

ADDENDUM TO LOAN APPLICATION

CALIFORNIA CIVIL CODE SECTION 1812.30 REQUIRES NOTICE THAT "THE APPLICANT, IF MARRIED, MAY APPLY FOR A SEPARATE ACCOUNT."

I (WE) RECEIVED A COPY OF THIS NOTICE, WHICH IS PART OF MY/OUR CREDIT APPLICATION.

Borrower MEI LING CHEN Date

Borrower Date

Borrower Date

Borrower Date

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Borrower TAWEI JAO Date

Borrower Date

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Borrower Date

CALIFORNIA DOMESTIC PARTNERSHIP ADDENDUM TO UNIFORM RESIDENTIAL LOAN APPLICATION

Date: AUGUST 14, 2018

Provided by: ATHAS CAPITAL GROUP, INC.

Borrower: MEI LING CHEN, TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET, ROWLAND HEIGHTS, CALIFORNIA 91748

On and after January 1, 2005, California law extends the same rights, protections, benefits, and duties of marriage to persons registered as domestic partners in the State of California. Thus, a non-borrowing domestic partner whose domestic partnership is registered in California will be presumed to have a community property interest in the real property of the borrowing domestic partner that will secure repayment of this loan transaction regardless of whether the non-borrowing partner holds, or will hold, legal title to that property.

Furthermore, a legal union of two persons of the same sex, other than marriage, that is validly formed in another jurisdiction and that is substantially equivalent to a domestic partnership under California law is recognized as a valid domestic partnership in California regardless of whether it bears the name domestic partnership.

Accordingly, if you, as the Borrower, indicate that you are involved in a domestic partnership registered with the State of California or part of a legal union formed in another jurisdiction, the Lender will require that your domestic partner also sign the deed of trust or other security instrument (and perhaps other related loan documents) that secures repayment of this loan.

You should consult an attorney for specific legal advice regarding community property rights and for specific legal advice regarding rights, protections, benefits, and duties under California law.

The undersigned Borrower hereby represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns, the following:

Please check all of those statements below that apply.

- ☐ I am **not** involved in a domestic partnership in California or in any other jurisdiction recognizing a domestic partnership or civil union.
- ☐ I do **not** have a pending termination or judgment of dissolution or nullity of a domestic partnership or civil union.
- ☐ I have registered a domestic partnership with the State of California. The Lender may request that you provide a Certificate of Domestic Partnership issued by the California Secretary of State.
- ☐ I am involved in a domestic partnership or civil union formed in a jurisdiction outside the State of California.

If you have registered a domestic partnership in California or formed a domestic partnership or civil union in another jurisdiction, please provide the name of your domestic partner in the space provided below:

Name of Domestic Partner

Borrower MEI LING CHEN

Date

CALIFORNIA DOMESTIC PARTNERSHIP ADDENDUM TO UNIFORM RESIDENTIAL LOAN APPLICATION

Date: AUGUST 14, 2018

Provided by: ATHAS CAPITAL GROUP, INC.

Borrower: MEI LING CHEN, TAWEI JAO

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- ☐ I have registered a domestic partnership with the State of California. The Lender may request that you provide a Certificate of Domestic Partnership issued by the California Secretary of State.
- ☐ I am involved in a domestic partnership or civil union formed in a jurisdiction outside the State of California.

If you have registered a domestic partnership in California or formed a domestic partnership or civil union in another jurisdiction, please provide the name of your domestic partner in the space provided below:

Name of Domestic Partner

Borrower TAWEI JAO

Date

EVIDENCE OF JOINT APPLICATION

Date: AUGUST 14, 2018

Provided By: ATHAS CAPITAL GROUP, INC. (NMLS # 275237)

Borrower: MEI LING CHEN, TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET, ROWLAND HEIGHTS, CALIFORNIA 91748

If you are applying for joint credit with another person, please sign below.

We intend to apply for joint credit.

Borrower MEI LING CHEN Date

Co-Borrower TAWEI JAO Date

Co-Borrower Date

Co-Borrower Date

Co-Borrower Date

Co-Borrower Date

ARM PROGRAM DISCLOSURE

This disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. Information on other ARM programs is available upon request.

HOW YOUR INTEREST RATE AND PAYMENTS ARE DETERMINED

- Your interest rate will be based on an index plus a margin.
- Your payment will be based on the interest rate, loan balance, and loan term.
 - The interest rate will be based on: The Average of Interbank offered rates for six month U.S. dollar-denominated deposits in the London Market based on quotations of major banks, as posted by Fannie Mae through electronic transmission or by telephone or both through electronic transmission and by telephone.

(your index), plus our margin. Ask for our current interest rate and margin.

- Information about the index rate can be found: Posted by Fannie Mae through electronic transmission or by telephone or both.

☒ The initial interest rate is not based on the index used to make later adjustments. Ask us for the amount of current interest rate discounts.

HOW YOUR INTEREST RATE CAN CHANGE

- Your interest rate will not change for the first 60 months of your loan.
- After the first 60 months, your interest rate can change every 6 months.
- Each date on which your interest rate can change is called a "Change Date" and will be described in your loan documents.
- On each Change Date, your interest rate will equal the index plus the margin, rounded ☒ up ☐ down ☐ up or down to the nearest 0.125 %, unless your interest rate "caps" or "floors" (described below) limit the amount of change in the interest rate.
- Your interest rate cannot increase more than 6.000 percentage points above the initial interest rate over the term of the loan.
- Your interest rate cannot decrease more than 0.000 percentage points below the initial interest rate over the term of the loan.
- On the **first** Change Date, your interest rate cannot increase more than 2.000 percentage points above, or decrease more than 0.000 percentage points below the initial interest rate.
- On the second Change Date and every Change Date thereafter, your interest rate cannot increase or decrease more than 2.000 percentage points.

HOW YOUR PAYMENT CAN CHANGE

- Following the initial 60 months of your loan, your monthly payment can increase or decrease substantially every 6 months based on changes in the interest rate.
- Your new payment will be due beginning with the first payment due date after the Change Date on which the related interest rate change occurred, and will be your payment until the first payment due date after the next Change Date.
- For example, on a \$10,000, 30 -year loan with an initial interest rate of 5.625 % (in effect on AUGUST 14, 2018), the maximum amount that the interest rate can rise under this program is 6.000 percentage points, to 11.625 % and the monthly payment can rise from a first-year payment of \$ 57.57 to a maximum of \$ 94.53 in the 7th year. To see what your payments would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be: $\$60,000 \div \$10,000 = 6$; $6 \times \$57.57 = \345.42 per month.)

- You will be notified at least 210 , but no more than 240 days, before first payment at the adjusted level is due after the initial interest rate adjustment of the loan. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.
- You will be notified in writing at least 60 , but not more than 120 days, before first payment at the adjusted level is due after any interest rate adjustment resulting in a corresponding payment change. This notice will contain information about the adjustment, including the interest rate, payment amount, and loan balance.

OTHER INFORMATION

- This obligation ☒ does ☐ does not have a demand feature.

I/We have read this disclosure form, and understand its contents, as evidenced by my/our signature(s) below. THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND.

Applicant MEI LING CHEN _____ Date

Applicant TAWEI JAO _____ Date

Applicant _____ Date

Applicant _____ Date

Applicant _____ Date

Applicant _____ Date

BORROWER'S CERTIFICATION AND AUTHORIZATION**CERTIFICATION**

The undersigned certify the following:

1. I/We have applied for a mortgage loan from ATHAS CAPITAL GROUP, INC.

("Lender").

In applying for the loan, I/we completed a loan application containing information on the purpose of the loan, the amount and source of the downpayment, employment and income information, and assets and liabilities. I/We certify that all of the information is true and complete. I/We made no misrepresentations in the loan application or other documents, nor did I/we omit any pertinent information.

2. I/We understand and agree that Lender reserves the right to change the mortgage loan review process. This may include verifying the information provided on the application.

3. I/We fully understand 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.

AUTHORIZATION TO RELEASE INFORMATION

To Whom It May Concern:

1. I/We have applied for a mortgage loan from Lender. As part of the application process, Lender and the mortgage guaranty insurer (if any), may verify information contained in my/our 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. I/We authorize you to provide to Lender and to any investor to whom you may sell my mortgage, and to the mortgage guaranty insurer (if any), any and all information and documentation that they request for a period not in excess of three months from the date of my/our execution of this Authorization to Release Information. 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. I/We further authorize Lender to order a consumer credit report and verify other credit information.

4. Lender or any investor that purchases the mortgage, or the mortgage guaranty insurer (if any), may address this authorization to any party named in the loan application. A copy of this authorization may be accepted as an original.

5. Your prompt reply to Lender, the investor that purchased the mortgage, or the mortgage guaranty insurer (if any) is appreciated. The mortgage guaranty insurer (if any) is: N/A

Borrower	MEI LING CHEN	Date	609-37-6664
			Social Security Number

Borrower	TAWEI JAO	Date	609-37-6663
			Social Security Number

Borrower		Date	
			Social Security Number

Borrower		Date	
			Social Security Number

Borrower		Date	
			Social Security Number

Borrower		Date	
			Social Security Number

Form **4506-T**

(July 2017)

Department of the Treasury
Internal Revenue Service**Request for Transcript of Tax Return**

- ▶ **Do not sign this form unless all applicable lines have been completed.**
 ▶ **Request may be rejected if the form is incomplete or illegible.**
 ▶ **For more information about Form 4506-T, visit www.irs.gov/form4506t.**

OMB No. 1545-1872

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 "Get a Tax Transcript..." under "Tools" 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. MEI LING CHEN	1b First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions) 609-37-6664
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) MEI LING CHEN 18480-18482 AGUIRO STREET, ROWLAND HEIGHTS, CALIFORNIA 91748	
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. ATHAS CAPITAL GROUP, INC., 27001 AGOURA ROAD, SUITE 200, CALABASAS, CALIFORNIA 91301, Phone Number: (877) 877-1477	

Caution: If the tax transcript is being mailed to a third party, ensure that you have filled in lines 6 through 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. ▶ 1040

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 1120-A, Form 1120-H, Form 1120-L, 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 business 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 business 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 likely 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 10 business 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. 12/31/2017 12/31/2016

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, 1 percent or more shareholder, partner, managing member, 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:** This form must be received by IRS within 120 days of the signature date.

☐ Signatory attests that he/she has read the attestation clause and upon so reading declares that he/she has the authority to sign the Form 4506-T. See instructions. Phone 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)	Date
Spouse's signature	Date

(626) 560-5581

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about Form 4506-T and its instructions, 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 in 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 "Get a Tax Transcript..." under "Tools" 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
	855-587-9604

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
	855-800-8105

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
	855-821-0094

Chart for all other transcripts

If you lived in or your business was in:

Mail or Fax to:

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, 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 P.O. Box 9941 Mail Stop 6734 Ogden, UT 84409
	855-298-1145

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 2800 F Cincinnati, OH 45250
	855-800-8015

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 addresses 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. 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.

You must check the box in the signature area to acknowledge you have the authority to sign and request the information. The form will not be processed and returned to you if the box is unchecked.

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. A bona fide shareholder of record owning 1 percent or more of the outstanding stock of the corporation may submit a Form 4506-T but must provide documentation to support the requester's right to receive the information.

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.

Note: If you are Heir at law, Next of kin, or Beneficiary you must be able to establish a material interest in the estate or trust.

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 has specifically delegated this authority to 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.

Form **4506-T**

(July 2017)

Department of the Treasury
Internal Revenue Service**Request for Transcript of Tax Return**

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OMB No. 1545-1872

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1a Name shown on tax return. If a joint return, enter the name shown first. TAWEI JAO	1b First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions) 609-37-6663
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) TAWEI JAO 18480-18482 AGUIRO STREET, ROWLAND HEIGHTS, CALIFORNIA 91748	
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. ATHAS CAPITAL GROUP, INC., 27001 AGOURA ROAD, SUITE 200, CALABASAS, CALIFORNIA 91301, Phone Number: (877) 877-1477	

Caution: If the tax transcript is being mailed to a third party, ensure that you have filled in lines 6 through 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. ▶ <u>1040</u>
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 1120-A, Form 1120-H, Form 1120-L, 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 <input checked="" type="checkbox"/>
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 business days <input type="checkbox"/>
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 business days <input type="checkbox"/>
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 <input type="checkbox"/>
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 likely 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 10 business days. <input type="checkbox"/>
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. <u>12/31/2017</u> <u>12/31/2016</u>

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, 1 percent or more shareholder, partner, managing member, 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:** This form must be received by IRS within 120 days of the signature date.

☐ **Signatory attests that he/she has read the attestation clause and upon so reading declares that he/she has the authority to sign the Form 4506-T.** See instructions. Phone 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)	(626) 560-5581
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 and its instructions, 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 in 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 "Get a Tax Transcript..." under "Tools" 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
	855-587-9604

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
	855-800-8105

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
	855-821-0094

Chart for all other transcripts

If you lived in or your business was in:

Mail or Fax to:

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, 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 P.O. Box 9941 Mail Stop 6734 Ogden, UT 84409
	855-298-1145

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 2800 F Cincinnati, OH 45250
	855-800-8015

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 addresses 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. 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.

You must check the box in the signature area to acknowledge you have the authority to sign and request the information. The form will not be processed and returned to you if the box is unchecked.

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. A bona fide shareholder of record owning 1 percent or more of the outstanding stock of the corporation may submit a Form 4506-T but must provide documentation to support the requester's right to receive the information.

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.

Note: If you are Heir at law, Next of kin, or Beneficiary you must be able to establish a material interest in the estate or trust.

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 has specifically delegated this authority to 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.

AUTOMATED VALUATION MODEL NOTICE

Loan Number: CSP180809011

Date: AUGUST 14, 2018

Lender: ATHAS CAPITAL GROUP, INC. (NMLS # 275237)

Borrower: MEI LING CHEN, TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET
ROWLAND HEIGHTS, CALIFORNIA 91748

AN AUTOMATED VALUATION MODEL IS NOT AN APPRAISAL. IT IS A COMPUTERIZED PROPERTY VALUATION SYSTEM THAT IS USED TO DERIVE A REAL PROPERTY VALUE.

YOU HAVE THE RIGHT TO RECEIVE A COPY OF THE AUTOMATED VALUATION MODEL (AVM) RESULT USED IN CONNECTION WITH YOUR APPLICATION FOR CREDIT. IF YOU WISH TO RECEIVE A COPY OF THE AVM RESULT, PLEASE SEND YOUR WRITTEN REQUEST TO:

ATHAS CAPITAL GROUP, INC. (NMLS # 275237)
27001 AGOURA ROAD, SUITE 200
CALABASAS, CALIFORNIA 91301

LENDER MUST RECEIVE YOUR REQUEST FOR A COPY OF THE AVM RESULT NO LATER THAN 90 DAYS AFTER LENDER PROVIDES NOTICE OF THE ACTION TAKEN ON YOUR APPLICATION OR A NOTICE OF INCOMPLETENESS, OR IN THE CASE OF A WITHDRAWN APPLICATION, 90 DAYS AFTER THE WITHDRAWAL. FURTHER NOTE THAT RELEASE OF THE COPY OF THE AVM RESULT MAY BE CONDITIONED UPON PAYMENT OF A FEE.

IN YOUR REQUEST, PLEASE INCLUDE THE FOLLOWING INFORMATION: YOUR NAME AND ADDRESS, THE PROPERTY ADDRESS (IF DIFFERENT FROM YOUR ADDRESS), AND YOUR LOAN OR APPLICATION NUMBER, IF YOU KNOW THEM.

