010.

BORROWERS CANNOT PAY COURIER/DELIVERY COSTS ON VA LOANS. THESE COSTS CANNOT APPEAR ON THE HUD-1 SETTLEMENT STATEMENT.

15. **EXECUTION OF DOCUMENTATION.**

- 15.1 Settlement Agent must verify by pictorial identification the identity of all the parties (as more fully described in Section 1).
- 15.2 Lender requires prior notification of all powers of attorney to be used in the transaction. The Department of Veterans Affairs must approve any powers of attorney to be used in a VA-guaranteed transaction. If the use of a power of attorney is requested prior to documents being prepared, certified copies of the power of attorney for the Borrower must be reviewed and approved by the Lender. Original powers of attorney must be recorded in the same county(ies) as the security instrument is recorded, and returned to the Lender. In addition, if a durable power of attorney providing for third party indemnification is used, the power of attorney must also be recorded in the county in which the principal resides. The returned original(s) will be kept by the Lender. After closing, certified copies of all powers of attorney should be sent along with the rest of the loan package to the Lender.

Unless Lender authorizes in writing otherwise, any Power of Attorney used by a Borrower must meet the following requirements:

BORROWER(S) POWER-OF-ATTORNEY (POA)

A Power-of-Attorney (POA) is a written instrument authorizing an individual to act on a person's or entity's behalf as his/her/its agent or Attorney-in-Fact (AIF). The following rules apply when reviewing Borrower(s) POA document/signatures (also see attached sample POA):

1. POA must be signed by the Borrower(s) and name must match Borrower(s) name on Note;
2. POA must state the name of the designated AIF;
3. The designated AIF must be the same person signing the Note on behalf of the Borrower(s);
4. The effective date of the POA must be the day of or before the date of the Note (cannot be dated *after* Note date); and
5. POA must be property notarized.

The signature of an Attorney-in-Fact (AIF) is acceptable as long as "Attorney-in-Fact" (AIF) or "Power-of-Attorney" (POA) is indicated beside the AIF's printed or signed name and an acceptable matching POA document is received.

PASS
<u>Jane Smith as Attorney-in-Fact for Chris Jones pursuant to POA dated XX xx, XXXX</u> Chris Jones
<u>Chris Jones by Jane Smith, Attorney-in-Fact (or POA)</u> Chris Jones
<u>Chris Jones by Jane Smith, Attorney-in-Fact (or POA)</u> Chris Jones, by Jane Smith as his Attorney-in-Fact (or POA)
<u>Jane Smith, Attorney-in-Fact for Chris Jones</u> Chris Jones by Jane Smith as his Attorney-in-Fact (or POA)
<u>Jane Smith, Attorney-in-Fact (or POA)</u> Chris Jones
<u>Chris Jones by Jane Smith*</u> Chris Jones, by Jane Smith as his Attorney-in-Fact (or POA)
<u>Jane Smith*</u> Chris Jones, by Jane Smith as his Attorney-in-Fact (or POA)
FAIL
<u>Jane Smith</u> Chris Smith
<u>Jane Smith</u> Jane Smith, Attorney-in-Fact
<u>Chris Jones</u> Chris Jones by: Jane Smith, Attorney-in-Fact

*While it is not always required to reflect AIF or POA on the signature line, it is strongly preferred.

Please use the following language for acknowledgments for individuals using a power of attorney:

This instrument was acknowledged before me on the _____ day of _____, _____ by JANE SMITH AS ATTORNEY-IN-FACT FOR JOHN DOE.

- 15.3 The documents must be signed in the order indicated in the Supplemental Closing Instructions attached hereto. Specifically, all truth-in-lending disclosures, Texas state-specific disclosures and the Notice of No Oral Agreements **must be signed prior** to the note, deed of trust or other loan documents.
- 15.4 All documents and riders must be signed exactly as the name is typed. Do not make any deletions, amendments, erasures, strikeouts, or additions to the documents without Lender's approval. If possible, a deletion should be made by marking one line through the language to be deleted. If approved, said deletions, amendments, erasures, additions and/or strikeouts must be initialed by all parties required to sign that document. Pages of the note and deed of trust which

do not contain an original signature must be initialed by the Borrowers. Obtain the initials of an appropriate party on all other documents indicating a place for party initialing. Do not allow the Borrower to sign any documents containing blanks.

- 15.5 Acknowledgments should be dated on or after the date of document execution. Documents must not be signed or notarized prior to the date of the documents. **All documents must be signed and the transaction otherwise closed and funded prior to the “Document Expiration Date” indicated on the first page of the Supplemental Closing Instructions.** All notarized documents must bear the seal, expiration date and printed name of the notary, and be signed by the notary, in accordance with Texas law.
- 15.6 Record the Deed (with vendor’s lien assigned to Lender), if applicable, and any other documents required to vest title in the Borrower. If any excess funds are collected, but are not required to record or insure title, the funds must be returned to the party that paid the fees. Record the deed of trust (and assignment, concurrently, if applicable). Pay off, with loan proceeds if necessary, and obtain the release, discharge or reconveyance of all items shown on Schedule “C” of the Title Commitment.
- 15.7 Documents to be recorded in this transaction must be presented to the county clerk in the following order:
- (a) Power of Attorney
 - (b) Deed
 - (c) Deed of Trust (with any Rider(s))
 - (d) Assignment of Lien
 - (e) Supporting documents required to be filed
 - (f) Secondary financing (if any)
- 15.8 If a UCC-1 Financing Statement is included in the document package, it must be filed according to Uniform Commercial Code revised Article 9.
- Settlement Agent must properly file the documents requested by Lender to be recorded, and obtain from Borrower and/or Seller the required filing fees. Any deed used in this transaction must be returned to the Borrower. Powers of attorney, the deed of trust, and any assignment of lien must be returned after recording to Lender or the party indicated by Lender.
16. **COPIES.** Unless more than one (1) copy is required by these Closing Instructions, each Borrower must be provided with one (1) copy of the note, deed of trust, rider(s) (if applicable), warranty deed (if applicable), survey, HUD-1 Settlement Statement, disclosures and all other documents required by the Lender or Settlement Agent to be signed by Borrower. Prior to funding approval, Settlement Agent must provide a certified copy of each restriction, easement, mineral reservation or lease, and each and every recorded item shown on Schedule “B” of the Title Commitment and deliver same to Lender unless specified otherwise in the Supplemental Closing Instructions. Lender must be provided with two (2) certified copies of all documents required as a condition of the loan closing. Do not bill the Lender for additional certified copies.
17. **FUNDING AND DISBURSEMENT.** After a satisfactory review, the loan will be funded pursuant to the procedure stated in the Supplemental Closing Instructions. The complete package is due in Lender’s office on the business day indicated in the Supplemental Closing Instructions.

Forward a check to Lender in an amount equal to the sum of all Lender fees and escrows which have not/or will not be deducted from Lender's funds, including the indicated monthly escrows and interest adjustment, less any refund items referenced. Indicate the amounts used for monthly prorations. Also, itemize the amounts being remitted to Lender on the check being sent to Lender or by separate letter. Directly pay all other items according to the Supplemental Closing Instructions and invoice(s). On the back of the HUD-1 (Line 205 for Borrower and Line 508 for Seller), show any "Escrows to Lender" as indicated above. If the recordable documents have not been recorded within 72 hours of disbursement of funds to you, or you are aware that the loan will not fund within 72 hours of disbursement of loan proceeds, you are responsible for contacting the Lender and returning the loan proceeds. You will be responsible for daily interest on these proceeds from the date of disbursement.

THERE IS TO BE NO EXPENSE TO LENDER IN CONNECTION WITH THIS TRANSACTION, UNLESS SPECIFICALLY AUTHORIZED BY THE LENDER. THE LENDER RESERVES THE RIGHT TO CANCEL OR MODIFY THESE INSTRUCTIONS AT ANY TIME WITH PROPER WRITTEN NOTICE TO SETTLEMENT AGENT.

IF YOU ARE UNABLE TO CLOSE AND FUND THE LOAN AS SPECIFIED, CONTACT THE LENDER IMMEDIATELY.

18. **LENDER'S PRIVACY REQUIREMENTS.** Maintaining public confidence is important to the success and well-being of Lender. Additionally, Lender is bound by certain state and federal laws and regulations that require Lender and Lender's employees to transact business mindful that information shall be properly safeguarded. These closing instructions hereby put Settlement Agent on notice that the laws, regulations and safeguards that apply to Lender and its employees equally apply to vendors, agents and service providers [VASPs] of Lender. In conducting the business of Lender, certain customer information is obtained, used, created, stored and disposed. It is expected and required that all persons or entities with access to Lender's customer information shall keep that information confidential. VASPs are not authorized access to Lender's customer information except as is minimally necessary to complete assigned work. VASPs are not to make unauthorized copies of customer information. VASPs are not to discuss customer information with anyone other than authorized persons. Casual conversation about customers and customer information is prohibited and should be avoided even with other VASPs or Lender employees. VASPs shall not sell or otherwise share any customer information with any third party persons or companies. It is understood by Settlement Agent that Lender's customer information shall only be obtained, used, stored and disposed by methods and means that are necessary and permitted in order to conduct the business of Lender and Settlement Agent. All such access shall be in a safe guarded manner consistent with Lender's business practices and generally accepted professional business standards.

TRUTH-IN-LENDING DISCLOSURE STATEMENT
(THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND)

Version: 01/30/2011

LOAN ORIGINATOR: Test Individual
NMLS ID: 987654
COMPANY NMLS ID: 123456
CREDITOR: ABC Bank
 2310 W Interstate 20, 100
 Arlington, TX 76017
BORROWER(S): John Doe
MAILING ADDRESS: 122 South Main, Arlington, TX 76017
PROPERTY ADDRESS: 1234 Main Street, Arlington, TX 76017

Loan Number: 123456789
Closing Date: 04/09/2014
Type of Loan: Conv
Index Value: 1.570%
Index Date: 04/14/2014

Initial TIL Date: 04/01/2014

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate	The dollar amount the credit will cost you	The amount of credit provided to you on your behalf	The amount you will have paid after you have made all payments as scheduled
3.9865%	\$195,979.28	\$296,153.00	\$492,132.28

INTEREST RATE AND PAYMENT SUMMARY

	INTRODUCTORY Rate & Monthly Payment (for first 60 months)	MAXIMUM during FIRST FIVE YEARS (04/01/2020)	MAXIMUM EVER (as early as 04/01/2022)
Interest Rate	4.000%	6.000%	9.000%
Principal + Interest Payment	\$1,432.25	\$1,748.26	\$2,257.16
Est. Taxes + Insurance (Escrow) Includes Private Mortgage Insurance	\$217.50	\$217.50	\$217.50
Total Est. Monthly Payment	\$1,649.75	\$1,965.76	\$2,474.66

There is no guarantee that you will be able to refinance to lower your rate and payments.

VARIABLE RATE FEATURE: Your loan contains a variable rate feature. Disclosures about the variable rate feature have been provided to you earlier.

SECURITY: You are giving a security interest in the property located at:
 1234 Main Street, Arlington, TX 76017

ASSUMPTION: Someone buying the property may, subject to conditions, be allowed to assume the remainder of the loan.

LATE CHARGE: If your payment is more than 15 days late, you will be charged a late charge of 5.000% of the overdue payment of principal and interest.

PREPAYMENT: If you pay off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charge.

TRUTH-IN-LENDING DISCLOSURE STATEMENT CONTINUED

DEMAND FEATURE: N/A
REQUIRED DEPOSIT: N/A
FILING / RECORDING FEES: See Settlement Statement
INSURANCE: The following insurance is required to obtain credit:
Property insurance
You may obtain the insurance from anyone you want that is acceptable to Lender.

You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

(e) means an estimate

I/We have received these disclosures

Signature

Date

John Doe

[Sign Originals Only]

APR & FINANCE CHARGE SUMMARY

Lender:
ABC Bank
2310 W Interstate 20, 100
Arlington, TX 76017
LO Company NMLS ID 123456
LO NMLS ID 987654

Closing: 04/09/2014
Funding: 04/09/2014
Loan Amount: \$300,000.00
Loan Term: 360

Borrower(s): John Doe
Mailing Address: 122 South Main, Arlington, TX 76017
Property Address: 1234 Main Street, Arlington, TX 76017

Note Rate: 4.000%
Type of Loan: Conventional
1st Payment: 05/1/2015
Loan # 123456789

Annual Percentage Rate	Finance Charge (1)	Amount Financed (2)	Total of Payments (3)	Total Sales Price (4)
3.9865%	\$195,979.28	\$296,153.00	\$492,132.28	

1. Finance Charges:	
Tax service	96.00
Flood certification	14.00
Settlement or closing fee	375.00
Loan origination fee	3,000.00
TX Doc Prep APR	300.00
Attorney's fee	50.00
Title courier fee/Express mail fee	12.00
Total Prepaid Finance Charges	3,847.00
Plus Monthly MI Renewals	25,447.50
Plus Interest for life of loan	166,684.78
TOTAL FINANCE CHARGE	195,979.28
2. Calculation of Amount Financed:	
Total Loan Amount	300,000.00
Less Prepaid Finance Charges	3,847.00
TOTAL AMOUNT FINANCED	296,153.00
3. Calculation of Total of Payments:	
Finance Charge	195,979.28
Plus Amount Financed	296,153.00
TOTAL OF PAYMENTS	492,132.28
4. Calculation of Total Sales Price:	
N/A	

ITEMIZATION OF AMOUNT FINANCED

LO Company NMLS ID 123456

LO NMLS ID 987654

Loan # 123456789

LENDER:
ABC Bank
2310 W Interstate 20, 100
Arlington, TX 76017

Date: **04/09/2014**

Funding: **04/09/2014**

Mortgage Ins: **Yes**

BORROWERS:
John Doe

Loan Amount: **\$300,000.00**

Loan Term: **360 months**

ADDRESS:
122 South Main
Arlington, TX 76017

Note Rate: **4.000%**

Type of Loan: **Conv**

PROPERTY ADDRESS:
1234 Main Street, Arlington, TX 76017

1st Payment: **05/01/2015**

Itemization of the Amount Financed of **\$296,153.00** (per Truth in Lending)

Amount given to you directly		\$293,375.10
Amount paid on your account		\$0.00
Amount paid to others on your behalf		\$2,777.90
Appraisal fee to ABC Bank	\$450.00	
Credit report to Credit Co.	\$66.00	
Owner's title insurance to Your Title Company	\$1,872.00	
Lender's title insurance to Your Title Company	\$248.10	
Government recording charges- Deed:\$20.00 Mtg:\$120.00	\$140.00	
Abstract or title search to Busy Bee Title	\$100.00	
Lender credit for Abstract or title search	(\$100.00)	
Texas Title Insurance Guaranty Association Fee to Your Title Company	\$1.80	
Amount Financed		\$296,153.00
Prepaid Finance Charges		\$3,847.00
Tax service to Tax Service Co.	\$96.00	
Flood certification to Flood Group	\$14.00	
Settlement or closing fee to Your Title Company	\$375.00	
Loan origination fee to ABC Bank	\$3,000.00	
TX Doc Prep APR to PeirsonPatterson, LLP	\$300.00	
Attorney's fee to Some Title Attorney Firm	\$50.00	
Title courier fee/Express mail fee to Your Title Company	\$12.00	
Total Closing Cost		\$6,624.90

Itemization of Amount Financed

**TRUTH-IN-LENDING DISCLOSURE STATEMENT
(THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND)**

Version: 01/30/2011

Construction Phase

LOAN ORIGINATOR:	Test Individual	Loan Number:	123456789
NMLS ID:	987654	Closing Date:	04/09/2014
COMPANY NMLS ID:	123456	Type of Loan:	Conv
CREDITOR:	ABC Bank	Index Value:	1.570%
	2310 W Interstate 20, 100	Index Date:	04/14/2014
	Arlington, TX 76017	Initial TIL Date:	04/01/2014
BORROWER(S):	John Doe		
MAILING ADDRESS:	122 South Main, Arlington, TX 76017		
PROPERTY ADDRESS:	1234 Main Street, Arlington, TX 76017		

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate	The dollar amount the credit will cost you	The amount of credit provided to you on your behalf	The amount you will have paid after you have made all payments as scheduled
4.0000% (e)	\$5,868.49 (e)	\$300,000.00 (e)	\$305,868.49 (e)

INTEREST RATE AND PAYMENT SUMMARY

	Rate & Monthly Payment
Interest Rate	4.000%
Principal Payment	-none-
Interest Payment	\$500.00
Est. Taxes + Insurance (Escrow)	N/A
Total Est. Monthly Payment	\$500.00

You will have a balloon payment of \$300,000.00, plus any interest or charges due, on March 31, 2015

There is no guarantee that you will be able to refinance to lower your rate and payments.

CONSTRUCTION LOAN: During construction period: Calculations are estimated using the assumption that one-half of the commitment amount is outstanding at the contract interest rate for the entire construction period, which is assumed to end March 31, 2015. You must pay interest due at the rate of **4.000%** on the amount of credit outstanding monthly beginning on May 1, 2014. Your permanent period will become effective April 1, 2015.

VARIABLE RATE FEATURE: Your loan does not have a variable rate feature.

SECURITY: You are giving a security interest in the property located at:

TRUTH-IN-LENDING DISCLOSURE STATEMENT CONTINUED

1234 Main Street, Arlington, TX 76017

ASSUMPTION: Someone buying the property may, subject to conditions, be allowed to assume the remainder of the loan.

LATE CHARGE: If your payment is more than 15 days late, you will be charged a late charge of 5.000% of the overdue payment.

PREPAYMENT: If you pay off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charge.

DEMAND FEATURE: N/A

REQUIRED DEPOSIT: N/A

FILING / RECORDING FEES: See Settlement Statement

INSURANCE: The following insurance is required to obtain credit:
Property insurance
You may obtain the insurance from anyone you want that is acceptable to Lender.

You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

(e) means an estimate

I/We have received these disclosures

Signature

Date

John Doe

[Sign Originals Only]

APR & FINANCE CHARGE SUMMARY

Construction Phase

Lender:
 ABC Bank
 2310 W Interstate 20, 100
 Arlington, TX 76017
 LO Company NMLS ID 123456
 LO NMLS ID 987654

Borrower(s): John Doe
Mailing Address: 122 South Main, Arlington, TX 76017
Property Address: 1234 Main Street, Arlington, TX 76017

Date: 04/09/2014
Funding: 04/09/2014
Mortgage Ins: No
Loan Amount: \$300,000.00
Loan Term: 357 Day(s)
Type of Loan: Conventional
First Payment: 05/01/2014
Loan # 123456789

Annual Percentage Rate	Finance Charge (1)	Amount Financed (2)	Total of Payments (3)	Total Sales Price (4)
4.0000%	\$5,868.49	\$300,000.00	\$305,868.49	

1. Finance Charges:	
Total Prepaid Finance Charges	0.00
Plus Interest During Construction Period:	5,868.49
TOTAL FINANCE CHARGE	5,868.49
2. Calculation of Amount Financed:	
Total Loan Amount	300,000.00
Less Prepaid Finance Charges	0.00
TOTAL AMOUNT FINANCED	300,000.00
3. Calculation of Total of Payments:	
Finance Charge	5,868.49
Plus Amount Financed	300,000.00
TOTAL OF PAYMENTS	305,868.49
4. Calculation of Total Sales Price:	
N/A	

ITEMIZATION OF AMOUNT FINANCED
Construction Phase

LO Company NMLS ID 123456
LO NMLS ID 987654

LENDER:
ABC Bank
2310 W Interstate 20, 100
Arlington, TX 76017

Date: **04/09/2014**

Funding: **04/09/2014**

Mortgage Ins: **No**

BORROWERS:
John Doe

Loan Amount: **\$300,000.00**

Loan Term: **357 Day(s)**

ADDRESS:
122 South Main
Arlington, TX 76017

Type of Loan: **Other**

PROPERTY ADDRESS:
1234 Main Street, Arlington, TX 76017

1st Payment: **05/01/2014**

Loan # **123456789**

SETTLEMENT AGENT MUST COMPLETE APPLICABLE BLANKS INDICATED WITH "*" FOR ALL THIRD PARTY CHARGES PAID BY BORROWER AND SHOWN ON THE SETTLEMENT STATEMENT PRIOR TO BORROWER'S EXECUTION.

Itemization of the Amount Financed of **\$300,000.00** (per Truth in Lending)

\$ _____ * Amount given to you directly

\$ _____ * Amount paid on your account

Amount(s) paid to others on your behalf (excluding Prepaid Finance Charges):

Amount of Prepaid Finance Charges paid to others on your behalf:

PERIODIC AMORTIZATION SCHEDULE

LO Company

NMLS ID

123456

LO NMLS ID 987654

Borrower(s): John Doe

Mailing Address: 122 South Main, Arlington, TX 76017

Property Address: 1234 Main Street, Arlington, TX 76017

Loan #

123456789

Date: 04/09/14

Payment Period	Date	Periodic Payment	Accrual Rate	Interest Paid	Principal Paid	Mortgage Ins	Buydown	Total Balance	LTV
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NOTE: Periodic Payment amounts, Accrual Rate, and Interest Paid will vary if the interest rate adjusts per the term of the Note.

Beg								300,000.00	100.00
1	5/1/2015	1,432.25	4.000	1,000.00	432.25	217.50	0.00	299,567.75	99.86
2	6/1/2015	1,432.25	4.000	998.56	433.69	217.50	0.00	299,134.06	99.71
3	7/1/2015	1,432.25	4.000	997.11	435.14	217.50	0.00	298,698.92	99.57
4	8/1/2015	1,432.25	4.000	995.66	436.59	217.50	0.00	298,262.33	99.42
5	9/1/2015	1,432.25	4.000	994.21	438.04	217.50	0.00	297,824.29	99.27
6	10/1/2015	1,432.25	4.000	992.75	439.50	217.50	0.00	297,384.79	99.13
7	11/1/2015	1,432.25	4.000	991.28	440.97	217.50	0.00	296,943.82	98.98
8	12/1/2015	1,432.25	4.000	989.81	442.44	217.50	0.00	296,501.38	98.83
9	1/1/2016	1,432.25	4.000	988.34	443.91	217.50	0.00	296,057.47	98.69
10	2/1/2016	1,432.25	4.000	986.86	445.39	217.50	0.00	295,612.08	98.54
11	3/1/2016	1,432.25	4.000	985.37	446.88	217.50	0.00	295,165.20	98.39
12	4/1/2016	1,432.25	4.000	983.88	448.37	217.50	0.00	294,716.83	98.24
13	5/1/2016	1,432.25	4.000	982.39	449.86	217.50	0.00	294,266.97	98.09
14	6/1/2016	1,432.25	4.000	980.89	451.36	217.50	0.00	293,815.61	97.94
15	7/1/2016	1,432.25	4.000	979.39	452.86	217.50	0.00	293,362.75	97.79
16	8/1/2016	1,432.25	4.000	977.88	454.37	217.50	0.00	292,908.38	97.64
17	9/1/2016	1,432.25	4.000	976.36	455.89	217.50	0.00	292,452.49	97.48
18	10/1/2016	1,432.25	4.000	974.84	457.41	217.50	0.00	291,995.08	97.33
19	11/1/2016	1,432.25	4.000	973.32	458.93	217.50	0.00	291,536.15	97.18
20	12/1/2016	1,432.25	4.000	971.79	460.46	217.50	0.00	291,075.69	97.03
21	1/1/2017	1,432.25	4.000	970.25	462.00	217.50	0.00	290,613.69	96.87
22	2/1/2017	1,432.25	4.000	968.71	463.54	217.50	0.00	290,150.15	96.72
23	3/1/2017	1,432.25	4.000	967.17	465.08	217.50	0.00	289,685.07	96.56
24	4/1/2017	1,432.25	4.000	965.62	466.63	217.50	0.00	289,218.44	96.41
25	5/1/2017	1,432.25	4.000	964.06	468.19	217.50	0.00	288,750.25	96.25
26	6/1/2017	1,432.25	4.000	962.50	469.75	217.50	0.00	288,280.50	96.09
27	7/1/2017	1,432.25	4.000	960.94	471.31	217.50	0.00	287,809.19	95.94
28	8/1/2017	1,432.25	4.000	959.36	472.89	217.50	0.00	287,336.30	95.78
29	9/1/2017	1,432.25	4.000	957.79	474.46	217.50	0.00	286,861.84	95.62
30	10/1/2017	1,432.25	4.000	956.21	476.04	217.50	0.00	286,385.80	95.46
31	11/1/2017	1,432.25	4.000	954.62	477.63	217.50	0.00	285,908.17	95.30
32	12/1/2017	1,432.25	4.000	953.03	479.22	217.50	0.00	285,428.95	95.14
33	1/1/2018	1,432.25	4.000	951.43	480.82	217.50	0.00	284,948.13	94.98
34	2/1/2018	1,432.25	4.000	949.83	482.42	217.50	0.00	284,465.71	94.82
35	3/1/2018	1,432.25	4.000	948.22	484.03	217.50	0.00	283,981.68	94.66
36	4/1/2018	1,432.25	4.000	946.61	485.64	217.50	0.00	283,496.04	94.50
37	5/1/2018	1,432.25	4.000	944.99	487.26	217.50	0.00	283,008.78	94.34
38	6/1/2018	1,432.25	4.000	943.36	488.89	217.50	0.00	282,519.89	94.17
39	7/1/2018	1,432.25	4.000	941.73	490.52	217.50	0.00	282,029.37	94.01
40	8/1/2018	1,432.25	4.000	940.10	492.15	217.50	0.00	281,537.22	93.85
41	9/1/2018	1,432.25	4.000	938.46	493.79	217.50	0.00	281,043.43	93.68
42	10/1/2018	1,432.25	4.000	936.81	495.44	217.50	0.00	280,547.99	93.52
43	11/1/2018	1,432.25	4.000	935.16	497.09	217.50	0.00	280,050.90	93.35
44	12/1/2018	1,432.25	4.000	933.50	498.75	217.50	0.00	279,552.15	93.18
45	1/1/2019	1,432.25	4.000	931.84	500.41	217.50	0.00	279,051.74	93.02
46	2/1/2019	1,432.25	4.000	930.17	502.08	217.50	0.00	278,549.66	92.85
47	3/1/2019	1,432.25	4.000	928.50	503.75	217.50	0.00	278,045.91	92.68

Periodic Amortization Schedule

PERIODIC AMORTIZATION SCHEDULE

LO Company

NMLS ID

123456

LO NMLS ID 987654

Borrower(s): John Doe

Mailing Address: 122 South Main, Arlington, TX 76017

Property Address: 1234 Main Street, Arlington, TX 76017

Loan #

123456789

Date: 04/09/14

Payment Period	Date	Periodic Payment	Accrual Rate	Interest Paid	Principal Paid	Mortgage Ins	Buydown	Total Balance	LTV
48	4/1/2019	1,432.25	4.000	926.82	505.43	217.50	0.00	277,540.48	92.51
49	5/1/2019	1,432.25	4.000	925.13	507.12	217.50	0.00	277,033.36	92.34
50	6/1/2019	1,432.25	4.000	923.44	508.81	217.50	0.00	276,524.55	92.17
51	7/1/2019	1,432.25	4.000	921.75	510.50	217.50	0.00	276,014.05	92.00
52	8/1/2019	1,432.25	4.000	920.05	512.20	217.50	0.00	275,501.85	91.83
53	9/1/2019	1,432.25	4.000	918.34	513.91	217.50	0.00	274,987.94	91.66
54	10/1/2019	1,432.25	4.000	916.63	515.62	217.50	0.00	274,472.32	91.49
55	11/1/2019	1,432.25	4.000	914.91	517.34	217.50	0.00	273,954.98	91.32
56	12/1/2019	1,432.25	4.000	913.18	519.07	217.50	0.00	273,435.91	91.15
57	1/1/2020	1,432.25	4.000	911.45	520.80	217.50	0.00	272,915.11	90.97
58	2/1/2020	1,432.25	4.000	909.72	522.53	217.50	0.00	272,392.58	90.80
59	3/1/2020	1,432.25	4.000	907.98	524.27	217.50	0.00	271,868.31	90.62
60	4/1/2020	1,432.25	4.000	906.23	526.02	217.50	0.00	271,342.29	90.45
61	5/1/2020	1,269.16	2.875	650.09	619.07	217.50	0.00	270,723.22	90.24
62	6/1/2020	1,269.16	2.875	648.61	620.55	217.50	0.00	270,102.67	90.03
63	7/1/2020	1,269.16	2.875	647.12	622.04	217.50	0.00	269,480.63	89.83
64	8/1/2020	1,269.16	2.875	645.63	623.53	217.50	0.00	268,857.10	89.62
65	9/1/2020	1,269.16	2.875	644.14	625.02	217.50	0.00	268,232.08	89.41
66	10/1/2020	1,269.16	2.875	642.64	626.52	217.50	0.00	267,605.56	89.20
67	11/1/2020	1,269.16	2.875	641.14	628.02	217.50	0.00	266,977.54	88.99
68	12/1/2020	1,269.16	2.875	639.63	629.53	217.50	0.00	266,348.01	88.78
69	1/1/2021	1,269.16	2.875	638.13	631.03	217.50	0.00	265,716.98	88.57
70	2/1/2021	1,269.16	2.875	636.61	632.55	217.50	0.00	265,084.43	88.36
71	3/1/2021	1,269.16	2.875	635.10	634.06	217.50	0.00	264,450.37	88.15
72	4/1/2021	1,269.16	2.875	633.58	635.58	217.50	0.00	263,814.79	87.94
73	5/1/2021	1,269.16	2.875	632.06	637.10	217.50	0.00	263,177.69	87.73
74	6/1/2021	1,269.16	2.875	630.53	638.63	217.50	0.00	262,539.06	87.51
75	7/1/2021	1,269.16	2.875	629.00	640.16	217.50	0.00	261,898.90	87.30
76	8/1/2021	1,269.16	2.875	627.47	641.69	217.50	0.00	261,257.21	87.09
77	9/1/2021	1,269.16	2.875	625.93	643.23	217.50	0.00	260,613.98	86.87
78	10/1/2021	1,269.16	2.875	624.39	644.77	217.50	0.00	259,969.21	86.66
79	11/1/2021	1,269.16	2.875	622.84	646.32	217.50	0.00	259,322.89	86.44
80	12/1/2021	1,269.16	2.875	621.29	647.87	217.50	0.00	258,675.02	86.23
81	1/1/2022	1,269.16	2.875	619.74	649.42	217.50	0.00	258,025.60	86.01
82	2/1/2022	1,269.16	2.875	618.19	650.97	217.50	0.00	257,374.63	85.79
83	3/1/2022	1,269.16	2.875	616.63	652.53	217.50	0.00	256,722.10	85.57
84	4/1/2022	1,269.16	2.875	615.06	654.10	217.50	0.00	256,068.00	85.36
85	5/1/2022	1,269.16	2.875	613.50	655.66	217.50	0.00	255,412.34	85.14
86	6/1/2022	1,269.16	2.875	611.93	657.23	217.50	0.00	254,755.11	84.92
87	7/1/2022	1,269.16	2.875	610.35	658.81	217.50	0.00	254,096.30	84.70
88	8/1/2022	1,269.16	2.875	608.77	660.39	217.50	0.00	253,435.91	84.48
89	9/1/2022	1,269.16	2.875	607.19	661.97	217.50	0.00	252,773.94	84.26
90	10/1/2022	1,269.16	2.875	605.60	663.56	217.50	0.00	252,110.38	84.04
91	11/1/2022	1,269.16	2.875	604.01	665.15	217.50	0.00	251,445.23	83.82
92	12/1/2022	1,269.16	2.875	602.42	666.74	217.50	0.00	250,778.49	83.59
93	1/1/2023	1,269.16	2.875	600.82	668.34	217.50	0.00	250,110.15	83.37
94	2/1/2023	1,269.16	2.875	599.22	669.94	217.50	0.00	249,440.21	83.15
95	3/1/2023	1,269.16	2.875	597.62	671.54	217.50	0.00	248,768.67	82.92

