

TRUTH - IN - LENDING DISCLOSURE STATEMENT AND INSTRUCTIONS

Explanation of Form

Form Instructions:

- Item 1: The amount of the Deed of Trust Note, which usually equals the total of the base, exceptions and demolition contracts.
- Item 2: Unless a Finance Charge is enumerated in the CDBG Housing Program Design or the IPR Flex Project Management Plan, **there is no finance charge.**
- Item 3: Item 1 + Item 2 = Item 3.
- Item 4: Unless a Percentage Rate is enumerated in the CDBG Housing Program Design or the IPR Flex Project Management Plan, **the percentage rate is zero.**
- Item 5: The amount to be inserted is 1/60th of the total base construction, exceptions and demo costs.
- Item 6: The payment due date can be changed if another date is specified in the loan servicing section of the CDBG Housing Program Design or the IPR Flex Project Management Plan.
- Item 7: Self-explanatory.
- Item 8-9: The Deed of Trust and Deed of Trust Note language **must** be consistent with these statements.
- Item 10: Insert the anticipated date the Deed-of-Trust will be recorded. Make sure to take into account the Right-to-Cancel period.

Truth-in-Lending Disclosure Statement

Borrower: _____

Lender: _____

(Subrecipient's Name)

(Subrecipient's Address)

1. Amount Financed as a Forgivable Loan (the amount of credit provided to you or on your behalf) \$ _____
2. FINANCE CHARGE (the total dollar amount your credit will cost you): \$ _____
3. Total of Forgivable Payments (amount forgiven if you meet the conditions of the Deed of Trust) \$ _____
4. ANNUAL PERCENTAGE RATE (the cost of your credit as a yearly rate) _____
5. The loan is to be forgiven in 60 equal consecutive monthly installments. Each monthly amount of \$ _____ shall be forgiven as long as provisions of the Deed of Trust are met.
6. Forgiveness of monthly installments shall begin on the 1st day of _____, 20____, and thereafter on the 1st day of each and every month until the loan is forgiven in full. All amounts should be forgiven by _____ (60 months total) and a Certificate of Satisfaction issued to the borrower.
7. **Prepayment Provisions.** If you choose to pay off early (sell or transfer ownership), you will have to pay off the prorated outstanding amount of the loan that is not yet forgiven. You will not have to pay a penalty and you will not be entitled to a refund of part of any finance charges, when applicable.
8. **Assumption.** A low- to moderate-income heir may, with the approval of the lender, be allowed to assume the remainder of the forgivable loan on the original terms.
9. **Insurance.** Property insurance is required for the entire duration of the loan. You may obtain property insurance from anyone you want that is acceptable to the Lender. The Lender must be listed as a loss payee.
10. **Security interest.** This loan will be secured by a Deed of Trust on or about _____ / _____ / _____ for the Property at _____.

I acknowledge receipt of a copy of the foregoing Truth-in-Lending Disclosure Statement

Signature of Borrower

Date

Signature of Borrower

Date