Each of the undersigned hereby acknowledges receipt of a copy of this Automated Valuation Model Notice.

Borrower MEI LING CHEN Date

Borrower TAWEI JAO Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

CALIFORNIA ACKNOWLEDGMENT OF RECEIPT OF LOAN ESTIMATE

Loan Number: CSP180809011

Date: AUGUST 14, 2018

Borrower(s): MEI LING CHEN, TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET, ROWLAND HEIGHTS, CALIFORNIA 91748

The undersigned ("you" or "your") hereby acknowledge receipt of a "Loan Estimate." This Loan Estimate does not constitute a loan commitment. You may check the license status of the broker and/or loan officer by calling the Bureau of Real Estate's license information telephone number at (866) 373-4542 or by visiting CalBRE's website at www.calbre.ca.gov.

By signing below, I/we acknowledge that I/we have read and received a copy of this document.

Borrower MEI LING CHEN Date

Borrower TAWEI JAO Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

CONSUMER CREDIT SCORE DISCLOSURE

Loan Number: CSP180809011

Date: AUGUST 14, 2018

Provided By: ATHAS CAPITAL GROUP, INC. (NMLS # 275237)

Borrower: MEI LING CHEN

Property Address: 18480-18482 AGUIRO STREET
ROWLAND HEIGHTS, CALIFORNIA 91748

The following notice is required under federal law:

NOTICE TO THE HOME LOAN APPLICANT

In connection with your application for a home loan, the lender must disclose to you the score that a consumer reporting agency distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer generated summary calculated at the time of the request and based on information that a consumer reporting agency or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

If you have questions about your credit score or the credit information that is furnished to you, contact the consumer reporting agency at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The consumer reporting agency plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have questions concerning the terms of the loan, contact the lender.

The following notice is required under California law:

NOTICE TO THE HOME LOAN APPLICANT

In connection with your application for a home loan, the lender must disclose to you the score that a credit bureau distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer generated summary calculated at the time of the request and based on information a credit bureau or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

If you have questions about your credit score or the credit information that is furnished to you, contact the credit bureau at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The credit bureau plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have questions concerning the terms of the loan, contact the lender.

Contact Information: ATHAS CAPITAL GROUP, INC.
27001 AGOURA ROAD, SUITE 200
CALABASAS, CALIFORNIA 91301
(877) 877-1477

By signing below, the undersigned hereby acknowledges receipt of a copy of this disclosure.

Borrower MEI LING CHEN

Date

Loan Number: CSP180809011

Date: AUGUST 14, 2018

Provided By: ATHAS CAPITAL GROUP, INC. (NMLS # 275237)

Borrower: MEI LING CHEN

Property Address: 18480-18482 AGUIRO STREET, ROWLAND HEIGHTS, CALIFORNIA 91748

CREDIT SCORING INFORMATION

The following consumer reporting agency(ies)/credit bureau(s) provided a credit score that was used by the Lender:

☒ **Equifax Credit Information Services**

P.O. BOX 740241

ATLANTA, GA 30374

To order report: (800)685-1111

To report fraud: (888)766-0008

Web Site: www.equifax.com

Current/Most Recent Credit Score: 802 Credit Score Date: 08/09/2018 Credit Score Range: 300-850

Key Factors Adversely Affecting Your Credit Score:

LENGTH OF TIME ACCOUNTS HAVE BEEN ESTABLISHED

TOO MANY ACCOUNTS WITH BALANCES

TOO MANY INQUIRIES LAST 12 MONTHS

TIME SINCE MOST RECENT ACCOUNT OPENING IS TOO SHORT

☒ **TransUnion Consumer Disclosure Center**

P.O. BOX 1000

CHESTER, PA 19016

To order report: (800)916-8800

To report fraud: (800)916-8800

Web Site: www.transunion.com

Current/Most Recent Credit Score: 798 Credit Score Date: 08/09/2018 Credit Score Range: 300-850

Key Factors Adversely Affecting Your Credit Score:

AMOUNT OWED ON REVOLVING ACCOUNTS IS TOO HIGH

LACK OF RECENT INSTALLMENT LOAN INFORMATION

LENGTH OF TIME REVOLVING ACCOUNTS HAVE BEEN ESTABLISHED

TIME SINCE MOST RECENT ACCOUNT OPENING IS TOO SHORT

☒ **Experian National Consumer Assistance Center**

P.O. BOX 2002

ALLEN, TX 75013

To order report: (888)397-3742

To report fraud: (888)397-3742

Web Site: www.experian.com

Current/Most Recent Credit Score: 775 Credit Score Date: 08/09/2018 Credit Score Range: 300-850

Key Factors Adversely Affecting Your Credit Score:

NUMBER OF ACCOUNTS WITH DELINQUENCY

TOO MANY INQUIRIES LAST 12 MONTHS

TOO MANY CONSUMER FINANCE COMPANY ACCOUNTS

TOO MANY ACCOUNTS WITH BALANCES

☐

Current/Most Recent Credit Score:

Credit Score Date:

Credit Score Range:

Key Factors Adversely Affecting Your Credit Score:

CONSUMER CREDIT SCORE DISCLOSURE

Loan Number: CSP180809011

Date: AUGUST 14, 2018

Provided By: ATHAS CAPITAL GROUP, INC. (NMLS # 275237)

Borrower: TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET
ROWLAND HEIGHTS, CALIFORNIA 91748

The following notice is required under federal law:

NOTICE TO THE HOME LOAN APPLICANT

In connection with your application for a home loan, the lender must disclose to you the score that a consumer reporting agency distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer generated summary calculated at the time of the request and based on information that a consumer reporting agency or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

If you have questions about your credit score or the credit information that is furnished to you, contact the consumer reporting agency at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The consumer reporting agency plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have questions concerning the terms of the loan, contact the lender.

The following notice is required under California law:

NOTICE TO THE HOME LOAN APPLICANT

In connection with your application for a home loan, the lender must disclose to you the score that a credit bureau distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer generated summary calculated at the time of the request and based on information a credit bureau or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

If you have questions about your credit score or the credit information that is furnished to you, contact the credit bureau at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The credit bureau plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have questions concerning the terms of the loan, contact the lender.

Contact Information: ATHAS CAPITAL GROUP, INC.
27001 AGOURA ROAD, SUITE 200
CALABASAS, CALIFORNIA 91301
(877) 877-1477

By signing below, the undersigned hereby acknowledges receipt of a copy of this disclosure.

Borrower TAWEI JAO

Date

Loan Number: CSP180809011

Date: AUGUST 14, 2018

Provided By: ATHAS CAPITAL GROUP, INC. (NMLS # 275237)

Borrower: TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET, ROWLAND HEIGHTS, CALIFORNIA 91748

CREDIT SCORING INFORMATION

The following consumer reporting agency(ies)/credit bureau(s) provided a credit score that was used by the Lender:

☒ **Equifax Credit Information Services**

P.O. BOX 740241

ATLANTA, GA 30374

To order report: (800)685-1111

To report fraud: (888)766-0008

Web Site: www.equifax.com

Current/Most Recent Credit Score: 802 Credit Score Date: 08/09/2018 Credit Score Range: 300-850

Key Factors Adversely Affecting Your Credit Score:

LENGTH OF TIME ACCOUNTS HAVE BEEN ESTABLISHED

TOO MANY INQUIRIES LAST 12 MONTHS

TIME SINCE MOST RECENT ACCOUNT OPENING IS TOO SHORT

NUMBER OF ACCOUNTS WITH OUTSTANDING BALANCES

☒ **TransUnion Consumer Disclosure Center**

P.O. BOX 1000

CHESTER, PA 19016

To order report: (800)916-8800

To report fraud: (800)916-8800

Web Site: www.transunion.com

Current/Most Recent Credit Score: 800 Credit Score Date: 08/09/2018 Credit Score Range: 300-850

Key Factors Adversely Affecting Your Credit Score:

LACK OF RECENT INSTALLMENT LOAN INFORMATION

LENGTH OF TIME REVOLVING ACCOUNTS HAVE BEEN ESTABLISHED

TOO MANY ACCOUNTS WITH BALANCES

TIME SINCE MOST RECENT ACCOUNT OPENING IS TOO SHORT

☒ **Experian National Consumer Assistance Center**

P.O. BOX 2002

ALLEN, TX 75013

To order report: (888)397-3742

To report fraud: (888)397-3742

Web Site: www.experian.com

Current/Most Recent Credit Score: 788 Credit Score Date: 08/09/2018 Credit Score Range: 300-850

Key Factors Adversely Affecting Your Credit Score:

LENGTH OF TIME ACCOUNTS HAVE BEEN ESTABLISHED

TOO MANY INQUIRIES LAST 12 MONTHS

TOO MANY CONSUMER FINANCE COMPANY ACCOUNTS

TOO MANY ACCOUNTS RECENTLY OPENED

☐

Current/Most Recent Credit Score:

Credit Score Date:

Credit Score Range:

Key Factors Adversely Affecting Your Credit Score:

CALIFORNIA COPIES OF SIGNED DOCUMENTS

Date: AUGUST 14, 2018

Provided By: ATHAS CAPITAL GROUP, INC. (NMLS # 275237)

Applicant Name(s): MEI LING CHEN, TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET
ROWLAND HEIGHTS, CALIFORNIA 91748

It is your responsibility to obtain machine copies of forms furnished for application by mail before returning the signed documents back to the above-named Lender (Cal. Code Regs. Tit. 10, § 1950.204).

By signing below, you acknowledge that you have received and read a copy of this notice.

Applicant MEI LING CHEN Date

Applicant TAWEI JAO Date

Applicant Date

Applicant Date

Applicant Date

Applicant Date

THE HOUSING FINANCIAL DISCRIMINATION ACT OF 1977 FAIR LENDING NOTICE

IT IS ILLEGAL TO DISCRIMINATE IN THE PROVISION OF OR IN THE AVAILABILITY OF FINANCIAL ASSISTANCE BECAUSE OF THE CONSIDERATION OF:

1. TRENDS, CHARACTERISTICS OR CONDITIONS IN THE NEIGHBORHOOD OR GEOGRAPHIC AREA SURROUNDING A HOUSING ACCOMMODATION, UNLESS THE FINANCIAL INSTITUTION CAN DEMONSTRATE IN THE PARTICULAR CASE THAT SUCH CONSIDERATION IS REQUIRED TO AVOID AN UNSAFE AND UNSOUND BUSINESS PRACTICE; OR
2. RACE, COLOR, RELIGION, SEX, MARITAL STATUS, DOMESTIC PARTNERSHIP, NATIONAL ORIGIN OR ANCESTRY.

IT IS ILLEGAL TO CONSIDER THE RACIAL, ETHNIC, RELIGIOUS OR NATIONAL ORIGIN COMPOSITION OF A NEIGHBORHOOD OR GEOGRAPHIC AREA SURROUNDING A HOUSING ACCOMMODATION OR WHETHER OR NOT SUCH COMPOSITION IS UNDERGOING CHANGE, OR IS EXPECTED TO UNDERGO CHANGE, IN APPRAISING A HOUSING ACCOMMODATION OR IN DETERMINING WHETHER OR NOT, OR UNDER WHAT TERMS AND CONDITIONS, TO PROVIDE FINANCIAL ASSISTANCE.

THESE PROVISIONS GOVERN FINANCIAL ASSISTANCE FOR THE PURPOSE OF THE PURCHASE, CONSTRUCTION, REHABILITATION OR REFINANCING OF ONE- TO FOUR-UNIT FAMILY RESIDENCES OCCUPIED BY THE OWNER AND FOR THE PURPOSE OF THE HOME IMPROVEMENT OF ANY ONE- TO FOUR-UNIT FAMILY RESIDENCE.

IF YOU HAVE QUESTIONS ABOUT YOUR RIGHTS, OR IF YOU WISH TO FILE A COMPLAINT, CONTACT THE MANAGEMENT OF THIS FINANCIAL INSTITUTION OR:

Department of Business Oversight
300 S. Spring Street, Suite 15513
Los Angeles, CA 90013-1259

Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, CA 94104-4428

Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

Department of Business Oversight
1350 Front St., #2034
San Diego, CA 92101-3697

Department of Business Oversight
1515 K Street, Suite 200
Sacramento, CA 95814-4052

Department of Business Oversight
7575 Metropolitan Drive, Suite 108
San Diego, CA 92108-4421

Acknowledgment of Receipt:

I/We received a copy of this notice.

Borrower MEI LING CHEN

Date

Borrower TAWEI JAO

Date

CALIFORNIA FINANCING LAW STATEMENT OF LOAN

Loan Number: CSP180809011

Date: AUGUST 14, 2018

Borrower Name(s): MEI LING CHEN, TAWEI JAO

Borrower Address: 18480-18482 AGUIRO STREET
ROWLAND HEIGHTS, CALIFORNIA 91748

Broker Name: AAA CAPITAL INVESTMENT INC

Broker Address: 117 S. GARFIELD AVENUE ALHAMBRA, CALIFORNIA 91801

Broker's License Number: 01835649

Broker's NMLS: 295075

Originator's NMLS: 352225

1. This loan is made pursuant to the California Financing Law, Division 9 (commencing with Section 22000) of the Financial Code.

FOR INFORMATION CONTACT THE DEPARTMENT OF BUSINESS OVERSIGHT, STATE OF CALIFORNIA.

2. You have selected the finance lender listed below to finance your loan.

Lender Name: ATHAS CAPITAL GROUP, INC. (NMLS # 275237)

Lender Address: 27001 AGOURA ROAD, SUITE 200
CALABASAS, CALIFORNIA 91301

Lender CFL or Department of Business Oversight License No.: 603F869

3. All amounts paid or payable to the broker or to any person other than the Lender:

Mortgage Broker Fee	11,400.00	Title - Lender's Title Insurance	750.00
Mortgage Processing Fee	1,000.00	Title - Messenger Fee	75.00
Appraisal Fee	960.00	Title - Recording Service Fee	50.00
Recording Assignment Fee	150.00	Title - Sub Escrow Fee	75.00
Recording Mortgage Fee	225.00	Title - Wire Transfer Fee	75.00
Title - Notary Fee	250.00	Title - Endorsement Fee	175.00
SB2 Recording	225.00	Title - Escrow Fee	850.00

A full statement of (i) the actual amount of cash you receive and retain, (ii) any funds paid to third persons pursuant to your written instructions, and (iii) any fees, charges, costs, insurance premiums, or other sums which have been paid or are to be paid by you or on your behalf at the time the loan is made, is set forth in the HUD-1 or Closing Disclosure (as applicable) or HUD-1A settlement statement delivered to you at settlement.

4. Loan Information:

Date of Loan: AUGUST 14, 2018 **Loan Amount:** \$570,000.00

5. Terms of Agreement with the Broker: You have engaged AAA CAPITAL INVESTMENT INC to advise and assist you with obtaining a mortgage loan, repayment of which will be secured by real property you own, from the above named Lender. The payment information provided supplements the terms of the agreement with the Broker provided in the Loan Brokerage Agreement. The Loan Brokerage Agreement further describes the services that the Broker will provide or perform and the compensation for such services.

6. You have the right to make payment in advance in any amount at any time.

By signing below, you acknowledge that you have received and read this disclosure.