Periodic Amortization Schedule

PERIODIC AMORTIZATION SCHEDULE

LO Company

NMLS ID

123456

LO NMLS ID 987654

Borrower(s): John Doe

Mailing Address: 122 South Main, Arlington, TX 76017

Property Address: 1234 Main Street, Arlington, TX 76017

Loan #

123456789

Date: 04/09/14

Payment Period	Date	Periodic Payment	Accrual Rate	Interest Paid	Principal Paid	Mortgage Ins	Buydown	Total Balance	LTV
96	4/1/2023	1,269.16	2.875	596.01	673.15	217.50	0.00	248,095.52	82.70
97	5/1/2023	1,269.16	2.875	594.40	674.76	217.50	0.00	247,420.76	82.47
98	6/1/2023	1,269.16	2.875	592.78	676.38	217.50	0.00	246,744.38	82.25
99	7/1/2023	1,269.16	2.875	591.16	678.00	217.50	0.00	246,066.38	82.02
100	8/1/2023	1,269.16	2.875	589.53	679.63	217.50	0.00	245,386.75	81.80
101	9/1/2023	1,269.16	2.875	587.91	681.25	217.50	0.00	244,705.50	81.57
102	10/1/2023	1,269.16	2.875	586.27	682.89	217.50	0.00	244,022.61	81.34
103	11/1/2023	1,269.16	2.875	584.64	684.52	217.50	0.00	243,338.09	81.11
104	12/1/2023	1,269.16	2.875	583.00	686.16	217.50	0.00	242,651.93	80.88
105	1/1/2024	1,269.16	2.875	581.35	687.81	217.50	0.00	241,964.12	80.65
106	2/1/2024	1,269.16	2.875	579.71	689.45	217.50	0.00	241,274.67	80.42
107	3/1/2024	1,269.16	2.875	578.05	691.11	217.50	0.00	240,583.56	80.19
108	4/1/2024	1,269.16	2.875	576.40	692.76	217.50	0.00	239,890.80	79.96
109	5/1/2024	1,269.16	2.875	574.74	694.42	217.50	0.00	239,196.38	79.73
110	6/1/2024	1,269.16	2.875	573.07	696.09	217.50	0.00	238,500.29	79.50
111	7/1/2024	1,269.16	2.875	571.41	697.75	217.50	0.00	237,802.54	79.27
112	8/1/2024	1,269.16	2.875	569.74	699.42	217.50	0.00	237,103.12	79.03
113	9/1/2024	1,269.16	2.875	568.06	701.10	217.50	0.00	236,402.02	78.80
114	10/1/2024	1,269.16	2.875	566.38	702.78	217.50	0.00	235,699.24	78.57
115	11/1/2024	1,269.16	2.875	564.70	704.46	217.50	0.00	234,994.78	78.33
116	12/1/2024	1,269.16	2.875	563.01	706.15	217.50	0.00	234,288.63	78.10
117	1/1/2025	1,269.16	2.875	561.32	707.84	217.50	0.00	233,580.79	77.86
118	2/1/2025	1,269.16	2.875	559.62	709.54	0.00	0.00	232,871.25	77.62
119	3/1/2025	1,269.16	2.875	557.92	711.24	0.00	0.00	232,160.01	77.39
120	4/1/2025	1,269.16	2.875	556.22	712.94	0.00	0.00	231,447.07	77.15
121	5/1/2025	1,269.16	2.875	554.51	714.65	0.00	0.00	230,732.42	76.91
122	6/1/2025	1,269.16	2.875	552.80	716.36	0.00	0.00	230,016.06	76.67
123	7/1/2025	1,269.16	2.875	551.08	718.08	0.00	0.00	229,297.98	76.43
124	8/1/2025	1,269.16	2.875	549.36	719.80	0.00	0.00	228,578.18	76.19
125	9/1/2025	1,269.16	2.875	547.64	721.52	0.00	0.00	227,856.66	75.95
126	10/1/2025	1,269.16	2.875	545.91	723.25	0.00	0.00	227,133.41	75.71
127	11/1/2025	1,269.16	2.875	544.17	724.99	0.00	0.00	226,408.42	75.47
128	12/1/2025	1,269.16	2.875	542.44	726.72	0.00	0.00	225,681.70	75.23
129	1/1/2026	1,269.16	2.875	540.70	728.46	0.00	0.00	224,953.24	74.98
130	2/1/2026	1,269.16	2.875	538.95	730.21	0.00	0.00	224,223.03	74.74
131	3/1/2026	1,269.16	2.875	537.20	731.96	0.00	0.00	223,491.07	74.50
132	4/1/2026	1,269.16	2.875	535.45	733.71	0.00	0.00	222,757.36	74.25
133	5/1/2026	1,269.16	2.875	533.69	735.47	0.00	0.00	222,021.89	74.01
134	6/1/2026	1,269.16	2.875	531.93	737.23	0.00	0.00	221,284.66	73.76
135	7/1/2026	1,269.16	2.875	530.16	739.00	0.00	0.00	220,545.66	73.52
136	8/1/2026	1,269.16	2.875	528.39	740.77	0.00	0.00	219,804.89	73.27
137	9/1/2026	1,269.16	2.875	526.62	742.54	0.00	0.00	219,062.35	73.02
138	10/1/2026	1,269.16	2.875	524.84	744.32	0.00	0.00	218,318.03	72.77
139	11/1/2026	1,269.16	2.875	523.05	746.11	0.00	0.00	217,571.92	72.52
140	12/1/2026	1,269.16	2.875	521.27	747.89	0.00	0.00	216,824.03	72.27
141	1/1/2027	1,269.16	2.875	519.47	749.69	0.00	0.00	216,074.34	72.02
142	2/1/2027	1,269.16	2.875	517.68	751.48	0.00	0.00	215,322.86	71.77
143	3/1/2027	1,269.16	2.875	515.88	753.28	0.00	0.00	214,569.58	71.52

Periodic Amortization Schedule

PERIODIC AMORTIZATION SCHEDULE

LO Company

NMLS ID

123456

LO NMLS ID 987654

Borrower(s): John Doe

Mailing Address: 122 South Main, Arlington, TX 76017

Property Address: 1234 Main Street, Arlington, TX 76017

Loan #

123456789

Date: 04/09/14

Payment Period	Date	Periodic Payment	Accrual Rate	Interest Paid	Principal Paid	Mortgage Ins	Buydown	Total Balance	LTV
144	4/1/2027	1,269.16	2.875	514.07	755.09	0.00	0.00	213,814.49	71.27
145	5/1/2027	1,269.16	2.875	512.26	756.90	0.00	0.00	213,057.59	71.02
146	6/1/2027	1,269.16	2.875	510.45	758.71	0.00	0.00	212,298.88	70.77
147	7/1/2027	1,269.16	2.875	508.63	760.53	0.00	0.00	211,538.35	70.51
148	8/1/2027	1,269.16	2.875	506.81	762.35	0.00	0.00	210,776.00	70.26
149	9/1/2027	1,269.16	2.875	504.98	764.18	0.00	0.00	210,011.82	70.00
150	10/1/2027	1,269.16	2.875	503.15	766.01	0.00	0.00	209,245.81	69.75
151	11/1/2027	1,269.16	2.875	501.32	767.84	0.00	0.00	208,477.97	69.49
152	12/1/2027	1,269.16	2.875	499.48	769.68	0.00	0.00	207,708.29	69.24
153	1/1/2028	1,269.16	2.875	497.63	771.53	0.00	0.00	206,936.76	68.98
154	2/1/2028	1,269.16	2.875	495.79	773.37	0.00	0.00	206,163.39	68.72
155	3/1/2028	1,269.16	2.875	493.93	775.23	0.00	0.00	205,388.16	68.46
156	4/1/2028	1,269.16	2.875	492.08	777.08	0.00	0.00	204,611.08	68.20
157	5/1/2028	1,269.16	2.875	490.21	778.95	0.00	0.00	203,832.13	67.94
158	6/1/2028	1,269.16	2.875	488.35	780.81	0.00	0.00	203,051.32	67.68
159	7/1/2028	1,269.16	2.875	486.48	782.68	0.00	0.00	202,268.64	67.42
160	8/1/2028	1,269.16	2.875	484.60	784.56	0.00	0.00	201,484.08	67.16
161	9/1/2028	1,269.16	2.875	482.72	786.44	0.00	0.00	200,697.64	66.90
162	10/1/2028	1,269.16	2.875	480.84	788.32	0.00	0.00	199,909.32	66.64
163	11/1/2028	1,269.16	2.875	478.95	790.21	0.00	0.00	199,119.11	66.37
164	12/1/2028	1,269.16	2.875	477.06	792.10	0.00	0.00	198,327.01	66.11
165	1/1/2029	1,269.16	2.875	475.16	794.00	0.00	0.00	197,533.01	65.84
166	2/1/2029	1,269.16	2.875	473.26	795.90	0.00	0.00	196,737.11	65.58
167	3/1/2029	1,269.16	2.875	471.35	797.81	0.00	0.00	195,939.30	65.31
168	4/1/2029	1,269.16	2.875	469.44	799.72	0.00	0.00	195,139.58	65.05
169	5/1/2029	1,269.16	2.875	467.52	801.64	0.00	0.00	194,337.94	64.78
170	6/1/2029	1,269.16	2.875	465.60	803.56	0.00	0.00	193,534.38	64.51
171	7/1/2029	1,269.16	2.875	463.68	805.48	0.00	0.00	192,728.90	64.24
172	8/1/2029	1,269.16	2.875	461.75	807.41	0.00	0.00	191,921.49	63.97
173	9/1/2029	1,269.16	2.875	459.81	809.35	0.00	0.00	191,112.14	63.70
174	10/1/2029	1,269.16	2.875	457.87	811.29	0.00	0.00	190,300.85	63.43
175	11/1/2029	1,269.16	2.875	455.93	813.23	0.00	0.00	189,487.62	63.16
176	12/1/2029	1,269.16	2.875	453.98	815.18	0.00	0.00	188,672.44	62.89
177	1/1/2030	1,269.16	2.875	452.03	817.13	0.00	0.00	187,855.31	62.62
178	2/1/2030	1,269.16	2.875	450.07	819.09	0.00	0.00	187,036.22	62.35
179	3/1/2030	1,269.16	2.875	448.11	821.05	0.00	0.00	186,215.17	62.07
180	4/1/2030	1,269.16	2.875	446.14	823.02	0.00	0.00	185,392.15	61.80
181	5/1/2030	1,269.16	2.875	444.17	824.99	0.00	0.00	184,567.16	61.52
182	6/1/2030	1,269.16	2.875	442.19	826.97	0.00	0.00	183,740.19	61.25
183	7/1/2030	1,269.16	2.875	440.21	828.95	0.00	0.00	182,911.24	60.97
184	8/1/2030	1,269.16	2.875	438.22	830.94	0.00	0.00	182,080.30	60.69
185	9/1/2030	1,269.16	2.875	436.23	832.93	0.00	0.00	181,247.37	60.42
186	10/1/2030	1,269.16	2.875	434.24	834.92	0.00	0.00	180,412.45	60.14
187	11/1/2030	1,269.16	2.875	432.24	836.92	0.00	0.00	179,575.53	59.86
188	12/1/2030	1,269.16	2.875	430.23	838.93	0.00	0.00	178,736.60	59.58
189	1/1/2031	1,269.16	2.875	428.22	840.94	0.00	0.00	177,895.66	59.30
190	2/1/2031	1,269.16	2.875	426.21	842.95	0.00	0.00	177,052.71	59.02
191	3/1/2031	1,269.16	2.875	424.19	844.97	0.00	0.00	176,207.74	58.74

Periodic Amortization Schedule

PERIODIC AMORTIZATION SCHEDULE

LO Company

NMLS ID

123456

LO NMLS ID 987654

Borrower(s): John Doe

Mailing Address: 122 South Main, Arlington, TX 76017

Property Address: 1234 Main Street, Arlington, TX 76017

Loan #

123456789

Date: 04/09/14

Payment Period	Date	Periodic Payment	Accrual Rate	Interest Paid	Principal Paid	Mortgage Ins	Buydown	Total Balance	LTV
192	4/1/2031	1,269.16	2.875	422.16	847.00	0.00	0.00	175,360.74	58.45
193	5/1/2031	1,269.16	2.875	420.14	849.02	0.00	0.00	174,511.72	58.17
194	6/1/2031	1,269.16	2.875	418.10	851.06	0.00	0.00	173,660.66	57.89
195	7/1/2031	1,269.16	2.875	416.06	853.10	0.00	0.00	172,807.56	57.60
196	8/1/2031	1,269.16	2.875	414.02	855.14	0.00	0.00	171,952.42	57.32
197	9/1/2031	1,269.16	2.875	411.97	857.19	0.00	0.00	171,095.23	57.03
198	10/1/2031	1,269.16	2.875	409.92	859.24	0.00	0.00	170,235.99	56.75
199	11/1/2031	1,269.16	2.875	407.86	861.30	0.00	0.00	169,374.69	56.46
200	12/1/2031	1,269.16	2.875	405.79	863.37	0.00	0.00	168,511.32	56.17
201	1/1/2032	1,269.16	2.875	403.73	865.43	0.00	0.00	167,645.89	55.88
202	2/1/2032	1,269.16	2.875	401.65	867.51	0.00	0.00	166,778.38	55.59
203	3/1/2032	1,269.16	2.875	399.57	869.59	0.00	0.00	165,908.79	55.30
204	4/1/2032	1,269.16	2.875	397.49	871.67	0.00	0.00	165,037.12	55.01
205	5/1/2032	1,269.16	2.875	395.40	873.76	0.00	0.00	164,163.36	54.72
206	6/1/2032	1,269.16	2.875	393.31	875.85	0.00	0.00	163,287.51	54.43
207	7/1/2032	1,269.16	2.875	391.21	877.95	0.00	0.00	162,409.56	54.14
208	8/1/2032	1,269.16	2.875	389.11	880.05	0.00	0.00	161,529.51	53.84
209	9/1/2032	1,269.16	2.875	387.00	882.16	0.00	0.00	160,647.35	53.55
210	10/1/2032	1,269.16	2.875	384.88	884.28	0.00	0.00	159,763.07	53.25
211	11/1/2032	1,269.16	2.875	382.77	886.39	0.00	0.00	158,876.68	52.96
212	12/1/2032	1,269.16	2.875	380.64	888.52	0.00	0.00	157,988.16	52.66
213	1/1/2033	1,269.16	2.875	378.51	890.65	0.00	0.00	157,097.51	52.37
214	2/1/2033	1,269.16	2.875	376.38	892.78	0.00	0.00	156,204.73	52.07
215	3/1/2033	1,269.16	2.875	374.24	894.92	0.00	0.00	155,309.81	51.77
216	4/1/2033	1,269.16	2.875	372.10	897.06	0.00	0.00	154,412.75	51.47
217	5/1/2033	1,269.16	2.875	369.95	899.21	0.00	0.00	153,513.54	51.17
218	6/1/2033	1,269.16	2.875	367.79	901.37	0.00	0.00	152,612.17	50.87
219	7/1/2033	1,269.16	2.875	365.63	903.53	0.00	0.00	151,708.64	50.57
220	8/1/2033	1,269.16	2.875	363.47	905.69	0.00	0.00	150,802.95	50.27
221	9/1/2033	1,269.16	2.875	361.30	907.86	0.00	0.00	149,895.09	49.97
222	10/1/2033	1,269.16	2.875	359.12	910.04	0.00	0.00	148,985.05	49.66
223	11/1/2033	1,269.16	2.875	356.94	912.22	0.00	0.00	148,072.83	49.36
224	12/1/2033	1,269.16	2.875	354.76	914.40	0.00	0.00	147,158.43	49.05
225	1/1/2034	1,269.16	2.875	352.57	916.59	0.00	0.00	146,241.84	48.75
226	2/1/2034	1,269.16	2.875	350.37	918.79	0.00	0.00	145,323.05	48.44
227	3/1/2034	1,269.16	2.875	348.17	920.99	0.00	0.00	144,402.06	48.13
228	4/1/2034	1,269.16	2.875	345.96	923.20	0.00	0.00	143,478.86	47.83
229	5/1/2034	1,269.16	2.875	343.75	925.41	0.00	0.00	142,553.45	47.52
230	6/1/2034	1,269.16	2.875	341.53	927.63	0.00	0.00	141,625.82	47.21
231	7/1/2034	1,269.16	2.875	339.31	929.85	0.00	0.00	140,695.97	46.90
232	8/1/2034	1,269.16	2.875	337.08	932.08	0.00	0.00	139,763.89	46.59
233	9/1/2034	1,269.16	2.875	334.85	934.31	0.00	0.00	138,829.58	46.28
234	10/1/2034	1,269.16	2.875	332.61	936.55	0.00	0.00	137,893.03	45.96
235	11/1/2034	1,269.16	2.875	330.37	938.79	0.00	0.00	136,954.24	45.65
236	12/1/2034	1,269.16	2.875	328.12	941.04	0.00	0.00	136,013.20	45.34
237	1/1/2035	1,269.16	2.875	325.86	943.30	0.00	0.00	135,069.90	45.02
238	2/1/2035	1,269.16	2.875	323.60	945.56	0.00	0.00	134,124.34	44.71
239	3/1/2035	1,269.16	2.875	321.34	947.82	0.00	0.00	133,176.52	44.39

Periodic Amortization Schedule

PERIODIC AMORTIZATION SCHEDULE

LO Company

NMLS ID

123456

LO NMLS ID 987654

Borrower(s): John Doe

Mailing Address: 122 South Main, Arlington, TX 76017

Property Address: 1234 Main Street, Arlington, TX 76017

Loan #

123456789

Date: 04/09/14

Payment Period	Date	Periodic Payment	Accrual Rate	Interest Paid	Principal Paid	Mortgage Ins	Buydown	Total Balance	LTV
240	4/1/2035	1,269.16	2.875	319.07	950.09	0.00	0.00	132,226.43	44.08
241	5/1/2035	1,269.16	2.875	316.79	952.37	0.00	0.00	131,274.06	43.76
242	6/1/2035	1,269.16	2.875	314.51	954.65	0.00	0.00	130,319.41	43.44
243	7/1/2035	1,269.16	2.875	312.22	956.94	0.00	0.00	129,362.47	43.12
244	8/1/2035	1,269.16	2.875	309.93	959.23	0.00	0.00	128,403.24	42.80
245	9/1/2035	1,269.16	2.875	307.63	961.53	0.00	0.00	127,441.71	42.48
246	10/1/2035	1,269.16	2.875	305.33	963.83	0.00	0.00	126,477.88	42.16
247	11/1/2035	1,269.16	2.875	303.02	966.14	0.00	0.00	125,511.74	41.84
248	12/1/2035	1,269.16	2.875	300.71	968.45	0.00	0.00	124,543.29	41.51
249	1/1/2036	1,269.16	2.875	298.38	970.78	0.00	0.00	123,572.51	41.19
250	2/1/2036	1,269.16	2.875	296.06	973.10	0.00	0.00	122,599.41	40.87
251	3/1/2036	1,269.16	2.875	293.73	975.43	0.00	0.00	121,623.98	40.54
252	4/1/2036	1,269.16	2.875	291.39	977.77	0.00	0.00	120,646.21	40.22
253	5/1/2036	1,269.16	2.875	289.05	980.11	0.00	0.00	119,666.10	39.89
254	6/1/2036	1,269.16	2.875	286.70	982.46	0.00	0.00	118,683.64	39.56
255	7/1/2036	1,269.16	2.875	284.35	984.81	0.00	0.00	117,698.83	39.23
256	8/1/2036	1,269.16	2.875	281.99	987.17	0.00	0.00	116,711.66	38.90
257	9/1/2036	1,269.16	2.875	279.62	989.54	0.00	0.00	115,722.12	38.57
258	10/1/2036	1,269.16	2.875	277.25	991.91	0.00	0.00	114,730.21	38.24
259	11/1/2036	1,269.16	2.875	274.87	994.29	0.00	0.00	113,735.92	37.91
260	12/1/2036	1,269.16	2.875	272.49	996.67	0.00	0.00	112,739.25	37.58
261	1/1/2037	1,269.16	2.875	270.10	999.06	0.00	0.00	111,740.19	37.25
262	2/1/2037	1,269.16	2.875	267.71	1,001.45	0.00	0.00	110,738.74	36.91
263	3/1/2037	1,269.16	2.875	265.31	1,003.85	0.00	0.00	109,734.89	36.58
264	4/1/2037	1,269.16	2.875	262.91	1,006.25	0.00	0.00	108,728.64	36.24
265	5/1/2037	1,269.16	2.875	260.50	1,008.66	0.00	0.00	107,719.98	35.91
266	6/1/2037	1,269.16	2.875	258.08	1,011.08	0.00	0.00	106,708.90	35.57
267	7/1/2037	1,269.16	2.875	255.66	1,013.50	0.00	0.00	105,695.40	35.23
268	8/1/2037	1,269.16	2.875	253.23	1,015.93	0.00	0.00	104,679.47	34.89
269	9/1/2037	1,269.16	2.875	250.79	1,018.37	0.00	0.00	103,661.10	34.55
270	10/1/2037	1,269.16	2.875	248.35	1,020.81	0.00	0.00	102,640.29	34.21
271	11/1/2037	1,269.16	2.875	245.91	1,023.25	0.00	0.00	101,617.04	33.87
272	12/1/2037	1,269.16	2.875	243.46	1,025.70	0.00	0.00	100,591.34	33.53
273	1/1/2038	1,269.16	2.875	241.00	1,028.16	0.00	0.00	99,563.18	33.19
274	2/1/2038	1,269.16	2.875	238.54	1,030.62	0.00	0.00	98,532.56	32.84
275	3/1/2038	1,269.16	2.875	236.07	1,033.09	0.00	0.00	97,499.47	32.50
276	4/1/2038	1,269.16	2.875	233.59	1,035.57	0.00	0.00	96,463.90	32.15
277	5/1/2038	1,269.16	2.875	231.11	1,038.05	0.00	0.00	95,425.85	31.81
278	6/1/2038	1,269.16	2.875	228.62	1,040.54	0.00	0.00	94,385.31	31.46
279	7/1/2038	1,269.16	2.875	226.13	1,043.03	0.00	0.00	93,342.28	31.11
280	8/1/2038	1,269.16	2.875	223.63	1,045.53	0.00	0.00	92,296.75	30.77
281	9/1/2038	1,269.16	2.875	221.13	1,048.03	0.00	0.00	91,248.72	30.42
282	10/1/2038	1,269.16	2.875	218.62	1,050.54	0.00	0.00	90,198.18	30.07
283	11/1/2038	1,269.16	2.875	216.10	1,053.06	0.00	0.00	89,145.12	29.72
284	12/1/2038	1,269.16	2.875	213.58	1,055.58	0.00	0.00	88,089.54	29.36
285	1/1/2039	1,269.16	2.875	211.05	1,058.11	0.00	0.00	87,031.43	29.01
286	2/1/2039	1,269.16	2.875	208.51	1,060.65	0.00	0.00	85,970.78	28.66
287	3/1/2039	1,269.16	2.875	205.97	1,063.19	0.00	0.00	84,907.59	28.30

Periodic Amortization Schedule

PERIODIC AMORTIZATION SCHEDULE

LO Company

NMLS ID

123456

LO NMLS ID 987654

Borrower(s): John Doe

Mailing Address: 122 South Main, Arlington, TX 76017

Property Address: 1234 Main Street, Arlington, TX 76017

Loan #

123456789

Date: 04/09/14

Payment Period	Date	Periodic Payment	Accrual Rate	Interest Paid	Principal Paid	Mortgage Ins	Buydown	Total Balance	LTV
288	4/1/2039	1,269.16	2.875	203.42	1,065.74	0.00	0.00	83,841.85	27.95
289	5/1/2039	1,269.16	2.875	200.87	1,068.29	0.00	0.00	82,773.56	27.59
290	6/1/2039	1,269.16	2.875	198.31	1,070.85	0.00	0.00	81,702.71	27.23
291	7/1/2039	1,269.16	2.875	195.75	1,073.41	0.00	0.00	80,629.30	26.88
292	8/1/2039	1,269.16	2.875	193.17	1,075.99	0.00	0.00	79,553.31	26.52
293	9/1/2039	1,269.16	2.875	190.60	1,078.56	0.00	0.00	78,474.75	26.16
294	10/1/2039	1,269.16	2.875	188.01	1,081.15	0.00	0.00	77,393.60	25.80
295	11/1/2039	1,269.16	2.875	185.42	1,083.74	0.00	0.00	76,309.86	25.44
296	12/1/2039	1,269.16	2.875	182.83	1,086.33	0.00	0.00	75,223.53	25.07
297	1/1/2040	1,269.16	2.875	180.22	1,088.94	0.00	0.00	74,134.59	24.71
298	2/1/2040	1,269.16	2.875	177.61	1,091.55	0.00	0.00	73,043.04	24.35
299	3/1/2040	1,269.16	2.875	175.00	1,094.16	0.00	0.00	71,948.88	23.98
300	4/1/2040	1,269.16	2.875	172.38	1,096.78	0.00	0.00	70,852.10	23.62
301	5/1/2040	1,269.16	2.875	169.75	1,099.41	0.00	0.00	69,752.69	23.25
302	6/1/2040	1,269.16	2.875	167.12	1,102.04	0.00	0.00	68,650.65	22.88
303	7/1/2040	1,269.16	2.875	164.48	1,104.68	0.00	0.00	67,545.97	22.52
304	8/1/2040	1,269.16	2.875	161.83	1,107.33	0.00	0.00	66,438.64	22.15
305	9/1/2040	1,269.16	2.875	159.18	1,109.98	0.00	0.00	65,328.66	21.78
306	10/1/2040	1,269.16	2.875	156.52	1,112.64	0.00	0.00	64,216.02	21.41
307	11/1/2040	1,269.16	2.875	153.85	1,115.31	0.00	0.00	63,100.71	21.03
308	12/1/2040	1,269.16	2.875	151.18	1,117.98	0.00	0.00	61,982.73	20.66
309	1/1/2041	1,269.16	2.875	148.50	1,120.66	0.00	0.00	60,862.07	20.29
310	2/1/2041	1,269.16	2.875	145.82	1,123.34	0.00	0.00	59,738.73	19.91
311	3/1/2041	1,269.16	2.875	143.12	1,126.04	0.00	0.00	58,612.69	19.54
312	4/1/2041	1,269.16	2.875	140.43	1,128.73	0.00	0.00	57,483.96	19.16
313	5/1/2041	1,269.16	2.875	137.72	1,131.44	0.00	0.00	56,352.52	18.78
314	6/1/2041	1,269.16	2.875	135.01	1,134.15	0.00	0.00	55,218.37	18.41
315	7/1/2041	1,269.16	2.875	132.29	1,136.87	0.00	0.00	54,081.50	18.03
316	8/1/2041	1,269.16	2.875	129.57	1,139.59	0.00	0.00	52,941.91	17.65
317	9/1/2041	1,269.16	2.875	126.84	1,142.32	0.00	0.00	51,799.59	17.27
318	10/1/2041	1,269.16	2.875	124.10	1,145.06	0.00	0.00	50,654.53	16.88
319	11/1/2041	1,269.16	2.875	121.36	1,147.80	0.00	0.00	49,506.73	16.50
320	12/1/2041	1,269.16	2.875	118.61	1,150.55	0.00	0.00	48,356.18	16.12
321	1/1/2042	1,269.16	2.875	115.85	1,153.31	0.00	0.00	47,202.87	15.73
322	2/1/2042	1,269.16	2.875	113.09	1,156.07	0.00	0.00	46,046.80	15.35
323	3/1/2042	1,269.16	2.875	110.32	1,158.84	0.00	0.00	44,887.96	14.96
324	4/1/2042	1,269.16	2.875	107.54	1,161.62	0.00	0.00	43,726.34	14.58
325	5/1/2042	1,269.16	2.875	104.76	1,164.40	0.00	0.00	42,561.94	14.19
326	6/1/2042	1,269.16	2.875	101.97	1,167.19	0.00	0.00	41,394.75	13.80
327	7/1/2042	1,269.16	2.875	99.17	1,169.99	0.00	0.00	40,224.76	13.41
328	8/1/2042	1,269.16	2.875	96.37	1,172.79	0.00	0.00	39,051.97	13.02
329	9/1/2042	1,269.16	2.875	93.56	1,175.60	0.00	0.00	37,876.37	12.63
330	10/1/2042	1,269.16	2.875	90.75	1,178.41	0.00	0.00	36,697.96	12.23
331	11/1/2042	1,269.16	2.875	87.92	1,181.24	0.00	0.00	35,516.72	11.84
332	12/1/2042	1,269.16	2.875	85.09	1,184.07	0.00	0.00	34,332.65	11.44
333	1/1/2043	1,269.16	2.875	82.26	1,186.90	0.00	0.00	33,145.75	11.05
334	2/1/2043	1,269.16	2.875	79.41	1,189.75	0.00	0.00	31,956.00	10.65
335	3/1/2043	1,269.16	2.875	76.56	1,192.60	0.00	0.00	30,763.40	10.25

Periodic Amortization Schedule

PERIODIC AMORTIZATION SCHEDULE

LO Company

NMLS ID

123456

LO NMLS ID 987654

Loan #

123456789

Date: 04/09/14

Borrower(s): John Doe
Mailing Address: 122 South Main, Arlington, TX 76017
Property Address: 1234 Main Street, Arlington, TX 76017

Payment Period	Date	Periodic Payment	Accrual Rate	Interest Paid	Principal Paid	Mortgage Ins	Buydown	Total Balance	LTV
336	4/1/2043	1,269.16	2.875	73.70	1,195.46	0.00	0.00	29,567.94	9.86
337	5/1/2043	1,269.16	2.875	70.84	1,198.32	0.00	0.00	28,369.62	9.46
338	6/1/2043	1,269.16	2.875	67.97	1,201.19	0.00	0.00	27,168.43	9.06
339	7/1/2043	1,269.16	2.875	65.09	1,204.07	0.00	0.00	25,964.36	8.65
340	8/1/2043	1,269.16	2.875	62.21	1,206.95	0.00	0.00	24,757.41	8.25
341	9/1/2043	1,269.16	2.875	59.31	1,209.85	0.00	0.00	23,547.56	7.85
342	10/1/2043	1,269.16	2.875	56.42	1,212.74	0.00	0.00	22,334.82	7.44
343	11/1/2043	1,269.16	2.875	53.51	1,215.65	0.00	0.00	21,119.17	7.04
344	12/1/2043	1,269.16	2.875	50.60	1,218.56	0.00	0.00	19,900.61	6.63
345	1/1/2044	1,269.16	2.875	47.68	1,221.48	0.00	0.00	18,679.13	6.23
346	2/1/2044	1,269.16	2.875	44.75	1,224.41	0.00	0.00	17,454.72	5.82
347	3/1/2044	1,269.16	2.875	41.82	1,227.34	0.00	0.00	16,227.38	5.41
348	4/1/2044	1,269.16	2.875	38.88	1,230.28	0.00	0.00	14,997.10	5.00
349	5/1/2044	1,269.16	2.875	35.93	1,233.23	0.00	0.00	13,763.87	4.59
350	6/1/2044	1,269.16	2.875	32.98	1,236.18	0.00	0.00	12,527.69	4.18
351	7/1/2044	1,269.16	2.875	30.01	1,239.15	0.00	0.00	11,288.54	3.76
352	8/1/2044	1,269.16	2.875	27.05	1,242.11	0.00	0.00	10,046.43	3.35
353	9/1/2044	1,269.16	2.875	24.07	1,245.09	0.00	0.00	8,801.34	2.93
354	10/1/2044	1,269.16	2.875	21.09	1,248.07	0.00	0.00	7,553.27	2.52
355	11/1/2044	1,269.16	2.875	18.10	1,251.06	0.00	0.00	6,302.21	2.10
356	12/1/2044	1,269.16	2.875	15.10	1,254.06	0.00	0.00	5,048.15	1.68
357	1/1/2045	1,269.16	2.875	12.09	1,257.07	0.00	0.00	3,791.08	1.26
358	2/1/2045	1,269.16	2.875	9.08	1,260.08	0.00	0.00	2,531.00	0.84
359	3/1/2045	1,269.16	2.875	6.06	1,263.10	0.00	0.00	1,267.90	0.42
360	4/1/2045	1,270.94	2.875	3.04	1,267.90	0.00	0.00	0.00	0.00

FIXED/ADJUSTABLE RATE NOTE
(LIBOR One-Year Index (As Published In
***The Wall Street Journal*)–Rate Caps)**

THIS NOTE PROVIDES FOR A CHANGE IN MY FIXED INTEREST RATE TO AN ADJUSTABLE INTEREST RATE. THIS NOTE LIMITS THE AMOUNT MY ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY.