Borrower MEI LING CHEN Date

Borrower TAWEI JAO Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

**HAZARD INSURANCE DISCLOSURE
PURSUANT TO CALIFORNIA CIVIL CODE §2955.5**

Date: AUGUST 14, 2018

Lender: ATHAS CAPITAL GROUP, INC. (NMLS # 275237)

Borrower(s): MEI LING CHEN, TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET, ROWLAND HEIGHTS, CALIFORNIA 91748

NO LENDER SHALL REQUIRE A BORROWER, AS A CONDITION OF RECEIVING OR MAINTAINING A LOAN SECURED BY REAL PROPERTY, TO PROVIDE HAZARD INSURANCE COVERAGE AGAINST RISKS TO THE IMPROVEMENTS ON THAT REAL PROPERTY IN AN AMOUNT EXCEEDING THE REPLACEMENT VALUE OF THE IMPROVEMENTS ON THE PROPERTY.

THIS DISCLOSURE IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND.

By signing below, I hereby acknowledge receipt of a true copy of this disclosure.

Borrower MEI LING CHEN Date

Borrower TAWEI JAO Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

ACKNOWLEDGMENT OF RECEIPT

Loan No.: CSP180809011

Date: AUGUST 14, 2018

Borrower Name(s): MEI LING CHEN, TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET, ROWLAND HEIGHTS, CALIFORNIA 91748

I acknowledge that I have received the *Consumer Handbook on Adjustable-Rate Mortgages* document (aka CHARM booklet) in electronic format.

Borrower MEI LING CHEN Date

Borrower TAWEI JAO Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

FEDERAL EQUAL CREDIT OPPORTUNITY ACT NOTICE

Loan Number: CSP180809011

Date: AUGUST 14, 2018

Provided By: ATHAS CAPITAL GROUP, INC. (NMLS # 275237)

Borrower(s): MEI LING CHEN, TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET, ROWLAND HEIGHTS, CALIFORNIA 91748

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

The Federal Agency that administers compliance with this law concerning this creditor is:

Federal Trade Commission
Equal Credit Opportunity
Washington, DC 20580

By signing below, I/we acknowledge that I/we have read and received a copy of this document.

Borrower MEI LING CHEN Date

Borrower TAWEI JAO Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

HOUSING COUNSELORS NEAR YOU



Loan Number: CSP180809011

Date: AUGUST 14, 2018

Provided By: ATHAS CAPITAL GROUP, INC.

Borrower(s): MEI LING CHEN, TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET, ROWLAND HEIGHTS, CALIFORNIA 91748

10 CLOSEST RESULTS TO ZIP CODE 91748

The counseling agencies on this list are approved by the U.S. Department of Housing and Urban Development (HUD), and they can offer independent advice about whether a particular set of mortgage loan terms is a good fit based on your objectives and circumstances, often at little or no cost to you. This list shows you several approved agencies in your area. You can find other approved counseling agencies at the Consumer Financial Protection Bureau's (CFPB) website: consumerfinance.gov/mortgagehelp or by calling 1-855-411-CFPB (2372). You can also access a list of nationwide HUD-approved counseling intermediaries at: <https://www.hudexchange.info/programs/housing-counseling/customer-service-feedback/>

1. GUIDEWELL FINANCIAL SOLUTIONS, WEST COVINA	Distance
1050 Lakes Dr, suite 225	6.8 miles
West Covina, California 91790-2924	

Website: <http://www.guidewellfs.org>

Phone: 323-637-0847

Email Address: haynaud@guidewellfs.org

Languages:
English, Spanish

Services:
Financial Management/Budget Counseling | Reverse Mortgage Counseling

2. GREENPATH FINANCIAL WELLNESS

1561 E Orangethorpe Ave, Suite 100
Fullerton, California 92831-5217

Distance

8.0 miles

Website: <http://www.greenpath.com>

Phone: 888-860-4167

Email Address: housingdepartment@greenpath.com

Languages:

English, Spanish

Services:

3. KOREAN RESOURCE CENTER

6301 Beach Blvd. #211
BUENA PARK, CALIFORNIA 90621-4030

Distance

9.2 miles

Website: krcla.org/housing

Phone: 714-869-7624-2

Email Address: housing@krcla.org

Languages:

English, Korean

Services:

Mortgage Delinquency and Default Resolution Counseling | Resolving/Preventing Mortgage Delinquency Workshop | Financial: Budgeting and Credit Repair Workshops | Rental Housing Counseling

4. CONSUMER CREDIT COUNSELING SERVICE OF ORANGE COUNTY

2450 E. Lincoln, Inside EDD Building
ANAHEIM, CALIFORNIA 92806-4272

Distance

9.5 miles

Website: <http://www.cccsoc.org/>

Phone: 714-547-2227

Email Address: cccsoc@cccsoc.org

Languages:

ASL, English, Spanish, Vietnamese

Services:

Mortgage Delinquency and Default Resolution Counseling | Resolving/Preventing Mortgage Delinquency Workshop | Financial Management/Budget Counseling | Financial: Budgeting and Credit Repair Workshops | Fair Housing Pre-Purchase Education Workshops | Home Improvement and Rehabilitation Counseling | Non-Delinquency Post Purchase Workshops | Predatory Lending Education Workshops | Pre-purchase Counseling | Pre-purchase Homebuyer Education Workshops | Rental Housing Counseling | Rental Housing Workshops

5. OPERATION HOPE - PICO RIVERA BRANCH

9001 E WHITTIER BLVD
PICO RIVERA, CALIFORNIA 90660-2409

Distance

10.6 miles

Website: www.operationhope.org

Phone: 562-673-5177

Email Address: isabel.duran@operationhope.org

Languages:

English, Spanish

Services:

Financial Management/Budget Counseling | Pre-purchase Counseling | Pre-purchase Homebuyer Education Workshops

6. NEIGHBORWORKS ORANGE COUNTY

128 E Katella Ave Ste 200
Orange, California 92867-4850

Distance
11.8 miles

Website: <http://www.nwoc.org>

Phone: 714-490-1250

Email Address: N/A

Languages:

English, Spanish

Services:

Mortgage Delinquency and Default Resolution Counseling | Resolving/Preventing Mortgage Delinquency Workshop | Predatory Lending Education Workshops | Pre-purchase Counseling | Pre-purchase Homebuyer Education Workshops

7. MONTEBELLO HOUSING DEVELOPMENT CORP.

1619 Paramount Blvd
MONTEBELLO, CALIFORNIA 90640-2133

Distance
11.8 miles

Website: www.mhdcca.org

Phone: 323-722-3955

Email Address: rchavez@mhdcca.org

Languages:

English, Spanish

Services:

Mortgage Delinquency and Default Resolution Counseling | Non-Delinquency Post Purchase Workshops | Pre-purchase Counseling | Pre-purchase Homebuyer Education Workshops

8. LEGAL AID SOCIETY OF ORANGE COUNTY

2101 North Tustin Ave
SANTA ANA, CALIFORNIA 92705-7819

Distance
15.0 miles

Website: www.legal-aid.com

Phone: 714-571-5217

Email Address: jsilva@legal-aid.com

Languages:

English, Korean, Spanish, Vietnamese

Services:

Mortgage Delinquency and Default Resolution Counseling | Rental Housing Counseling

9. OPERATION HOPE INC. - SOUTH GATE BRANCH

8710 Garfield Ave
South Gate, California 90280-3719

Distance
15.2 miles

Website: <http://www.operationhope.org>

Phone: 562-927-1693

Email Address: emily.grajeda@operationhope.org

Languages:

English, Spanish

Services:

Mortgage Delinquency and Default Resolution Counseling | Financial Management/Budget Counseling |
Non-Delinquency Post Purchase Workshops | Pre-purchase Counseling | Pre-purchase Homebuyer
Education Workshops

10. **CONSUMER CREDIT COUNSELING SERVICE OF ORANGE COUNTY**

1920 Old Tustin Ave, -
Santa Ana, California 92705-7811

Distance
15.2 miles

Website: <http://www.cccsoc.org>

Phone: 714-547-2227

Email Address: cccsoc@cccsoc.org

Languages:

ASL, English, Spanish, Vietnamese

Services:

Mortgage Delinquency and Default Resolution Counseling | Resolving/Preventing Mortgage Delinquency Workshop | Financial Management/Budget Counseling | Financial: Budgeting and Credit Repair Workshops | Fair Housing Pre-Purchase Education Workshops | Non-Delinquency Post Purchase Workshops | Predatory Lending Education Workshops | Pre-purchase Counseling | Pre-purchase Homebuyer Education Workshops | Rental Housing Counseling | Rental Housing Workshops

USA PATRIOT ACT IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

Loan Number: CSP180809011

Date: AUGUST 14, 2018

Provided By: ATHAS CAPITAL GROUP, INC. (NMLS # 275237)

Applicant(s): MEI LING CHEN, TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET, ROWLAND HEIGHTS, CALIFORNIA 91748

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

By signing below, I/we acknowledge that I/we have read and received a copy of this document.

Borrower MEI LING CHEN Date

Borrower TAWEI JAO Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

Athas Capital Group, Inc.

27001 Agoura Road, Suite 200, Calabasas, CA 91301

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED 8/14/2018
APPLICANTS Mei Ling Chen and Tawei Jao
 18480-18482 Aguiro Street
 Rowland Heights, CA 91748
PROPERTY 18480-18482 Aguiro Street
 Rowland Heights, CA 91748
EST. PROP. VALUE \$950,000

LOAN TERM 30 years
PURPOSE Refinance
PRODUCT 5/6 mo. Adjustable Rate
LOAN TYPE ☒ Conventional ☐ FHA ☐ VA ☐ _____
LOAN ID # CSP180809011
RATE LOCK ☒ NO ☐ YES, until
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 8/27/2018 at 11:00 p.m. PDT

Loan Terms		Can this amount increase after closing?	
Loan Amount	\$570,000	NO	
Interest Rate	5.625%	YES	<ul style="list-style-type: none"> • Adjusts every 6 mo. starting in year 6 • Can go as high as 11.625% in year 7 • See AIR Table on page 2 for details
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$5,468.74	YES	<ul style="list-style-type: none"> • Adjusts every 6 mo. starting in year 6 • Can go as high as \$5,469 in month 1
Prepayment Penalty	Does the loan have these features? NO		
Balloon Payment	NO		

Projected Payments				
Payment Calculation	Years 1 - 5	Year 6	Year 7	Years 8 - 30
Principal & Interest	\$5,468.74	\$2,342 min \$3,318 max	\$2,342 min \$3,845 max	\$2,342 min \$3,845 max
Mortgage Insurance	+ 0	+ 0	+ 0	+ 0
Estimated Escrow <i>Amount can increase over time</i>	+ 887	+ 887	+ 887	+ 887
Estimated Total Monthly Payment	\$6,356	\$3,229 - \$4,205	\$3,229 - \$4,732	\$3,229 - \$4,732
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	\$887 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>		In escrow? YES YES

Costs at Closing	
Estimated Closing Costs	\$32,023 Includes \$17,130 in Loan Costs + \$14,893 in Other Costs -\$0 in Lender Credits. See page 2 for details.
Estimated Cash to Close	\$302,916 Includes Closing Costs See Calculating Cash to Close on page 2 for details. <input type="checkbox"/> From <input checked="" type="checkbox"/> To Borrower

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.

Closing Cost Details

Loan Costs

A. Origination Charges \$13,695

% of Loan Amount (Points)	
Mortgage Broker Fee to Aaa Capital Investm Inc	\$11,400
Mortgage Processing Fee to Aaa Capital Investm Inc	\$1,000
Underwriting Fee	\$1,295

B. Services You Cannot Shop For \$960

Appraisal Fee	\$960
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C. Services You Can Shop For \$2,475

Title - Endorsement Fee	\$175
Title - Escrow Fee	\$850
Title - Lender's Title Insurance	\$750
Title - Messenger Fee	\$75
Title - Messenger/Wire Fee	\$100
Title - Notary Fee	\$250
Title - Processing Fee	\$75
Title - Recording Service Fee	\$50
Title - Sub Escrow Fee	\$75
Title - Wire Transfer Fee	\$75

D. TOTAL LOAN COSTS (A + B + C) \$17,130

Other Costs

E. Taxes and Other Government Fees \$600

Recording Fees and Other Taxes	\$600
Transfer Taxes	

F. Prepaids \$8,263

Homeowner's Insurance Premium (12 months)	\$537
Mortgage Insurance Premium (months)	
Prepaid Interest (\$89.0625 per day for 30 days @ 5.625%)	\$2,672
Property Taxes (6 months)	\$5,054

G. Initial Escrow Payment at Closing \$6,030

Homeowner's Insurance	\$44.76 per month for 3 mo.	\$134
Mortgage Insurance	per month for mo.	
Property Taxes	\$842.28 per month for 7 mo.	\$5,896

H. Other

I. TOTAL OTHER COSTS (E + F + G + H) \$14,893

J. TOTAL CLOSING COSTS \$32,023

D + I	\$32,023
Lender Credits	

Calculating Cash to Close

Loan Amount	\$570,000
Total Closing Costs (J)	-\$32,023
Estimated Total Payoffs and Payments	-\$235,061
Estimated Cash to Close <input type="checkbox"/> From <input checked="" type="checkbox"/> To Borrower	\$302,916

Estimated Closing Costs Financed (Paid from your Loan Amount)	\$32,023
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Adjustable Interest Rate (AIR) Table

Index + Margin	6 month LIBOR + 3.950%
Initial Interest Rate	5.625%
Minimum/Maximum Interest Rate	5.625%/11.625%

Change Frequency

First Change	Beginning of 61st month
Subsequent Changes	Every 6th month after first change

Limits on Interest Rate Changes

First Change	2%
Subsequent Changes	2%

Additional Information About This Loan

LENDER Athas Capital Group, Inc.
NMLS/CA LICENSE ID 275237 / 603869
LOAN OFFICER Desmond Welsh
NMLS/CA LICENSE ID N/A/N/A
EMAIL desmond@athascapital.com
PHONE (877)877-1477

MORTGAGE BROKER Aaa Capital Investment Inc
NMLS/CA LICENSE ID 295075/01835649
LOAN OFFICER Jia Jane Hwang
NMLS/CA LICENSE ID 352225/01108149
EMAIL jjhref@gmail.com
PHONE (626)524-2925

Comparisons	Use these measures to compare this loan with other loans.	
In 5 Years	\$347,926	Total you will have paid in principal, interest, mortgage insurance, and loan costs.
	\$193,268	Principal you will have paid off.
Annual Percentage Rate (APR)	6.498%	Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	91.914%	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations

Appraisal	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.
Assumption	If you sell or transfer this property to another person, we <input checked="" type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input type="checkbox"/> will not allow assumption of this loan on the original terms.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	If your payment is more than 15 days late, we will charge a late fee of 4% of your overdue payment of principal and interest.
Liability after Foreclosure	Taking this loan could end any state law protection you may currently have against liability for unpaid debt if your lender forecloses on your home. If you lose this protection, you may have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend: <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input checked="" type="checkbox"/> to transfer servicing of your loan.

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Mei Ling Chen

Date

Tawei Jao

Date

NOTICE OF INTENT TO PROCEED WITH LOAN APPLICATION

Date: AUGUST 14, 2018

Name of Originator: JIA JANE HWANG (NMLS # 352225)

AAA CAPITAL INVESTMENT INC (NMLS # 295075)

Borrower Name(s): MEI LING CHEN, TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET, ROWLAND HEIGHTS, CALIFORNIA 91748

NOTE: DO NOT SIGN THIS FORM UNLESS YOU WISH TO PROCEED WITH THE LOAN APPLICATION COVERED BY THE GFE OR LOAN ESTIMATE, AS APPLICABLE. IF YOU DO WISH TO PROCEED, PLEASE RETURN A SIGNED AND DATED COPY OF THIS NOTICE OF INTENT TO PROCEED TO THE LOAN ORIGINATOR.

Each of the undersigned Borrower(s), having received a copy of a Good Faith Estimate ("GFE") or Loan Estimate, as applicable, dated AUGUST 14, 2018, hereby expresses his or her intention to continue with the loan application covered by the GFE or Loan Estimate.

Borrower MEI LING CHEN Date

Borrower TAWEI JAO Date

Borrower Date

Borrower Date

Borrower Date

Borrower Date

FACTS

WHAT DOES ATHAS CAPITAL GROUP, INC. DO WITH YOUR PERSONAL INFORMATION?

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none">▪ Social Security number and income▪ Account balances and payment history▪ Credit history and credit scores <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
How?	<p>All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons ATHAS CAPITAL GROUP, INC. chooses to share; and whether you can limit this sharing.</p>

Reasons we can share your personal information	Does ATHAS CAPITAL GROUP, INC. share?	Can you limit this sharing?
For our everyday business purposes - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	YES	NO
For our marketing purposes - to offer our products and services to you	YES	NO
For joint marketing with other financial companies	YES	NO
For our affiliates' everyday business purposes - information about your transactions and experiences	YES	NO
For our affiliates' everyday business purposes - information about your creditworthiness	YES	YES
For our affiliates to market to you	YES	YES
For nonaffiliates to market to you	YES	YES

Questions?	Call (877)877-1477 or go to WWW.ATHASCAPITAL.COM
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Who we are**Who is providing this notice?**

ATHAS CAPITAL GROUP, INC.

What we do**How does** ATHAS CAPITAL GROUP, INC.**protect my personal information?**

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

How does ATHAS CAPITAL GROUP, INC.**collect my personal information?**

We collect your personal information, for example, when you:

- or deposit money
- pay your bills or apply for a loan
- use your credit or debit card

We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

Why can't I limit all sharing?

Federal law gives you the right to limit only:

- sharing for affiliates' everyday business purposes - information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

Definitions**Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- Your choices will apply to everyone on your account -unless you tell us otherwise.

Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

-

Joint Marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

-

Other important information

SETTLEMENT SERVICES PROVIDER LIST

Date: AUGUST 14, 2018

Name of Originator: JIA JANE HWANG
AAA CAPITAL INVESTMENT INC (NMLS # 295075)

Borrower Name(s): MEI LING CHEN, TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET
ROWLAND HEIGHTS, CALIFORNIA 91748

The loan originator who issued the GFE or Loan Estimate (as applicable) to you, the Borrower(s), is permitting you to shop for the third party settlement services listed below. This list also contains the names, addresses, and telephone numbers of the settlement service providers who can provide the services described. Our providing you with this list is not to be construed in any way as an endorsement of any of the service providers listed below. You are also under no obligation to select any of the settlement service providers shown on this list and are free to shop and select your own service provider for any of the services listed below. The estimate of charges for the settlement services listed below that are reflected on the GFE or Loan Estimate (as applicable) is based on the charges of the particular service provider listed. The HUD-1 Settlement Statement or Closing Disclosure (as applicable) will reflect the name and actual charges of the provider ultimately selected by you as well as other settlement services selected directly by the loan originator of the GFE or Loan Estimate (as applicable). If no service providers are listed below, the loan originator is not permitting you to shop for any third party settlement services.

Service	Service Provider Name, Address and Telephone Number	Affiliated Business (Y/N)

Borrower MEI LING CHEN _____ Date

Borrower TAWEI JAO _____ Date

Borrower _____ Date

Borrower _____ Date

Borrower _____ Date

Borrower _____ Date

WORST CASE AMORTIZATION SCHEDULE

Loan Number: CSP180809011

Borrower(s): MEI LING CHEN, TAWEI JAO

Property Address: 18480-18482 AGUIRO STREET
ROWLAND HEIGHTS, CALIFORNIA 91748

GENERAL LOAN PARAMETERS:

Sales Price: N/A

Original Value: 950,000.00

Original Principal Balance: 570,000.00

Term/Amortization: 360/360 Months

Initial Interest Rate: 5.625

Interest Only: N/A

First Payment Date: NOVEMBER 1, 2018

Interest Change Date: OCTOBER 1, 2023

Payment Change Date: NOVEMBER 1, 2023

Margin: 3.950

Current Index: 2.517

Ceiling (Max.) Rate: 11.625

Floor (Min.) Rate: 5.625

First Interest Change: 60 Months

First Interest Cap: 2.000

Subsequent Interest Change Period: 6 Months

Subsequent Rate Cap: 2.000

Life-of-Loan Cap: 6.000

Payment Number	Payment Date	Interest Rate	Principal and Interest Payment	Interest Portion	Principal Portion	Mortgage Insurance Payment	Remaining Balance	Resulting LTV
1	11/01/18	5.625	5,468.74	2,671.88	2,796.86	0.00	567,203.14	59.71
2	12/01/18	5.625	5,468.74	2,658.77	2,809.97	0.00	564,393.17	59.41
3	01/01/19	5.625	5,468.74	2,645.59	2,823.15	0.00	561,570.02	59.11
4	02/01/19	5.625	5,468.74	2,632.36	2,836.38	0.00	558,733.64	58.81
5	03/01/19	5.625	5,468.74	2,619.06	2,849.68	0.00	555,883.96	58.51
6	04/01/19	5.625	5,468.74	2,605.71	2,863.03	0.00	553,020.93	58.21
7	05/01/19	5.625	5,468.74	2,592.29	2,876.45	0.00	550,144.48	57.91
8	06/01/19	5.625	5,468.74	2,578.80	2,889.94	0.00	547,254.54	57.61
9	07/01/19	5.625	5,468.74	2,565.26	2,903.48	0.00	544,351.06	57.30
10	08/01/19	5.625	5,468.74	2,551.65	2,917.09	0.00	541,433.97	56.99
11	09/01/19	5.625	5,468.74	2,537.97	2,930.77	0.00	538,503.20	56.68
12	10/01/19	5.625	5,468.74	2,524.23	2,944.51	0.00	535,558.69	56.37
13	11/01/19	5.625	5,468.74	2,510.43	2,958.31	0.00	532,600.38	56.06
14	12/01/19	5.625	5,468.74	2,496.56	2,972.18	0.00	529,628.20	55.75
15	01/01/20	5.625	5,468.74	2,482.63	2,986.11	0.00	526,642.09	55.44
16	02/01/20	5.625	5,468.74	2,468.63	3,000.11	0.00	523,641.98	55.12
17	03/01/20	5.625	5,468.74	2,454.57	3,014.17	0.00	520,627.81	54.80
18	04/01/20	5.625	5,468.74	2,440.44	3,028.30	0.00	517,599.51	54.48
19	05/01/20	5.625	5,468.74	2,426.25	3,042.49	0.00	514,557.02	54.16
20	06/01/20	5.625	5,468.74	2,411.99	3,056.75	0.00	511,500.27	53.84
21	07/01/20	5.625	5,468.74	2,397.66	3,071.08	0.00	508,429.19	53.52
22	08/01/20	5.625	5,468.74	2,383.26	3,085.48	0.00	505,343.71	53.19
23	09/01/20	5.625	5,468.74	2,368.80	3,099.94	0.00	502,243.77	52.87
24	10/01/20	5.625	5,468.74	2,354.27	3,114.47	0.00	499,129.30	52.54
25	11/01/20	5.625	5,468.74	2,339.67	3,129.07	0.00	496,000.23	52.21
26	12/01/20	5.625	5,468.74	2,325.00	3,143.74	0.00	492,856.49	51.88
27	01/01/21	5.625	5,468.74	2,310.27	3,158.47	0.00	489,698.02	51.55
28	02/01/21	5.625	5,468.74	2,295.46	3,173.28	0.00	486,524.74	51.21

29	03/01/21	5.625	5,468.74	2,280.59	3,188.15	0.00	483,336.59	50.88
30	04/01/21	5.625	5,468.74	2,265.64	3,203.10	0.00	480,133.49	50.54
31	05/01/21	5.625	5,468.74	2,250.63	3,218.11	0.00	476,915.38	50.20
32	06/01/21	5.625	5,468.74	2,235.54	3,233.20	0.00	473,682.18	49.86
33	07/01/21	5.625	5,468.74	2,220.38	3,248.36	0.00	470,433.82	49.52
34	08/01/21	5.625	5,468.74	2,205.16	3,263.58	0.00	467,170.24	49.18
35	09/01/21	5.625	5,468.74	2,189.86	3,278.88	0.00	463,891.36	48.83
36	10/01/21	5.625	5,468.74	2,174.49	3,294.25	0.00	460,597.11	48.48
37	11/01/21	5.625	5,468.74	2,159.05	3,309.69	0.00	457,287.42	48.14
38	12/01/21	5.625	5,468.74	2,143.54	3,325.20	0.00	453,962.22	47.79
39	01/01/22	5.625	5,468.74	2,127.95	3,340.79	0.00	450,621.43	47.43
40	02/01/22	5.625	5,468.74	2,112.29	3,356.45	0.00	447,264.98	47.08
41	03/01/22	5.625	5,468.74	2,096.55	3,372.19	0.00	443,892.79	46.73
42	04/01/22	5.625	5,468.74	2,080.75	3,387.99	0.00	440,504.80	46.37
43	05/01/22	5.625	5,468.74	2,064.87	3,403.87	0.00	437,100.93	46.01
44	06/01/22	5.625	5,468.74	2,048.91	3,419.83	0.00	433,681.10	45.65
45	07/01/22	5.625	5,468.74	2,032.88	3,435.86	0.00	430,245.24	45.29
46	08/01/22	5.625	5,468.74	2,016.77	3,451.97	0.00	426,793.27	44.93
47	09/01/22	5.625	5,468.74	2,000.59	3,468.15	0.00	423,325.12	44.56
48	10/01/22	5.625	5,468.74	1,984.34	3,484.40	0.00	419,840.72	44.19
49	11/01/22	5.625	5,468.74	1,968.00	3,500.74	0.00	416,339.98	43.83
50	12/01/22	5.625	5,468.74	1,951.59	3,517.15	0.00	412,822.83	43.46
51	01/01/23	5.625	5,468.74	1,935.11	3,533.63	0.00	409,289.20	43.08
52	02/01/23	5.625	5,468.74	1,918.54	3,550.20	0.00	405,739.00	42.71
53	03/01/23	5.625	5,468.74	1,901.90	3,566.84	0.00	402,172.16	42.33
54	04/01/23	5.625	5,468.74	1,885.18	3,583.56	0.00	398,588.60	41.96
55	05/01/23	5.625	5,468.74	1,868.38	3,600.36	0.00	394,988.24	41.58
56	06/01/23	5.625	5,468.74	1,851.51	3,617.23	0.00	391,371.01	41.20
57	07/01/23	5.625	5,468.74	1,834.55	3,634.19	0.00	387,736.82	40.81
58	08/01/23	5.625	5,468.74	1,817.52	3,651.22	0.00	384,085.60	40.43
59	09/01/23	5.625	5,468.74	1,800.40	3,668.34	0.00	380,417.26	40.04
60	10/01/23	5.625	5,468.74	1,783.21	3,685.53	0.00	376,731.73	39.66
61	11/01/23	7.625	2,814.72	2,393.82	420.90	0.00	376,310.83	39.61
62	12/01/23	7.625	2,814.72	2,391.14	423.58	0.00	375,887.25	39.57
63	01/01/24	7.625	2,814.72	2,388.45	426.27	0.00	375,460.98	39.52
64	02/01/24	7.625	2,814.72	2,385.74	428.98	0.00	375,032.00	39.48
65	03/01/24	7.625	2,814.72	2,383.02	431.70	0.00	374,600.30	39.43
66	04/01/24	7.625	2,814.72	2,380.27	434.45	0.00	374,165.85	39.39
67	05/01/24	9.625	3,317.96	3,001.12	316.84	0.00	373,849.01	39.35
68	06/01/24	9.625	3,317.96	2,998.58	319.38	0.00	373,529.63	39.32
69	07/01/24	9.625	3,317.96	2,996.02	321.94	0.00	373,207.69	39.29
70	08/01/24	9.625	3,317.96	2,993.44	324.52	0.00	372,883.17	39.25
71	09/01/24	9.625	3,317.96	2,990.83	327.13	0.00	372,556.04	39.22
72	10/01/24	9.625	3,317.96	2,988.21	329.75	0.00	372,226.29	39.18
73	11/01/24	11.625	3,845.32	3,605.94	239.38	0.00	371,986.91	39.16

74	12/01/24	11.625	3,845.32	3,603.62	241.70	0.00	371,745.21	39.13
75	01/01/25	11.625	3,845.32	3,601.28	244.04	0.00	371,501.17	39.11
76	02/01/25	11.625	3,845.32	3,598.92	246.40	0.00	371,254.77	39.08
77	03/01/25	11.625	3,845.32	3,596.53	248.79	0.00	371,005.98	39.05
78	04/01/25	11.625	3,845.32	3,594.12	251.20	0.00	370,754.78	39.03
79	05/01/25	11.625	3,845.32	3,591.69	253.63	0.00	370,501.15	39.00
80	06/01/25	11.625	3,845.32	3,589.23	256.09	0.00	370,245.06	38.97
81	07/01/25	11.625	3,845.32	3,586.75	258.57	0.00	369,986.49	38.95
82	08/01/25	11.625	3,845.32	3,584.24	261.08	0.00	369,725.41	38.92
83	09/01/25	11.625	3,845.32	3,581.72	263.60	0.00	369,461.81	38.89
84	10/01/25	11.625	3,845.32	3,579.16	266.16	0.00	369,195.65	38.86
85	11/01/25	11.625	3,845.32	3,576.58	268.74	0.00	368,926.91	38.83
86	12/01/25	11.625	3,845.32	3,573.98	271.34	0.00	368,655.57	38.81
87	01/01/26	11.625	3,845.32	3,571.35	273.97	0.00	368,381.60	38.78
88	02/01/26	11.625	3,845.32	3,568.70	276.62	0.00	368,104.98	38.75
89	03/01/26	11.625	3,845.32	3,566.02	279.30	0.00	367,825.68	38.72
90	04/01/26	11.625	3,845.32	3,563.31	282.01	0.00	367,543.67	38.69
91	05/01/26	11.625	3,845.32	3,560.58	284.74	0.00	367,258.93	38.66
92	06/01/26	11.625	3,845.32	3,557.82	287.50	0.00	366,971.43	38.63
93	07/01/26	11.625	3,845.32	3,555.04	290.28	0.00	366,681.15	38.60
94	08/01/26	11.625	3,845.32	3,552.22	293.10	0.00	366,388.05	38.57
95	09/01/26	11.625	3,845.32	3,549.38	295.94	0.00	366,092.11	38.54
96	10/01/26	11.625	3,845.32	3,546.52	298.80	0.00	365,793.31	38.50
97	11/01/26	11.625	3,845.32	3,543.62	301.70	0.00	365,491.61	38.47
98	12/01/26	11.625	3,845.32	3,540.70	304.62	0.00	365,186.99	38.44
99	01/01/27	11.625	3,845.32	3,537.75	307.57	0.00	364,879.42	38.41
100	02/01/27	11.625	3,845.32	3,534.77	310.55	0.00	364,568.87	38.38
101	03/01/27	11.625	3,845.32	3,531.76	313.56	0.00	364,255.31	38.34
102	04/01/27	11.625	3,845.32	3,528.72	316.60	0.00	363,938.71	38.31
103	05/01/27	11.625	3,845.32	3,525.66	319.66	0.00	363,619.05	38.28
104	06/01/27	11.625	3,845.32	3,522.56	322.76	0.00	363,296.29	38.24
105	07/01/27	11.625	3,845.32	3,519.43	325.89	0.00	362,970.40	38.21
106	08/01/27	11.625	3,845.32	3,516.28	329.04	0.00	362,641.36	38.17
107	09/01/27	11.625	3,845.32	3,513.09	332.23	0.00	362,309.13	38.14
108	10/01/27	11.625	3,845.32	3,509.87	335.45	0.00	361,973.68	38.10
109	11/01/27	11.625	3,845.32	3,506.62	338.70	0.00	361,634.98	38.07
110	12/01/27	11.625	3,845.32	3,503.34	341.98	0.00	361,293.00	38.03
111	01/01/28	11.625	3,845.32	3,500.03	345.29	0.00	360,947.71	37.99
112	02/01/28	11.625	3,845.32	3,496.68	348.64	0.00	360,599.07	37.96
113	03/01/28	11.625	3,845.32	3,493.30	352.02	0.00	360,247.05	37.92
114	04/01/28	11.625	3,845.32	3,489.89	355.43	0.00	359,891.62	37.88
115	05/01/28	11.625	3,845.32	3,486.45	358.87	0.00	359,532.75	37.85
116	06/01/28	11.625	3,845.32	3,482.97	362.35	0.00	359,170.40	37.81
117	07/01/28	11.625	3,845.32	3,479.46	365.86	0.00	358,804.54	37.77
118	08/01/28	11.625	3,845.32	3,475.92	369.40	0.00	358,435.14	37.73