April 9, 2014
[Date]

Boston
[City]

Loan # 123456789
Massachusetts
[State]

1234 Main Street, Arlington, TX 76017
[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. **\$300,000.00** (this amount is called "Principal"), plus interest, to the order of Lender. Lender is **ABC Bank**. I will make all payments under this Note in the form of cash, check or money order.

I understand that Lender may transfer this Note. Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of **4.000%**. The interest rate I will pay may change in accordance with Section 4 of this Note.

The interest rate required by this Section 2 and Section 4 of this Note is the rate I will pay both before and after any default described in Section 7(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment every month.

I will make my monthly payments on the **First** day of each month beginning on **May 1, 2015**. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on **April 1, 2045**, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at **2310 W Interstate 20, 100, Arlington, TX 76017** or at a different place if required by the Note Holder.

(B) Amount of My Initial Monthly Payments

Each of my initial monthly payments will be in the amount of U.S. **\$1,432.25**. This amount may change.

(C) Monthly Payment Changes

Changes in my monthly payment will reflect changes in the unpaid principal of my loan and in the interest rate that I must pay. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Section 4 of this Note.

4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The initial fixed interest rate I will pay will change to an adjustable interest rate on the **First** day of **April, 2020**, and the adjustable interest rate I will pay may change on that day every 12th month thereafter. The date on which my initial fixed interest rate changes to an adjustable interest rate, and each date on which my adjustable interest rate could change, is called a “Change Date.”

(B) The Index

Beginning with the first Change Date, my adjustable interest rate will be based on an Index. The “Index” is the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market (“LIBOR”), as published in *The Wall Street Journal*. The most recent Index figure available as of the date 45 days before each Change Date is called the “Current Index.”

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding **One and One Quarter** percentage points (**1.250%**) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than **6.000%** or less than **2.000%**. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than **Two** percentage points (**2.000%**) from the rate of interest I have been paying for the preceding **Twelve** months. My interest rate will never be greater than **9.000%**.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my initial fixed interest rate to an adjustable interest rate and of any changes in my adjustable interest rate before the effective date of any change. The notice will include the amount of my monthly payment, any information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

5. BORROWER’S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a “Prepayment.” When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under this Note.

I may make a full Prepayment or partial Prepayments without paying any Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of this Note. If I make a partial Prepayment, there will be no changes in the due dates of my monthly payments unless the Note Holder agrees in writing to those changes. My partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial Prepayment may be offset by an interest rate increase.

6. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me that exceeded permitted limits will be refunded to me.

The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

7. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charges for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of **15** calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be **5.000%** of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal that has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

8. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Unless the Note Holder requires a different method, any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

9. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

10. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

11. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses that might result if I do not keep the promises that I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions read as follows:

(A) Until my initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section 4 above, Uniform Covenant 18 of the Security Instrument shall read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

(B) When my initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section 4 above, Uniform Covenant 18 of the Security Instrument described in Section 11(A) above shall then cease to be in effect, and Uniform Covenant 18 of the Security Instrument shall instead read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably

determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

Signature

Date

John Doe

[Sign Originals Only]

MLO Organization: ABC Company

ID: 123456

MLO Individual: Test Individual

ID: 987654

RESIDENTIAL CONSTRUCTION LOAN ALLONGE AMENDING NOTE

THIS Allonge is incorporated into and shall be deemed to amend and supplement the Note ("Note"), of even date herewith, given by the undersigned Borrower ("Borrower" whether one or more) to evidence Borrower's indebtedness to the Note Holder, which indebtedness is secured by that certain Deed of Trust ("Security Instrument"), of even date herewith, covering the premises described in the Security Instrument. If the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association buys all or some of the Note Holder's rights under the Security Instrument and Note, the promises and agreements in this Allonge will no longer have any force or effect. Notwithstanding anything to the contrary set forth in the Note, Borrower hereby agrees to the following:

1. CONSTRUCTION/PERMANENT LOAN

This Note, as amended, represents both a construction/home improvement loan and a permanent mortgage loan. During the Construction Period of the loan the Note Holder will advance funds in accordance with the Residential Construction Loan Agreement. The "Construction Period" is defined as the period extending from the date the Security Instrument is recorded in the local Real Property Records through **March 31, 2015** (Agreed Completion Date) the "Agreed Completion Date." On the day the Construction Period ends, the loan evidenced by this Note will be a permanent mortgage loan ("Permanent Mortgage Date"). Beginning on the Permanent Mortgage Date, interest shall accrue as stated in the Note and monthly payments of principal and interest shall be due and payable as set forth in the Note.

2. INTEREST

(A) Interest During the Construction Period

I will pay interest only on the amount advanced at the yearly rate of **4.000%** during the "Construction Period" of the Loan. I will make periodic interest payments on the **First** day of each month beginning **May 1, 2014** and continuing in like installments on the same day of each month until the completion date of **March 31, 2015**. Regular payments of principal and interest shall begin as of the date stated in the Note. In the event that the construction of the improvements has not been substantially completed during the Construction Period of the Loan, the Note Holder, upon providing such notices as required by law may, at its option, require immediate payment of all funds secured by the Security Instrument.

(B) Interest Paid on the Permanent Loan

Beginning at the end of the Construction Period, interest shall be paid at the rate stated in the Note. Principal and interest payments shall also be due and payable as set forth therein.

3. ADVANCES

At the end of the Construction Period if the improvements are not completed, any amount of principal not advanced prior to the completion of the Construction Period may, in the sole discretion of Note Holder, be funded into escrow or pledged account. Further, Note Holder may require immediate payment of the Note or an extension of the Construction Period and a rescheduling of the Note, if deemed necessary for completion of the improvements securing the lien. Any portion of a payment received in excess of interest rate due or any funds not advanced under the Residential Construction Loan Agreement may at the option of the Note Holder be used to pay costs associated with the construction period or may be credited against the principal amount of the permanent loan.

4. LATE CHARGES

If the Note Holder has not received the full amount of any monthly payment by the end of **15** calendar days after the date it is due, Borrower will pay a late charge to the Note Holder. The amount of the charge will be

Residential Construction Loan Allonge to Note

5.000% of Borrower's overdue payment of interest. Borrower will pay this late charge promptly, but only once on each late payment.

5. EVENTS OF DEFAULT AND ACCELERATION OF THE DEBT

Note Holder may declare the entire unpaid principal balance and accrued interest due and payable under the terms of the Note, as amended by this Allonge if any payment of interest is not made when due during the Construction Period, if the improvements have not been substantially completed by the end of the Construction Period, or if default should occur under any covenant, condition or agreement contained in the Loan Documents. The definition of Loan Documents includes the Note, as amended by this Allonge, Security Instrument securing the Note as amended and the Residential Construction Loan Agreement.

6. CONDITIONS:

Borrower must give notice of Borrower's anticipated completion date 10 days in advance of completion to the Note Holder. In any event, not later than the Agreed Completion Date, all the following documents must be provided to Note Holder on such date:

- a. A Title Endorsement deleting any "pending disbursements" or mechanic's liens exception from the original Mortgagee Title Policy.
- b. A satisfactory "as built" survey.
- c. A Certificate of Occupancy.
- d. A satisfactory final appraisal by an appraiser acceptable to Note Holder.
- e. A fire and extended coverage homeowner's policy.
- f. If property is located in a special flood hazard area, evidence of flood insurance.
- g. A satisfactory Affidavit of Completion executed by Borrower as owner recorded within ten (10) days of the date of completion.
- h. A satisfactory affidavit regarding resolution of mechanic's and materialman's lien claims signed as of 30 days after the date of completion.
- i. The escrow account for taxes and insurance must be funded according to Note Holder's then-current guidelines.
- j. If the Property is served by a well or septic system, a reasonably current, satisfactory inspection report or certification issued by the applicable government unit.
- k. The payment of a mortgage insurance premium for mortgage insurance should the loan to value ratio of the loan equal or exceed eighty percent (80%).
- l. The execution of a Modification Agreement or other documentation modifying the terms of the permanent loan documentation, if applicable.

7. DELAY PAYMENTS AND ADJUSTMENT OF INTEREST RATE

Delay Payments and Adjustment of Interest Rate. If the improvements are not completed on or before **March 31, 2015** (Agreed Completion Date), Note Holder may call the note due or in Note Holder's sole discretion extend the Construction Period and be entitled to charge the following Delay Payment(s). Borrower recognizes that time is of the essence as to the Agreed Completion Date. Borrower confirms that the Agreed Completion Date establishes a reasonable period to complete the improvements. Borrower recognizes that Note Holder will suffer financial loss if the improvements are not completed within the time specified, and agrees that because such loss cannot now be ascertained, Note Holder will be compensated in the amount of a ½ of 1% of the loan amount Delay Payment if the improvements are not completed before the Agreed Completion Date. The ½ of 1% will extend the Construction Period for 90 days. If Note Holder allows any subsequent 90 day Construction Period extensions after the first 90 day Construction Period extension referenced above, a 1% of the loan amount Delay Payment per 90 day extension (or any portion thereof if less than 90 days) will be charged until the improvements are complete, herein referred to as "Delay Payments". After the Agreed Completion Date, Delay Payments are owed in addition to the interest accruing. The parties agree this is reasonable compensation and not a penalty. Borrower agrees that

Residential Construction Loan Allonge to Note

Note Holder may offset any compensation for Delay Payments against any funds held in any account due to Contractor for the construction of the improvements. Note Holder, at Note Holder's option, may deduct said Delay Payments from the Construction Loan Account and/or Retainage Account referenced herein. Note Holder is not obligated to extend the Construction Period. If the Note Holder extends the Construction Period one or more times, upon completion of the improvements, Borrower agrees to modify the permanent loan documentation to reflect any extension(s) granted by Note Holder. Borrower agrees to execute any documentation required by Note Holder and pay any expenses associated with such modification including but not limited to Note Holder's Delay Payment(s).

If the construction, installation or completion of the improvements is not finished by **March 31, 2015**, the Agreed Completion Date, Borrower understands that the Note Holder could suffer financial loss. Such financial loss could come from the fact that the interest rate "locked" with Borrower was offered to Borrower based on timely completion of the improvements. In addition to and not in lieu or waiver or limitation of any other rights or remedies provided Note Holder, it is also agreed that in the event the improvements are not finished by the Agreed Completion Date, the interest rate which Borrower shall pay on the outstanding principal balance of the Loan may be higher than the interest rate which the Note Holder "locked" with Borrower. The new interest rate shall be the interest rate which Note Holder believes shall be applicable for loans, such as Borrower's Loan, as of the date the improvements have been completed, In determining the applicable interest rate, Note Holder may consider the entire secondary loan investment market, Note Holder's commitments with particular investors, and the principal amount and other terms, costs and conditions of the Loan. Note Holder is under no obligation to mitigate its damages or to sell the Loan for pricing less favorable than the Note Holder's original pricing. Borrower agrees to execute and deliver to Note Holder, on a timely basis, a new promissory note showing the higher interest rate and such other documents as Note Holder may require.

8. CONFLICTS

If any term or provision of the Allonge shall be in conflict with any term or provision of the Note, the term or provision of the Allonge shall control. This Allonge shall be interpreted under the laws of the State of Texas. Any provisions of this Allonge adjudged to be invalid shall be deemed amended from it, with the remainder of the provisions to be in full force and effect. Any remedies or rights of Note Holder expressed in this Allonge are cumulative of, and not exclusive of any other remedies and rights. Except as amended or supplemented hereby, the terms and provisions of the above referenced Note shall remain unchanged and in full force and effect.

9. TERMINATION

After the advance of all funds as necessary to complete the improvements, completion of the improvements, and the satisfaction of all conditions as described in the Residential Construction Loan Agreement, this Allonge will be null and void and no longer in effect, and any funds remaining in any construction account will be refunded to the Borrower or credited to the principal balance.

10. NOTICE OF NO ORAL AGREEMENT

The written Loan Agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties.

There are no unwritten oral agreements between the parties.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Allonge.

EXECUTED this **Ninth** day of **April, 2014**.

Signature

John Doe

[Sign Originals Only]

MLO Organization: ABC Company

ID: 123456

MLO Individual: Test Individual

ID: 987654

“IMPORTANT NOTICE: YOU AND YOUR CONTRACTOR ARE RESPONSIBLE FOR MEETING THE TERMS AND CONDITIONS OF THIS CONTRACT. IF YOU SIGN THIS CONTRACT AND YOU FAIL TO MEET THE TERMS AND CONDITIONS OF THIS CONTRACT, YOU MAY LOSE YOUR LEGAL OWNERSHIP IN YOUR HOME. KNOW YOUR RIGHTS AND DUTIES UNDER THE LAW.”

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

DEED OF TRUST

Loan # 123456789

After recording, please return to:

**ABC Bank
2310 W Interstate 20, 100
Arlington, TX 76017
Ambra Costner**

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

- (A) **"Security Instrument"** means this document, which is dated **April 9, 2014**, together with all Riders to this document.
- (B) **"Borrower"** is **John Doe, a single man**. Borrower is the grantor under this Security Instrument.
- (C) **"Lender"** is **ABC Bank**. Lender is a **state bank** organized and existing under the laws of **Texas**. Lender's address is **2310 W Interstate 20, 100 Arlington, TX 76017**. Lender is the beneficiary under this Security Instrument.
- (D) **"Trustee"** is **Billy Trustee**. Trustee's address is **1111 Lovely Street, Suite 100, Arlington, TX 76017**.
- (E) **"Note"** means the promissory note signed by Borrower and dated **April 9, 2014**. The Note states that Borrower owes Lender **Three Hundred Thousand and 00/100 Dollars (U.S. \$300,000.00)** plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than **April 1, 2045**.

(F) **"Property"** means the property that is described below under the heading "Transfer of Rights in the Property."

(G) **"Loan"** means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(H) **"Riders"** means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> 1-4 Family Rider | <input type="checkbox"/> Rate Improvement Rider | <input type="checkbox"/> Graduated Payment Rider |
| <input type="checkbox"/> VA Loan Rider | <input type="checkbox"/> Manufactured Home Rider | <input type="checkbox"/> Other(s): |

(I) **"Applicable Law"** means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(J) **"Community Association Dues, Fees, and Assessments"** means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(K) **"Electronic Funds Transfer"** means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(L) **"Escrow Items"** means those items that are described in Section 3.

(M) **"Miscellaneous Proceeds"** means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(N) **"Mortgage Insurance"** means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(O) **"Periodic Payment"** means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

(P) **"RESPA"** means the Real Estate Settlement Procedures Act (12 U.S.C. '2601 et seq.) and its implementing regulation, Regulation X (12 C.F.R. Part 1024), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(Q) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the **County** [Type of Recording Jurisdiction] of **Tarrant** [Name of Recording Jurisdiction]:

Lot 1, Block 1, Some New Subdivision, an addition in the City of Arlington, Tarrant County, Texas, according to the map or plat recorded in Volume 1, Page 1, Plat Records, Tarrant County, Texas.

which currently has the address of

**1234 Main Street
Arlington, Texas 76017**
["Property Address"]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property." **BORROWER COVENANTS** that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold

such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan

Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage", and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of

the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. Occupancy. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

7. Preservation, Maintenance and Protection of the Property; Inspections. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a

single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments

toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance

shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the

earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law,

(b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice will result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence. For the purposes of this Section 22, the term "Lender" includes any holder of the Note who is entitled to receive payments under the Note.

If Lender invokes the power of sale, Lender or Trustee shall give notice of the time, place and terms of sale by posting and filing the notice at least 21 days prior to sale as provided by Applicable Law. Lender shall mail a copy of the notice to Borrower in the manner prescribed by Applicable Law. Sale shall be made at public venue. The sale must begin at the time stated in the notice of sale or not later than three hours after that time and between the hours of 10 a.m. and 4 p.m. on the first Tuesday of the month. Borrower authorizes Trustee to sell the Property to the highest bidder for cash in one or more parcels and in any order Trustee determines. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying indefeasible title to the Property with covenants of general warranty from Borrower. Borrower covenants and agrees to defend generally the purchaser's title to the Property against all claims and demands. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

If the Property is sold pursuant to this Section 22, Borrower or any person holding possession of the Property through Borrower shall immediately surrender possession of the Property to the purchaser at that sale. If possession is not surrendered, Borrower or such person shall be a tenant at sufferance and may be removed by writ of possession or other court proceeding.

23. Release. Upon payment of all sums secured by this Security Instrument, Lender shall provide a release of this Security Instrument to Borrower or Borrower's designated agent in accordance with Applicable Law. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

24. Substitute Trustee; Trustee Liability. All rights, remedies and duties of Trustee under this Security Instrument may be exercised or performed by one or more trustees acting alone or together. Lender, at its option and with or without cause, may from time to time, by power of attorney or otherwise, remove or substitute any trustee, add one or more trustees, or appoint a successor trustee to any Trustee without the necessity of any formality other than a designation by Lender in writing. Without any further act or conveyance of the Property the substitute, additional or successor trustee shall become vested with the title, rights, remedies, powers and duties conferred upon Trustee herein and by Applicable Law.

Trustee shall not be liable if acting upon any notice, request, consent, demand, statement or other document believed by Trustee to be correct. Trustee shall not be liable for any act or omission unless such act or omission is willful.

25. Subrogation. Any of the proceeds of the Note used to take up outstanding liens against all or any part of the Property have been advanced by Lender at Borrower's request and upon Borrower's representation that such amounts are due and are secured by valid liens against the Property. Lender shall be subrogated to any and all rights, superior titles, liens and equities owned or claimed by any owner or holder of any outstanding liens and debts, regardless of whether said liens or debts are acquired by Lender by assignment or are released by the holder thereof upon payment.

26. Partial Invalidity. In the event any portion of the sums intended to be secured by this Security Instrument cannot be lawfully secured hereby, payments in reduction of such sums shall be applied first to those portions not secured hereby.

27. Purchase Money; Owelty of Partition; Renewal and Extension of Liens Against Property; Acknowledgment of Cash Advanced Against Non-Homestead Property. Check box as applicable:

Purchase Money.

The funds advanced to Borrower under the Note were used to pay all or part of the purchase price of the Property. The Note also is primarily secured by the vendor's lien retained in the deed of even date with this Security Instrument conveying the Property to Borrower, which vendor's lien has been assigned to Lender, this Security Instrument being additional security for such vendor's lien.

Owelty of Partition.

The Note represents funds advanced by Lender at the special instance and request of Borrower for the purpose of acquiring the entire fee simple title to the Property and the existence of an owelty of partition imposed against the entirety of the Property by a court order or by a written agreement of the parties to the partition to secure the payment of the Note is expressly acknowledged, confessed and granted.

Renewal and Extension of Liens Against Property.

The Note is in renewal and extension, but not in extinguishment, of the indebtedness described on the attached Renewal and Extension Exhibit which is incorporated by reference. Lender is expressly subrogated to all rights, liens and remedies securing the original holder of a note evidencing Borrower's indebtedness and the original liens securing the indebtedness are renewed and extended to the date of maturity of the Note in renewal and extension of the indebtedness.

Acknowledgment of Cash Advanced Against Non-Homestead Property.

The Note represents funds advanced to Borrower on this day at Borrower's request and Borrower acknowledges receipt of such funds. Borrower states that Borrower does not now and does not intend ever to reside on, use in any manner, or claim the Property secured by this Security Instrument as a business or residential homestead. Borrower disclaims all homestead rights, interests and exemptions related to the Property.

28. Loan Not a Home Equity Loan. The Loan evidenced by the Note is not an extension of credit as defined by Section 50(a)(6) or Section 50(a)(7), Article XVI, of the Texas Constitution. If the Property is used as Borrower's residence, then Borrower agrees that Borrower will receive no cash from the Loan evidenced by the Note and that any advances not necessary to purchase the Property, extinguish an owelty lien, complete construction, or renew and extend a prior lien against the Property, will be used to reduce the balance evidenced by the Note or such Loan will be modified to evidence the correct Loan balance, at Lender's option. Borrower agrees to execute any documentation necessary to comply with this Section 28.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

Signature Date
John Doe

[Sign Originals Only]

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **John Doe**.

Notary Public
Printed Name: _____
My commission expires: _____

MLO Organization: ABC Company
ID: 123456
MLO Individual: Test Individual
ID: 987654

TO BE RECORDED WITH THE DEED OF TRUST

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

**Residential Construction Loan Addendum
Including Security Agreement to the Deed of Trust**

**LO Company NMLS ID 123456
LO NMLS ID 987654**

THIS RESIDENTIAL CONSTRUCTION LOAN ADDENDUM shall be deemed to amend and supplement the Deed of Trust, (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to Lender of the same date ("Note") and covering the Property described in the Security Instrument ("Property"). If the Federal Home Loan Mortgage Corporation or the Federal National Association buys all or some of the Lender's rights under the Security Instrument and Note, the provisions and agreements in this Addendum will no longer have any force and effect.

AMENDED AND ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

1. **Residential Construction Loan Agreement.** Borrower agrees to comply with the covenants and conditions of the Residential Construction Loan Agreement ("Loan Agreement") between Borrower and Lender, which is incorporated herein by this reference and made a part of this Security Instrument. The Loan Agreement provides for the construction of certain Improvements ("Improvements") on the Property. All advances made by Lender pursuant to the Loan Agreement shall be an indebtedness of Borrower secured by this Security Instrument as amended, and such advances may be obligatory under the terms of the Loan Agreement. The Security Instrument secures the payment of all sums and the performance of all covenants required by the Lender in the Loan Agreement. Upon the failure of Borrower to keep and perform all the covenants, conditions and agreements of the Loan Agreement, the principal sum and all interest and other charges provided for in the loan documents and secured hereby shall, at the option of the Lender, become due and payable.

2. **Construction Loan Mortgage.** This Security Instrument is a "construction mortgage" within the meaning of Section 9.334 of the Texas Business and Commerce Code securing an obligation incurred for the construction of an improvement on the Property and any notes issued in extension, renewal, or substitution thereof. Borrower affirms, acknowledges and warrants that prior to the recordation of this Security Instrument, as amended, in the Real Property Records of the county or counties where the Property is located, no Improvements contemplated by the Loan Agreement have been constructed or have been delivered to the Property.

3. **Future Advances.** This Security Instrument shall secure in addition to the sum evidenced by the Note all funds hereafter advanced by Lender to or for the benefit of Borrower, as contemplated by any covenant or provision contained in the Mechanic's Lien Contract and/or the Loan Agreement or for any other purpose.

4. **Disbursements to Protect Security.** All sums disbursed by Lender prior to completion of the Improvements to protect the security of this Security Instrument, up to the principal amount of the Note and any future advances, shall be treated as disbursements pursuant to the Loan Agreement. All such sums shall bear

Residential Construction Loan Addendum

interest from the date of disbursement at the rate stated in the Note, unless the collection from Borrower of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Borrower under applicable law and shall be payable upon notice from Lender to Borrower requesting payment therefor.

5. **Assignment of Rights or Claims.** From time to time as Lender deems necessary to protect Lender's interest, Borrower shall upon request of Lender, execute, acknowledge before a notary, and deliver to Lender, assignments of any and all rights or claims which relate to the construction on the Property.

6. **Breach by Borrower.** In case of breach by Borrower of the covenants and conditions of the Loan Agreement, Lender, at Lender's option, with or without entry upon the Property, (a) may invoke any of the rights or remedies provided in the Loan Agreement, or (b) may accelerate the sums secured by this Security Instrument and invoke any of those remedies provided for in this Security Instrument, or (c) may do both although failure to exercise any of its rights and remedies at any one time does not mean a waiver.

7. **Termination of Loan Agreement upon Amortization.** After the commencement of amortization of the Note, the terms of the Loan Agreement shall be null and void, and there shall be no claim or defense arising out of or in connection with the Loan Agreement against the obligations of the Note and this Security Instrument.

8. **Property.** The property covered by this Security Instrument includes the property described or referred to in this Security Instrument, together with the following, all of which are referred to as the "Property". The portion of the Property described below which constitutes real property is sometimes referred to as the "Real Property". The portion of the Property which constitutes personal property is sometimes referred to as the "Personal Property", listed as follows:

Any and all buildings, improvements (provided in the Loan Agreement or otherwise), and tenements now or hereafter erected on the Property, any and all heretofore and hereafter vacated alleys and streets abutting the Property, easements, rights, appurtenances, rents (subject however to any assignment of rents to Lender), leases, royalties, mineral, oil and gas rights and profits, water, water rights and water stock appurtenant to the Property (to the extent they are included in Borrower's fee simple title); any and all fixtures, machinery, equipment, building materials, appliances, and goods of every nature whatsoever now or hereafter located in, or including, but not limited to those for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air and light; security and access control apparatus; plumbing and plumbing fixtures; cooking equipment; carpet, and interior and exterior window treatments; furniture and cabinets; interior and exterior sprinkler plat and lawn maintenance equipment; fire prevention and extinguishing apparatus and equipment, water tanks, swimming pool, compressor, vacuum cleaning system, disposal, dishwasher, range, and oven, any shrubbery and landscaping; any and all plans and specifications for development of or construction of Improvements upon the Property; any and all contracts and subcontracts relating to the Property; any and all accounts, contract rights, instruments, documents, general intangibles, and chattel paper arising from or by virtue of any transactions related to the Property; any and all permits, licenses, franchises, certifications, and other rights and privileges obtained in connection with the Property; any and all products and proceeds payable or to be payable under each policy of insurance relating to the Property; any and all proceeds arising from the taking of all or part of the Property for any public or quasi-public use under any law, or by right of eminent domain, or by private or other purchase in lieu thereof; all building permits, certificates of occupancy, certificates of compliance, any right to use utilities of any kind including water, sewage, drainage and any other utility rights, however arising whether private or public, present or future, including any reservation, permit, letter, certificate, license, order, contract or otherwise and any other permit, letter certificate, license, order, contract or other document or approval received from or issued by any governmental entity, quasi-governmental entity common carrier, or public utility in any way relating to any part of

Residential Construction Loan Addendum

the Property or the Improvements fixtures and equipment thereon; all other interest of every kind and character which Borrower now has or at any time hereafter acquires in and to the Property, including all other items of property and rights described elsewhere in this Security Instrument.

9. **Security Agreement and Financing Statement.** This Security Instrument shall be a security agreement granting a Lender a first and prior security interest in all of Borrower's right, title and interest in, to and under the Personal Property, under and within the meaning of Chapter 9 of the Texas Business and Commerce Code, as well as a deed of trust granting a lien upon and against the Real Property. In the event of any foreclosure sale, whether made by Trustee or a substitute trustee, or under judgment of a court, all of the Real and Personal Property may, at the option of Lender, be sold as a whole or any part thereof. It shall not be necessary to have present at the place of such sale the Personal Property or any part thereof. Lender, as well as Trustee or any substitute trustee on Lender's behalf, shall have all the rights, remedies and recourse with respect to the Personal Property afforded to a "Secured Party" by Chapter 9 of the Texas Business and Commerce Code in addition to and not in limitation of the other rights and recourse afforded Lender and/or Trustee or any substitute trustee under this Security Instrument. Borrower shall, upon demand, pay to Lender the amount of any and all expenses, including the fees and disbursements of Lender's legal counsel and of any experts and agents which Lender may incur in connection with: (i) the making and/or administration of this Security Instrument; (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon any property, real and/or personal, described in this Security Instrument, (iii) the exercise or enforcement of any of the rights of Lender under this Security Instrument; or (iv) the failure by Borrower to perform or observe any of the provisions or covenants in this Security Instrument.

Lender may, at its election, at any time after the delivery of this Security Instrument, sign one or more copies of this Security Instrument in order that such copies may be used as a financing statement under Chapter 9 of the Texas Business and Commerce Code. Lender's signature need not be acknowledged, and is not necessary to the effectiveness hereof as a deed of trust, a security agreement, or (unless otherwise required by applicable law) a financing statement.