119	09/01/28	11.625	3,845.32	3,472.34	372.98	0.00	358,062.16	37.69
120	10/01/28	11.625	3,845.32	3,468.73	376.59	0.00	357,685.57	37.65
121	11/01/28	11.625	3,845.32	3,465.08	380.24	0.00	357,305.33	37.61
122	12/01/28	11.625	3,845.32	3,461.40	383.92	0.00	356,921.41	37.57
123	01/01/29	11.625	3,845.32	3,457.68	387.64	0.00	356,533.77	37.53
124	02/01/29	11.625	3,845.32	3,453.92	391.40	0.00	356,142.37	37.49
125	03/01/29	11.625	3,845.32	3,450.13	395.19	0.00	355,747.18	37.45
126	04/01/29	11.625	3,845.32	3,446.30	399.02	0.00	355,348.16	37.41
127	05/01/29	11.625	3,845.32	3,442.44	402.88	0.00	354,945.28	37.36
128	06/01/29	11.625	3,845.32	3,438.53	406.79	0.00	354,538.49	37.32
129	07/01/29	11.625	3,845.32	3,434.59	410.73	0.00	354,127.76	37.28
130	08/01/29	11.625	3,845.32	3,430.61	414.71	0.00	353,713.05	37.23
131	09/01/29	11.625	3,845.32	3,426.60	418.72	0.00	353,294.33	37.19
132	10/01/29	11.625	3,845.32	3,422.54	422.78	0.00	352,871.55	37.14
133	11/01/29	11.625	3,845.32	3,418.44	426.88	0.00	352,444.67	37.10
134	12/01/29	11.625	3,845.32	3,414.31	431.01	0.00	352,013.66	37.05
135	01/01/30	11.625	3,845.32	3,410.13	435.19	0.00	351,578.47	37.01
136	02/01/30	11.625	3,845.32	3,405.92	439.40	0.00	351,139.07	36.96
137	03/01/30	11.625	3,845.32	3,401.66	443.66	0.00	350,695.41	36.92
138	04/01/30	11.625	3,845.32	3,397.36	447.96	0.00	350,247.45	36.87
139	05/01/30	11.625	3,845.32	3,393.02	452.30	0.00	349,795.15	36.82
140	06/01/30	11.625	3,845.32	3,388.64	456.68	0.00	349,338.47	36.77
141	07/01/30	11.625	3,845.32	3,384.22	461.10	0.00	348,877.37	36.72
142	08/01/30	11.625	3,845.32	3,379.75	465.57	0.00	348,411.80	36.67
143	09/01/30	11.625	3,845.32	3,375.24	470.08	0.00	347,941.72	36.63
144	10/01/30	11.625	3,845.32	3,370.69	474.63	0.00	347,467.09	36.58
145	11/01/30	11.625	3,845.32	3,366.09	479.23	0.00	346,987.86	36.53
146	12/01/30	11.625	3,845.32	3,361.45	483.87	0.00	346,503.99	36.47
147	01/01/31	11.625	3,845.32	3,356.76	488.56	0.00	346,015.43	36.42
148	02/01/31	11.625	3,845.32	3,352.02	493.30	0.00	345,522.13	36.37
149	03/01/31	11.625	3,845.32	3,347.25	498.07	0.00	345,024.06	36.32
150	04/01/31	11.625	3,845.32	3,342.42	502.90	0.00	344,521.16	36.27
151	05/01/31	11.625	3,845.32	3,337.55	507.77	0.00	344,013.39	36.21
152	06/01/31	11.625	3,845.32	3,332.63	512.69	0.00	343,500.70	36.16
153	07/01/31	11.625	3,845.32	3,327.66	517.66	0.00	342,983.04	36.10
154	08/01/31	11.625	3,845.32	3,322.65	522.67	0.00	342,460.37	36.05
155	09/01/31	11.625	3,845.32	3,317.58	527.74	0.00	341,932.63	35.99
156	10/01/31	11.625	3,845.32	3,312.47	532.85	0.00	341,399.78	35.94
157	11/01/31	11.625	3,845.32	3,307.31	538.01	0.00	340,861.77	35.88
158	12/01/31	11.625	3,845.32	3,302.10	543.22	0.00	340,318.55	35.82
159	01/01/32	11.625	3,845.32	3,296.84	548.48	0.00	339,770.07	35.77
160	02/01/32	11.625	3,845.32	3,291.52	553.80	0.00	339,216.27	35.71
161	03/01/32	11.625	3,845.32	3,286.16	559.16	0.00	338,657.11	35.65
162	04/01/32	11.625	3,845.32	3,280.74	564.58	0.00	338,092.53	35.59
163	05/01/32	11.625	3,845.32	3,275.27	570.05	0.00	337,522.48	35.53

164	06/01/32	11.625	3,845.32	3,269.75	575.57	0.00	336,946.91	35.47
165	07/01/32	11.625	3,845.32	3,264.17	581.15	0.00	336,365.76	35.41
166	08/01/32	11.625	3,845.32	3,258.54	586.78	0.00	335,778.98	35.35
167	09/01/32	11.625	3,845.32	3,252.86	592.46	0.00	335,186.52	35.28
168	10/01/32	11.625	3,845.32	3,247.12	598.20	0.00	334,588.32	35.22
169	11/01/32	11.625	3,845.32	3,241.32	604.00	0.00	333,984.32	35.16
170	12/01/32	11.625	3,845.32	3,235.47	609.85	0.00	333,374.47	35.09
171	01/01/33	11.625	3,845.32	3,229.57	615.75	0.00	332,758.72	35.03
172	02/01/33	11.625	3,845.32	3,223.60	621.72	0.00	332,137.00	34.96
173	03/01/33	11.625	3,845.32	3,217.58	627.74	0.00	331,509.26	34.90
174	04/01/33	11.625	3,845.32	3,211.50	633.82	0.00	330,875.44	34.83
175	05/01/33	11.625	3,845.32	3,205.36	639.96	0.00	330,235.48	34.76
176	06/01/33	11.625	3,845.32	3,199.16	646.16	0.00	329,589.32	34.69
177	07/01/33	11.625	3,845.32	3,192.90	652.42	0.00	328,936.90	34.62
178	08/01/33	11.625	3,845.32	3,186.58	658.74	0.00	328,278.16	34.56
179	09/01/33	11.625	3,845.32	3,180.20	665.12	0.00	327,613.04	34.49
180	10/01/33	11.625	3,845.32	3,173.75	671.57	0.00	326,941.47	34.41
181	11/01/33	11.625	3,845.32	3,167.25	678.07	0.00	326,263.40	34.34
182	12/01/33	11.625	3,845.32	3,160.68	684.64	0.00	325,578.76	34.27
183	01/01/34	11.625	3,845.32	3,154.04	691.28	0.00	324,887.48	34.20
184	02/01/34	11.625	3,845.32	3,147.35	697.97	0.00	324,189.51	34.13
185	03/01/34	11.625	3,845.32	3,140.59	704.73	0.00	323,484.78	34.05
186	04/01/34	11.625	3,845.32	3,133.76	711.56	0.00	322,773.22	33.98
187	05/01/34	11.625	3,845.32	3,126.87	718.45	0.00	322,054.77	33.90
188	06/01/34	11.625	3,845.32	3,119.91	725.41	0.00	321,329.36	33.82
189	07/01/34	11.625	3,845.32	3,112.88	732.44	0.00	320,596.92	33.75
190	08/01/34	11.625	3,845.32	3,105.78	739.54	0.00	319,857.38	33.67
191	09/01/34	11.625	3,845.32	3,098.62	746.70	0.00	319,110.68	33.59
192	10/01/34	11.625	3,845.32	3,091.39	753.93	0.00	318,356.75	33.51
193	11/01/34	11.625	3,845.32	3,084.08	761.24	0.00	317,595.51	33.43
194	12/01/34	11.625	3,845.32	3,076.71	768.61	0.00	316,826.90	33.35
195	01/01/35	11.625	3,845.32	3,069.26	776.06	0.00	316,050.84	33.27
196	02/01/35	11.625	3,845.32	3,061.74	783.58	0.00	315,267.26	33.19
197	03/01/35	11.625	3,845.32	3,054.15	791.17	0.00	314,476.09	33.10
198	04/01/35	11.625	3,845.32	3,046.49	798.83	0.00	313,677.26	33.02
199	05/01/35	11.625	3,845.32	3,038.75	806.57	0.00	312,870.69	32.93
200	06/01/35	11.625	3,845.32	3,030.94	814.38	0.00	312,056.31	32.85
201	07/01/35	11.625	3,845.32	3,023.05	822.27	0.00	311,234.04	32.76
202	08/01/35	11.625	3,845.32	3,015.08	830.24	0.00	310,403.80	32.67
203	09/01/35	11.625	3,845.32	3,007.04	838.28	0.00	309,565.52	32.59
204	10/01/35	11.625	3,845.32	2,998.92	846.40	0.00	308,719.12	32.50
205	11/01/35	11.625	3,845.32	2,990.72	854.60	0.00	307,864.52	32.41
206	12/01/35	11.625	3,845.32	2,982.44	862.88	0.00	307,001.64	32.32
207	01/01/36	11.625	3,845.32	2,974.08	871.24	0.00	306,130.40	32.22
208	02/01/36	11.625	3,845.32	2,965.64	879.68	0.00	305,250.72	32.13

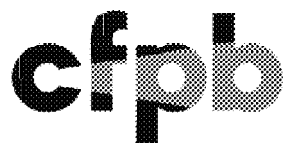
209	03/01/36	11.625	3,845.32	2,957.12	888.20	0.00	304,362.52	32.04
210	04/01/36	11.625	3,845.32	2,948.51	896.81	0.00	303,465.71	31.94
211	05/01/36	11.625	3,845.32	2,939.82	905.50	0.00	302,560.21	31.85
212	06/01/36	11.625	3,845.32	2,931.05	914.27	0.00	301,645.94	31.75
213	07/01/36	11.625	3,845.32	2,922.20	923.12	0.00	300,722.82	31.66
214	08/01/36	11.625	3,845.32	2,913.25	932.07	0.00	299,790.75	31.56
215	09/01/36	11.625	3,845.32	2,904.22	941.10	0.00	298,849.65	31.46
216	10/01/36	11.625	3,845.32	2,895.11	950.21	0.00	297,899.44	31.36
217	11/01/36	11.625	3,845.32	2,885.90	959.42	0.00	296,940.02	31.26
218	12/01/36	11.625	3,845.32	2,876.61	968.71	0.00	295,971.31	31.15
219	01/01/37	11.625	3,845.32	2,867.22	978.10	0.00	294,993.21	31.05
220	02/01/37	11.625	3,845.32	2,857.75	987.57	0.00	294,005.64	30.95
221	03/01/37	11.625	3,845.32	2,848.18	997.14	0.00	293,008.50	30.84
222	04/01/37	11.625	3,845.32	2,838.52	1,006.80	0.00	292,001.70	30.74
223	05/01/37	11.625	3,845.32	2,828.77	1,016.55	0.00	290,985.15	30.63
224	06/01/37	11.625	3,845.32	2,818.92	1,026.40	0.00	289,958.75	30.52
225	07/01/37	11.625	3,845.32	2,808.98	1,036.34	0.00	288,922.41	30.41
226	08/01/37	11.625	3,845.32	2,798.94	1,046.38	0.00	287,876.03	30.30
227	09/01/37	11.625	3,845.32	2,788.80	1,056.52	0.00	286,819.51	30.19
228	10/01/37	11.625	3,845.32	2,778.56	1,066.76	0.00	285,752.75	30.08
229	11/01/37	11.625	3,845.32	2,768.23	1,077.09	0.00	284,675.66	29.97
230	12/01/37	11.625	3,845.32	2,757.80	1,087.52	0.00	283,588.14	29.85
231	01/01/38	11.625	3,845.32	2,747.26	1,098.06	0.00	282,490.08	29.74
232	02/01/38	11.625	3,845.32	2,736.62	1,108.70	0.00	281,381.38	29.62
233	03/01/38	11.625	3,845.32	2,725.88	1,119.44	0.00	280,261.94	29.50
234	04/01/38	11.625	3,845.32	2,715.04	1,130.28	0.00	279,131.66	29.38
235	05/01/38	11.625	3,845.32	2,704.09	1,141.23	0.00	277,990.43	29.26
236	06/01/38	11.625	3,845.32	2,693.03	1,152.29	0.00	276,838.14	29.14
237	07/01/38	11.625	3,845.32	2,681.87	1,163.45	0.00	275,674.69	29.02
238	08/01/38	11.625	3,845.32	2,670.60	1,174.72	0.00	274,499.97	28.89
239	09/01/38	11.625	3,845.32	2,659.22	1,186.10	0.00	273,313.87	28.77
240	10/01/38	11.625	3,845.32	2,647.73	1,197.59	0.00	272,116.28	28.64
241	11/01/38	11.625	3,845.32	2,636.13	1,209.19	0.00	270,907.09	28.52
242	12/01/38	11.625	3,845.32	2,624.41	1,220.91	0.00	269,686.18	28.39
243	01/01/39	11.625	3,845.32	2,612.59	1,232.73	0.00	268,453.45	28.26
244	02/01/39	11.625	3,845.32	2,600.64	1,244.68	0.00	267,208.77	28.13
245	03/01/39	11.625	3,845.32	2,588.59	1,256.73	0.00	265,952.04	27.99
246	04/01/39	11.625	3,845.32	2,576.41	1,268.91	0.00	264,683.13	27.86
247	05/01/39	11.625	3,845.32	2,564.12	1,281.20	0.00	263,401.93	27.73
248	06/01/39	11.625	3,845.32	2,551.71	1,293.61	0.00	262,108.32	27.59
249	07/01/39	11.625	3,845.32	2,539.17	1,306.15	0.00	260,802.17	27.45
250	08/01/39	11.625	3,845.32	2,526.52	1,318.80	0.00	259,483.37	27.31
251	09/01/39	11.625	3,845.32	2,513.75	1,331.57	0.00	258,151.80	27.17
252	10/01/39	11.625	3,845.32	2,500.85	1,344.47	0.00	256,807.33	27.03
253	11/01/39	11.625	3,845.32	2,487.82	1,357.50	0.00	255,449.83	26.89