10. **Completion.** Lender shall not be responsible for the completion of the Improvements, and shall not in any way be considered a guarantor of performance by Contractor. In the event the Improvements are not completed by Contractor according to the drawings and specifications, and it is determined from whatever reason the Lender does not have a lien, then Lender shall have a valid lien for its loan amount, less the amount reasonably necessary to complete the Improvements, or in such event Lender, at its option, shall have the right to complete the Improvements, and the lien shall be valid for the loan amount.

11. **Invalid Provisions.** If any provision of this Security Instrument is declared invalid, illegal, or unenforceable by a court of competent jurisdiction, then such invalid, illegal or unenforceable provision shall be severed from this Security Instrument and the remainder enforced as if such invalid, illegal or unenforceable provision is not a part of this Security Instrument.

12. **Address.**

The name and address of the Borrower is:

**John Doe
122 South Main
Arlington, TX 76017**

The name and address of the Lender/Secured Party is:

Residential Construction Loan Addendum

**ABC Bank
2310 W Interstate 20, 100
Arlington, TX 76017**

13. **Other Provision.** The following notice is required by law:

“IMPORTANT NOTICE: YOU AND YOUR CONTRACTOR ARE RESPONSIBLE FOR MEETING THE TERMS AND CONDITIONS OF THE MECHANIC’S LIEN CONTRACT (THE “CONTRACT”). IF YOU SIGN THIS CONTRACT AND YOU FAIL TO MEET THE TERMS AND CONDITIONS OF THE CONTRACT, YOU MAY LOSE YOUR LEGAL OWNERSHIP RIGHTS IN YOUR HOME. KNOW YOUR RIGHTS AND DUTIES UNDER THE LAW.”

Signature

Date

John Doe

[Sign Originals Only]

FIXED/ADJUSTABLE RATE RIDER
(LIBOR One-Year Index (As Published In The Wall Street Journal)–Rate Caps)

LO Company NMLS ID 123456
LO NMLS ID 987654

THIS FIXED/ADJUSTABLE RATE RIDER is made this **Ninth** day of **April, 2014**, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the “Security Instrument”) of the same date given by the undersigned (“Borrower”) to secure Borrower’s Fixed/Adjustable Rate Note (the “Note”) to **ABC Bank** (“Lender”) of the same date and covering the property described in the Security Instrument and located at:

1234 Main Street, Arlington, Texas 76017
[Property Address]

THE NOTE PROVIDES FOR A CHANGE IN BORROWER’S FIXED INTEREST RATE TO AN ADJUSTABLE INTEREST RATE. THE NOTE LIMITS THE AMOUNT BORROWER’S ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE BORROWER MUST PAY.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial fixed interest rate of **4.000%**. The Note also provides for a change in the initial fixed rate to an adjustable interest rate, as follows:

4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The initial fixed interest rate I will pay will change to an adjustable interest rate on the **First** day of **April, 2020**, and the adjustable interest rate I will pay may change on that day every 12th month thereafter. The date on which my initial fixed interest rate changes to an adjustable interest rate, and each date on which my adjustable interest rate could change, is called a “Change Date.”

(B) The Index

Beginning with the first Change Date, my adjustable interest rate will be based on an Index. The “Index” is the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market (“LIBOR”), as published in *The Wall Street Journal*. The most recent Index figure available as of the date 45 days before each Change Date is called the “Current Index.”

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding **One and One**

Quarter percentage points (**1.250%**) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than **6.000%** or less than **2.000%**. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than **Two** percentage points (**2.000%**) from the rate of interest I have been paying for the preceding **Twelve** months. My interest rate will never be greater than **9.000%**.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my initial fixed interest rate to an adjustable interest rate and of any changes in my adjustable interest rate before the effective date of any change. The notice will include the amount of my monthly payment, any information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

1. Until Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument shall read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

2. When Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument described in Section B1 above shall

then cease to be in effect, and the provisions of Uniform Covenant 18 of the Security Instrument shall be amended to read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Fixed/Adjustable Rate Rider.

Signature

Date

John Doe

[Sign Originals Only]

TO BE ATTACHED TO DEED OF TRUST

Renewal and Extension Exhibit

This RENEWAL AND EXTENSION EXHIBIT is incorporated into and shall be deemed to amend and supplement the Deed of Trust (“**Security Instrument**”) of even date herewith. Such Security Instrument is granted by the **Borrower (“Borrower”)** to secure Borrower’s indebtedness (“**Note**”) to **Lender (sometimes referred to as the “Beneficiary” or “Holder of the Note”)**, the Note secured hereby is in renewal and extension but not in extinguishment of that indebtedness whether one or more, described as follows:

Residential Construction Contract and Lien executed by John Doe, a single man securing a Residential Construction Note in the amount of \$260,000.00 payable to the order of Contractor Group and assigned therein to ABC Bank . Said Lien is dated April 9, 2014, and is or will be recorded of record in the Real Property Records of Tarrant County, Texas.

THE LENDER HEREBY SECURED IS EXPRESSLY SUBROGATED TO ALL RIGHTS, LIENS, EQUITIES AND REMEDIES SECURING THE ORIGINAL HOLDER(S) OF SAID DEBT(S) AND THE ORIGINAL LIEN(S) SECURING THE SAME ARE HEREBY RENEWED AND EXTENDED TO DATE OF MATURITY OF THE INDEBTEDNESS HEREBY SECURED IN RENEWAL AND EXTENSION THEREOF. IN THE EVENT ANY PORTION OF THE SUMS INTENDED TO BE SECURED BY THE **SECURITY INSTRUMENT** CANNOT BE LAWFULLY SECURED THEREBY, PAYMENTS IN REDUCTION OF SUCH SUMS SHALL BE APPLIED FIRST TO THOSE PORTIONS NOT SECURED THEREBY. **BORROWER(S)** ACKNOWLEDGES THAT THE LIEN(S) SECURING THE PRIOR **NOTE** IS VALID, THAT IT SUBSISTS AGAINST THE **PROPERTY**, AND THAT BY THIS INSTRUMENT IT IS RENEWED AND EXTENDED IN FULL FORCE UNTIL THE **NOTE** IS PAID, EVEN THOUGH THE PRIOR LIEN(S) IS RELEASED AND NOT ASSIGNED TO LENDER.

INITIALS: _____

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Warranty Deed with Vendor's Lien

**LO Company NMLS ID 123456
LO NMLS ID 987654**

AFTER RECORDING RETURN TO:

**John Doe
122 South Main
Arlington, TX 76017**

Date: Executed on the date set forth in the acknowledgement herein, but to be effective the Ninth day of April, 2014.

Grantor: **John Smith**

Grantor's Mailing Address:

,

Grantee: **John Doe**

Grantee's Mailing Address: **122 South Main, Arlington, TX 76017**

Consideration:

Ten Dollars (\$10.00) and other good and valuable consideration paid to Grantor by Grantee and a note of even date in the principal amount of Three Hundred Thousand and 00/100 Dollars -- (\$300,000.00) made by Grantee payable to the order of ABC Bank , "Lender" herein, as consideration for the amount paid to Grantor. The note is secured by a vendor's lien retained in favor of Lender in this deed and by a deed of trust of even date from Grantee to Billy Trustee , Trustee.

Warranty Deed with Vendor's Lien

Property (including any improvements):

Lot 1, Block 1, Some New Subdivision, an addition in the City of Arlington, Tarrant County, Texas, according to the map or plat recorded in Volume 1, Page 1, Plat Records, Tarrant County, Texas.

The above described property also includes any and all of Grantor's right, title, and/or interest in any and all system memberships and/or ownership certificates in any non-municipal water and/or sewer systems now or in the future serving said property.

Reservations from and Exceptions to Conveyance and Warranty:

This conveyance is given and accepted subject to any and all restrictions, reservations, covenants, conditions, rights of way, easements, municipal or other governmental zoning laws, regulations and ordinances, if any, affecting the herein described property.

Grantee herein assumes the taxes for the current year.

Grantor, for the consideration and subject to the reservations from and exceptions to conveyance and warranty, grants, sells, and conveys to Grantee the property, together with all and singular the rights and appurtenances thereto in any wise belonging, to have and hold it to Grantee, Grantee's heirs, executors, administrators, successors, or assigns forever. Grantor binds Grantor and Grantor's heirs, executors, administrators, and successors to warrant and forever defend all and singular the property to Grantee and Grantee's heirs, executors, administrators, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the reservations from and exceptions to conveyance and warranty. The vendor's lien (to the extent of **\$40,000.00** consideration paid by Grantee to Grantor) against and superior title to the property are retained until each note described is fully paid according to its terms, at which time this deed shall become absolute. The vendor's lien and superior title retained in this deed are transferred to Lender, without recourse on Grantor. When the context requires, singular nouns and pronouns include the plural. When executed by a corporation the words "heirs and assigns" shall be construed to mean "Successors and assigns".

Signature Date
John Smith

STATE OF MASSACHUSETTS
COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared **John Smith**, known or proved to me through satisfactory evidence which were _____, according to law, to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she/they voluntarily executed the same for the purposes of consideration therein expressed, and in the capacity stated.

Given under my hand and seal this _____ day of _____, 20____.

Notary, State of _____
Printed Name: _____
My Commission Expires: _____

Warranty Deed with Vendor's Lien

Residential Construction Note

Loan # 123456789

April 9, 2014
[Date]

Boston
[City]

MA
[State]

1234 Main Street, Arlington, Texas 76017
[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for the furnishing of work and materials used in constructing improvements to the Property described above, I promise to pay U.S. \$260,000.00 (this amount is called "Principal") to the order of **Contractor Group** (the "Contractor"). I understand the Contractor may transfer this Note. Contractor or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder".

2. INTEREST

Interest will not be charged on Principal.

3. PAYMENT(S)

This Note is payable upon completion and acceptance of construction.
Payment(s) will be made at Contractor's address, or at a different place if required by the Note Holder.

4. BORROWER'S FAILURE TO PAY AS REQUIRED

(a) Default. If I do not pay the full amount of the required payments when due, I will be in default.

(b) Notice of Default. If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of the Principal which has not been paid that I owe on that amount. That date must be at least twenty (20) days after the date on which the notice is delivered or mailed to me.

(c) No Waiver By Note Holder. Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(d) Payment of Note Holder's Costs and Expenses. If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorney's fees.

(e) Prepayment. I may prepay this Note in part or full without penalty at any time before final maturity, whether by cash, a new loan, renewal, or otherwise.

5. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at an address provided in writing by me. Any notice to be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at an address provided in writing by Note Holder.

6. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed.

Residential Construction Note - No Interest (No Retainage)

7. WAIVERS

I and any other person who has obligations under this Note, to the extent permitted by law, waive demand for payment, presentment for payment, notice of acceleration of maturity, notice of dishonor, protest and notice of protest. "Presentment" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

8. NOTICE OF NO ORAL AGREEMENT

THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Signature _____ Date _____
John Doe

[Sign Originals Only]

CONTRACTOR ENDORSEMENT:

Pay to the order of
ABC Bank
without recourse.

Contractor Group

Signature _____ Date _____
Bob Conn, Manager

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

RESIDENTIAL CONSTRUCTION CONTRACT

(Texas – Creating and Assigning Lien to Construction Lender)

**LO Company NMLS ID 123456
LO NMLS ID 987654**

WHEN RECORDED RETURN TO:

**ABC Bank
2310 W Interstate 20, 100, Arlington, TX 76017
Ambra Costner**

Date: April 9, 2014

Words used in this Residential Construction Contract (“Contract”) are defined below. Words in the singular mean and include the plural and vice versa.

“Contract Sum” is **\$260,000.00**

“Contractor” or “Builder” is **Contractor Group.**

“Contractor’s Mailing Address” is **123 Main Street, Fort Worth, Texas 76137.**

“Improvements” are the improvements made to a single-family residence or new construction of a single-family residence.

“Lender” is **ABC Bank .**

“Owner” is **John Doe, a single man.**

“Owner’s Mailing Address” is **122 South Main, Arlington, TX 76017.**

“Property Address” is **1234 Main Street, Arlington, Texas 76017.**

“Property” legal description is **Lot 1, Block 1, Some New Subdivision, an addition in the City of Arlington, Tarrant County, Texas, according to the map or plat recorded in Volume 1, Page 1, Plat Records, Tarrant County, Texas.**

Contractor has agreed to construct the Improvements for the Contract Sum, as may be amended herein or the Supplement to Contract. Owner agrees to pay Contractor the Contract Sum for the construction of the Improvements. Contractor and Owner have executed another unrecorded document further detailing the agreement for construction between Contractor and Owner of Improvements on the Property, including any

**Residential Construction Contract (Texas-Creating and Assigning Lien to
Construction Lender)**

agreement for retainage or waiver of retainage, ("Supplement to Contract"). That document is incorporated herein by reference. However, such incorporation is not intended to and shall not supersede, conflict or contradict in any way the terms and conditions of this Contract and to the extent said Supplement to Contract contains conflicting provisions; the provisions of this Contract shall control.

Contractor does hereby warrant, certify and represent that Contractor has complied with all legal requirements regarding the execution of the Contract and Supplement to Contract. Contractor agrees to comply with any delivery deadlines of notices, disclosures, and other documentation to Owner and Lender as prescribed by law and to construct the Improvements (whether new or existing), including without limitation, Subchapter K of Chapter 53 or the Texas Property Code and Section 50(a)(5), Article XVI of the Texas Constitution. Contractor and Owner do further hereby represent (to the best of their actual knowledge) that Contractor and Owner are aware of, and have complied with or will comply with, the following legal rights and obligations:

- a. **Joinder of Spouse.** The Contract and Supplement to Contract have been entered into by all owners with the consent of each owner's spouse, as evidenced by their signatures below.
- b. **No Work Commenced.** Contractor and Owner do hereby affirm that no work of any kind, including the destruction or removal of any existing improvements, site work, clearing, grubbing, draining or fencing of the Property) has commenced or been performed on the Property, no labor or materials have been ordered or furnished to or on behalf of Owner for use in such construction, and no contracts or agreements (verbal or written) for the furnishing of labor, materials, or services for use in the construction of improvements on the Property have been executed (except the above referenced Supplement to Contract) or in trust and Owner warrants and agrees to defend the title to the Property by and through Owner and not otherwise.
- c. **Receipt of Disclosure Statement.** Before execution, acknowledgement and delivery of the Contract and Supplement to Contract, Owner received from Contractor the disclosure statement required by Section 53.255(b) of the Texas Property Code.
- d. **Receipt of List of Subcontractors.** Unless Owner has waived the right to receive from Contractor a list of the subcontractors and suppliers, or any updated information required to be given, evidenced by a separate written and signed waiver of rights to this information, before execution, acknowledgement and delivery of the Contract and Supplement to Contract, Contractor provided Owner with a list of subcontractors and suppliers and will provide Owner and Lender with an updated list of subcontractors and suppliers not later than the 15th day after the date a subcontractor or supplier is added to or deleted from the list.
- e. **Receipt of Closing Documents.** At least one business day before obtaining this extension of credit for Improvements, Owner did receive from Lender all documentation relating to the extension of credit, unless Owner waived the right to one business day advance delivery of the disclosure from Lender and the other closing documents because of a bona fide emergency or other good cause.
- f. **Disbursement of Funds.** Contractor shall provide Owner and Lender with signed periodic statements that list the bills or expenses that Contractor is requesting payment for. Said requests will be in writing on forms reasonably acceptable to Lender and subject to inspection by Lender or Lender's designee indicating satisfactory progress. No further disbursement will be made by Lender if Contractor or Owner is in default with any term or condition of the contract or any related document associated herewith. It is up to Owner and not the Lender, at Owner's election, to withhold any "statutory retainage" as defined in the attached Disclosure Statement Required For Texas Residential Construction Contract.
- g. **Final Bills-Paid Affidavit.** At the time of final payment, Contractor shall provide Owner and Lender with a Final Bills-Paid Affidavit.
- h. **Alterations and Extras.** It is expressly agreed that the terms of the Contract and Supplement to

Contract authorize the making of changes by the Owner and Contractor only upon execution of written change orders by Owner and Contractor. Owner shall notify Lender of any changes agreed to by Owner and Contractor before the changes are made. Lender must approve in writing any changes that decrease the value of the Property.

- i. Mechanic's Lien.** To secure payment of the Contract and Supplement to Contract, a mechanic's, artisan's, and materialman's lien on the Property and on all improvements and fixtures on the Property at any time is granted to Contractor. To enforce the lien and to further secure payment of the Contract, Owner hereby transfers and conveys the Property to **Billy Trustee**, Trustee, in trust and warrants and agrees to defend the title to the Property by and through Owner and not otherwise. If Owner performs all the covenants and pays the Contract according to the terms of this Contract, this conveyance shall become void and have no further effect, and at Owner's expense, Contractor shall release the lien created by this Contract and Supplement to Contract. Contractor may appoint, in writing, a substitute or successor trustee, succeeding to all rights and responsibilities of the Trustee. If Owner defaults on the payments to Contractor or fails to perform any of Owner's obligations, and the default continues after Contractor gives Owner 10 days advance written notice of the default and at least 10 days within which it must be cured, then Contractor may:
- (a) request Trustee to foreclose this lien, in which case, Contractor or Contractor's agent shall give notice of the foreclosure sale as provided by the Texas Property Code as then amended; and
 - (b) purchase the Property at any foreclosure sale by offering the highest bid and then have the bid credited to the Note.

If requested by Contractor to foreclose this lien, Trustee shall:

- (a) either personally or by agent give notice of the foreclosure sale as required by the Texas Property Code, as then amended;
 - (b) sell and convey all or part of the Property to the highest bidder for cash with a general warranty deed binding Owner, subject to prior liens and to other exceptions to conveyance and warranty; and
 - (c) from proceeds of the sale, pay in this order:
 - 1. expenses of foreclosure, including a reasonable commission to Trustee;
 - 2. to Contractor, the full amount of charges due and unpaid;
 - 3. any amounts required by law to be paid before payment to Owner; and
 - 4. to Owner, any balance.
- j. Recording.** Contractor and Owner contemplate the recording of this Contract in the Official Real Property Records of the County in which the Property is located as permitted by Section 53.254 and Section 41.001 of the Texas Property Code.
- k. THIS CONTRACT CONSTITUTES A CONSTRUCTION MORTGAGE WITHIN THE MEANING OF SECTION 9.334 OF THE TEXAS BUSINESS & COMMERCE CODE.**
- l. Waiting Period.** If applicable, Owner shall not sign the Contract before the 5th day after Owner makes written application for any extension of credit for the work and material to repair or renovate existing improvements.
- m. Place of Execution.** If applicable, Owner and Owner's spouse shall execute the Contract only at the office of a third-party lender making an extension of credit for the work and material, an attorney at law, or a title company.
- n. Right of Rescission.** IF APPLICABLE, OWNER MAY RESCIND THE CONTRACT, THE

Residential Construction Contract (Texas-Creating and Assigning Lien to Construction Lender)

SUPPLEMENT TO CONTRACT (AND ANY OTHER PROPOSALS, AGREEMENTS OR CONTRACTS WITH CONTRACTOR REGARDING THE REPAIR OR RENOVATION OF EXISTING IMPROVEMENTS), WITHOUT PENALTY OR CHARGE, WITHIN THREE (3) DAYS AFTER THE EXECUTION OF THE CONTRACT BY ALL PARTIES.

IMPORTANT NOTICE: YOU AND YOUR CONTRACTOR ARE RESPONSIBLE FOR MEETING THE TERMS AND CONDITIONS OF THE CONTRACT. IF YOU SIGN THE CONTRACT AND YOU FAIL TO MEET THE TERMS AND CONDITIONS OF THE CONTRACT, YOU MAY LOSE YOUR LEGAL OWNERSHIP IN YOUR HOME. KNOW YOUR RIGHTS AND DUTIES UNDER THE LAW.

This contract is subject to Chapter 27 of the Texas Property Code. The provisions of that chapter may affect your right to recover damages arising from a construction defect. If you have a complaint concerning a construction defect and that defect has not been corrected as may be required by law or by contract, you must provide the notice required by Chapter 27 of the Texas Property Code to the contractor by certified mail, return receipt requested, not later than the 60th day before the date you file suit to recover damages in a court of law or initiate arbitration. The notice must refer to Chapter 27 of the Texas Property Code and must describe the construction defect. If requested by the contractor, you must provide the contractor an opportunity to inspect and cure the defect as provided by Section 27.004 of the Texas Property Code.

EXECUTED this _____ day of _____, 20 _____.

BORROWER(S):

Signature Date
John Doe

[Sign Originals Only]

CONTRACTOR(S):

Contractor Group

Signature Date
Bob Conn, Manager

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **John Doe.**

Notary Public
Printed Name: _____
My commission expires: _____

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **Bob Conn, Manager of Contractor Group, on behalf of said entity.**

Notary Public
Printed Name: _____
My commission expires: _____

ASSIGNMENT OF LIEN

Contractor hereby assigns its rights the lien above created, to **ABC Bank** ("Assignee"). This Assignment is made without recourse, representation or warranty.

Contractor Group

Signature Date
Bob Conn, Manager

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **Bob Conn, Manager of Contractor Group, on behalf of said entity.**

Notary Public
Printed Name: _____
My commission expires: _____

Lender: **ABC Bank**
Borrower: **John Doe**
Contractor: **Contractor Group**
Property: **1234 Main Street, Arlington, Texas 76017**

**Disclosure Statement Required for
Texas Residential Construction Contract
Sec. 53.255(B) Texas Property Code**

Loan # 123456789

KNOW YOUR RIGHTS AND RESPONSIBILITIES UNDER THE LAW. You are about to enter into a transaction to build a new home or remodel existing residential property. Texas law requires your contractor to provide you with this brief overview of some of your rights, responsibilities, and risks in this transaction.

CONVEYANCE TO CONTRACTOR NOT REQUIRED. Your contractor may not require you to convey your real property to your contractor as a condition to the agreement for the construction of improvements on your property.

KNOW YOUR CONTRACTOR. Before you enter into your agreement for the construction of improvements to your real property, make sure that you have investigated your contractor. Obtain and verify references from other people who have used the contractor for the type and size of construction project on your property.

GET IT IN WRITING. Make sure that you have a written agreement with your contractor that includes: (1) a description of the work the contractor is to perform; (2) the required or estimated time for completion of the work; (3) the cost of the work or how the cost will be determined; and (4) the procedure and method of payment, including provisions for statutory retainage and conditions for final payment. If your contractor made a promise, warranty, or representation to you concerning the work the contractor is to perform, make sure that promise, warranty, or representation is specified in the written agreement. An oral promise that is not included in the written agreement may not be enforceable under Texas law.

READ BEFORE YOU SIGN. Do not sign any document before you have read and understood it. **NEVER SIGN A DOCUMENT THAT INCLUDES AN UNTRUE STATEMENT.** Take your time in reviewing documents. If you borrow money from a lender to pay for the improvements, you are entitled to have the loan closing documents furnished to you for review at least one business day before the closing. Do not waive this requirement unless a bona fide emergency or another good cause exists, and make sure you understand the documents before you sign them. If you fail to comply with the terms of the documents, you could lose your property. You are entitled to have your own attorney review any documents. If you have any question about the meaning of a document, consult an attorney.

GET A LIST OF SUBCONTRACTORS AND SUPPLIERS. Before construction commences, your contractor is required to provide you with a list of the subcontractors and suppliers the contractor intends to use on your project. Your contractor is required to supply updated information on any subcontractors and suppliers added after the list is provided. Your Contractor is not required to supply this information if you sign a written waiver of your rights to receive this information.

MONITOR THE WORK. Lenders and governmental authorities may inspect the work in progress from time to time for their own purposes. These inspections are not intended as quality control inspections. Quality control is a matter for you and your contractor. To ensure that your home is being constructed in accordance with your wishes and specifications, you should inspect the work yourself or have your own independent inspector review the work in progress.

MONITOR PAYMENTS. If you use a lender, your lender is required to provide you with a periodic statement showing the money disbursed by the lender from the proceeds of your loan. Each time your Contractor requests payment from you or your lender for work performed, your Contractor is also required to furnish you with a disbursement statement that lists the name and address of each subcontractor or supplier that the Contractor intends to pay from the requested funds. Review these statements and make sure that the money is being properly disbursed.

CLAIMS BY SUBCONTRACTORS AND SUPPLIERS. Under Texas law, if a subcontractor or supplier who furnishes labor or materials for the construction of improvements on your property is not paid, you may become liable and your property may be subject to a lien for the unpaid amount, even if you have not contracted directly with the subcontractor or supplier. To avoid liability, you should take the following actions:

(1) If you receive a written notice from a subcontractor or supplier, you should withhold payment from your contractor for the amount of the claim stated in the notice until the dispute between your contractor and the subcontractor or supplier is resolved. If your lender is disbursing money directly to your contractor, you should immediately provide a copy of the notice to your lender and instruct the lender to withhold payment in the amount of the claim stated in the notice. If you continue to pay the contractor after receiving the written notice without withholding the amount of the claim, you may be liable and your property may be subject to a lien for the amount you failed to withhold.

(2) During construction and for 30 days after final completion, termination, or abandonment of the contract by the contractor, you should withhold or cause your lender to withhold 10 percent of the amount of payments made for the work performed by your contractor. This is sometimes referred to as a 'statutory retainage.' If you choose not to withhold the 10 percent for at least 30 days after final completion, termination, or abandonment of the contract by the contractor and if a valid claim is timely made by a claimant, and your Contractor fails to pay the claim, you may be personally liable and your property may be subject to a lien up to the amount that you failed to withhold.

If a claim is not paid within a certain time period, the claimant is required to file a mechanic's lien affidavit in the real property records in the county where the property is located. A mechanic's lien affidavit is not a lien on your property, but the filing of the affidavit could result in a court imposing a lien on your property if the claimant is successful in litigation to enforce the lien claim.

SOME CLAIMS MAY NOT BE VALID. When you receive a written notice of a claim or when a mechanic's lien affidavit is filed on your property, you should know your legal rights and responsibilities regarding the claim. Not all claims are valid. A notice of a claim by a subcontractor or supplier is required to be sent, and the mechanic's lien affidavit is required to be filed, within strict time periods. The notice and the affidavit must contain certain information. All claimants may not fully comply with the legal requirements to collect on a claim. If you have paid the contractor in full before receiving a notice of a claim and have fully complied with the law regarding statutory retainage, you may not be liable for that claim. Accordingly, you should consult your attorney when you receive a written notice of a claim to determine the true extent of your liability or potential liability for that claim.

OBTAIN A LIEN RELEASE AND A BILLS-PAID AFFIDAVIT. When you receive a notice of claim, do not release withheld funds without obtaining a signed and notarized release of lien and claim from the claimant. You can also reduce the risk of having a claim filed by a subcontractor or supplier by requiring as a condition of each payment made by you or your lender that your contractor furnish you with an affidavit stating that all bills have been paid. Under Texas law, on final completion of the work and before final payment, the contractor is required to furnish you with an affidavit stating that all bills have been paid. If the contractor discloses any unpaid bill in the affidavit, you should withhold payment in the amount of the unpaid bill until you receive a waiver of lien or release from that subcontractor or supplier.

OBTAIN TITLE INSURANCE PROTECTION. You may be able to obtain title insurance policy to insure that the title to your property and the existing improvements on your property are free from liens claimed by subcontractors and suppliers. If your policy is issued before the improvements are completed and covers the value of the improvements to be completed, you should obtain, on the completion of the improvements and as a condition of your final payment, a 'completion of improvements' policy endorsement. This endorsement will protect your property from liens claimed by subcontractors and suppliers that may arise from the date the original title policy is issued to the date of the endorsement.

BORROWER(S):

Signature Date
John Doe

[Sign Originals Only]

CONTRACTOR(S):

Contractor Group

Signature Date
Bob Conn, Manager

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **John Doe.**

Notary Public
Printed Name: _____
My commission expires: _____

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **Bob Conn, Manager of Contractor Group, on behalf of said entity.**

Notary Public
Printed Name: _____
My commission expires: _____

Lender: **ABC Bank**
Borrower: **John Doe**
Contractor: **Contractor Group**
Property: **1234 Main Street, Arlington, Texas 76017**

Borrower's Acknowledgement of Texas Construction Compliance Procedures

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

Owner/Borrower acknowledges that:

1) Construction Contract Disclosure

Before a residential construction contract was executed, Contractor delivered to Owner a Disclosure Statement Required For Texas Residential Construction Contract, Sec. 53.255(b) Texas Property Code ("Construction Contract Disclosure").

2) List of Sub Contractors and Materialman

Unless Owner/Borrower waived same in writing according to Texas Property Code 53.256(d), the Contractor attached to the Texas Residential Construction Contract Disclosure a written list that identified by name, address and telephone number, each subcontractor and supplier the Contractor intends to use in the work to be performed. If the list wasn't attached to the Construction Contract Disclosure provided by Contractor, unless Owner/Borrower waived same in writing according to Texas Property Code 53.256(d), it has since been provided to Owner by the Contractor.

3) Advance Delivery of Loan Documents and Construction Contract Disclosure

Lender has delivered to the Owner all documentation relating to the loan (including the Construction Contract Disclosure) not later than one business day before the date of the closing or, in the alternative, Owner has waived said right to one business day advance delivery of the Construction Contract Disclosure from Lender and the other closing documents because of a bona fide emergency or other good cause.

Signature _____ Date _____
John Doe

[Sign Originals Only]

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

TEXAS FRAUD NOTICE

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

WARNING: INTENTIONALLY OR KNOWINGLY MAKING A MATERIALLY FALSE OR MISLEADING WRITTEN STATEMENT TO OBTAIN PROPERTY OR CREDIT, INCLUDING A MORTGAGE LOAN, IS A VIOLATION OF SECTION 32.32, TEXAS PENAL CODE, AND, DEPENDING ON THE AMOUNT OF THE LOAN OR VALUE OF THE PROPERTY, IS PUNISHABLE BY IMPRISONMENT FOR A TERM OF 2 YEARS TO 99 YEARS AND A FINE NOT TO EXCEED \$10,000.00.

“I/We the undersigned home loan applicant(s), represent that I/we have received, read, and understand this notice of penalties for making a materially false or misleading written statement to obtain a home loan.”

“I/We represent that all statements and representations contained in my/our written home loan application, including statements or representations regarding my/our identity, employment, annual income, and intent to occupy the residential real property secured by the home loan, are true and correct as of the date of loan closing.”

Texas Property Code Sec. 343.105

Signature Date
John Doe

[Sign Originals Only]

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **John Doe.**

Notary Public
Printed Name: _____
My commission expires: _____

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

First Payment Letter and Mailing Address Certification

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

Your first payment will be due **May 1, 2015**.

To assure proper credit on your account, please include your loan number as indicated above on all of your loan payment checks. Unless otherwise indicated in your promissory note, each loan payment is due on the **1st** day of the month. Each payment should be mailed early enough for it to reach the holder of the note on or before that date. Payments received after that date are **DELINQUENT** and could affect your credit rating. Unless otherwise indicated in your note, payments received after the end of the **15th** day of the month due are subject to late charges. Your Payment is itemized below. The payment may change due to changes in any of the components of the Payment (including a possible interest rate change if the loan contains a variable rate feature). New payment coupons (including any adjusted amounts) will be mailed to you at your last known address.

If you do not receive your payment coupons before the date the **FIRST PAYMENT IS DUE AND WE DO NOT NOTIFY YOU TO MAIL SAID PAYMENT DIRECTLY TO US, WHICH WE EXPRESSLY RESERVE THE RIGHT TO DO**, please mail your check along with the temporary payment coupon enclosed.

Your "Payment" amount is **\$1,649.75**, totaled from these payment elements:

Description	Amount
Principal and Interest:	\$1,432.25
Total:	\$1,432.25

In order for Lender to provide Borrower(s) with mortgage coupon payment booklets and to correspond with Borrower(s) on matters of importance, Lender requests Borrower(s) to provide the following information:

Present Mailing Address: _____
City, State & ZIP Code: _____
Present Telephone Number (include area code): _____
Anticipated Moving Date: _____
New Mailing Address: _____
City, State & ZIP Code: _____
New Telephone Number (including area code)(if known): _____

If Borrower(s) desires the mailing address to be different than the address of the Property indicated on the survey, Borrower(s) must provide the correct mailing address above. I/We, the above referenced Borrower(s), certify the above mailing information to be true and correct and further agree to notify the holder or servicer of the note immediately of any change of address by certified mail, return receipt requested, to the address stipulated in the Mortgage/Deed of Trust as being the address where Loan payments are to be mailed. No other knowledge, whether actual or constructive, by the holder of the note or any of its agents or employees, will be sufficient to put the holder of the note on notice of any change of Borrower(s) mailing address and/or telephone number.

Signature Date

John Doe

[Sign Originals Only]

TEMPORARY PAYMENT COUPON

1st Payment

Loan # 123456789 **PAYMENT AMOUNT \$1,649.75** **PAYMENT DUE DATE: 05/1/2015**
BORROWER'S NAME: John Doe
PROPERTY ADDRESS: 1234 Main Street, Arlington, Texas 76017

Note to Borrower: These temporary payment coupons should be used if you have not received your mortgage loan billing statement prior to the due date of this payment. Please cut out the coupon and remit it with your check to:

ABC Bank
2310 W Interstate 20, 100
Arlington, TX 76017

----- CUT HERE -----

TEMPORARY PAYMENT COUPON

2nd Payment

Loan # 123456789 **PAYMENT AMOUNT \$1,649.75** **PAYMENT DUE DATE: 06/1/2015**
BORROWER'S NAME: John Doe
PROPERTY ADDRESS: 1234 Main Street, Arlington, Texas 76017

Note to Borrower: These temporary payment coupons should be used if you have not received your mortgage loan billing statement prior to the due date of this payment. Please cut out the coupon and remit it with your check to:

ABC Bank
2310 W Interstate 20, 100
Arlington, TX 76017

----- CUT HERE -----

TEMPORARY PAYMENT COUPON

3rd Payment

Loan # 123456789 **PAYMENT AMOUNT \$1,649.75** **PAYMENT DUE DATE: 07/1/2015**
BORROWER'S NAME: John Doe
PROPERTY ADDRESS: 1234 Main Street, Arlington, Texas 76017

Note to Borrower: These temporary payment coupons should be used if you have not received your mortgage loan billing statement prior to the due date of this payment. Please cut out the coupon and remit it with your check to:

ABC Bank
2310 W Interstate 20, 100
Arlington, TX 76017

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

Flood Insurance Coverage Subject to Possible Change

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

If your property is or becomes zoned for required flood insurance and we assign, sell or transfer the servicing of your mortgage loan, your new lender/servicer may require more flood insurance coverage than the minimum amount that has been identified in your Notice of Special Flood Hazards (NSFH). The new lender/servicer may require coverage in an amount greater than the minimum, and has the right to require flood coverage at least equal to 100% of the insurable value (also known as replacement cost value) of the building(s) used as collateral to secure the loan or the maximum available under the National Flood Insurance Program (NFIP) for the particular type of building. You should review your exposure to flood damage with your insurance provider, as you may wish to increase your coverage above the minimum amount required at the time of closing your loan versus what subsequently the new lender/servicer may require.

Acknowledged by Borrower(s) this **Ninth** day of **April, 2014**.

Signature

Date

John Doe

[Sign Originals Only]

**BORROWER ACKNOWLEDGEMENT OF RECEIPT OF
FEDERAL DISCLOSURES
FOR MORTGAGE TRANSACTIONS SUBJECT TO RESPA**

**LO Company NMLS ID 123456
LO NMLS ID 987654**

Words used in this Acknowledgment are defined below. Words in the singular mean and include the plural and vice versa.

“Borrower” is **John Doe**.

“Lender” is **ABC Bank**, and its successors and assigns.

“Property” means the property commonly known as **1234 Main Street, Arlington, Texas 76017**.

Borrower acknowledges receiving the following notices and disclosures at the times indicated:

REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA) NOTICES

If this is a purchase transaction, consumer booklet entitled Buying Your Home - Settlement Costs and Helpful Information (either at the time of application or by mail postmarked within three (3) business days of Lender’s receipt of the application).

Good Faith Estimate of closing costs (either at the time of application, electronically consistent with the E-Sign Act or by mail postmarked within three (3) business days of Lender’s receipt of the application).

Servicing Disclosure Statement (either at the time of application if there was a face-to-face interview, electronically consistent with the E-Sign Act or by mail postmarked within three (3) business days of Lender’s receipt of the application).

Uniform Settlement Statement HUD-1 or HUD-1A (at or before settlement) in which all charges paid or to be paid by Borrower in connection with the settlement were set forth. The statement was provided for Borrower’s review at least one (1) business day prior to the settlement date, if requested by Borrower.

TRUTH IN LENDING ACT (TILA) NOTICES

Initial Truth in Lending Disclosure Statement (either at the time of application, electronically consistent with the E-Sign Act or by mail postmarked within three (3) business days of Lender’s receipt of the application and before any charges were imposed upon me/us with the exception of a credit report fee).

Final Truth in Lending Statement at least 3 days prior to consummation of the loan if last Truth in Lending was not in tolerance.

If this loan is a refinance transaction and subject to Section 226.32 of Regulation Z, Final Disclosure Required by the Federal Truth in Lending Act and the Federal Reserve Regulation Z for Section 226.32 Mortgages (at least three (3) business days [including Saturdays] prior to consummation of the loan).

If this is a rescindable transaction, two (2) Notices of Right to Cancel (at consummation of the loan). If the loan is to be secured by Borrower’s primary residence and Borrower applied for an adjustable rate feature, Adjustable Rate Mortgage Program Disclosure and consumer booklet entitled Consumer Handbook on Adjustable Rate Mortgages (either at the time of application or before a non-refundable fee was paid, whichever was earlier, or by mail postmarked within three (3) business days of Lender’s receipt of the application from an intermediary agent or broker).

Borrower Acknowledgement of Receipt of Federal Disclosures (Multistate)

If this transaction was changed to a variable rate program during the processing period, Adjustable Rate Mortgage Program Disclosure and consumer booklet entitled Consumer Handbook on Adjustable Rate Mortgages (before consummation of the loan).

NATIONAL FLOOD INSURANCE ACT (NFIA) NOTICE

If the Property is or will be located in an area designated by the Federal Emergency Management Agency as an area having special flood hazards, Notice of Special Flood Hazards and Availability of Federal Disaster Relief Assistance (at a reasonable time prior to closing).

HOMEOWNERS PROTECTION ACT OF 1998 (HPA) NOTICES

If this transaction has private mortgage insurance to be paid by Lender, Lender Paid Private Mortgage Insurance Notice (at or before the time of loan commitment).

If this transaction has private mortgage insurance to be paid by Borrower, Private Mortgage Insurance Disclosure (at consummation of the loan).

RIGHT TO RECEIVE COPY OF APPRAISAL

Lender provided me/us with a copy of the appraisal report of the Property upon the earlier of: (1) completion of the appraisal; or (2) at least three business days prior to closing, unless I/we waived the three business day advance requirement and agreed to receive it at closing.

GRAMM-LEACH-BLILEY ACT (FINANCIAL PRIVACY) Notice

Lender provided me/us with a copy of Lender's Financial Privacy Notice detailing Lender's policy on the matter.

Signature

Date

John Doe

[Sign Originals Only]

Borrower Acknowledgement of Receipt of Federal Disclosures (Multistate)

Affidavit of Commencement

(Owner and Contractor to complete #5 after commencement and return signed notarized original to Lender before next draw.)

LO Company NMLS ID 123456
LO NMLS ID 987654

THE STATE OF Texas
COUNTY OF Tarrant

BEFORE ME, the undersigned authority, on this day personally appeared **John Doe** (“Owner”) and **Contractor Group**, (“Original Contractor”), known to me to be the persons whose names are subscribed below, and who, being by me first duly sworn, did each on his or her oath state as follows:

1. **John Doe** is/are the Owner(s) (herein so called) of the real property (the “Land”) situated in **Tarrant County, Texas**, more particularly described as follows:

Lot 1, Block 1, Some New Subdivision, an addition in the City of Arlington, Tarrant County, Texas, according to the map or plat recorded in Volume 1, Page 1, Plat Records, Tarrant County, Texas.

on which Improvements (herein so called), generally described as follows, are being constructed or will be constructed:

Construction of a single family residence

2. The address of Owner is:

**122 South Main
Arlington, TX 76017**

3. The address of Original Contractor is:

**123 Main Street
Fort Worth, Texas 76137**

4. The name and address of each original contractor, presently known, after diligent inquiry, to the Affiants, the Owner or to the Original Contractor, that is furnishing, or will furnish, labor, service, or materials, for the construction of the Improvements, and the nature of such labor, service or materials, is as follows:

**Contractor Group
123 Main Street
Fort Worth, Texas 76137**

5. Work on the Improvements actually commenced on _____, 20__ at _____ o’clock __.m.

6. This affidavit has been jointly made by Owner and Original Contractor by and through an authorized representative of each, the same being the undersigned affiants, and may be recorded by any person with the county clerk of the county in which the Land is located, whereupon it shall be deemed to have been jointly filed by Owner and Original Contractor.

Affidavit of Commencement

Signature

Date

John Doe

[Sign Originals Only]

Contractor Group

Signature

Date

Bob Conn, Manager

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20____ by **John Doe.**

Notary Public

Printed Name of Notary: _____

My Commission Expires: _____

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20____ by **Bob Conn,
Manager of Contractor Group, on behalf of said entity.**

Notary Public

Printed Name of Notary: _____

My Commission Expires: _____

Affidavit of Commencement

Affidavit of Non-Commencement

LO Company NMLS ID 123456
LO NMLS ID 987654

THE STATE OF **Texas**
COUNTY OF **Tarrant**

BEFORE ME, the undersigned authority, on this day personally appeared **John Doe** and **Contractor Group**, (“Affiant(s)”), known to me to be the person(s) whose name(s) are subscribed below, and who, being by me first duly sworn, did each on his or her oath state as follows:

1. **John Doe** has inspected the real property (the “Property”) situated in **Tarrant** County, **Texas**, more particularly described as follows:

Lot 1, Block 1, Some New Subdivision, an addition in the City of Arlington, Tarrant County, Texas, according to the map or plat recorded in Volume 1, Page 1, Plat Records, Tarrant County, Texas.

on which Improvements (herein so called), will be constructed.

2. Affiant(s) hereby certify that no work has begun and no materials have been delivered to or were located upon said Property as of the signing of this Affidavit and the related loan documents.

3. This affidavit has been made by and through an authorized representative of Affiant, and may be recorded by any person with the county clerk of the county in which the Property is located.

EXECUTED this **Ninth** day of **April, 2014**.

Signature Date
John Doe

[Sign Originals Only]

Contractor Group

Signature Date
Bob Conn, Manager

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20____ by **John Doe**.

Notary Public
Printed Name of Notary: _____
My Commission Expires: _____

Affidavit of Non-Commencement

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20____ by **Bob Conn,**
Manager of Contractor Group, on behalf of said entity.

Notary Public

Printed Name of Notary: _____

My Commission Expires: _____

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

Insurance Agreement

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

In reference to the above-described loan transaction, a Builder's Risk Insurance Binder is to be submitted with this closing package, and the undersigned agrees to furnish said Insurance Policy to Lender prior to the first construction draw.

Contractor Group

Signature _____ Date _____
Bob Conn, Manager

All Bills Paid Affidavit

LO Company NMLS ID 123456
LO NMLS ID 987654

THE STATE OF MA

KNOW ALL MEN BY THESE PRESENTS

COUNTY OF **Tarrant**

1. **Description of Transaction:** Owner borrowed money from "ABC Bank " the "Lender" to construct improvements on:

**1234 Main Street
Arlington, TX 76017**

Lot 1, Block 1, Some New Subdivision, an addition in the City of Arlington, Tarrant County, Texas, according to the map or plat recorded in Volume 1, Page 1, Plat Records, Tarrant County, Texas.
("the property").

Owner owns the property. Owner entered into a Contract for Improvements with Contractor to construct improvements on the Property. Lender would not have made the Loan without Owner's and Contractor's agreement to sign this Affidavit. The signatures on this Affidavit are genuine and the person or entity named has authority to sign this Affidavit.

2. **Contractor's and Owner's Statement as to Debts or Liens:** Contractor and Owner state that all of the funds that Lender has advanced before the date of this Affidavit have been used to pay for the labor and materials which have created the improvements on the Property. Contractor and Owner state that there are no disputes with, or debts owed to, any mechanics, materialmen, or subcontractors for the labor or materials furnished. There are no security interests or liens encumbering the Property other than those created in favor of Lender. The only exceptions to this paragraph are:

Existing Creditor of Lienholder:	Approximate Amount:
<u>Lender</u>	<u>Loan Amt.</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. **Funds Disbursed:** All of the funds available under the Loan to improve the Property have been disbursed by Lender to Contractor except for any retainage which is being held. The amount of any retainage is defined in the Construction Loan Agreement.

4. **Improvements Completed:** The improvements on the Property have been completed according to the plans and specifications (as and if modified). The Property is ready to be occupied and used for the purposes for which the improvements were built.

5. **Final Draw(s) Held By Lender:** By executing this Affidavit, Owner and Contractor agree that Lender is authorized to disburse any remaining draws to Contractor.

6. **Release:** Owner and Contractor have made a final inspection of the Property and hereby release and forever discharge Lender from any and all claims and actions which the Owner or Contractor have or may have, whether known or unknown, past, present or future, arising from or based upon (1) the loan or (2) the construction of the improvements now located on the Property or (3) from any express or implied warranties relating to the improvements, including any implied warranties of merchantability, habitability, fitness for a particular purpose, or other warranties.

7. **Bankruptcy:** There is no pending bankruptcy proceeding naming Contractor or Owner as a party. Neither Owner nor Contractor has made any assignment for the benefit of creditors. Owner and Contractor acknowledge that bankruptcy of the persons or entities that sign this Affidavit will not discharge any liability owed to Lender which arises out of false statements made in this affidavit.

8. **Execution of Affidavit:** This Affidavit has been jointly made by Owner and Contractor by and through an authorized representative of each, the same being the undersigned affiant, and may be recorded by any person with the county clerk of the county in which the Property is located, whereupon it shall be deemed to have been jointly filed by Owner and Contractor.

9. **Liability for False Statements:** In consideration of the funding by Lender of advances to pay all or a portion of the Contract Price stated in the Contract for Improvements to the Original Contractor, Owner and Original Contractor understand that the Lender and third parties may rely on the statements in this affidavit.

EXECUTED this _____ day of _____, 20_____.

Signature Date
John Doe

[Sign Originals Only]

Contractor Group

Signature Date
Bob Conn, Manager

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20____ by **John Doe**.

Notary Public
Printed Name of Notary: _____
My Commission Expires: _____

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20____ by **Bob Conn,**
Manager of Contractor Group, on behalf of said entity.

Notary Public

Printed Name of Notary:_____

My Commission Expires:_____

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**
Date: **April 9, 2014**

Appraisal Receipt

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

The Equal Credit Opportunity Act (15 USC 1691(e)) and the Fannie Mae and Freddie Mac (FNMA/FHLMC) Appraiser Independence Requirements require that:

The lender shall ensure that the borrower is provided a copy of any appraisal report concerning the borrower's subject property promptly upon completion at no additional cost to the borrower, and in any event no less than three business days prior to the closing of the loan. The borrower may waive this three business day requirement. The lender may require the borrower to reimburse the lender for the cost of the appraisal.

- By signing this document, Borrower acknowledges receipt of the completed appraisal report at least three business days prior to closing of the loan.
- By signing this document, Borrower acknowledges and agrees that at least three days prior to closing of the loan, Borrower waived the requirement that the completed appraisal report be delivered to Borrower at least three business days prior to the closing of the loan, and consented to delivery of the completed appraisal report at or before closing.

ACKNOWLEDGMENT OF RECEIPT

I hereby acknowledge receipt of this Appraisal Report Disclosure and further acknowledge that I understand its provisions. Words used in this document mean and include the plural and vice versa.

Signature **John Doe** Date

[Sign Originals Only]

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, TX 76017**

Attorney Representation Notice

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

This Attorney Representation Notice (“Notice”) is entered into between PeirsonPatterson, LLP (“We”, “our” or “us”) and **John Doe** (“you” or “your” whether one or more), herein referred to as “Borrower”.

LOAN DOCUMENTATION. PeirsonPatterson, LLP (We”, “us” or “our”) has prepared the legal instruments involved in this loan using information supplied by the Lender and other third parties. We have acted only on behalf of the Lender. We and the Lender have not assisted or rendered legal advice to Borrower with respect to the loan or the Property securing it or the documents executed in connection with it. If Borrower has any questions about the meaning of any document or Borrower’s legal rights, Borrower should retain personal legal counsel for advice in this transaction.

DESCRIPTION OF LEGAL SERVICES PERFORMED. We may have prepared all or part of the following legal instruments affecting title to the Property: Deed (if a purchase transaction), Note, Security Instrument and Assignment of Lien (if requested).

DISCLAIMER OF REPRESENTATION OR WARRANTY. We have not conducted a title search on the Property, and make no representation or warranty about condition of the title, access to the Property or any other matters that might be revealed from Borrower’s examination of a survey, title information, or the Property itself. **Borrower is cautioned to make sure the Deed delivered to Borrower conveys what Borrower has contracted to purchase.**

DATA SUPPLIED BY LENDER. The disclosure calculations and fee data have been supplied by the Lender. We make no representations regarding the value of the Property, conformance with any limitations on fees, waiting periods or any other matters outside our control.

RESPONSIBILITY FOR PAYMENT OF FEES. As part of Borrower’s obligation to pay the expenses of the Lender in connection with the preparation of the legal documentation, Borrower agrees to pay directly to us at loan closing, the amount indicated on the Attorney Invoice, unless Lender has noted otherwise in their closing instructions.

BASIS FOR FEE. The document preparation fee charged by us is based on a per transaction charge rather than an hourly fee. This fee is intended to provide fair compensation for our services, taking into consideration the time and labor required, the complexities of the questions involved, and the skill required to perform the services. Other considerations include our expertise in the complexities of the real estate practice, the necessary overhead associated with the rendering of the services and our assumption of risk in the rendering of the services. There has been no charge made for any disclosures or information required by the Real Estate Settlement and Procedures Act, the Truth-in-Lending Act or the Homeowners’ Protection Act.

NOTICE TO BORROWER AND SELLER REGARDING DEED PREPARATION. We represent Lender and only Lender in this transaction. If we have prepared a draft deed, it has been at the request of Lender. Seller and Borrower are advised to consult their respective legal counsel with any questions before signing the draft deed.

We have provided the draft deed as a convenience. **IF THE DRAFT DEED WE PREPARED IS USED, SELLER AND BORROWER (OR THEIR ATTORNEYS) SHOULD REVIEW AND AMEND IT, IF NECESSARY, TO MAKE CERTAIN THAT IT IS CONSISTENT WITH THE SALES CONTRACT AND CORRECTLY REFLECTS THE CONDITION OF TITLE FOR THE PROPERTY AND THE OBLIGATIONS OF THE PARTIES TRANSFERRING RIGHTS TO REAL PROPERTY, AND IF APPLICABLE RESERVING CERTAIN RIGHTS, FOR EXAMPLE MINERAL INTEREST, IS AN INHERENTLY COMPLEX MATTER AND CONTEMPLATES THE INVOLVEMENTS OF ATTORNEYS. IF APPLICABLE, THE DEED SHOULD BE AMENDED TO REFLECT ANY MINERAL OR OTHER RESERVATION. BE CERTAIN THAT THE DEED EXPRESSES THE INTENT OF SELLER AND BORROWER. ANOTHER DEED, OR AMENDMENTS TO THE DRAFT DEED, MUST BE REVIEWED AND APPROVED BY US PRIOR TO ITS EXECUTION.** To the extent Lender and Seller are the same, we further represent Lender in its capacity as Seller for purposes of Deed preparation only. Seller is signing this agreement only to receive the notices and to assent to the terms contained in this paragraph.

Borrower and Seller hereby acknowledge receiving and reading a copy of this Notice and affirm the accuracy of their respective statements contained herein.

Signature _____ Date _____
John Doe

[Sign Originals Only]

Signature _____ Date _____
John Smith

Attorney Representation Notice

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

Borrower's Closing Affidavit

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

Before me, the undersigned authority duly authorized to take acknowledgements and administer oaths, personally appeared the above referenced Borrower(s) who, upon being duly sworn depose and says as follows:

Words used in this Affidavit are defined below. Words in the singular mean and include the plural and vice versa.

"Borrower" is **John Doe**

"Lender" is **ABC Bank**, and its successors or assigns.

"Loan" means the debt evidenced by the Note and all sums due under the Security Instrument.

"Note" means the promissory note(s) dated **April 9, 2014**, signed by Borrower in favor of Lender.

"Property" means the property commonly known as **1234 Main Street, Arlington, Texas 76017**.

"Security Instrument" means the Deed of Trust/Mortgage/Security Deed/Security Instrument signed by Borrower in favor of Lender, securing payment of the Note.

"Settlement Agent" is **Your Title Company**.

BEFORE ME, the undersigned authority, on this day, personally appeared Borrower, known to me to be the person whose name is subscribed below and after being duly sworn by me did each on his or her oath state the following:

1. **OCCUPANCY STATUS.** [Check applicable box.]

- Primary Residence.** The Property is/will be Borrower's primary residence. This means at least one (1) Borrower who executes the Note and Security Instrument will take title to and occupy the Property. The Property is now occupied as Borrower's primary residence or will be occupied as Borrower's primary residence no later than sixty (60) days after this date or the date the Property shall first become ready for occupancy as a habitable dwelling. That Borrower shall continue to occupy the Property as that Borrower's primary residence for at least one (1) year after the execution of the Loan documentation unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond that Borrower's control. Furthermore, all bills for utilities, water, and/or sewerage are in that Borrower's name.

If applicable,

Borrower(s) will not occupy the Property, nor allow any others to occupy the Property, until construction is complete and municipal approvals have been issued, if required, and Lender gives written consent following final inspection. Borrower(s) will not store any item in or on the Property, or allow others, that is not related to the construction of improvements on the Property.

Borrower(s) hereby certify that upon completion the Property will be Borrower's principal residence. This means at least one of the Borrowers who executes the Note and Security Instrument has title to and upon completion, shall occupy the Property. Borrower shall continue to occupy the Property as Borrower's principal residence for at least one year after completion of

the improvements unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld or unless extenuating circumstances exist which are beyond Borrower's control.

BORROWER(S) ACKNOWLEDGE THAT THIS OCCUPANCY AFFIDAVIT IS GIVEN AS A MATERIAL INDUCEMENT TO CAUSE LENDER TO MAKE A LOAN TO BORROWER(S) AND THAT ANY FALSE STATEMENTS, MISREPRESENTATIONS OR MATERIAL OMISSIONS SHALL CONSTITUTE A BREACH OF THE BORROWER(S) OBLIGATION TO LENDER AND THAT ALL THE PROVISIONS OF THE MORTGAGE/DEED OF TRUST INDENTURE CONCERNING DEFAULT IN THE NOTE WILL THEREUPON BE IN FULL FORCE AND EFFECT.

Secondary Residence. The Property is/will be Borrower's secondary residence. A secondary residence is a single-family property that is currently or will be occupied by at least one (1) Borrower in addition to that Borrower's primary residence. **The property will not be income-producing.**

Investment Property. The Property is/will be investment property. The Property will not be occupied or claimed as a primary or secondary residence by any Borrower, and may produce revenue. Each Borrower now owns, resides, uses, and claims another property or properties as a primary residential or homestead.

2. **FINANCIAL STATUS.** Borrower understands that Lender is granting the Loan based on the representations made in the Loan application given by Borrower to Lender. Borrower hereby certifies that all statements related to the Loan application, including but not limited to, financial, marital, and employment status, have not changed, and to the best of Borrower's knowledge, will not change in the foreseeable future. If the Property is being purchased by Borrower, the funds for down payment and closing costs are being paid from the source stated on the Loan application. There is no secondary financing in this transaction that has not been disclosed to Lender. Borrower certifies that if the Loan application states that other real estate was to be sold, that such transaction has taken place and Borrower no longer has title to that real estate. If the Property is currently owned by Borrower, Borrower certifies that there are no delinquent state, county, city, school, water district, utility district, or other governmental taxes or assessments due or owing against the Property and that no tax suit has been filed by any state, county, municipality, water district, utility district, or other governmental agency for taxes or assessments levied against Borrower which have not been disclosed in writing to Lender. Borrower also certifies that there are no unpaid paving or utility assessments or delinquent owner association dues. There are no suits filed by or pending against Borrower in any federal or state court which have not been disclosed in writing to Lender.

3. **PROPERTY ACCEPTANCE.** Borrower acknowledges that the Property and all of its improvements, fixtures, appliances, and other parts are in good and satisfactory working order and in the conditions contracted for. If the Property is new construction, Borrower finds that the improvements erected on the Property have been completed substantially in accordance with the plans and specifications. If this is the purchase of an existing dwelling, Borrower has accepted the condition thereof, and all terms of the sales contract (including any required repairs and inspections) have been met. If the Property is or will be initial construction, Borrower will sign an affidavit of completion once Borrower finds the improvements are completed substantially in accordance with the plans and specifications and to Borrower's satisfaction and that the terms of the contract between Borrower and the contractor have been fully carried out. The matters acknowledged in this paragraph are to the best of Borrower's knowledge and belief, and nothing in this Affidavit is to be construed as a waiver of any claims, damages, causes of action, or rights under any warranty, expressed or implied, against any party other than Lender.

4. **SURVEY.**

If a Survey is required then, Borrower hereby certifies that Borrower has received, reviewed, and approved a copy of the survey which is incorporated herein by reference and has signed or initialed and dated same for identification purposes. Borrower is aware of the indicated encroachments, protrusions, easements, limitations, access, dimensions, and/or other conditions shown on the survey. In consideration of Lender making the Loan to Borrower, Borrower hereby indemnifies and holds Lender harmless from any claims, costs, damages, causes of action, and expenses in any way arising as a result of the Property condition or any matters indicated in the survey.

If a current Survey is acceptable then, since the date of the survey provided by Borrower, which survey has been signed or initialed and dated for identification purposes, Borrower certifies and represents that no improvements or structural changes or additions to the Property have been made. Borrower is aware of the indicated encroachments, protrusions, easements, limitations, access, dimensions, and/or other conditions shown on the survey. In consideration of Lender making the Loan to Borrower, Borrower hereby indemnifies and holds Lender harmless from any claims, costs, damages, causes of action, and expenses in any way arising as a result of the Property condition or any matters indicated in the survey.

If a Survey is not required then, Borrower understands that a current survey is not required by Lender for this transaction, however, if Borrower desires, Borrower may have a current survey made. Borrower represents to Lender that Borrower understands that a survey would indicate existing encroachments, protrusions, easements, limitations, access, dimensions, or other conditions.

Borrower represents to Lender that Borrower has not received from any third party any notice or claim of any limitation of the use and enjoyment of the Property not indicated by the most recently obtained survey.

5. **TITLE INSURANCE.** If Title Insurance is required by Lender, Borrower certifies that Settlement Agent has provided Borrower with a copy of the Commitment for Title Insurance and that Borrower has reviewed and consents to all of the exceptions to title which would appear in an Owner's Title Policy for the Property.

In consideration of Lender making the Loan to Borrower, Borrower hereby indemnifies and holds Lender harmless from any claims, costs, damages, causes of action and expenses in any way arising as a result of the Property condition and performance under any contract of sale between Borrower and any Seller of the property, or any matters indicated as exceptions stated in the Commitment for Title Insurance, and the Owner's and Mortgagee's Title Insurance Policies.

6. **HOLD HARMLESS.** Borrower has been made aware of the following specific conditions affecting the Property and does hereby indemnify and hold harmless Lender from any claims, costs, damages, causes of action, and expenses in any way arising from the following conditions or other matters:

ACKNOWLEDGMENT OF RECEIPT

Borrower acknowledges that this Borrower's Closing Affidavit is given as a material inducement to cause Lender to make the Loan to Borrower. Borrower understands that it is illegal to provide false information in an application for a mortgage loan. Mortgage fraud is punishable by up to 30 years in federal prison or a fine up to \$1,000,000 or both under the provisions of title 18, United States Code, Sec. 1001, et seq. The agreements and covenants contained herein shall survive the closing of this Loan transaction.

Signature

Date

John Doe

[Sign Originals Only]

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20____ by **John Doe**.

Notary Public

Printed Name of Notary: _____

My Commission Expires: _____

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

Certification and Authorization To Release Information

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

Words used in this Certification and Authorization are defined below. Words in the singular mean and include the plural and vice versa.

“Borrower” is **John Doe**.

“Lender” is **ABC Bank**, and its successors, assigns or agents.

Borrower certifies the follows:

1. Borrower has applied for a mortgage loan from Lender. In applying for the loan, Borrower completed a loan application containing information on the purpose of the loan, the amount and source of the down payment, employment and income verification, and assets and liabilities. Borrower certifies that all of the information is true and complete. Borrower made no misrepresentations in the loan application or other documents, nor did Borrower omit any pertinent information.
2. Borrower understands and agrees that in the event the loan is processed under a reduced documentation program, Lender reserves the right to change the mortgage loan review process to a full documentation program. This may include verifying the information provided on the application with Borrower’s employer and/or a financial institution.
3. Borrower fully understands that it is a federal crime punishable by fine, or imprisonment, or both to knowingly make any false statements when applying for this mortgage, as applicable under the provisions of Title 18, United States Code, Section 1014.

To Whom It May Concern:

1. Borrower has applied for a mortgage loan from Lender. As part of the application process, Lender may verify information contained in Borrower’s loan application and in other documents required in connection with the loan, either before the loan is closed or as part of its quality control program.
2. Borrower authorizes you to provide to Lender any and all information and documentation that it requests. Such information includes, but is not limited to, employment history and income; bank, money market, and similar account balances; credit history; and copies of income tax returns.
3. Lender may address this authorization to any party named in the loan application.
4. A copy of this authorization may be accepted as an original.