254	12/01/39	11.625	3,845.32	2,474.67	1,370.65	0.00	254,079.18	26.75
255	01/01/40	11.625	3,845.32	2,461.39	1,383.93	0.00	252,695.25	26.60
256	02/01/40	11.625	3,845.32	2,447.99	1,397.33	0.00	251,297.92	26.45
257	03/01/40	11.625	3,845.32	2,434.45	1,410.87	0.00	249,887.05	26.30
258	04/01/40	11.625	3,845.32	2,420.78	1,424.54	0.00	248,462.51	26.15
259	05/01/40	11.625	3,845.32	2,406.98	1,438.34	0.00	247,024.17	26.00
260	06/01/40	11.625	3,845.32	2,393.05	1,452.27	0.00	245,571.90	25.85
261	07/01/40	11.625	3,845.32	2,378.98	1,466.34	0.00	244,105.56	25.70
262	08/01/40	11.625	3,845.32	2,364.77	1,480.55	0.00	242,625.01	25.54
263	09/01/40	11.625	3,845.32	2,350.43	1,494.89	0.00	241,130.12	25.38
264	10/01/40	11.625	3,845.32	2,335.95	1,509.37	0.00	239,620.75	25.22
265	11/01/40	11.625	3,845.32	2,321.33	1,523.99	0.00	238,096.76	25.06
266	12/01/40	11.625	3,845.32	2,306.56	1,538.76	0.00	236,558.00	24.90
267	01/01/41	11.625	3,845.32	2,291.66	1,553.66	0.00	235,004.34	24.74
268	02/01/41	11.625	3,845.32	2,276.60	1,568.72	0.00	233,435.62	24.57
269	03/01/41	11.625	3,845.32	2,261.41	1,583.91	0.00	231,851.71	24.41
270	04/01/41	11.625	3,845.32	2,246.06	1,599.26	0.00	230,252.45	24.24
271	05/01/41	11.625	3,845.32	2,230.57	1,614.75	0.00	228,637.70	24.07
272	06/01/41	11.625	3,845.32	2,214.93	1,630.39	0.00	227,007.31	23.90
273	07/01/41	11.625	3,845.32	2,199.13	1,646.19	0.00	225,361.12	23.72
274	08/01/41	11.625	3,845.32	2,183.19	1,662.13	0.00	223,698.99	23.55
275	09/01/41	11.625	3,845.32	2,167.08	1,678.24	0.00	222,020.75	23.37
276	10/01/41	11.625	3,845.32	2,150.83	1,694.49	0.00	220,326.26	23.19
277	11/01/41	11.625	3,845.32	2,134.41	1,710.91	0.00	218,615.35	23.01
278	12/01/41	11.625	3,845.32	2,117.84	1,727.48	0.00	216,887.87	22.83
279	01/01/42	11.625	3,845.32	2,101.10	1,744.22	0.00	215,143.65	22.65
280	02/01/42	11.625	3,845.32	2,084.20	1,761.12	0.00	213,382.53	22.46
281	03/01/42	11.625	3,845.32	2,067.14	1,778.18	0.00	211,604.35	22.27
282	04/01/42	11.625	3,845.32	2,049.92	1,795.40	0.00	209,808.95	22.09
283	05/01/42	11.625	3,845.32	2,032.52	1,812.80	0.00	207,996.15	21.89
284	06/01/42	11.625	3,845.32	2,014.96	1,830.36	0.00	206,165.79	21.70
285	07/01/42	11.625	3,845.32	1,997.23	1,848.09	0.00	204,317.70	21.51
286	08/01/42	11.625	3,845.32	1,979.33	1,865.99	0.00	202,451.71	21.31
287	09/01/42	11.625	3,845.32	1,961.25	1,884.07	0.00	200,567.64	21.11
288	10/01/42	11.625	3,845.32	1,943.00	1,902.32	0.00	198,665.32	20.91
289	11/01/42	11.625	3,845.32	1,924.57	1,920.75	0.00	196,744.57	20.71
290	12/01/42	11.625	3,845.32	1,905.96	1,939.36	0.00	194,805.21	20.51
291	01/01/43	11.625	3,845.32	1,887.18	1,958.14	0.00	192,847.07	20.30
292	02/01/43	11.625	3,845.32	1,868.21	1,977.11	0.00	190,869.96	20.09
293	03/01/43	11.625	3,845.32	1,849.05	1,996.27	0.00	188,873.69	19.88
294	04/01/43	11.625	3,845.32	1,829.71	2,015.61	0.00	186,858.08	19.67
295	05/01/43	11.625	3,845.32	1,810.19	2,035.13	0.00	184,822.95	19.46
296	06/01/43	11.625	3,845.32	1,790.47	2,054.85	0.00	182,768.10	19.24
297	07/01/43	11.625	3,845.32	1,770.57	2,074.75	0.00	180,693.35	19.02
298	08/01/43	11.625	3,845.32	1,750.47	2,094.85	0.00	178,598.50	18.80

299	09/01/43	11.625	3,845.32	1,730.17	2,115.15	0.00	176,483.35	18.58
300	10/01/43	11.625	3,845.32	1,709.68	2,135.64	0.00	174,347.71	18.35
301	11/01/43	11.625	3,845.32	1,688.99	2,156.33	0.00	172,191.38	18.13
302	12/01/43	11.625	3,845.32	1,668.10	2,177.22	0.00	170,014.16	17.90
303	01/01/44	11.625	3,845.32	1,647.01	2,198.31	0.00	167,815.85	17.66
304	02/01/44	11.625	3,845.32	1,625.72	2,219.60	0.00	165,596.25	17.43
305	03/01/44	11.625	3,845.32	1,604.21	2,241.11	0.00	163,355.14	17.20
306	04/01/44	11.625	3,845.32	1,582.50	2,262.82	0.00	161,092.32	16.96
307	05/01/44	11.625	3,845.32	1,560.58	2,284.74	0.00	158,807.58	16.72
308	06/01/44	11.625	3,845.32	1,538.45	2,306.87	0.00	156,500.71	16.47
309	07/01/44	11.625	3,845.32	1,516.10	2,329.22	0.00	154,171.49	16.23
310	08/01/44	11.625	3,845.32	1,493.54	2,351.78	0.00	151,819.71	15.98
311	09/01/44	11.625	3,845.32	1,470.75	2,374.57	0.00	149,445.14	15.73
312	10/01/44	11.625	3,845.32	1,447.75	2,397.57	0.00	147,047.57	15.48
313	11/01/44	11.625	3,845.32	1,424.52	2,420.80	0.00	144,626.77	15.22
314	12/01/44	11.625	3,845.32	1,401.07	2,444.25	0.00	142,182.52	14.97
315	01/01/45	11.625	3,845.32	1,377.39	2,467.93	0.00	139,714.59	14.71
316	02/01/45	11.625	3,845.32	1,353.49	2,491.83	0.00	137,222.76	14.44
317	03/01/45	11.625	3,845.32	1,329.35	2,515.97	0.00	134,706.79	14.18
318	04/01/45	11.625	3,845.32	1,304.97	2,540.35	0.00	132,166.44	13.91
319	05/01/45	11.625	3,845.32	1,280.36	2,564.96	0.00	129,601.48	13.64
320	06/01/45	11.625	3,845.32	1,255.51	2,589.81	0.00	127,011.67	13.37
321	07/01/45	11.625	3,845.32	1,230.43	2,614.89	0.00	124,396.78	13.09
322	08/01/45	11.625	3,845.32	1,205.09	2,640.23	0.00	121,756.55	12.82
323	09/01/45	11.625	3,845.32	1,179.52	2,665.80	0.00	119,090.75	12.54
324	10/01/45	11.625	3,845.32	1,153.69	2,691.63	0.00	116,399.12	12.25
325	11/01/45	11.625	3,845.32	1,127.62	2,717.70	0.00	113,681.42	11.97
326	12/01/45	11.625	3,845.32	1,101.29	2,744.03	0.00	110,937.39	11.68
327	01/01/46	11.625	3,845.32	1,074.71	2,770.61	0.00	108,166.78	11.39
328	02/01/46	11.625	3,845.32	1,047.87	2,797.45	0.00	105,369.33	11.09
329	03/01/46	11.625	3,845.32	1,020.77	2,824.55	0.00	102,544.78	10.79
330	04/01/46	11.625	3,845.32	993.40	2,851.92	0.00	99,692.86	10.49
331	05/01/46	11.625	3,845.32	965.77	2,879.55	0.00	96,813.31	10.19
332	06/01/46	11.625	3,845.32	937.88	2,907.44	0.00	93,905.87	9.88
333	07/01/46	11.625	3,845.32	909.71	2,935.61	0.00	90,970.26	9.58
334	08/01/46	11.625	3,845.32	881.27	2,964.05	0.00	88,006.21	9.26
335	09/01/46	11.625	3,845.32	852.56	2,992.76	0.00	85,013.45	8.95
336	10/01/46	11.625	3,845.32	823.57	3,021.75	0.00	81,991.70	8.63
337	11/01/46	11.625	3,845.32	794.30	3,051.02	0.00	78,940.68	8.31
338	12/01/46	11.625	3,845.32	764.74	3,080.58	0.00	75,860.10	7.99
339	01/01/47	11.625	3,845.32	734.90	3,110.42	0.00	72,749.68	7.66
340	02/01/47	11.625	3,845.32	704.76	3,140.56	0.00	69,609.12	7.33
341	03/01/47	11.625	3,845.32	674.34	3,170.98	0.00	66,438.14	6.99
342	04/01/47	11.625	3,845.32	643.62	3,201.70	0.00	63,236.44	6.66
343	05/01/47	11.625	3,845.32	612.60	3,232.72	0.00	60,003.72	6.32

344	06/01/47	11.625	3,845.32	581.29	3,264.03	0.00	56,739.69	5.97
345	07/01/47	11.625	3,845.32	549.67	3,295.65	0.00	53,444.04	5.63
346	08/01/47	11.625	3,845.32	517.74	3,327.58	0.00	50,116.46	5.28
347	09/01/47	11.625	3,845.32	485.50	3,359.82	0.00	46,756.64	4.92
348	10/01/47	11.625	3,845.32	452.96	3,392.36	0.00	43,364.28	4.56
349	11/01/47	11.625	3,845.32	420.09	3,425.23	0.00	39,939.05	4.20
350	12/01/47	11.625	3,845.32	386.91	3,458.41	0.00	36,480.64	3.84
351	01/01/48	11.625	3,845.32	353.41	3,491.91	0.00	32,988.73	3.47
352	02/01/48	11.625	3,845.32	319.58	3,525.74	0.00	29,462.99	3.10
353	03/01/48	11.625	3,845.32	285.42	3,559.90	0.00	25,903.09	2.73
354	04/01/48	11.625	3,845.32	250.94	3,594.38	0.00	22,308.71	2.35
355	05/01/48	11.625	3,845.32	216.12	3,629.20	0.00	18,679.51	1.97
356	06/01/48	11.625	3,845.32	180.96	3,664.36	0.00	15,015.15	1.58
357	07/01/48	11.625	3,845.32	145.46	3,699.86	0.00	11,315.29	1.19
358	08/01/48	11.625	3,845.32	109.62	3,735.70	0.00	7,579.59	0.80
359	09/01/48	11.625	3,845.32	73.43	3,771.89	0.00	3,807.70	0.40
360	10/01/48	11.625	3,844.59	36.89	3,807.70	0.00	0.00	0.00

Consumer Handbook on adjustable-rate mortgages



Consumer Financial
Protection Bureau

January 2014

This booklet was initially prepared by the Board of Governors of the Federal Reserve System and the Office of Thrift Supervision in consultation with the organizations listed below. The Consumer Financial Protection Bureau (CFPB) has made technical updates to the booklet to reflect new mortgage rules under Title XIV of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). A larger update of this booklet is planned in the future to reflect other changes under the Dodd-Frank Act and to align with other CFPB resources and tools for consumers as part of the CFPB's broader mission to educate consumers. Consumers are encouraged to visit the CFPB's website at **consumerfinance.gov/owning-a-home** to access interactive tools and resources for mortgage shoppers, which are expected to be available beginning in 2014.

- AARP
- American Association of Residential Mortgage Regulators
- America's Community Bankers
- Center for Responsible Lending
- Conference of State Bank Supervisors
- Consumer Federation of America
- Consumer Mortgage Coalition
- Consumers Union
- Credit Union National Association
- Federal Deposit Insurance Corporation
- Federal Reserve Board's Consumer Advisory Council
- Federal Trade Commission
- Financial Services Roundtable
- Independent Community Bankers Association
- Mortgage Bankers Association
- Mortgage Insurance Companies of America
- National Association of Federal Credit Unions
- National Association of Home Builders
- National Association of Mortgage Brokers
- National Association of Realtors
- National Community Reinvestment Coalition
- National Consumer Law Center
- National Credit Union Administration

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1. Introduction

This handbook gives you an overview of adjustable-rate mortgages (ARMs), explains how ARMs work, and discusses some of the issues you might face as a borrower. It includes:

- ways to reduce the risks associated with ARMs;
- pointers about advertising and other sources of information, such as lenders and trusted advisers;
- a glossary of important ARM terms; and
- a worksheet that can help you ask the right questions and figure out whether an ARM is right for you. (Ask lenders to help you fill out the worksheet so you can get the information you need to compare mortgages.)

An ARM is a loan with an interest rate that changes. ARMs may start with lower monthly payments than fixed-rate mortgages, but keep in mind the following:

- Your monthly payments could change. They could go up - sometimes by a lot - even if interest rates don't go up. See page 20.
- Your payments may not go down much, or at all - even if interest rates go down. See page 16.
- You could end up owing more money than you borrowed - even if you make all your payments on time. See page 22.
- If you want to convert your ARM to a fixed-rate mortgage, you might not be able to. See page 28.

You need to compare the features of ARMs to find the one that best fits your needs. The Mortgage Shopping Worksheet on page 6 can help you get started.

1.1 Mortgage shopping worksheet

Ask your lender or broker to help you fill out this worksheet.

Name of lender or broker and contact information	
Mortgage amount	
Loan term (e.g., 15 yr, 30 yr)	
Loan description (e.g. fixed-rate, 3/1 ARM, payment-option ARM, interest-only ARM)	

Basic features for comparison	Fixed-rate mortgage	ARM 1	ARM 2	ARM 3
Fixed-rate mortgage interest rate and annual percentage rate (APR) (for graduated-payment or stepped-rate mortgages, use the ARM columns)				
ARM initial interest rate and APR				
<ul style="list-style-type: none"> How long does the initial rate apply? 				
<ul style="list-style-type: none"> What will the interest rate be after the initial period? 				
ARM features				
<ul style="list-style-type: none"> How often can the interest rate adjust? 				
<ul style="list-style-type: none"> What is the index and what is the current rate? (see chart on page 14) 				
<ul style="list-style-type: none"> What is the margin for this loan? 				
Interest-rate caps				
<ul style="list-style-type: none"> What is the periodic interest-rate cap? 				
<ul style="list-style-type: none"> What is the lifetime interest-rate cap? How high could the rate go? 				
<ul style="list-style-type: none"> How low could the interest rate go on this loan? 				
What is the payment cap?				
Can this loan have negative amortization (that is, can the loan amount increase)?				
What is the limit to how much the balance can grow before the loan will be recalculated?				

	Fixed-rate mortgage	ARM 1	ARM 2	ARM 3
Is there a prepayment penalty if I pay off this mortgage early?				
How long does that penalty last? How much is it?				
Is there a balloon payment on this mortgage? If so, what is the estimated amount and when would it be due?				
What are the estimated origination fees and charges for this loan?				
Monthly payment amounts	Fixed-rate mortgage	ARM 1	ARM 2	ARM 3
What will the monthly payments be for the first year of the loan?				
Does this include taxes and insurance? Condo or homeowner's association fees? If not, what are the estimates for these amounts?				
What will my monthly payment be after 12 months if the index rate.				
<ul style="list-style-type: none"> stays the same? 				
<ul style="list-style-type: none"> goes up 2%? 				
<ul style="list-style-type: none"> goes down 2%? 				
What is the most my minimum monthly payment could be after one year?				
What is the most my minimum monthly payment could be after three years?				
What is the most my minimum monthly payment could be after five years?				

2. What is an ARM?

An adjustable-rate mortgage differs from a fixed-rate mortgage in many ways. Most importantly, with a fixed-rate mortgage, the interest rate and the monthly payment of principal and interest stay the same during the life of the loan. With an ARM, the interest rate changes periodically, usually in relation to an index, and payments may go up or down accordingly.

To compare two ARMs, or to compare an ARM with a fixed-rate mortgage, you need to know about indexes, margins, discounts, caps on rates and payments, negative amortization, payment options, and recasting (recalculating) your loan. You need to consider the maximum amount your monthly payment could increase. Most importantly, you need to know what might happen to your monthly mortgage payment in relation to your future ability to afford higher payments.

Lenders generally charge lower initial interest rates for ARMs than for fixed-rate mortgages. At first, this makes the ARM easier on your pocketbook than a fixed-rate mortgage for the same loan amount. Moreover, your ARM could be less expensive over a long period than a fixed-rate mortgage - for example, if interest rates remain steady or move lower.

Against these advantages, you have to weigh the risk that an increase in interest rates would lead to higher monthly payments in the future. It's a trade-off - you get a lower initial rate with an ARM in exchange for assuming more risk over the long run. Here are some questions you need to consider:

- Is my income enough - or likely to rise enough - to cover higher mortgage payments if interest rates go up?



Lenders and brokers: Mortgage loans are offered by many kinds of lenders - such as banks, mortgage companies, and credit unions. You can also get a loan through a mortgage broker. Brokers "arrange" loans; in other words, they find a lender for you. Brokers generally take your application and contact several lenders, but keep in mind that brokers are not required to find the best deal for you unless they have contracted with you to act as your agent, or have a duty to do so under state law.

- Will I be taking on other sizable debts, such as a loan for a car or school tuition, in the near future?
- How long do I plan to own this home? If you plan to sell soon, rising interest rates may not pose the problem they might if you plan to own the house for a long time.
- Do I plan to make any additional payments or pay the loan off early?

3. How ARMs work: the basic features

3.1 Initial rate and payment

The initial rate and payment amount on an ARM will remain in effect for a limited period - ranging from just one month to five years or more. For some ARMs, the initial rate and payment can vary greatly from the rates and payments later in the loan term. Even if interest rates are stable, your rates and payments could change a lot. If lenders or brokers quote the initial rate and payment on a loan, ask them for the annual percentage rate (APR). If the APR is significantly higher than the initial rate, then it is likely that your rate and payments will be a lot higher when the loan adjusts, even if general interest rates remain the same.

3.2 The adjustment period

Depending on the type of ARM loan, the interest rate and monthly payment will change every month, quarter, year, three years, or five years. The period between rate changes is called the adjustment period. For example, a loan with an adjustment period of one year is called a one-year ARM, because the interest rate and payment change once every year; a loan with a three-year adjustment period is called a three-year ARM.

If you take out an adjustable-rate mortgage, the company that collects your mortgage payments (your servicer) must notify you about the first interest rate adjustment at least seven months before you owe a payment at the adjusted interest rate. The advance notification needs to show:

- An estimate of the new interest rate and payment amount
- Alternatives available to you
- How to contact a HUD-approved housing counselor

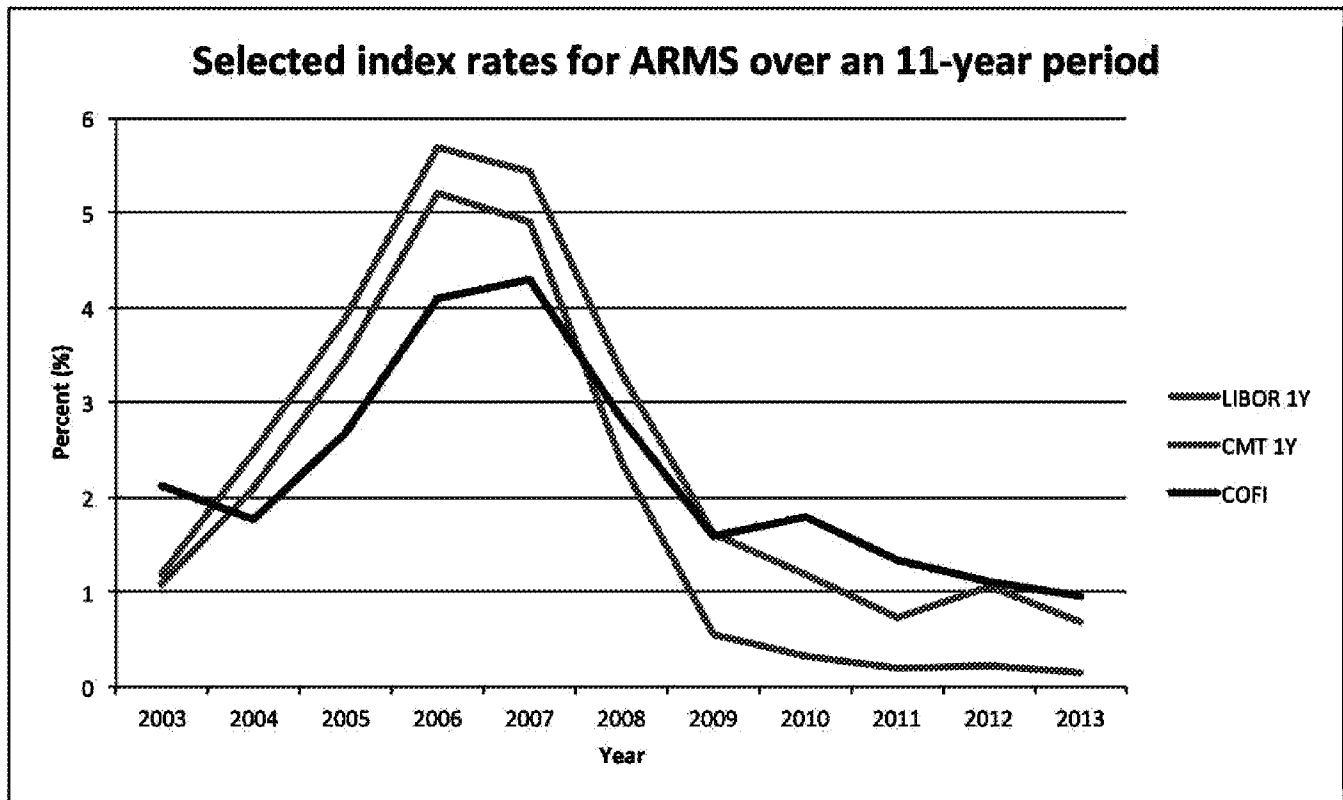
For the first interest rate adjustment, as well as for any adjustments that come later that give you a different payment amount, your servicer must also send you another notice, at least 60 days in advance, telling you what your new payment will be.

3.3 The index

The interest rate on an ARM is made up of two parts: the index and the margin. The index is a measure of interest rates generally, and the margin is an extra amount that the lender adds above the index. Your payments will be affected by any caps, or limits, on how high or low your rate can go. If the index rate moves up, your interest rate will also go up in most circumstances, and you will probably have to make higher monthly payments. On the other hand, if the index rate goes down, your monthly payment could go down. Not all ARMs adjust downward, however - be sure to read the information for the loan you are considering.

Lenders base ARM rates on a variety of indexes. Among the most common indexes are the rates on one-year constant-maturity Treasury (CMT) securities, the Cost of Funds Index (COFI), and the London Interbank Offered Rate (LIBOR). A few lenders use their own cost of funds as an index, rather than using other indexes. You should ask what index will be used, how it has fluctuated in the past, and where it is published - you can find a lot of this information in major newspapers and on the Internet.

To help you get an idea of how to compare different indexes, the following chart shows a few common indexes over an 11-year period (2003-2013). As you can see, some index rates tend to be higher than others, and some change more often than others.




3.4 The margin

To set the interest rate on an ARM, lenders add a few percentage points to the index rate, called the *margin*. The amount of the margin may differ from one lender to another, but it usually stays the same over the life of the loan. The *fully indexed* rate is equal to the margin plus the index. For example, if the lender uses an index that currently is 4 percent and adds a 3 percent margin, the fully indexed rate would be

Index	4%
Margin	3%
Fully indexed rate	7%

If the index on this loan rose to 5 percent, the fully indexed rate at the next adjustment would be 8 percent (5 percent + 3 percent). If the index fell to 2 percent, the fully indexed rate at adjustment would be 5 percent (2 percent + 3 percent).

Some lenders base the amount of the margin on your credit record - the better your credit, the lower the margin they add - and the lower the interest you will have to pay on your mortgage. The amount of the margin could also be based on other factors. In comparing ARMs, look at both the index and margin for each program. If the initial rate on the loan is less than the fully indexed rate, it is called a discounted (or "teaser") index rate. Many ARM loans offer a discounted index rate until the first adjustment period, but some ARM loans have an initial rate that is higher than the fully indexed rate.

 **Ability to repay:** When you apply for a loan, lenders are generally required to collect and verify enough of your financial information to determine you have the ability to repay the loan. For example, a lender might ask to see copies of your most recent pay stubs, income tax filings, and bank account statements. Lenders are generally required to consider your ability to repay the loan based on the fully indexed rate, or the highest rate you will be expected to pay in the first five years of the loan.


3.5 Interest-rate caps

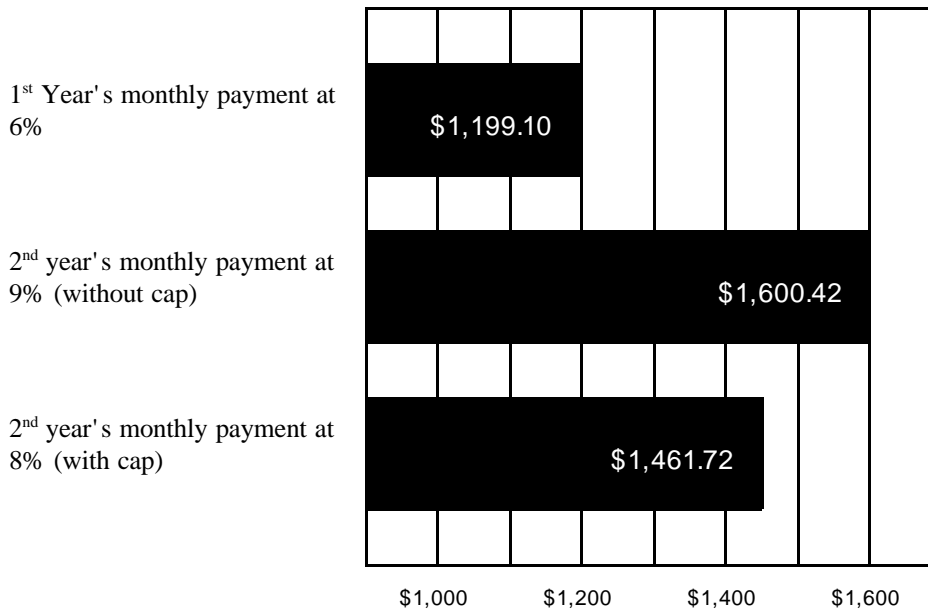
An interest-rate cap places a limit on the amount your interest rate can increase. Interest-rate caps come in two versions:

- *A periodic adjustment cap*, which limits the amount the interest rate can adjust up or down from one adjustment period to the next after the first adjustment, and
- *A lifetime cap*, which limits the interest-rate increase over the life of the loan. By law, virtually all ARMs must have a lifetime cap.

3.5.1 Periodic adjustment caps

Let's suppose you have an ARM with a periodic adjustment interest-rate cap of 2 percent. However, at the first adjustment, the index rate has risen 3 percent. The following example shows what happens.

 **Examples in this handbook:** All examples in this handbook are based on a \$200,000 loan amount and a 30-year term. Payment amounts in the examples do not include taxes, insurance, condominium or homeowner association fees, or similar items. These amounts can be a significant part of your monthly payment.



Difference in 2nd year between payment with cap and payment without = \$138.70 per month

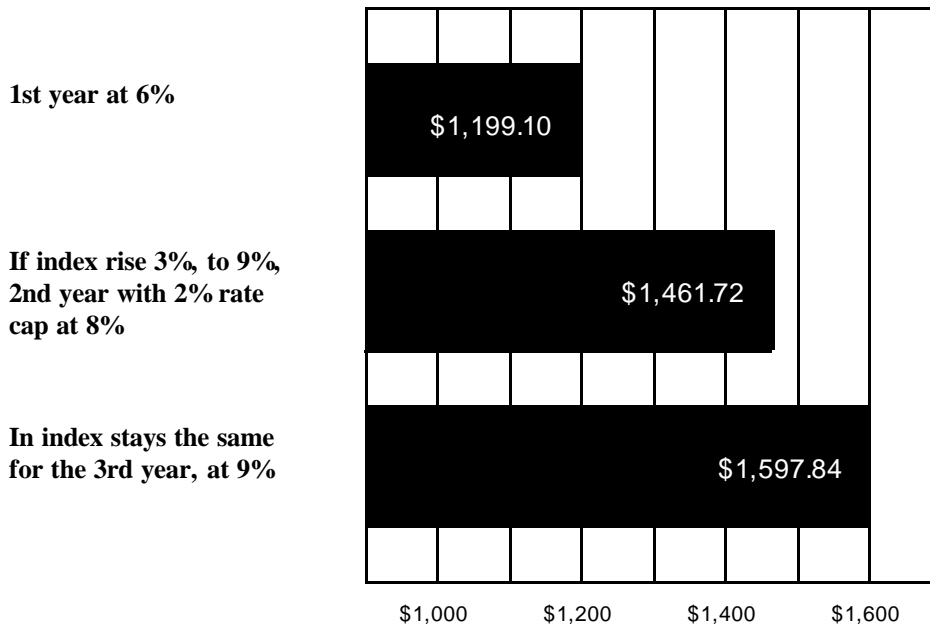
In this example, because of the cap on your loan, your monthly payment in year two is \$138.70 per month lower than it would be without the cap, saving you \$1,664.40 over the year.

Some ARMs allow a larger rate change at the first adjustment and then apply a periodic adjustment cap to all future adjustments.