Certification and Authorization to Release Information

5. Your prompt reply to Lender it successors, assigns or agents is appreciated.

NOTICE TO BORROWERS: This notice to you as required by the Right to Financial Privacy Act of 1978 that HUD/FHA has a right to access to financial records held by financial institutions in connection with the consideration or administration of assistance to you. Financial records involving your transaction will be available to HUD/FHA without further notice or authorization but will not be disclosed or released by this institution to another Government Agency or Department without your consent except as required or permitted by law.

Signature

Date

John Doe

[Sign Originals Only]

Certification and Authorization to Release Information

Affidavit of Completion

LO Company NMLS ID 123456
LO NMLS ID 987654

THE STATE OF **Texas**

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF **Tarrant**

BEFORE ME, the undersigned authority, personally appeared **John Doe**, who being duly sworn, deposes and says:

I am the owner of the property described below and my address is:
1234 Main Street, Arlington, TX 76017

OR

I am _____ of _____,
owner of the property described below and am authorized to make this Affidavit. Owner's address is:

A description of the real property on which the improvements are located is as follows:

Lot 1, Block 1, Some New Subdivision, an addition in the City of Arlington, Tarrant County, Texas, according to the map or plat recorded in Volume 1, Page 1, Plat Records, Tarrant County, Texas.

A description of the improvements furnished under the original contract dated _____, between owner and **Contractor Group**, original contractor, whose address is **123 Main Street, Fort Worth, Texas 76137**, is as follows:

Construction and/or Improvement to said real property.

The improvements described in the above contract have been completed and the date of completion is _____.

A PERSON OR ENTITY CLAIMING A LIEN MAY NOT HAVE A LIEN ON RETAINED FUNDS UNLESS THE CLAIMANT FILES AN AFFIDAVIT CLAIMING A LIEN NOT LATER THAN THE 30TH DAY AFTER THE DATE OF COMPLETION.

Signature

Date

John Doe

[Sign Originals Only]

Affidavit Of Completion

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20____ by **John Doe**.

Notary Public

Printed Name of Notary: _____

My Commission Expires: _____

Affidavit Of Completion

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

Deletion of Arbitration Provision
(Not applicable to the Texas Residential Owner Policy)

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

Arbitration is a common form of alternative dispute resolution. It can be a quicker and cheaper means to settle a dispute with your Title Insurance Company. However, if you agree to arbitrate, you give up your right to take the Title Company to court and your rights to discovery of evidence may be limited in the arbitration process. In addition, you cannot usually appeal an arbitrator's award.

Your policy contains an arbitration provision (shown below). It allows you or the Company to require arbitration if the amount of insurance is \$2,000,000 or less. If you want to retain your right to sue the Company in case of a dispute over a claim, you must request deletion of the arbitration provision before the policy is issued. You can do this by signing this form and returning it to the Company at or before the closing of your real estate transaction or by writing to the Company.

The arbitration provision in the Policy is as follows:

“Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association (“Rules”). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured, unless the Insured is an individual person (as distinguished from an Entity). All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.”

ABC Bank

By: _____

Lender: **ABC Bank**
Borrower: **John Doe**
Contractor: **Contractor Group**
Property: **1234 Main Street, Arlington, Texas 76017**

Lender's Disbursement Statement Authorization

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

I/We, the above referenced Borrowers, hereby direct Lender to disburse construction advances on the above referenced loan as follows:

- 1) All disbursements are to be made by deposit from Lender into an account maintained at Lender's office created by Borrower for the disbursement of construction advances with signing privileges according to the account agreement. Use of the Construction Loan Account is restricted to the above-referenced transaction and as set out in the Construction Loan Agreement and shall not be used for any other purpose.
- 2) All disbursements are to be made payable solely to Contractor into an account established by the Contractor with approval from Borrower. Use of the Construction Loan Account is restricted to the above-referenced transaction and as set out in the Construction Loan Agreement and shall not be used for any other purpose.
- 3) All disbursements are to be made as jointly payable checks to Contractor and Borrower.
- 4) All disbursements will be made solely to the Borrower. Contractor will request funds directly from the Borrower.
- 5) All disbursements will be made as jointly payable checks to Contractor and Subcontractor.

If Lender disburses pursuant to options 1 or 2 above, Lender shall obtain from the Contractor the signed periodic statement (draw request) that covers the funds for which the Contractor is requesting payment and provide to the Borrower a statement of funds disbursed (disbursement statement) by the Lender since the last statement was provided to the Borrower. The disbursement statement and copy of the draw request will be provided to Borrower on the same day that Lender disburses to Contractor. Lender will provide said disbursement statement and draw request to Borrower. Lender, at Lender's option, may provide the disbursement statement to Borrower by either 1) hand delivery to Borrower before disbursement, 2) depositing the disbursement statement in the United States mail, postage prepaid on the same day of disbursement, or 3) faxed to Borrower before disbursement. Borrower agrees that any of these delivery methods are acceptable to Borrower and will constitute constructive notice at the time Lender places said documents in the mail. Lender may request Borrower's signature and return of each Disbursement Statement.

These directions supersede conflicting language in any construction loan agreement or any other documents to the contrary.

Signature

Date

John Doe

[Sign Originals Only]

Lender's Disbursement Statement Authorization

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

Disclosure of Right to Receive a Copy of an Appraisal

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

Applicant(s) name(s) / Address(es) (“You”, “Your”) John Doe 122 South Main Arlington, TX 76017	Lenders name / Address (“We”, “Us”) ABC Bank 2310 W Interstate 20, 100 Arlington, Texas 76017
--	---

DATE: **April 9, 2014**

Under the Equal Credit Opportunity Act (ECOA) you have the right to receive a copy of the appraisal report used in connection with your application for credit. We may order an appraisal to determine the property’s value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

Signature

John Doe

Date

[Sign Originals Only]

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

Document Correction Agreement

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

AGREEMENT TO CORRECT OR PROVIDE ADDITIONAL DOCUMENTATION OR FEES: In consideration of Lender disbursing funds for the closing of the Loan secured by the Property being encumbered, and regardless of the reason for any loss, misplacement, or inaccuracy in any loan documentation, Borrower(s) agrees as follows: That, should a document be lost or misplaced, misstated or inaccurately reflect the true and correct terms and conditions of the Loan, upon the request of the Lender (including persons acting on behalf of the Lender) or Settlement Agent, Borrower(s) will comply with Lender's request to execute, acknowledge, initial and deliver to Lender any documentation Lender deems necessary to replace or correct the lost, misplaced, misstated or inaccurate documents(s). Borrower's completed and accepted final application and any disclosure statements provided by Lender shall be evidence of Borrower's and Lender's intent regarding the agreed terms and conditions of the loan. If a replacement note is executed, the Lender hereby indemnifies the Borrower(s) against any loss associated with a demand on the original executed note. The documents Lender requests Borrower(s) to execute, acknowledge, initial and deliver pursuant to this Paragraph shall hereinafter be referred to as "Replacement Documents." Borrower(s) agrees to deliver the Replacement Documents within ten (10) days after receipt by Borrower(s) of a written request from Lender for such replacement. Borrower(s) also agrees that upon the request of the Lender (including persons acting on behalf of the Lender) or Settlement Agent, Borrower(s) will comply with Lender's reasonable request to supply additional documentation and/or to pay Lender any additional sums previously disclosed to Borrower(s) as a cost or fee associated with the Loan which for whatever reason was not collected at closing. The documents or fees Lender requests Borrower(s) to provide pursuant to this Paragraph shall hereinafter be referred to as "Additional Documents or Fees."

REQUEST BY LENDER: Any request by the Lender, (including persons acting on behalf of the Lender) or Settlement Agent for any Additional Documents or Fees shall be prima facie evidence of the necessity for same. A written statement from Lender, (including persons acting on behalf of the Lender) or Settlement Agent, addressed to Borrower(s) at the address indicated in the documentation shall be considered conclusive evidence of the necessity for said Additional Documents or Fees or corrections thereof.

FAILURE TO DELIVER REPLACEMENT OF ADDITIONAL DOCUMENTS OR FEES MAY CONSTITUTE DEFAULT: Borrower(s)'s failure or refusal to comply with the terms of the Lender's request may, at Lender's election, constitute a default under the note and/or mortgage/deed of trust and give Lender the option of declaring all sums secured by the loan documents immediately due and payable.

BORROWER LIABILITY: If Borrower(s) fails or refuses to execute, acknowledge, initial and deliver the Replacement Documents or provide the Additional Documents or Fees to Lender more than ten (10) days after being requested to do so by Lender, and understanding that Lender is relying on these representations, Borrower(s) agree(s) to be liable for any and all loss or damage which Lender sustains thereby including but not limited to all attorney's fees and costs incurred by Lender.

This Agreement shall inure to the benefit of Lender's successors and assigns and be binding upon the heirs, devisees, personal representatives, successors and assigns of Borrower(s).

Signature

Date

John Doe

[Sign Originals Only]

Document Correction Agreement

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

Error and Omissions / Compliance Agreement

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

The undersigned borrower(s) for and in consideration of the above-referenced Lender this date funding the closing of this loan agrees, if requested by Lender or Closing Agent for Lender, to fully cooperate and adjust for clerical errors, any or all loan closing document if deemed necessary or desirable in the reasonable discretion of Lender to enable Lender to sell, convey, seek guaranty or market said loan to any entity, including but not limited to an investor, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal Housing Authority, Department of Veterans Affairs or the Federal Agricultural Mortgage Corporation (FAMC).

The undersigned borrower(s) do hereby so agree and covenant in order to assure that this loan documentation executed this date will conform and be acceptable in the marketplace in the instance of transfer, sale or conveyance by Lender of its interest in and to said loan documentation.

DATED effective this **Ninth** day of **April, 2014**.

Signature Date
John Doe

[Sign Originals Only]

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **John Doe**.

Notary Public
Printed Name: _____
My commission expires: _____

INITIAL ESCROW ACCOUNT WAIVER

Words used in this Waiver are defined below. Words in the singular mean and include the plural and vice versa.

“Borrower” is **John Doe**.

“Escrow Items” means: (a) taxes and assessments and other items which can attain priority over the Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all property insurance required by Lender; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums.

“Funds” means the sum included in Borrower’s periodic payment to provide for Escrow Items.

“Lender” is **ABC Bank**, and its successors or assigns.

“Loan” means the debt evidenced by the Note and all sums due under the Security Instrument.

“Mortgage Insurance” means insurance protecting Lender against the non-payment of, or default on, the Loan.

“Note” means the instrument evidencing the debt dated **April 9, 2014**, signed by Borrower in favor of Lender.

“Property” means the property commonly known as **1234 Main Street, Arlington, TX 76017**.

“Security Instrument” means the deed of trust/mortgage/security deed/security instrument signed by Borrower in favor of Lender, securing payment of the Note.

WHEREAS, Borrower is or will become indebted as evidenced by the Note and Security Instrument securing the Property;

WHEREAS, the Security Instrument provides that Borrower shall pay to Lender on the day periodic payments are due under the Note, until the Note is paid in full, the Funds for payment of Escrow Items;

WHEREAS, Lender is willing to waive payment of the Funds;

WHEREAS, Borrower has paid Lender the sum of associated with this Escrow Account Waiver;

NOW THEREFORE, in consideration of a promise from Borrower to pay the Escrow Items in full when due, Borrower and Lender agree that Borrower will pay Escrow Items when they become due and payable and remit receipts marked “paid” for the Escrow Items to Lender. Upon Borrower’s failure to remit paid receipts to Lender, Lender may require that Borrower’s periodic payments will immediately be increased to include the Funds for the Escrow Items to the extent and on the conditions required by applicable law; and this waiver will be of no further force and effect.

It is expressly understood that by entering into this Initial Escrow Account Waiver, Borrower shall personally and directly pay any and all Escrowed Items in addition to paying the periodic payments due under the Note. If Borrower wishes to establish an escrow account after closing their loan, they may contact the Servicer to whom they are making their payments.

It is expressly understood that by entering into this Initial Escrow Account Waiver, Lender does not waive or modify in any way any rights or remedies for default it may have under the Security Instrument, including specifically, without limiting the generality of this waiver, rights or remedies for default arising from untimely or incomplete payment of the Escrow Items, or any other matters to be paid or performed pursuant to the Security Instrument. Nothing in this waiver supersedes or limits the Lender’s right to revoke this Waiver, at any time, by notice given to the Borrower, as granted

in the terms of the Security Instrument.

It is expressly understood that Borrower's failure to pay insurance premiums may result in Lender placement of insurance at a potentially higher cost to Borrower, including but not limited to, commission payments to the servicer and/or reduced coverage for Borrower of Lender-placed insurance.

It is further understood that no waiver by Lender or non-compliance by Borrower with the requirement for timely and complete payment of the Escrow Items will constitute more than a waiver of that single failure. As used herein, "timely and complete payment" means, as the context requires, payment so as to prevent delinquency, cancellation or lapse of coverage, or landlord default notice or remedies.

Borrower acknowledges receipt of this Waiver and understands its provisions.

Signature

Date

John Doe

[Sign Originals Only]

Lender: **ABC Bank**
Lender Address: **2310 W Interstate 20, 100, Arlington, TX 76017**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

Fair Credit Reporting Act Notice
(Prior to Furnishing Negative Information to
Nationwide Consumer Reporting Agency)

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

Pursuant to the Fair Credit Reporting Act and Regulation V, we are required to provide you with the following information:

We may report information about your loan and/or account to credit bureaus. Late payments, missed payments, or other defaults on your loan and/or account may be reflected in your credit report.

ACKNOWLEDGMENT

I/We have read the above statement and acknowledge receiving a copy by signing and dating below.

Signature Date
John Doe

[Sign Originals Only]

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**
Contractor: **Contractor Group**

**Texas
Waiver of the List of
Subcontractors and Suppliers**

**LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789**

AN OWNER IS NOT REQUIRED TO WAIVE THE RIGHT GRANTED BY SECTION 53.256, PROPERTY CODE, TO RECEIVE FROM THE CONTRACTOR AN ORIGINAL OR UPDATED LIST OF SUBCONTRACTORS AND SUPPLIERS.

BY SIGNING THIS DOCUMENT, I AGREE TO WAIVE MY RIGHT TO RECEIVE FROM THE CONTRACTOR AN ORIGINAL OR UPDATED LIST OF SUBCONTRACTORS AND SUPPLIERS.

I UNDERSTAND AND ACKNOWLEDGE THAT, AFTER SIGNING THIS DOCUMENT, THIS WAIVER MAY NOT BE CANCELED AT A LATER DATE.

I HAVE VOLUNTARILY CONSENTED TO THIS WAIVER.

Signature Date
John Doe

[Sign Originals Only]

Residential Construction Loan Agreement

One Time Closing

LO Company NMLS ID 123456
LO NMLS ID 987654

This RESIDENTIAL CONSTRUCTION LOAN AGREEMENT (the "Agreement") is entered into among **John Doe** (the "Borrower" whether one or more), **ABC Bank** ("Lender") and **Contractor Group** (the "Contractor").

RECITALS:

WHEREAS, Borrower owns or intends to purchase the land (the "Property") which is described as:

Lot 1, Block 1, Some New Subdivision, an addition in the City of Arlington, Tarrant County, Texas, according to the map or plat recorded in Volume 1, Page 1, Plat Records, Tarrant County, Texas.

WHEREAS, Borrower desires to construct certain improvements (the "Improvements") thereon; and

WHEREAS, Borrower and Contractor have executed a Residential Construction Note and Residential Construction Contract ("Contract"), in which Borrower grants a mechanic's, artisan's and materialman's lien to Contractor and Contractor agrees to construct the Improvements. The Improvements are to be built in accordance with the plans and specifications approved by Lender and attached to the Supplement to Contract, as that term is defined in the Residential Construction Contract; and

WHEREAS, in consideration of Lender's agreement to advance funds to Borrower for the purchase of the property or refinance of such purchase and to advance funds to Contractor for the purpose of financing the construction of the Improvements, Contractor has endorsed the Mechanic's Lien Note to Lender without recourse and assigned the Contract and liens therein to Lender.

AGREEMENT:

NOW, THEREFORE, in consideration of the promises herein contained, and for Ten Dollars (\$10.00) and other good and valuable consideration paid by each to the other, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Agreement to Advance. Lender shall make a loan (the "Loan") to Borrower, not to exceed the principal amount of the Promissory Note executed on this day evidencing the Loan (the "Note"), to pay Contractor for the costs for labor performed and materials furnished (collectively called the "Work") by Contractor pursuant to the Contract. All advances made by the Lender for financing construction of the Improvements shall be charged against the Note. Borrower will pay all interest which accrues on the Note within ten (10) days after billing by Lender.

Borrower shall place with Lender, or its designee, on this date the sum of **\$0.00**, for credit to a "Construction Loan Account" (hereinafter referred to as the Construction Loan Account) to be opened on the books of Lender on behalf of the Borrower, and disbursed by Lender pursuant to this Agreement. Use of the Construction Loan Account is restricted to the above-referenced transaction and to the terms of this Agreement and shall not be used for any

Residential Construction Loan Agreement-One Time Closing

other purpose. The funds distributed from said Construction Loan Account shall be referred to as Construction Loan Funds.

Withdrawals shall be made from the Construction Loan Account before any of the funds of the Lender will be advanced. If the funds to be advanced under the Loan, together with the funds in the Construction Loan Account, appear to the Lender at any time to be insufficient to complete the Improvements in accordance with the Plans and Specifications, the Borrower agrees to promptly deposit in the Construction Loan Account funds to cover the insufficiency. Any excess funds will be refunded to the Borrower or credited against any completion costs at Borrower's option.

Borrower shall deposit with Lender, or its designee, on this date the sum of \$0.00, for credit to a "Security Deposit Account" (hereinafter referred to as the Security Deposit Account. This Security Deposit Account shall be available only to Lender to cover any expense incurred by Lender as a result of any default by Builder or Borrower under this Agreement or any document incorporated herein, including, but not limited to payment of any mechanic's liens filed against the Property or to otherwise satisfy any retainage requirement. Any remaining balance shall be returned to Borrower thirty (30) days after the Improvements have been completed. The Security Deposit Account requirement is in addition to any retainage requirement required herein and any other remedy Lender has herein and in no way limits Contractor's or Borrower's liability herein.

2. Assignment of Vendor's Lien. If Borrower does not currently own the Property, the first disbursement of the proceeds of the Loan shall be used to purchase such Property, and the Vendor's Lien shall be assigned or otherwise transferred to Lender. The remaining Loan proceeds shall be advanced by Lender to Borrower to be paid to Contractor by Borrower as portions of the Work are completed pursuant to the provisions of this Agreement.

3. Assignment of Mechanic's Lien. Lender has no obligation to make the Loan until Contractor assigns its Mechanic's Lien Contract to Lender, such assignment to be in form and substance satisfactory to Lender. The Contract price shall be payable to Contractor in installments as the Work progresses. To the extent that Lender advances proceeds under the Loan or from the Construction Loan Account to pay Contractor for indebtedness arising from the Work, less the retainage, if any, such proceeds are advanced at Borrower's and Contractor's request, and Lender shall be subrogated to all rights, security interests, charges or encumbrances arising from the work; provided, further, the contractual mechanic's, artisan's and materialman's lien granted under the Contract shall be and remain in full force and effect to secure all advances made hereunder. If any portion of the indebtedness owing under the Contract or under any document executed in connection with the Loan cannot lawfully be secured by the lien granted therein, any payment made on such indebtedness shall be applied first to the discharge of such unsecured portion of the indebtedness. Contractor agrees that the assignment of the Contract to Lender is an assignment of only the rights accruing to Contractor thereunder, whether now existing or hereafter acquired, together with the lien securing the payment thereof, and not an assignment (or an assumption by Lender) of the portion of the Contract obligating Contractor to perform or warrant work thereunder. Contractor shall remain obligated to Borrower to perform its obligations under the Contract until Contractor has completed the Work as provided therein, or unless the Supplement to Contract is terminated as provided therein, or performance of the Work is stopped as provided therein and the assignment to Lender does not evidence any agency, joint venture partnership, fiduciary or special relationship or suretyship, or other such arrangement between Contractor, Borrower, and Lender, or any of them.

4. Contractor's Representations and Warranties. Contractor represents and warrants that at the time of the assignment of the Contract, (i) Contractor has full right, power and authority to endorse and assign the Mechanic's Lien Note and Contract to Lender; (ii) no Work has commenced nor have any materials been delivered on or to the Property or specially manufactured or prefabricated items been ordered; (iii) no written or oral

Residential Construction Loan Agreement-One Time Closing

agreement regarding the construction of all or any portion of the Improvements thereof has been entered into by Contractor or to the best of Contractor's knowledge by any subcontractor; (iv) Contractor has not subordinated the lien and security interest granted under the Contract to any other lien or security interest which may affect the Property; (v) Contractor has not pledged, assigned or otherwise encumbered the Contract or the Mechanic's Lien Note; and (vi) the funds to be advanced hereunder, together with other funds in the Construction Loan Account are sufficient to fully construct the Improvements, pay all expenses necessary for such construction and otherwise discharge contractor's obligations under the contract unless the Supplement to Contract is modified via Change Order or there is an overage due for an allowance selected by Borrower; and (vii) Contractor agrees that all disbursements during construction and upon completion of construction will be subject to the retainage requirements of the Texas Property Code.

5. Procedure for Construction Advances. Lender shall have no obligation, either express or implied, to Borrower, or to any third parties, to verify that advances made hereunder are actually used to pay for labor or materials used in connection with the construction of the Improvements. Borrower understands that if amounts properly owing are not actually paid, laborers or materialmen may file liens against the Property. Borrower understands that Borrower has selected the Contractor, and thereby agrees to assume all risks in the event Contractor fails to pay for all labor and material furnished, or otherwise fails to perform under the Contract. The proceeds of the Loan and any funds held in the Construction Loan Account shall be advanced at such times as Contractor has earned a portion of amounts due under the approved Contract (the "Completed Work"). A written draw request for each advance shall be delivered to Lender at least three (3) business days prior to the date on which such advance is to be made. The draw request shall be in a form acceptable to Lender. If requested by Lender, each such request must be accompanied by certificates, lien waivers and other documents. Lender shall have no obligation to make any advance if, at the time the request for such advance is made, Borrower or Contractor is in default with respect to any provision of this Agreement or of any instrument referred to herein. Each draw request shall be deemed a representation and warranty by Borrower and Contractor, to each's actual knowledge that no such default exists. The amount of each construction advance shall be for the items listed in the draw request, as approved by Lender, less the total of all amounts previously advanced and not covered by the funds in the Construction Loan Account. Each amount paid to Contractor by Borrower from the Loan proceeds shall be an advance of the Loan on behalf of Borrower. All disbursements shall be made in accordance to the written Disbursement Authorization given by Borrower to Lender. Any approved disbursements therefrom shall be in amounts set forth in the Draw Schedule. The checks/wire transfers shall be delivered by Lender based upon progress made in the Work, in such amounts and at such times as Lender, in its discretion, determines as being reasonable based upon inspections made by Lender or its agent from time to time. Borrower understands that any approved draw request shall be deemed acceptance of the Work completed to date, and concurrence with the amount requested. Unless such individuals have been already paid, Contractor will use the Loan proceeds to pay all subcontractors, artisans, laborers and materialmen contributing to the Work which has been accomplished to date. Lender has the right as a condition precedent to the issuance of a check to require an inspection of the Work by the inspector or appraiser of its choice, at the expense of the Borrower, and to require a title search of the Property or title policy endorsement. A minimum of three (3) and a maximum of ten (10) inspections may be required by Lender. The expense to the Borrower of each inspection shall not exceed **\$250.00 total**. Borrower and Contractor agree to utilize the checks and wire transfers delivered to them by Lender strictly in accordance with the provisions of this Agreement. Borrower and Contractor will not endorse any of the checks received from Lender evidencing the Loan proceeds until the portion of the Work for which each check is to pay has been completed by the Contractor, and until Contractor, has represented to Borrower that it either has paid, or with the proceeds of the check to be received, will pay for all labor and material contributed to the Work up to the date of payment. Contractor represents to Lender that it will not request payment from Borrower or accept payment from Borrower from the proceeds of the Loan unless the portion of the Work to be paid from such payment has been completed, and Contractor either has paid or with the proceeds of each check will pay all subcontractors, artisans,

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laborers and materialmen for the work they have performed or furnished up to the date of payment. Borrower and Contractor acknowledge and agree with Lender that a failure by either of them to comply with the covenants made in this Paragraph, or to follow the procedures for disbursement of the Loan proceeds designated in this Paragraph or any use of the Loan proceeds for a purpose different from that specified in this Agreement shall constitute a default on the Loan by Borrower, thereby enabling Lender, at its option, to accelerate maturity of the Loan and to exercise all remedies provided to it under the provisions of the Note, Security Instrument and the Contract. If at the time any such draw request is made Lender determines that there are insufficient funds remaining to be advanced to complete the Improvements in accordance with the Contract, Lender shall have no obligation to advance funds hereunder until such time as Borrower has deposited sufficient funds into the Construction Loan Account which, when added to the remaining funds to be advanced, are sufficient in the opinion of Lender to complete said Improvements in accordance with the Contract.

6. Conditions Precedent for the Initial Construction Advance. As a condition precedent to the initial advance of funds for the construction of the Improvements, and in addition to the requirements for all additional advances, all of the following conditions shall have been satisfied, which satisfaction shall be determined solely by Lender.

- a. **Documentation.** Borrower shall have delivered the following documents:
 - (i) This Agreement, fully executed and acknowledged.
 - (ii) A copy of the recordable Warranty Deed (if applicable) conveying the Property to Borrower with the vendor's lien assigned to the Lender.
 - (iii) The original Mechanic's Lien Note, properly endorsed to the Lender, and a copy of the original, fully executed, acknowledged and recorded Contract, with assignment thereof from Contractor to Lender.
 - (iv) The original executed Note, and any applicable allonge.
 - (v) A fully executed and acknowledged Deed of Trust and applicable Riders (the "Security Instrument") covering the Property and all Improvements thereon, whether now existing or hereafter constructed.
 - (vi) Any other documentation required by Lender.
- b. **Mortgagee Title Policy.** Borrower shall furnish to Lender an acceptable Mortgagee Policy of Title Insurance, insuring that the lien created by the Security Instrument constitutes a valid lien on the Property. Such policy shall in form and substance be acceptable to Lender, and contain only the Lender approved exceptions. It must evidence that all due and payable real estate taxes, including subsequent assessments for prior years due to change in land usage or ownership, have been paid in full. At the completion of construction, the Borrower shall be responsible for the cost of any endorsements or additional title coverage necessary to satisfy Lender.
- c. **Budget.** Borrower shall have furnished to Lender, in form and content acceptable to Lender, the budget prepared for the project; and the names, addresses and telephone numbers of all subcontractors and suppliers with whom Borrower or Contractor has contracted or intends to contract for the construction of the Improvements.

- d. **Plans and Specifications.** Borrower shall have furnished to Lender two final sets of the executed and dated Plans and Specifications for the Improvements and any modifications thereof with, if required, the appropriate governmental approval(s), which shall be reviewed and approved by Lender. Furthermore, Borrower shall provide such additional sets of the executed and dated Plans and Specifications as may be required by any governmental authorities. The executed and dated Plans and Specifications shall be attached to this Agreement. If any change order is agreed to by the parties, the executed and dated Plans and Specifications shall be amended, and a modified set shall be provided to Lender at Borrower's sole cost and expense.
- e. **Soil Test.** If requested to do so by Lender, Borrower shall furnish to Lender a copy of all fault line maps, soil and subsoil test reports for the Property prepared by a registered engineer qualified to do soil testing and acceptable to Lender.
- f. **Building Permit.** Borrower shall have furnished to Lender building permits and all other necessary approvals, including approval from any appropriate environmental agency, issued by the appropriate governmental authority with respect to the Improvements. Borrower shall provide Lender with satisfactory evidence that all Plans and Specifications for construction of the Improvements have been approved by all governmental units having jurisdiction and, if applicable, by the appropriate home owners association or architectural review committee, and that construction shall comply with applicable zoning, building use, occupancy codes, and restrictions. Borrower represents and warrants to the Lender that all utility services and facilities necessary for the construction and utilization of the Improvements are unconditionally available to the Property and any costs associated therewith are included in the Contract Price.
- g. **Survey.** Borrower and Contractor further agree to furnish Lender, prior to the pouring of a concrete foundation for the Improvements, a preliminary form board survey, prepared by a registered surveyor or engineer acceptable to Lender, which survey shall show that the foundation will comply with the minimum slab level regulations promulgated by the Federal Housing Administration and the regulations of the municipality in which the Property is located. If the Property contains existing Improvements, a current survey made and certified by a registered public surveyor or professional engineer in a form acceptable to Lender, which survey will include a flood stamp, shall be furnished to Lender.
- h. **Insurance.** Borrower or Contractor shall have obtained or cause to have been obtained from an insurance company acceptable to Lender, builder's all risk extended coverage insurance against loss or damage, which coverage in no event shall be less than the total amount of the Loan. Such insurance policy shall name the Lender as a "loss-payee" as its interest may appear, and shall contain a mortgagee clause acceptable to Lender. Borrower or Contractor shall furnish Lender with a certificate that such insurance is in full force and effect. Such policy shall be in an amount and form and issued by an insurer acceptable to Lender. Such policy shall also provide that Lender receive written notice thirty (30) days prior to cancellation of said policy and shall be otherwise satisfactory in content to the Lender. The original of such policy shall be deposited with the Lender, or in lieu thereof, certified copy of the original policy along with original certificate of insurance coverage. Borrower or Contractor shall also maintain a public liability insurance policy. In case of loss, Lender, at its option, shall be entitled to receive and retain the proceeds of the insurance policies, applying the proceeds to the balance of the Note, and the

balance of such proceeds, if any, shall be paid to the Borrower.

- i. **Flood Insurance.** Lender shall have been provided with evidence, satisfactory to the Lender, that the Property is not situated in an area designated by the Federal Emergency Management Agency as being located in a special flood hazard area, or Borrower shall provide flood insurance from an insurer acceptable to Lender and in form and amount satisfactory to Lender.
- j. **Affidavit of Commencement.** As a condition precedent to the first advance for labor, materials or construction services (whether or not it is the first advance) Lender may require Borrower and Contractor to jointly execute and date in order for Lender to record with the County Clerk of the County in which the Property is located an Affidavit of Commencement as authorized by Section 53.124 of the Texas Property Code (or such other subsequent provision replacing said section). Such Affidavit shall designate the date of commencement of construction of the Improvements, which date shall be subsequent to the recording date of the Security Instrument.

7. Additional Advances. Each advance is subject to the satisfaction, as determined solely by Lender, of the following conditions at the time of such advance. In the absence of a Draw Schedule, Lender shall make advances in its sole discretion. The Borrower and the Contractor agree to fulfill each of these conditions, and to furnish to the Lender such evidence of compliance therewith as the Lender may require:

- a. The Borrower and Contractor have fully complied with all of their obligations under this Agreement and are entitled to such advance, it being understood that the making of any advance when the Undersigned are not entitled thereto will not constitute a waiver by the Lender of such compliance in that or any other case.
- b. A foundation survey, if required by Lender, shall have been furnished to Lender within ten (10) days after laying of the foundation of the Improvements, showing no encroachments of the Improvements on any boundary line, or easement, setback line or other restricted area.
- c. No fire or other casualty has occurred which could reasonably be expected to make it impossible for the Improvements to be completed by the completion date stated in the Contract. There have been no notifications from any municipal authority of any potential fire or environmental hazard.
- d. If requested by Lender, the Borrower will furnish to the Lender a title insurance policy endorsement insuring the lien on the Security Instrument to be a valid lien, containing only such exclusions and exceptions as the Lender may approve, issued by a title insurance company satisfactory to the Lender, current to the date of the advance and covering that advance and all prior advances.
- e. The Contract shall be in full force and free from default, all amounts then payable for labor and materials with respect to construction of Improvements have been or will be paid with the requested advance; that the Lender has been informed in writing as to whether or not the Borrower and Contractor have been served with any written notice or otherwise informed that a lien will be claimed for any amounts unpaid for materials furnished or labor performed by any person, firm, or corporation furnishing materials or performing labor of any kind entering into the construction of any of the Improvements, and that a copy of any such notice is thereto attached to the written notice.

- f. If required by Lender, the Lender has been furnished with sworn statements by the Contractor and Borrower as specially requested to do so by the Lender as follows:
- (i) The Contract between the Contractor and Borrower is in full force and free from default, and the names, and the amounts due as well as the amounts already paid or to be paid contemporaneously with the requested advance to each contractor, subcontractor or other person or entity furnishing materials or performing work entering the construction of any improvements are accurate.
 - (ii) The stage of completion of the construction and the overall cost of construction theretofore incurred, and that no material changes from the Plans and Specifications have been made.
 - (ii) The estimated overall cost to Borrower of completing the Improvements, to be in such form and with such supporting details as the Lender shall require, including (without limitation) certification by the Contractor of the estimated cost to Borrower of completing construction pursuant to the Contract, demonstrating to the satisfaction of the Lender that the amount to be subsequently advanced will be sufficient to pay the remaining overall cost to Borrower of completing construction.
 - (iv) That all Work performed to the date of the advance in question has been performed in a good and workmanlike manner pursuant to the provisions of the work agreement and in conformance with the Plans and Specifications. That all construction has been performed in strict compliance with all applicable ordinances, statutes, regulations, and subdivision requirements or restrictions.
 - (v) That no default exists under the Note, the Security Instrument, the Contract, or this Agreement, and that no event has occurred which, with the giving of notice, or otherwise, would constitute an event of default under said Note, Security Instrument, Contract, or this Agreement. Any advance made by Lender prior to the fulfillment by Borrower of any requirements made by Lender, or of any condition precedent set forth in this Agreement shall not be deemed a waiver of Lender's right to have such requirement or condition precedent fulfilled prior to advancing future Loan proceeds. Lender may, but shall not be obligated to, advance an amount that exceeds the face amount of the Note.
 - (vi) That there are no liens or encumbrances against said Property other than the liens created by the Contract or those otherwise approved by Lender.

8. Retainage Fund. It is understood by both Contractor and Borrower that Section 53.101 of the Texas Property Code requires Borrower to retain ten percent (10%) of the Contract Price or the value of the Work (the "Retainage") during the progress of construction and thirty (30) days after completion of the construction. Borrower acknowledges that failure to retain such funds may result in all qualified lien claimants having a lien against the Property in lieu of such Retainage Fund, and personal liability on the part of the Borrower may be the result. Borrower may elect to waive the retainage period if acceptable title insurance can be obtained, and Borrower accepts full responsibility for such waiver. In no event shall Lender be considered a fiduciary for the administration of the fund, nor shall Lender incur any liability for Borrower's failure to hold the Retainage.

9. Right of Inspection. The Borrower shall furnish the Lender with a complete duplicate set of Plans and Specifications. The Lender has the right, but not the obligation, during construction of the Improvements to inspect the same and require to be repaired or replaced, at Borrower's expense, any material or workmanship that does not comply with the Plans and Specifications. Such inspection shall not cost more than **\$250.00 total**. A minimum of three (3) to a maximum of ten (10) shall be required by Lender. Such inspections shall be deemed to be for the benefit of the Lender only and shall create no liability or responsibility to the Borrower; the parties expressly acknowledge that Lender has no obligation to monitor or control the work for Borrower. Lender's agreement to advance funds under this Agreement is expressly conditioned upon its continuing right to inspect the Property. Lender may inspect the Property at any reasonable time to determine the progress and quality of the Work and the condition of the Improvements, but Lender shall not be liable for the performance or default of any contractor or subcontractor, or for any failure to construct, complete, protect or insure the Improvements or materials, or for the payment of any cost or expense incurred in connection therewith, or for the performance or non-performance of any obligation of Borrower or Contractor; and nothing, including without limitation any disbursement hereunder or the deposit or acceptance of any document or instrument, shall be construed as a representation, warranty, or waiver express or implied, on Lender's part. Irrespective of a default under the Contract or work agreement by Contractor or for its failure to complete or perform all Work required of it under the Contract, Borrower shall have no right to offset, counterclaim or defense against Lender because of any claim Borrower may have against Contractor. The obligations arising under the Contract or Plans and Specifications between Contractor and Borrower are separate and independent of any obligations arising hereunder among the undersigned. Lender may perform any inspection by or through any employee, agent, or independent contractor.

10. Right of Lender to Complete or Secure. Borrower and Contractor agree that, if construction of the Improvements is delayed or suspended for a period in excess of thirty (30) days, or if Contractor fails to supply workmen and materials which are satisfactory to Lender at any time during the progress of the construction, or if Contractor or any other persons engaged in such construction or any part thereof refuses, omits or neglects to supply a quantity of material or workmen necessary to complete the Work within the required time period, or if Borrower or Contractor shall be in default with respect to any provision hereof or any provisions of the instruments attached hereto, Lender may (but is not obligated) and is hereby authorized, in its sole discretion, upon five (5) days written notice to Borrower and Contractor, to proceed with the construction of the Improvements. For these purposes, Lender, and any persons authorized or employed by it, are expressly authorized to enter into and upon said Property and Improvements and take charge thereof, together with all materials, equipment and other personal property thereon and to proceed with the construction of said Improvements, or to require Borrower and Contractor to complete construction, with any such changes, alterations, additions or modifications as may be deemed necessary or expedient by Lender, and to do whatever Lender may, in its sole discretion, deem necessary to insure completion of the construction, all to the end that the Property shall constitute the best practicable security for the Loan. If construction is delayed or suspended, Lender, in Lender's discretion, and without notice to Borrower or Contractor, may take such steps as Lender deems reasonable to secure the Property and Improvements from the elements or intruders. Any costs so incurred shall be at Borrower's expense.

11. Power-of-Attorney. Borrower does hereby irrevocably constitute and appoint Lender to be their true and lawful attorney-in-fact for them and in their name to sign any and all draw requests for the advances to be made hereunder, as the Lender may in its sole discretion deem necessary and proper to secure the continuance and completion of said Improvements according to the terms hereof, and to pay all sums necessary for incidental expenses in connection therewith, all of which disbursements and sums shall be considered advances made by Lender to Borrower under the provisions of this Agreement and the Note. Lender shall not be required to make such payments unless in its sole discretion it consents to waive the signing of such draw requests by Borrower. Borrower hereby also irrevocably authorizes and empowers Lender to do and perform for them and in their name, place and stead all actions which Lender may in its judgment deem necessary and proper to be done to effect the

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construction of said Improvements, including but not limited to the execution and recording of any notice or other instrument which Lender may in its sole discretion deem necessary to protect its interest or security. Further, Lender has the option but not the obligation to commence, appear in or defend any action or proceeding which may affect the Property. The Power-of-Attorney contained herein shall be a power coupled with an interest.

12. Substitution of Contractor. In the event that Borrower and Contractor agree to release the Contractor from its obligations under the Contract, and this Agreement and substitute a different Contractor, Borrower and Contractor agree to execute an Agreement for Substitution of Contractor. Lender's consent is a condition precedent for any substitution of contractor.

13. Right to Withhold Advances. Lender shall have no obligation to make any advance hereunder if, at the time of the request for such advance, Borrower or Contractor is in default with respect to any provisions of this Agreement or any of the instruments referred to herein. Each request for an advance hereunder shall be deemed a representation and warranty by Borrower and Contractor that no default exists under the Contract or under this Agreement. If at the time any such draw request is made Lender determines that there are insufficient funds remaining to be advanced to complete the Improvements in accordance with the Contract, Lender shall have no obligation to advance funds hereunder until such time as Borrower has deposited sufficient funds with Lender which, when added to the remaining funds to be advanced, are sufficient in the opinion of Lender to complete said Improvements in accordance with the Contract.

14. Costs to be Paid by Borrower. Borrower will reimburse Lender for all expenses contemplated in this Agreement of any kind which may be incurred by Lender in connection with this transaction, and Lender may deduct from any advance to be made hereunder any amount necessary for the payment of any unpaid interest owing to Lender hereunder or any fees and expenses of or relating to the examination of the title to the Property, surveys, appraisals, re-appraisals, inspection fees, recording fees, wire transfer fees, architect's fees, attorney fees and legal expenses incurred in the enforcement by Lender of any of the provisions contained in this Agreement, and any other amounts necessary for the payment of the costs of said Improvements, whether incurred by an escrow agent or by Lender, and all sums so deducted or applied shall be deemed advances under this Agreement. In addition, Lender has the option, but not the obligation, to pay or discharge any lien or claim upon the Property and to pay any delinquent tax or assessment thereon, and upon such payment, Lender shall be subrogated to the rights of the holder of such lien or claim or the rights of the taxing authority. Lender may also advance any unpaid insurance premiums and obtain and maintain insurance not provided by Borrower or Contractor. Borrower hereby expressly agrees to pay Lender, upon demand, any and all disbursements made under this Agreement together with interest thereon at the rate stated in the Note from the date each disbursement is made, and Borrower agrees that all such disbursements shall become a part of the indebtedness represented by the Note.

15. Delay Payments and Adjustment of Interest Rate. If the Work is not completed on or before **March 31, 2015** (Agreed Completion Date), Lender shall be entitled to charge the following Delay Payment. Owner recognizes that time is of the essence as to the Agreed Completion Date. By executing this Contract, Owner confirms that the Agreed Completion Date establishes a reasonable period for performing the work. Owner recognizes that Lender will suffer financial loss if the work is not completed within the time specified, and that Owner agrees that because such loss cannot now be ascertained, Lender will be compensated in the amount of 1/2 of 1% of the loan amount if the Improvements are not completed before the Agreed Completion Date; and for any portion of a 90 day period thereafter, 1% will be collected until the Improvements are complete, herein referred to as "Delay Payments". The parties agree this is reasonable compensation and not a penalty. In addition, Lender, at Lender's discretion, shall have the following options:

- a. To fund the remaining Loan proceeds into an escrow account to be held by Lender's designated escrow agent, and the Borrower shall make the payments at the time and place and in such amount as stated in the permanent loan documentation. In such event, Borrower agrees to execute any documentation required by Lender and to pay any expenses associated with such escrow account.
- b. To fund the remaining Loan proceeds into a pledged account to be held by Lender which shall pay a reasonable rate of interest to Borrower, and the Borrower make the payments at the time and place and in such amount as stated in the permanent loan document. In such event, Borrower agrees to execute, acknowledge, and deliver any documentation required by Lender and to pay any expenses associated with such pledged account.
- c. To Modify the permanent loan documentation to reflect the amended completion date. Borrower agrees to execute any documentation required by Lender and pay any expenses associated with such modification.

If the construction, installation or completion of the Improvement is not finished by **March 31, 2015**, the Agreed Completion Date, Borrower understands that the Lender could suffer financial loss. Such financial loss could come from the fact that the interest rate "locked" with Borrower was offered to Borrower based on timely completion of the Improvements. In addition to and not in lieu or waiver or limitation of any other rights or remedies provided Lender, it is also agreed that in the event the Improvements are not finished by the Agreed Completion Date, the interest rate which Borrower shall pay on the outstanding principal balance of the Loan shall be higher than the interest rate which the Lender "locked" with Borrower. The new interest rate shall be the interest rate which Lender believes shall be applicable for loans, such as Borrower's Loan, as of the date the Improvements have been completed, In determining the applicable interest rate, Lender may consider the entire secondary loan investment market, Lender's commitments with particular investors, and the principal amount and other terms, costs and conditions of the Loan. Lender is under no obligation to mitigate its damages or to sell the Loan for pricing less favorable than the Lender's original pricing. Borrower agrees to execute and deliver to Lender, on a timely basis, a new promissory note showing the higher interest rate and such other documents as Lender may require.

16. Completion. For purposes of this Agreement, the Work shall be deemed completed as provided for in the Supplement to Contract subject only to the completion of the usual punch list items. Prior to the advance of funds upon completion of the Improvements, Borrower agrees, where deemed applicable by Lender:

- a. To deliver an acceptable final survey which would allow the title insurer to remove the survey exceptions from the Mortgagee Title Policy.
- b. To deliver an appraiser's final inspection, which is commonly referred to as a recertification.
- c. To deliver a hazard insurance policy, acceptable to Lender and, if applicable, flood insurance application reflecting the correct property address.
- d. To pay any funds due under the Residential Construction Loan Allonge and Rider.
- e. To file a Completion Affidavit, in a form acceptable to Lender, of record in the county where the Property is located.

- f. To pay any escrow impounds required by Lender for appropriate taxes, insurance, mortgage insurance and homeowners association dues.
- g. To execute, acknowledge and deliver to Lender an indemnification acceptable to Lender holding Lender harmless if Borrower elects not to hold retainage.
- h. To execute, acknowledge and deliver to Lender any documentation deemed necessary by Lender.
- i. To obtain any further documentation required by Lender.

The Improvements shall not be considered complete unless and until all the Work requiring inspection by any homeowners association or similar entity, or municipal or other governmental authorities having jurisdiction, has been duly inspected and approved by such entities or authorities and all requisite certificates of occupancy and other approvals have been duly issued; and provided, further, that Borrower may withhold final payment to Contractor until satisfactory evidence shall have been presented to Lender showing payment in full by Contractor of all obligations incurred by Contractor in connection with construction of the Improvements, and waiver of all liens in conjunction with such obligations as required by the Supplement to Contract.

17. Default. If the Contractor does not proceed diligently and continuously with an adequate supply of labor and materials to construct and complete the Improvements, except for a period of not more than thirty (30) days (or of such greater length of time as the Lender may agree to in writing in any given case); or if any statement, representation, or warranty contained herein or in any certificate or other instrument at any time delivered to the Lender pursuant to this Agreement shall be untrue in any material respect at the time such statement, representation, or warranty was made; or if default occurs in the observance and performance of any of the covenants, agreements, or obligations of the Borrower hereunder or under the Security Instrument or the Note secured thereby; or if default occurs in the observance or performance of any of the covenants, agreements or obligations of the Contractor hereunder; then, in any such event, all obligation on the part of the Lender to make any further advance hereunder or under the Security Instrument shall, at Lender's election, cease and all amounts previously advanced shall, at the option of the Lender, become immediately due and payable.

18. Remedies of the Lender.

- a. In the event of the occurrence of any of the contingencies described in this Agreement which would give the Lender the right to refrain from making any further advances hereunder, the Lender, at its option (and whether or not it exercises any other rights hereunder), may thereupon or at any time thereafter (i) take possession of the Property, together with all materials, equipment, and Improvements thereon, whether or not affixed to the Property; (ii) perform any and all Work and labor and purchase any and all materials necessary to complete the Improvements substantially according to the Plans and Specifications and to equip the same; and (iii) incur and pay such other costs and expenses as are reasonably connected with any of the foregoing. The authorization granted hereby shall be deemed irrevocably vested in Lender for the purpose of protecting Lender's security interest in the Property and shall constitute a power coupled with an interest, and may not be revoked by Borrower. Lender has any rights and/or remedies given to Lender in the Note, Security Instrument, or any other document executed in connection with the Loan, and any remedy at law or in equity under the laws of the State of Texas.
- b. All costs and expenses paid or incurred by the Lender pursuant to the foregoing subparagraph of

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this Paragraph shall be deemed to be advanced to the Borrower and shall be a part of the indebtedness evidenced by the Note and secured by the Security Instrument. At the option of the Lender, such sums may be deducted from any advance thereafter becoming due.

- c. Nothing herein contained shall be deemed to waive any right given to Lender pursuant to the applicable law relating to mechanic's, artisan's and materialman's liens.

19. Use of Proceeds by the Lender. Upon default herein, the Lender or its escrow agent may at any time without the consent of the Borrower or Contractor, pay bills and continue the construction pursuant to this Agreement in accordance with the Plans and Specifications on file with the Lender, using for such purposes the unadvanced net proceeds of the Loan and such sums as may be available in the Account provided, however, that nothing herein shall in any way be constructed to obligate the Lender to pay bills or to complete construction.

20. Approval of Changes to the Construction. Except as otherwise agreed herein, Borrower and Contractor agree and understand that, with respect to the construction of the Improvements, no modification, deletion, addition, and/or amendment to the Mechanic's Lien Contract, Plans and Specification or any Work agreement, subsequent to the execution of this Agreement, may be made without the prior written approval of Lender.

21. Third Parties. This Agreement is made for the sole protection and benefit of the Borrower, Contractor and the Lender, and no other person shall be deemed to have any privity of contract hereunder nor any right of action of any kind hereon. The Borrower and Contractor agree that, without the written consent of the Lender, the Borrower and Contractor will not assign this Agreement or any interest herein, or assign or issue an order on the Lender for any advances or any part thereof, and that any such purported assignment or order shall be null and void, and the Lender shall not be obligated to recognize, accept, or fulfill any such assignment or order.

22. Environmental.

- a. Borrower has made such inspections of the Property as he deems reasonable and necessary, regarding the presence of hazardous waste or other toxic substances in or on the Property. Borrower warrants and represents to the Lender that he is not aware of any presence of any hazardous waste or toxic substance in or on the Property, whether in containers or otherwise, any storage medium or facilities for hazardous waste or other toxic substances in or on the Property, or the use of any part of the Property, for processing or storage of any hazardous waste or other toxic substance. There is excepted from this provision such matters as may pertain to normal utility service to the Property.
- b. Contractor warrants and represents to Borrower and Lender that all chemicals, compounds, paints, sealants, adhesives and construction materials used in the Work will be transported, stored, installed, applied, removed and disposed of in accordance with their instructions and any governmental regulations pertaining to them, and shall only be handled by persons properly qualified to handle them.
- c. Borrower herein indemnifies and agrees to hold Lender harmless from any and all liability or claims or causes of action arising from any applicable statute, which Lender may at any time be subject to arising from any interest of Lender in the Property related to the Loan.

23. Governing Law: Conflicts Between Documents. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. If there is a conflict between the terms of the various loan

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documents, the following order of priority shall control: (a) Note; (b) this Agreement; and (c) Security Instrument.

24. Assignment. The Borrower and Contractor agree that, without the written consent of the Lender, the Borrower and Contractor will not assign this Agreement or any interest therein, or assign or issue an order on the Lender for any advances or any part thereof, and that any such purported assignment or order shall be null and void, and the Lender shall not be obligated to recognize, accept, or fulfill any such assignment or order. This Agreement shall be binding upon Borrower and Contractor and Lender, and their respective heirs, devisees, successors, representatives and assigns.

25. Notices. Any notice, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed given and received on the date mailed to the addressee at the address indicated below for each respective party, or on the date delivered if delivered in person.

Borrower's Address: **122 South Main**
Arlington, TX 76017
Telephone No.: _____

Contractor's Address: **123 Main Street**
Fort Worth, Texas 76137
Telephone No.: _____

Lender's Address: **2310 W Interstate 20, 100**
Arlington, TX 76017
Telephone No.: _____

26. General Provisions.

- a. Failure by Lender to exercise or enforce any right, power or remedy under this Agreement shall not constitute a waiver of such right, power or remedy.
- b. Any applicable representation made by Borrower and/or Contractor herein shall survive the repayment of the indebtedness and the termination of this Agreement.
- c. This Agreement may be amended only by contemporaneous or subsequent written agreement executed by the parties to be bound thereby.
- d. All rights, powers and remedies of Lender contained in this Agreement are cumulative and in addition to all other rights, powers and remedies created in any other document or existing at law or in equity.
- e. In the event any part or provision of this Agreement is held unenforceable or void, the enforceability or validity of the remaining parts and provisions shall remain unaffected.
- f. Whenever this Agreement so requires, the masculine shall include the feminine and the neuter, and the singular shall include the plural and vice versa, unless the context clearly requires a different interpretation.

- g. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meanings or interpretations hereof.
- h. Lender may record this Agreement.
- i. Borrower and Contractor hereby acknowledge receipt of a copy of this Agreement.
- j. The parties further acknowledge and agree that, in the event Borrower brings any legal or quasi-legal proceeding against Lender regarding any of the terms, conditions, duties and obligations of this Agreement, including, without limitation, to rescind, reform, enforce, construe or seek any other legal or equitable relief arising out of, this Agreement, and, in the event Lender prevails in that proceeding or adjudication, including any without prejudice adjudication, Lender shall be entitled to recover the reasonable attorneys' fees, expenses and costs of court incurred by Lender in defending those claims upon which Borrower was unsuccessful through trial and upon appeal.

BORROWER UNDERSTANDS THAT DURING THE DISBURSEMENT PERIOD OF THE LOAN, BORROWER WILL PAY INTEREST ONLY ON THE OUTSTANDING PRINCIPAL WHICH LENDER HAS ADVANCED PURSUANT TO THE TERMS OF THIS AGREEMENT.

Signature Date
John Doe

[Sign Originals Only]

Contractor Group

Signature Date
Bob Conn, Manager

ABC Bank

By: _____

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **John Doe.**

Notary Public
Printed Name: _____
My commission expires: _____

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by **Bob Conn, Manager of Contractor Group, on behalf of said entity.**

Notary Public
Printed Name: _____
My commission expires: _____

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by _____ **of ABC Bank, on behalf of said state bank.**

Notary Public
Printed Name: _____
My commission expires: _____

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, TX 76017**

Mineral Rights Acknowledgment

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

Words used in this Acknowledgment are defined below. Words in the singular mean and include the plural and vice versa.

“**Borrower**” is **John Doe**

“**Lender**” is **ABC Bank**, and its successors or assigns.

“**Loan**” means the debt evidenced by the Note and all sums due under the Security Instrument.

“**Note**” means the promissory note(s) dated **April 9, 2014**, signed by Borrower in favor of Lender.

“**Property**” means the property commonly known as **1234 Main Street, Arlington, Texas 76017**.

“**Security Instrument**” means the deed of trust/mortgage/security deed/security instrument signed by Borrower in favor of Lender, securing payment of the Note.

Borrower understands that the Property may be subject to mineral development rights held by others and the exercise of those rights could result in a taking of or damage to some or all of the Property. Borrower further understands that the party desiring to exercise its mineral development rights may be liable to Borrower and Lender for reimbursement for exercising such mineral development rights.

The Reimbursement may be considered “Miscellaneous Proceeds” under the Security Instrument.

Borrower hereby acknowledges that Borrower has read this Acknowledgment and fully understands its terms and implications and Borrower is executing it the same day as the Note and Security Instrument, as a material inducement to Lender to make this Loan.

Signature Date
John Doe

[Sign Originals Only]

MORTGAGE FRAUD IS INVESTIGATED BY THE FBI



LO Company NMLS ID 123456
LO NMLS ID 987654

Mortgage Fraud is investigated by the Federal Bureau of Investigation and is punishable by up to 30 years in federal prison or \$1,000,000 fine, or both. It is illegal for a person to make any false statement regarding income, assets, debt, or matters of identification, or to willfully overvalue any land or property, in a loan and credit application for the purpose of influencing in any way the action of a financial institution.

Some of the applicable Federal criminal statutes which may be charged in connection with Mortgage Fraud include:

- 18 U.S.C. § 1001 - Statements or entries generally
- 18 U.S.C. § 1010 - HUD and Federal Housing Administration Transactions
- 18 U.S.C. § 1014 - Loan and credit applications generally
- 18 U.S.C. § 1028 - Fraud and related activity in connection with identification documents
- 18 U.S.C. § 1341 - Frauds and swindles by Mail
- 18 U.S.C. § 1342 - Fictitious name or address
- 18 U.S.C. § 1343 - Fraud by wire
- 18 U.S.C. § 1344 - Bank Fraud
- 42 U.S.C. § 408(a) - False Social Security Number

Unauthorized use of the FBI seal, name, and initials is subject to prosecution under Sections 701, 709, and 712 of Title 18 of the United States Code. This advisement may not be changed or altered without the specific written consent of the Federal Bureau of Investigation, and is not an endorsement of any product or service.

Signature

Date

John Doe

[Sign Originals Only]

Mortgage Fraud Warning

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

Name Affidavit

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

In reference to the above-described loan transaction, I the undersigned, and being named party in the loan documents for said transaction, on oath do swear that I am one and the same person as:

Signature Date
John Doe

[Sign Originals Only]

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20____ by **John Doe**.

Notary Public
Printed Name of Notary: _____
My Commission Expires: _____

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

No Undisclosed Debt Affidavit

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

I/We the undersigned Borrower(s) for and in consideration of the above referenced Lender attest that, since the date of my/our original loan application:

1. I/we have not incurred any additional debt obligations and all debt information stated on the original loan application is the only debt I/we have and the credit balances and payments have not increased.

2. The status of my/our employment has not changed; all employment information stated on the original loan application remains true and accurate; and I/we have not received any notifications from my/our employer(s) indicating a change in my/our employment and/or income status.

It is illegal for a person to knowingly withhold debt obligation information regarding a credit application to a financial institution. Withholding such information is bank fraud. Bank fraud is investigated by the Federal Bureau of Investigation (FBI) and is punishable by fines of up to \$1,000,000, or up to 30 years in federal prison, or both.

DATED effective this _____ day of _____.

Signature Date
John Doe

[Sign Originals Only]

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20____ by **John Doe**.

Notary Public
Printed Name of Notary: _____
My Commission Expires: _____

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

Notice of No Oral Agreements

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Receipt of Notice: The undersigned hereby represents and warrants that I/we have each received and read a copy of this Notice on or before the execution of the "Loan Agreement." "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, pursuant to which a financial institution loans or delays repayment of or agrees to loan or delay repayment of money, goods, or any other thing of value or to otherwise extend credit or make a financial accommodation.

Signature

Date

John Doe

[Sign Originals Only]

Private Mortgage Insurance Disclosure
(Adjustable Rate, Non-High Risk Loan)
(Balloon Mortgages with Refinance / Modification Options)

LO Company NMLS ID 123456
LO NMLS ID 987654

You are obtaining a mortgage loan that requires private mortgage insurance (“PMI”). PMI protects lenders and others against financial loss when borrowers default.

Under certain circumstances, federal law gives you the right to cancel PMI or requires that PMI automatically terminate. This Disclosure describes when cancellation and termination may occur. Please note that PMI is not the same as property or casualty insurance, such as homeowner’s or flood insurance, which protect you against damage to the property. Cancellation or termination of PMI does not affect any obligation you may have to maintain other types of insurance.

In this Disclosure, “loan” means the mortgage loan you are obtaining; “you” means the original borrower or his or her successors or assigns; and “property” means the property securing the mortgage loan.

“Original Value” means the lesser of the contract sales price of the property or the appraised value of the property at the time the loan was closed. If this is a refinance transaction, “Original Value” means the appraised value relied upon by your lender to approve the refinance transaction.

A “Good Payment History” means no payments sixty (60) or more days past due within two (2) years or no payments thirty (30) or more days past due within one (1) year before the later of (i) the cancellation date, or (ii) the date that you submit a request for cancellation in accordance with the provisions below.

The term “Amortization Schedule then in Effect” means, with respect to an adjustable rate mortgage, a schedule established at the time at which the residential mortgage transaction is consummated or, if such schedule has been changed or recalculated, is the most recent schedule under the terms of the note or mortgage, which show s(a) the amount of principal and interest that is due at regular intervals to retire the principal balance and accrued interest over the remaining amortization period of the loan; and (b) the unpaid balance of the loan after each such scheduled payment is made.

Your payments can change based on changes in the interest rate. **The amortization schedule may change or be recalculated after consummation of your loan, and your rights to cancel or automatically terminate PMI will be based upon the most recent amortization then in effect.**

BORROWER REQUESTED CANCELLATION OF PMI

You have the right to request in writing that PMI be cancelled on or after the following dates:

1. The date the principal balance of your loan is first **scheduled** to reach eighty percent (80%) of the Original Value of the property. For balloon loans, this date may not be reached before the loan matures. Balloon mortgages that contain conditional rights to refinance or modify the unamortized principal at the maturity date of the term are considered to be adjustable rate mortgages for purposes of the Homeowners Protection Act of 1998, as amended.
2. The date the principal balance **actually** reaches eighty percent (80%) of the Original Value of the

property, based upon your actual payments.

You will be notified by your loan servicer when these dates are reached.

Upon receipt of your written request, lender or your loan servicer will determine if your loan satisfies all the following conditions for cancellation of PMI:

1. You have a Good Payment History; and
2. Lender receives, if requested and at your expense, evidence satisfactory to the holder of your loan that the value of the property has not declined below its Original Value. You may have to pay a fee for a broker's price opinion, a certification of value, or a new appraisal;
3. You satisfy any requirement of the mortgage holder for certification that the equity in the mortgage is unencumbered by a subordinate lien; and
4. You are current on the payments required by your mortgage loan.

AUTOMATIC TERMINATION OF PMI

If you are current on your loan payments, PMI will automatically terminate on the earlier of the midpoint of the amortization schedule then in effect or on the date the date the principal balance of your loan is first **scheduled** to reach seventy-eight percent (78%) of the Original Value of the property. This date is called the Termination Date.

If you are not current on your loan payments as of that date, PMI will automatically terminate on the first day of the first month after you become current on your loan payments. "Midpoint of the amortization period" means the point in time that is halfway through the period that begins upon the first day of the amortization period established at the time your mortgage transaction is consummated and ends upon the completion of the entire period over which the mortgage is scheduled to be amortized. For balloon loans, this date may not be reached before the loan matures.

LOAN MODIFICATION

If you and lender (or note holder) agree to a modification of the terms or conditions of your mortgage loan, then the cancellation date, termination date, or final termination will be recalculated to reflect the modified terms and conditions agreed upon.

EXCEPTIONS TO CANCELLATION AND AUTOMATIC TERMINATION

The cancellation and automatic termination requirements described above do not apply to certain loans that may present a higher risk of default. **Your loan does not fall into this high risk category.** Accordingly, the cancellation and automatic termination provisions described above apply to your loan. Cancellation or termination shall not affect the rights of any lender, servicer, or mortgage insurer to enforce your obligation for premium payment accrued prior to the date on which such cancellation or termination occurred.

By signing below, I/we acknowledge receipt of a copy of this Private Mortgage Insurance Disclosure and further acknowledge that I/we understand its provisions.

Signature

Date

John Doe

[Sign Originals Only]

Lender: **ABC Bank**
Borrower: **John Doe**
Contractor: **Contractor Group**
Property: **1234 Main Street, Arlington, Texas 76017**

Residential Construction Loan Borrower's Affidavit

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

BEFORE ME, the undersigned authority on this day personally appeared the undersigned (hereinafter called "Borrower"), personally known to me to be the person whose name is subscribed hereto, and upon having been lawfully sworn upon oath deposes and states in connection with a transaction involving the construction of certain improvements on the property ("**Property**") described above:

Borrower hereby warrants and represents (which warranties, covenants, agreements and representations shall survive the making of any and all advances) as follows:

1. **Reliance.** The Borrower has been advised by the Lender that Lender is relying upon the recitals herein contained in connection with, among other things, negotiating and establishing the interest charges to Borrower in connection with a mortgage loan ("Loan"), and that this Affidavit has been executed by Borrower in connection with that Loan, and that this Affidavit has been executed by Borrower for the purpose of (i) inducing Lender's reliance on the recitals herein contained and (ii) inducing Lender to advance funds under the Residential Construction Loan Agreement ("Construction Loan Agreement") executed by Lender and Borrower to be dated as of funding, which funds will finance the construction of certain Improvements.
2. **Title.** Borrower is, or will be at the time of closing, the fee simple owner of the Property. The Property is the same as the property described in the Deed of Trust/Mortgage/Security Deed (the "Security Instrument") securing the note (which evidences the Loan) executed by Borrower to Lender, both dated the same date as this Affidavit. There are no liens, claims or charges against the Property, other than those that are allowed in the loan documents, or that have been previously approved and agreed to by Lender.
3. **No Work Performed** No work of any kind (including the destruction or removal of any existing improvements, site work, clearing, grubbing, draining or fencing of the land) has been commenced or performed on the Property, no materials or supplies have been delivered to the Property, and no specially manufactured or prefabricated items have been ordered that are to be used in the construction of the Improvements by or for Borrower.
4. **Selection of Contractor.** Borrower hereby represents and warrants (a) that no director, officer, employee, shareholder, agent or representative acting on behalf of Lender, or purporting to act on behalf of Lender, has made any representation or statement upon which Borrower has relied or is relying with respect to the nature or quality of services to be rendered by Contractor under the Contract or with respect to Contractor's financial ability, expertise or any other matter, (b) that Borrower has made an independent judgment with respect to Contractor's qualifications in all respects, and (c) that Borrower has not relied on any act or omission to act by Lender, its directors, officers, employees, shareholder, agents or representatives. Borrower is responsible for the completion of

Residential Construction Loan Borrower's Affidavit - One Time

the construction, if the Contractor does not fulfill Contractor's obligation to Borrower.

5. **No Previous Written or Oral Contracts.** No written Contract regarding the construction of all or any portion of the improvements to be constructed by or for Borrower on the Property has been recorded or filed for record in the Office of the County Clerk of the county where the Property is located, and no affidavit regarding any oral contract for the construction of all or any portion of the improvements to be constructed by or for Borrower has been recorded or filed for record in the Office of the County Clerk of the county where the Property is located. To the best of Borrower's knowledge, no person has taken or permitted any action that would cause the inception or priority of any mechanic's or materialman's lien, or any other lien, charge, or encumbrance upon the Property to be prior to or superior to the liens and security interest of the Security Instrument executed by Borrower in connection with this transaction.

6. **Contract is Entire Agreement.** The Contract incorporates any work agreement between the Borrower and the Contractor and Construction Loan Agreement which includes the Plans and Specifications as an exhibit constitute the entire agreement between Borrower and Contractor in connection with the construction of the improvements. The funds to be advanced to Borrower, together with Borrower's equity, down payment and other funds to be placed in an account as provided in the Construction Loan Agreement, are sufficient to fully construct the improvements and pay all expenses necessary for such construction.

7. **Commencement of Construction.** That five (5) days after execution of the Contract, Borrower will cause Contractor to commence construction of the improvements, that said improvements will be completed substantially in accordance with the provisions of the Plans and Specifications and Contract, and that the improvements will be completed on or before the completion date stated in the Contract. That all material delivered to and upon the Property for the purpose of being incorporated in the improvements shall be considered annexed to the Property and become a part thereof, and shall be subject, as against Borrower, to the rights of Lender under the Contract and Security Instrument. That each advance made under the Construction Loan Agreement will be used solely for the payment of and for material, labor, services, costs, and expenses, provided for or incurred in connection with the construction of the improvements, as such materials are incorporated into and/or services, costs and expenses are provided thereto, or for such costs and expenses agreed to by Lender in writing.

8. **Change Orders.** Borrower shall not change the Plans and Specifications or request the Contractor to perform any changes without first securing Lender's written consent to such change order.

9. **Hazardous Waste.** That the Property has not been and is not now being used in violation of any federal, state or local environmental law, ordinance or regulation. Borrower has not filed nor been required to file any federal, state or local reports of hazardous substances found or disposed on any real property now or previously owned by Borrower. No proceedings have been commenced, or notices received concerning any alleged violation of any environmental laws, ordinances or regulations. The Property is free of underground storage tanks, out-of-use transformers, hazardous, radioactive or toxic wastes, contaminants, oil, or other material. The Property will not be used in conjunction with, or for any activity involving, directly or indirectly, the generation, treatment, storage, transportation, manufacture, use or disposition of hazardous or toxic chemicals, materials, substances or hazardous waste of any kind. Neither the Property, the soil making up any portion thereof, nor the ground water thereunder making up any portion thereof shall be contaminated so as to be subject to any "clean-up", or similar requirement, regulation, ordinance, or law of governmental authority, which would in any way inhibit, impair, delay or increase the cost of the improvement, operation, or use of the improvement, operation, or use of the Property. Borrower will not install, or allow to remain upon the Property, any chemical, material or substance, exposure to which is prohibited, limited or regulated by any federal, state, county, regional or local authority, or which, even if not so regulated, may or could pose a hazard to the health and safety of the occupants of the Property or to the owners of the Property.

Residential Construction Loan Borrower's Affidavit - One Time

10. **Information/Other Documentation.** Borrower agrees to disclose to Lender in writing, on demand, the names of all persons with whom Borrower or Contractor have contracted, or intended to contract, for the furnishing of labor and materials for the construction of the improvements. Borrower agrees to obtain and furnish all such bonds, lien waivers surveys, releases and other documents as Lender may deem necessary or may request from time to time.

11. **Borrower's Financial Status.** That there are no pending lawsuits, judgments or garnishments against Borrower which may in any way impair the ability of Borrower to fully perform all obligations provided in the Contract or Construction Loan Agreement, or which may affect the Property, Contract, or Security Instrument. All warranties, representations and certifications made, and all information and material submitted or caused to be submitted to Lender in connection with the Loan are true and correct, and there have been no material changes in the conditions affecting any of such warranties, representations, certifications, information or material prior to the date of this Affidavit.

12. **Covenants of Borrower.** The execution and delivery of all documents executed or delivered by or on behalf of Borrower and pertaining to the Loan have been duly authorized and approved by the party executing such documents and constitute the valid and binding obligations of Borrower enforceable in accordance with their respective terms, and the payment or performance thereof will be subject to no offsets, claims or defenses of which Borrower is aware. Borrower shall perform all obligations under the Contract, Note and Security Instrument, and promptly pay when due, from the proceeds of the Loan, all costs, charges and expenses, incurred in connection with the construction of improvements. Borrower shall keep the Property free and clear of any and all liens other than the Mechanic's Lien Contract as renewed and extended by the Security Instrument, and protect the Property and improvements from events and circumstances which would cause said Property or improvements to decrease in value.

13. **Reimbursement.** To reimburse Lender for all expenses of any kind which may be incurred by Lender in connection with or arising out of the Loan, and that Lender may deduct from any advance to be made, any amount necessary for the payment of any unpaid interest owing to Lender or any fees, expenses, charges, liens, or encumbrances relating to the construction of the improvements or upon the Property, or any other amounts necessary for the payment of the cost of constructing the improvements, and all sums so deducted or applied shall be deemed advances under the Construction Loan Agreement.

14. **Indemnification.** That Borrower herewith indemnifies and holds Lender harmless for, from and against any and all actions, claims, demands, damages, costs, expenses, and other liabilities, including, but not limited to, attorney's fees, which Lender may incur that in any way relate to or arise out of the construction of the Improvements.

15. **Performance Agreement Upon Completion.** Borrower agrees to provide Lender, within ten (10) days of Lender's request, with the following:

a. **Insurance.** An original fire and extended coverage hazard insurance policy insuring the Property in an amount at least equal to the Loan amount with the first year's premium paid receipt. Binders are not acceptable. The Property legal description, street address, city, county, state, ZIP, and Borrower name indicated on the policy must be identical to that contained within the loan documents. The mortgagee clause of the policy should exactly match the name and address of Lender indicated in the Security Instrument. Additionally, the Loan number must be included on the policy. The insurance obtained must be through a company which has at least a Class "A" or better rating through Best's Key Rating Guide for Property-Casualty. The policy inception date must be on or before the date of completion of construction. In addition to the first year's hazard insurance premium, an amount equal to one-sixth of the first year's premium must be provided to Lender. If the Property is

Residential Construction Loan Borrower's Affidavit - One Time

located within a Flood Hazard Area, flood insurance will be required and either the original policy or a copy of the application, along with the paid receipt for the first year's premium must be provided. The insured amount should be at least the loan amount. In addition to the first year's flood insurance premium, an amount equal to one-sixth of the first year's premium must be provided to Lender.

b. **Taxes.** An amount sufficient to pay all unpaid property taxes when due plus one-sixth of the annual amount assessed must be paid to Lender. This amount should be based on an improved value, if applicable. If the tax impounds are calculated on an estimated basis, because the improvement have not yet been assessed by the taxing authority, Borrower understands and agrees that adjustments may be required at the time Lender has received the tax statements reflecting the amount due for the fully assessed Property. This could result in one or more of the following: an impound account shortage, which Borrower will be required to pay; an impound account overage, which will be refunded to Borrower or applied against the next year's escrows; and an adjustment to Borrower monthly tax impound payments. In addition to collected tax escrows, if the Borrower took title to the Property in the previous year (i.e., closing occurred in the previous year), Borrower must provide evidence previous year's taxes have been paid.

c. **Mortgage Insurance.** If the loan-to-value ratio is 80% or greater, Borrower agrees to pay the mortgage insurance premium for the first year's coverage plus mortgage insurance escrows in the amount equal to two months.

d. Borrower must execute and acknowledge, and deliver to Lender or the appropriate authority, as necessary, a completion affidavit which shall be filed of record, an acceptance of the Property, a modification of loan documentation should Lender so require and any other documents required by Lender.

Borrower understands that this Affidavit is made for the purpose of inducing the Lender to advance the money pursuant to the terms of the Loan documents, and the Lender is relying upon the truth and accuracy of the statements made in this Affidavit in advancing such loan proceeds. Further, Borrower agrees to indemnify and save Lender harmless against costs, damages, attorney's fees, expenses and liabilities which it may incur or sustain in connection with the incorrectness of any of these representations or any court action arising therefrom and will pay the same upon demand. Borrower further agrees to indemnify and save Lender harmless for, from and against any claims by or against the Contractor or any subcontractors or material suppliers.

EXECUTED this _____ day of _____, 20__.

Signature Date

John Doe

[Sign Originals Only]

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20__ by **John Doe.**

Notary Public
Printed Name of Notary: _____
My Commission Expires: _____

Residential Construction Loan Borrower's Affidavit - One Time

Lender: **ABC Bank**
Borrower: **John Doe**
Contractor: **Contractor Group**
Property: **1234 Main Street, Arlington, Texas 76017**

Residential Construction Loan Contractor's Affidavit

LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789

BEFORE ME, the undersigned authority, on this day personally appeared the undersigned (hereinafter called "**Contractor**"), personally known to me to be the person (if an individual) or authorized officer, employee or agent of the business entity whose name is subscribed hereto, and upon his oath deposes and states in connection with a transaction involving the construction of certain Improvements on the property ("**Property**") described above:

Contractor for itself and for all subcontractors claiming under **Contractor**, and for each of their respective successors and assigns hereby warrants and represents that the following statements are true and correct:

1. **Reliance.** The **Contractor** has been advised by the **Lender** that **Lender** is relying upon the recitals herein contained in connection with a mortgage loan, and that this **Affidavit** has been executed by Contractor for the purpose of (i) inducing **Lender's** reliance on the recitals herein contained, and (ii) inducing **Lender** to advance funds under the **Residential Construction Loan Agreement** ("**Construction Loan Agreement**") executed by **Lender** and **Borrower**.
2. **No Work Performed.** No work of any kind (including the destruction or removal of any existing improvements, site work, clearing, grubbing, draining, or fencing of the land) has been commenced or performed on the **Property** and no equipment, or materials have been delivered to the **Property** for any purpose whatsoever.
3. **No Contract Filed.** No written contract or oral agreement regarding the construction of all or any portion of the improvements or a memorandum or affidavit thereof has been recorded by or for **Contractor** in the county where the **Property** is located or in any other county. No contract, or any memorandum or affidavit thereof, for the construction of any improvements, performance of labor, furnishing of materials or providing of specially fabricated materials in connection with the contemplated construction has, to the knowledge of **Contractor**, been filed by or for a subcontractor in the county where the Property is located or in any other county.
4. **Construction Cost.** To the best of **Contractor's** knowledge and belief, the improvement construction costs as detailed in the Draw Schedule and Construction Loan Advance Request attached hereto as EXHIBIT A and made a part hereof are accurate and consistent with Contractor's agreement with **Borrower**.
5. **Continued Performance.** Upon receipt of written notice from **Lender** that **Borrower** is in default to **Lender** and instruction to continue work on Lender's behalf, **Contractor** shall continue work on the **Property** provided that **Contractor** shall be reimbursed by Lender in accordance with its agreement with **Borrower**.
6. **Lender Not Liable.** Nothing herein shall be construed to impose upon Lender any duty to advance the proceeds of the loan to the **Contractor** in accordance with contractor's agreement with **Borrower** or the terms of

Residential Construction Contractor's Affidavit

the **Construction Loan Agreement**. **Contractor** acknowledges that Lender is obligated under the **Construction Loan Agreement** only to **Borrower** and to no other person or entity.

7. **Building Permits.** Any and all approvals, permits or licenses (including, without limitation, a building permit) for the clearing and grading of the **Property**, the preparation of the surface and subsurface of the **Property**, and the placement, appearance and construction of the improvements, have been applied for and received by **Contractor**, in either the name of **Contractor** or **Borrower**.

8. **Change Orders.** Contractor shall not perform any work under any change order that decreases the contract price, increases the contract price by more than \$5,000, or materially changes the scope of work without first securing Lender's written consent to such change order. Lender's written consent shall not constitute an assumption by Lender of any obligations, unless such obligations are expressly set forth in such consent.

9. **Independent Contractor.** Contractor hereby covenants and warrants that all work performed by **Contractor** shall be as an independent contractor under the sole supervision, management, direction and control of **Contractor** and not as an employee, partner, agent or joint venturer of Lender. **Contractor** further agrees at all times to maintain in full force and effect Builder's Risk Insurance. Contractor agrees that it will comply with any and all applicable State and Federal laws now in force and which may hereafter become effective and applicable, including but not limited to laws and or regulations regarding Unemployment Insurance, Social Security, Old Age Pension, Wage and Hour, the Federal Labor Standards Act, OSHA and EEOC requirements.

10. **Hazardous Waste.** To **Contractor's** knowledge there are no hazardous wastes or toxic substances on or beneath the surface of the **Property**, excepting as applicable, such utilities as normally serve a residential property. **Contractor** will cause all chemicals, compounds and building materials to be used, applied, stored and disposed of in strict accordance with manufacturer's directions and government regulations.

11. **Subordination.** **Contractor** hereby expressly subordinates, to the extent that Lender advances sums pursuant to the **Residential Construction Loan Agreement**, all contractual, statutory and constitutional mechanic's, artisan's and materialman's liens to which **Contractor** may be or become entitled to any liens and security interests securing the loan contemplated by the **Construction Loan Agreement**. Such subordination includes any and all increases, renewals, modifications, extensions, substitutions, replacements and/or consolidation of the Security Instrument securing such Loan.

This **Affidavit** may not be modified orally or in any manner other than by an agreement in writing signed by the **Lender** and **Contractor** or their respective successors and assigns. This **Affidavit** shall inure to the benefit of and be binding upon the **Lender** and **Contractor**, their successors and assigns, and any purchasers at foreclosure of the **Property**, and their respective heirs, personal representatives, successors and assigns. This **Affidavit** shall be construed in accordance with the laws of the State in which the **Property** is located and the laws of the United States applicable to transactions in said state.

EXECUTED this _____ day of _____, 20__.

Contractor Group

Signature

Date

Bob Conn, Manager

Residential Construction Contractor's Affidavit

SUBSCRIBED AND SWORN TO BEFORE ME on the _____ day of _____, 20____ by **Bob Conn,**
Manager of Contractor Group, on behalf of said entity.

Notary Public

Printed Name of Notary:_____

My Commission Expires:_____

Borrowers: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**
Loan No.: **Loan # 123456789**
Case No.:

Notice of Retainage

LO Company NMLS ID 123456
LO NMLS ID 987654

Under the Texas Property Code, during the progress of work under an original contract for which a mechanic's lien may be claimed and for 30 days after the work is completed, the Owner shall retain ten (10) percent of the contract price of the work, or ten (10) percent of the value of work, measured by the proportion that the work done bears to the work to be done, using the contract price or, if there is no contract price, using the reasonable value of the completed work.

The retained funds secure the payment of artisans and mechanics who perform labor or service and the payment of other persons who furnish material, material and labor, or specially fabricated material for any contractor, subcontractor, agent or receiver in the performance of the work.

A claimant has a lien on the related funds if the claimant sends the proper notices in the time and manner required, and files an affidavit claiming a lien not later than the 30th day after the work is completed.

If the owner fails or refuses to comply with the retainage requirement, the claimants complying with the law have a lien, at least to the extent of the amount that should have been retained from the original contract under which they are claiming, against the house, building structure, fixture or improvement and all of its properties and against the lot or lots of land necessarily connected.

The undersigned Owners of the above referenced property state that we have read and understood the above notice.

Signature

Date

John Doe

[Sign Originals Only]

Retainage Notice with waiver option

Waiver of Retainage

I hereby request the Lender to disburse to Borrower and/or General Contractor all of the loan proceeds without regard to retainage. I understand that compliance with the retainage statute will then be the sole responsibility of the Owner of the property. Accordingly, and in consideration of the Lender financing the construction of the improvements described in the Mechanic's Lien Contract, I hereby release and relinquish any and all claims against the Lender by reason of Lender's failure to withhold retainage and indemnify and agree to hold Lender harmless from and against all claims arising out of any failure by Lender to withhold retainage, including but not limited to its reasonable attorney's fees, costs and expenses incurred in defense of any claim based on an assertion of Lender liability arising from the presence or absence of any retainage.

Signature

Date

John Doe

Lender: **ABC Bank**
Borrower: **John Doe**
Property: **1234 Main Street, Arlington, Texas 76017**

Collateral Protection Insurance Notice (Texas)

**LO Company NMLS ID 123456
LO NMLS ID 987654
Loan # 123456789**

Pursuant to Texas law (Tex. Finance Code § 307.052), Lender is required to give the following notice at the time the credit agreement is executed.

You have entered into a credit agreement that requires you to maintain Collateral Protection Insurance for the above property. As part of this agreement, you are required to:

1. **Keep the collateral insured against damage in the amount the Lender specifies;**
2. **Purchase the insurance from an insurer that is authorized to do business in this state or an eligible surplus lines insurer;**
3. **Name Lender as the party to be paid under the policy in the event of a loss; and**
4. **If required by Lender, deliver to Lender a copy of the policy and proof of the payment of premiums.**

If you fail to meet any requirement listed above, Lender may obtain Collateral Protection Insurance on your behalf and at your expense.

ACKNOWLEDGMENT

I/We hereby acknowledge receipt of this Collateral Protection Insurance Notice and further acknowledge that I/we understand its provisions.

Signature Date
John Doe

[Sign Originals Only]

**Texas Consumer
Complaint Process Notice
State Chartered Bank & Trusts**

**LO Company NMLS ID 123456
LO NMLS ID 987654**

The **ABC Bank** is chartered under the laws of the State of Texas and by state law is subject to regulatory oversight by the Texas Department of Banking. Any consumer wishing to file a complaint against the **ABC Bank** should contact the **Consumer Complaints Administrator** of the Texas Department of Banking through one of the means indicated below:

In Person or by U.S. Mail:	2601 N. Lamar Boulevard, Suite 300 Austin, Texas 78705-4294.
Telephone No.:	877-276-5554 (Toll Free)
Fax No.:	512-475-1313
E-mail:	consumer.complaints@dob.texas.gov
Website:	http://www.dob.Texas.gov/bnt/ccbank.htm

By signing below, I/we acknowledge receipt of a copy of this Texas Consumer Complaint Process Notice.

Signature

Date

John Doe

[Sign Originals Only]

Please complete Social Security Number(s) in
LINES 1b, 2b (if applicable) and Previous Address in
Line 4 (if applicable and not present) for all 4506-T to
follow.

Thank you

Request for Transcript of Tax Return

Department of the Treasury
Internal Revenue Service

• **Request may be rejected if the form is incomplete or illegible.**

TIP: Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can quickly request transcripts by using our automated self-help service tools. Please visit us at IRS.gov and click on "Order a Return or Account Transcript" or call 1-800-908-9946. If you need a copy of your return, use **Form 4506, Request for Copy of Tax Return**. There is a fee to get a copy of your return.

1a Name shown on tax return. If a joint return, enter the name shown first. John Doe	1b First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)
2a If a joint return, enter spouse's name shown on tax return	2b Second social security number or individual taxpayer identification number if joint tax return

3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code (See instructions)
John Doe - 122 South Main, Arlington, TX 76017

4 Previous address shown on the last return filed if different from line 3 (See instructions)

5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number.
ABC Bank, Its Successors and/or Assigns, 2310 W Interstate 20, 100, Arlington, TX 76017 (817) 461-5500

Caution: If the tax transcript is being mailed to a third party, ensure that you have filled in lines 6 through line 9 before signing. Sign and date the form once you have filled in these lines. Completing these steps helps to protect your privacy. Once the IRS discloses your tax transcript to the third party listed on line 5, the IRS has no control over what the third party does with the information. If you would like to limit the third party's authority to disclose your transcript information, you can specify this limitation in your written agreement with the third party.

6 Transcript requested. Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. •

- a Return Transcript**, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120A, Form 1120H, Form 1120L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days
- b Account Transcript**, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 10 calendar days
- c Record of Account**, which provides the most detailed information as it is a combination of the Return Transcript and the Account Transcript. Available for current year and 3 prior tax years. Most requests will be processed within 10 calendar days

7 Verification of Nonfiling, which is proof from the IRS that you **did not** file a return for the year. Current year requests are only available after June 15th. There are no availability restrictions on prior year requests. Most requests will be processed within 10 business days.....

8 Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript. The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2011, filed in 2012, will not be available from the IRS until 2013. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 45 days

Caution: If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

9 Year or period requested. Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately.

Check this box if you have notified the IRS or the IRS has notified you that one of the years for which you are requesting a transcript involved **identity theft** on your federal tax return

Caution. Do not sign this form unless all applicable lines have been completed.

Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, at least one spouse must sign. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer. **Note.** For transcripts being sent to a third party, this form must be received within 120 days of signature date.

		Telephone number of taxpayer on line 1a or 2a ()
Sign Here 	Signature (see instructions)	Date
	Title (if line 1a above is a corporation, partnership, estate, or trust)	
	Spouse's signature	Date

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about Form 4506-T, go to www.irs.gov/form4506t. Information about any recent developments affecting Form 4506-T (such as legislation enacted after we released it) will be posted on that page.

General Instructions

CAUTION: Do not sign this form unless all applicable lines have been completed.

Purpose of form. Use Form 4506-T to request tax return information. You can also designate (on line 5) a third party to receive the information. Taxpayers using a tax year beginning in one calendar year and ending with the following year (fiscal tax year) must file Form 4506-T to request a return transcript.

Note. If you are unsure of which type of transcript you need, request the Record of Account, as it provides the most detailed information.

Tip. Use Form 4506, Request for Copy of Tax Return, to request copies of tax returns.

Automated transcript request: You can quickly request transcripts by using our automated self-help service tools. Please visit us at IRS.gov and click on "Order a Return or Account Transcript" or call 1-800-908-9946.

Where to file. Mail or fax Form 4506-T to the address below for the state you lived in, or the state your business was in, when that return was filed. There are two address charts: one for individual transcripts (Form 1040 series and Form W-2) and one for all other transcripts.

If you are requesting more than one transcript or other product and the chart below shows two different addresses, send your request to the address based on the address of your most recent return.

Chart for individual transcripts (Form 1040 series and Form W-2 and Form 1099)

If you filed an individual return and lived in:

	Mail or fax to:
Alabama, Kentucky, Louisiana, Mississippi, Tennessee, Texas, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or A.P.O. or F.P.O. address	Internal Revenue Service RAIVS Team Stop 6716 AUSC Austin, TX 73301 512-460-2272
Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, Wisconsin, Wyoming	Internal Revenue Service RAIVS Team Stop 37106 Fresno, CA 93888 559-456-5876
Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia	Internal Revenue Service RAIVS Team Stop 6705 P-6 Kansas City, MO 64999 817-292-6102

Chart for all other transcripts

If you lived in or your business was in:

	Mail or fax:
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, a foreign country or A.P.O. or F.P.O. address	Internal Revenue Service RAIVS Team P.O. Box 9941 Mail Stop 6734 Ogden, UT 84409 801-620-6922
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Internal Revenue Service RAIVS Team P.O. Box 145500 Stop 2800F Cincinnati, OH 45250 859-669-3592

Line 1b. Enter your employer identification number (EIN) if your request relates to a business return. Otherwise, enter the first social security number (SSN) or your individual taxpayer identification number (ITIN) shown on the return. For example, if you are requesting Form 1040 that includes Schedule C (Form 1040), enter your SSN.

Line 3. Enter your current address. If you use a P.O. box, include it on this line.

Line 4. Enter the address shown on the last return filed if different from the address entered on line 3.

Note. If the address on Lines 3 and 4 are different and you have not changed your address with the IRS, file Form 8822, Change of Address. For a business address, file Form 8822-B, Change of Address or Responsible Party-Business.

Line 6. Enter only one tax form number per request.

Signature and date. Form 4506-T must be signed and dated by the taxpayer listed on line 1a or 2a. If you completed line 5 requesting the information be sent to a third party, the IRS must receive Form 4506-T within 120 days of the date signed by the taxpayer or it will be rejected. Ensure that all applicable lines are completed before signing.

Individuals. Transcripts of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign Form 4506-T exactly as your name appeared on the original return. If you changed your name, also sign your current name.

Corporations. Generally, Form 4506-T can be signed by: (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, or (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer.

Partnerships. Generally, Form 4506-T can be signed by any person who was a member of the partnership during any part of the tax period requested on line 9.

All others. See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

Documentation. For entities other than individuals, you must attach the authorization document. For example, this could be the letter from the principal officer authorizing an employee of the corporation or the letters testamentary authorizing an individual to act for an estate.

Signature by a representative. A representative can sign Form 4506-T for a taxpayer only if the taxpayer only if the taxpayer has specifically delegated this authority by the representative on Form 2848, line 5. The representative must attach Form 2848 showing the delegation to Form 4506-T.

Privacy Act and Paperwork Reduction Act Notice.

We ask for the information on this form to establish your right to gain access to the requested tax information under the Internal Revenue Code. We need this information to properly identify the tax information and respond to your request. You are not required to request any transcript; if you do request a transcript, sections 6103 and 6109 and their regulations require you to provide this information, including your SSN or EIN. If you do not provide this information, we may not be able to process your request. Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file Form 4506-T will vary depending on individual circumstances. The estimated average time is: **Learning about the law or the form**, 10 min.; **Preparing the form**, 12 min.; and **Copying, assembling, and sending the form to the IRS**, 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506-T simpler, we would be happy to hear from you. You can write to:

Internal Revenue Service
Tax Forms and Publications Division
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224

Do not send the form to this address. Instead, see *Where to file* on this page.

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return) John Doe	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input checked="" type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <input type="checkbox"/> Other (see instructions) ▶ _____	Exemptions (see instructions): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____
	Address (number, street, and apt. or suite no.) 122 South Main	Requester's name and address (optional)
	City, state, and ZIP code Arlington, TX 76017	
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number		
	-	
	-	

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Employer identification number									

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below), and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. The IRS has created a page on IRS.gov for information about Form W-9, at www.irs.gov/w9. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the

withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity,
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust, and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* on page 1.

What is FATCA reporting? The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

Partnership, C Corporation, or S Corporation. Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA) name" on the "Business name/disregarded entity name" line.

Disregarded entity. For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulation section 301.7701-2(c)(2)(iii). Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Note. Check the appropriate box for the U.S. federal tax classification of the person whose name is entered on the "Name" line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

Limited Liability Company (LLC). If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the U.S. federal tax classification in the space provided. If you are an LLC that is treated as a partnership for U.S. federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation, as appropriate. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for U.S. federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

Other entities. Enter your business name as shown on required U.S. federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the *Exemptions* box, any code(s) that may apply to you. See *Exempt payee code* and *Exemption from FATCA reporting code* on page 3.

Exempt payee code. Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following codes identify payees that are exempt from backup withholding:

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 584(a)
- 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 5 ²
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements.

- A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)
- B—The United States or any of its agencies or instrumentalities
- C—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities
- D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Reg. section 1.1472-1(c)(1)(i)
- E—A corporation that is a member of the same expanded affiliated group as a corporation described in Reg. section 1.1472-1(c)(1)(i)
- F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

- G—A real estate investment trust
- H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940
- I—A common trust fund as defined in section 584(a)
- J—A bank as defined in section 581
- K—A broker
- L—A trust exempt from tax under section 664 or described in section 4947(a)(1)
- M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt payee code* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law	The grantor-trustee ¹ The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity ⁴
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

*Note. Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.ftc.gov/idtheft or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

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OF THE PACKAGE**