A drop in interest rates does not always lead to a drop in your monthly payments. With some ARMs that have interest-rate caps, the cap may hold your rate and payment below what it would have been if the change in the index rate had been fully applied. The increase in the interest that was not imposed because of the rate cap might carry over to future rate adjustments. This is called *carryover*. So, at the next adjustment date, your payment might increase even though the index rate has stayed the same or declined.

The following example shows how carryovers work. Suppose the index on your ARM increased 3 percent during the first year.

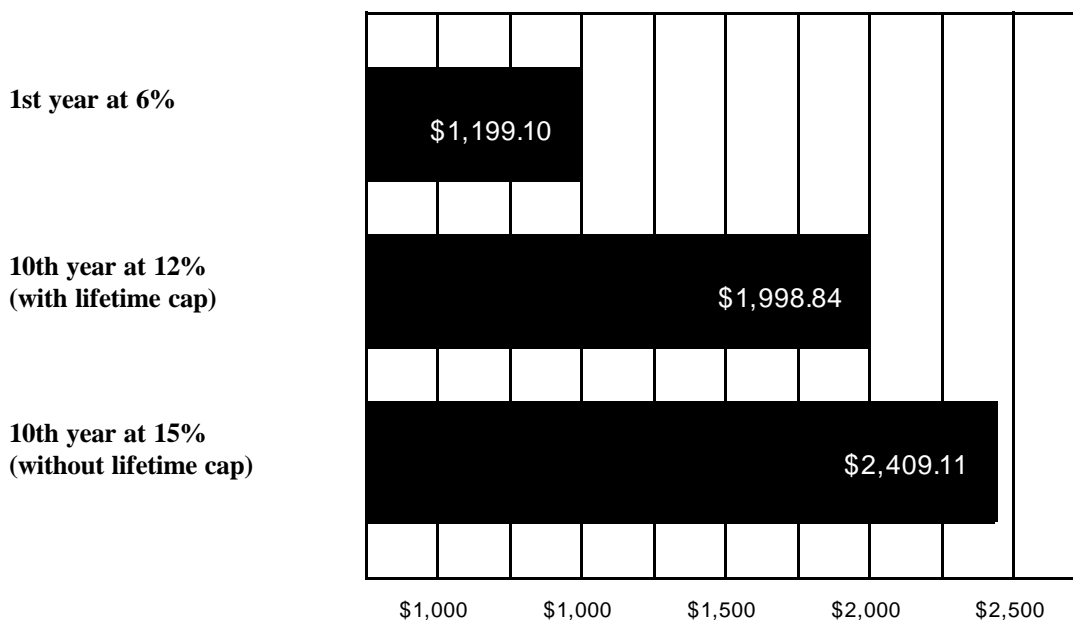
Because this ARM loan limits rate increases to 2 percent at any one time, the rate is adjusted by only 2 percent, to 8 percent for the second year. However, the remaining 1 percent increase in the index carries over to the next time the lender can adjust rates. So, when the lender adjusts the interest rate for the third year, even if there has been no change in the index during the second year, the rate still increases by 1 percent, to 9 percent.



In general, the rate on your loan can go up at any scheduled adjustment date when the lender's standard ARM rate (the index plus the margin) is higher than the rate you are paying before that adjustment.

3.5.2 Lifetime caps

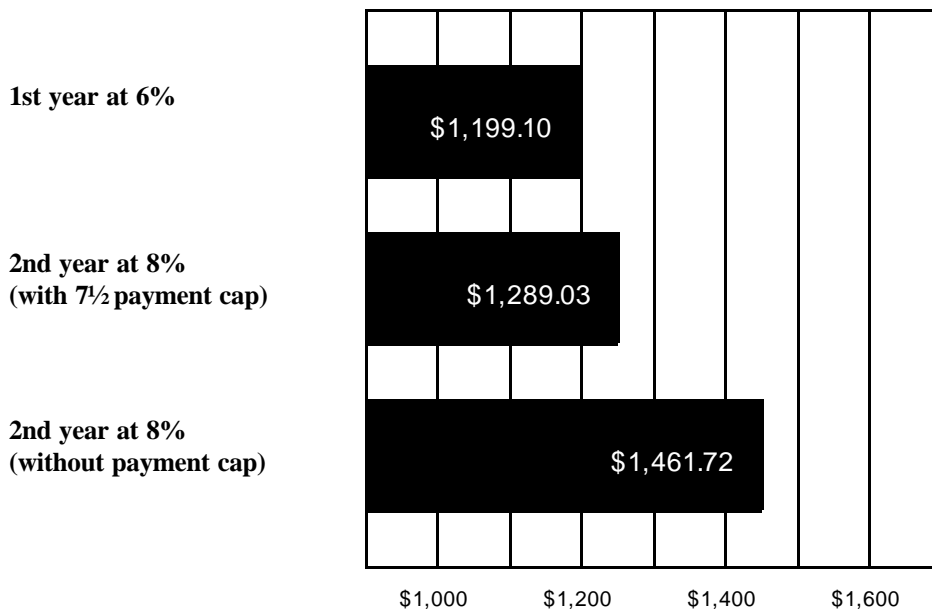
The next example shows how a lifetime rate cap would affect your loan. Let's say that your ARM starts out with a 6 percent rate and the loan has a 6 percent lifetime cap - that is, the rate can never exceed 12 percent. Suppose the index rate increases 1 percent in each of the next nine years. With a 6 percent overall cap, your payment would never exceed \$1,998.84 - compared with the \$2,409.11 that it would have reached in the tenth year without a cap.



3.6 Payment caps

In addition to interest-rate caps, many ARMs - including payment-option ARMs (discussed on page 21) - limit, or cap, the amount your monthly payment may increase at the time of each adjustment. For example, if your loan has a payment cap of 7. percent, your monthly payment won't increase more than 7½ percent over your previous payment, even if interest rates rise more. For example, if your monthly payment in year 1 of your mortgage was \$1,000, it could only go up to \$1,075 in year 2 (7½ percent of \$1,000 is an additional \$75). Any interest you don't pay because of the payment cap will be added to the balance of your loan. A payment cap can limit the increase to your monthly payments but also can add to the amount you owe on the loan. This is called negative amortization, a term explained on page 27.

Let's assume that your rate changes in the first year by two percentage points, but your payments can increase no more than 7½ percent in any one year. The following graph shows what your monthly payments would look like.



Difference in monthly payment = \$172.69

While your monthly payment will be only \$1,289.03 for the second year, the difference of \$172.69 each month will be added to the balance of your loan and will lead to negative amortization.

Some ARMs with payment caps do not have periodic interest-rate caps. In addition, as explained below, most payment-option ARMs have a built-in recalculation period, usually every five years. At that point, your payment will be recalculated (lenders use the term recast) based on the remaining term of the loan. If you have a 30-year loan and you are at the end of year five, your payment will be recalculated for the remaining 25 years. The payment cap does not apply to this adjustment. If your loan balance has increased, or if interest rates have risen faster than your payments, your payments could go up a lot.

4. Types of ARMs

4.1 Hybrid ARMs

Hybrid ARMs often are advertised as 3/1 or 5/1 ARMs - you might also see ads for 7/1 or 10/1 ARMs. These loans are a mix - or a hybrid - of a fixed-rate period and an adjustable-rate period. The interest rate is fixed for the first few years of these loans - for example, for five years in a 5/1 ARM. After that, the rate may adjust annually (the 1 in the 5/1 example), until the loan is paid off. In the case of 3/1, 5/1, 7/1 or 10/1 ARMs:

- the first number tells you how long the fixed interest-rate period will be, and
- the second number tells you how often the rate will adjust after the initial period.

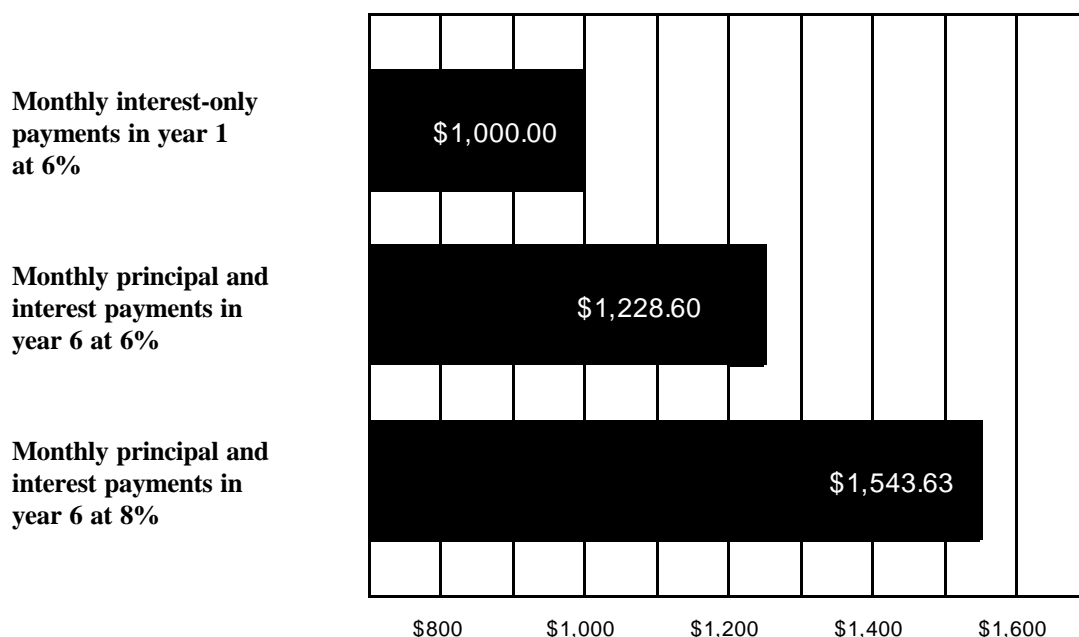
You may also see ads for 2/28 or 3/27 ARMs - the first number tells you how many years the fixed interest-rate period will be, and the second number tells you the number of years the rates on the loan will be adjustable. Some 2/28 and 3/27 mortgages adjust every six months, not annually.

4.2 Interest-only ARMs

An interest-only (I-O) ARM payment plan allows you to pay only the interest for a specified number of years, typically for three to 10 years. This allows you to have smaller monthly payments for a period. After that, your monthly payment will increase - even if interest rates stay the same - because you must start paying back the principal as well as the interest each month.

For some I-O loans, the interest rate adjusts during the I-O period as well.

For example, if you take out a 30-year mortgage loan with a five-year I-O payment period, you can pay only interest for five years and then you must pay both the principal and interest over the next 25 years. Because you begin to pay back the principal, your payments increase after year five, even if the rate stays the same. Keep in mind that the longer the I-O period, the higher your monthly payments will be after the I-O period ends.



4.3 Payment-option ARMs

A payment-option ARM is an adjustable-rate mortgage that allows you to choose among several payment options each month. The options typically include the following:

- *A traditional payment of principal and interest*, which reduces the amount you owe on your mortgage. These payments are based on a set loan term, such as a 15-, 30-, or 40-year payment schedule.
- *An interest-only payment*, which pays the interest but does not reduce the amount you owe on your mortgage as you make your payments.
- *A minimum (or limited) payment*, which may be less than the amount of interest due that month and may not reduce the amount you owe on your mortgage. If you choose this option, the amount of any interest you do not pay will be added to the principal of the loan, increasing the amount you owe and your future monthly payments, and increasing the amount of interest you will pay over the life of the loan. In addition, if you pay only the minimum payment in the last few years of the loan, you may owe a larger payment at the end of the loan term, called a *balloon payment*.

In addition to these options, in most cases you can choose to pay any amount over the required minimum payment.

The interest rate on a payment-option ARM is typically very low for the first few months (for example, 2 percent for the first one to three months). After that, the interest rate usually rises to a rate closer to that of other mortgage loans. Your payments during the first year are based on the initial low rate, meaning that if you only make the minimum payment each month, it will not reduce the amount you owe and it may not cover the interest due. The unpaid interest is added to the amount you owe on the mortgage, and your loan balance increases. This is called *negative amortization*. This means that even after making many payments, you could owe more than you did at the beginning of the loan. See a further caution about negative amortization in the "Consumer Cautions" section below. Also, as interest rates go up, your payments are likely to go up.

Payment-option ARMs have a built-in recalculation period, usually every five years. At this point, your payment will be recalculated (or "recast") based on the remaining term of the loan. If you have a 30-year loan and you are at the end of year five, your payment will be recalculated for the remaining 25 years. If your loan balance has increased because you have made only minimum payments, or if interest rates have risen faster than your payments, your payments will increase each time your loan is recast. At each recast, your new minimum payment will be a fully amortizing payment and any payment cap will not apply. This means that your monthly payment can increase a lot at each recast.

Lenders may recalculate your loan payments before the recast period if the amount of principal you owe grows beyond a set limit, say 110 percent or 125 percent of your original mortgage amount. For example, suppose you made only minimum payments on your \$200,000 mortgage and had any unpaid interest added to your balance. If the balance grew to \$250,000 (125 percent of \$200,000), your lender would recalculate your payments so that you would pay off the loan over the remaining term. It is likely that your payments would go up substantially.

More information on interest-only and payment-option ARMs is available in a Federal Reserve Board brochure, *Interest-Only Mortgage Payments and Payment-Option ARMs - Are They for You?* (available online at fdic.gov/consumers/consumer/interest-only).

5. Consumer cautions

5.1 Discounted interest rates

Many lenders offer more than one type of ARM. Some lenders offer an ARM with an initial rate that is lower than their fully indexed ARM rate (that is, lower than the sum of the index plus the margin). Such rates - called discounted rates, start rates, or teaser rates - are often combined with large initial loan fees, sometimes called *points*, and with higher rates after the initial discounted rate expires.

Your lender or broker may offer you a choice of loans that may include "discount points" or a "discount fee." You may choose to pay these points or fees in return for a lower interest rate. But keep in mind that the lower interest rate may only last until the first adjustment.

If a lender offers you a loan with a discount rate, don't assume that means the loan is a good one for you. You should carefully consider whether you will be able to afford higher payments in later years when the discount expires and the rate is adjusted. Here is an example of how a discounted initial rate might work. Let's assume that the lender's fully indexed 1-year ARM rate (index rate plus margin) is currently 6 percent; the monthly payment for the first year would be \$1,199.10. But your lender is offering an ARM with a discounted initial rate of 4 percent for the first year. With the 4 percent rate, your first-year's monthly payment would be \$954.83.

With a discounted ARM, your initial payment will probably remain at \$954.83 for only a limited time - and any savings during the discount period may be offset by higher payments over the remaining life of the mortgage. If you are considering a discount ARM, be sure to compare future payments with those for a fully indexed ARM. Lenders are generally required to consider your ability to repay the loan based on the fully indexed rate, or the highest rate you will be expected to pay in the first five years of the loan. Even so, if you buy a home or refinance using a deeply discounted initial rate, you run the risk of payment shock, negative amortization, or conversion fees. You should always look at your own budget to see how high of a payment and how big of a home loan you feel you can afford.

Another way you may get a discounted interest rate is through a "buydown." This is when the house seller pays an amount to the lender so the lender can give you a lower rate and lower payments, usually for an initial period in an ARM. The seller may increase the sales price to cover the cost of the buydown.

5.2 Payment shock

Payment shock may occur if your mortgage payment rises sharply at a rate adjustment. Let's see what would happen in the second year if the rate on your discounted 4 percent ARM were to rise to the 6 percent fully indexed rate.

**Year 1 with discounted
initial rate at 4%**

\$954.83

Year 2 at 6%

\$1,192.63

Year 2 at 7%

\$1,320.59

\$800

\$1,000

\$1,200

\$1,400

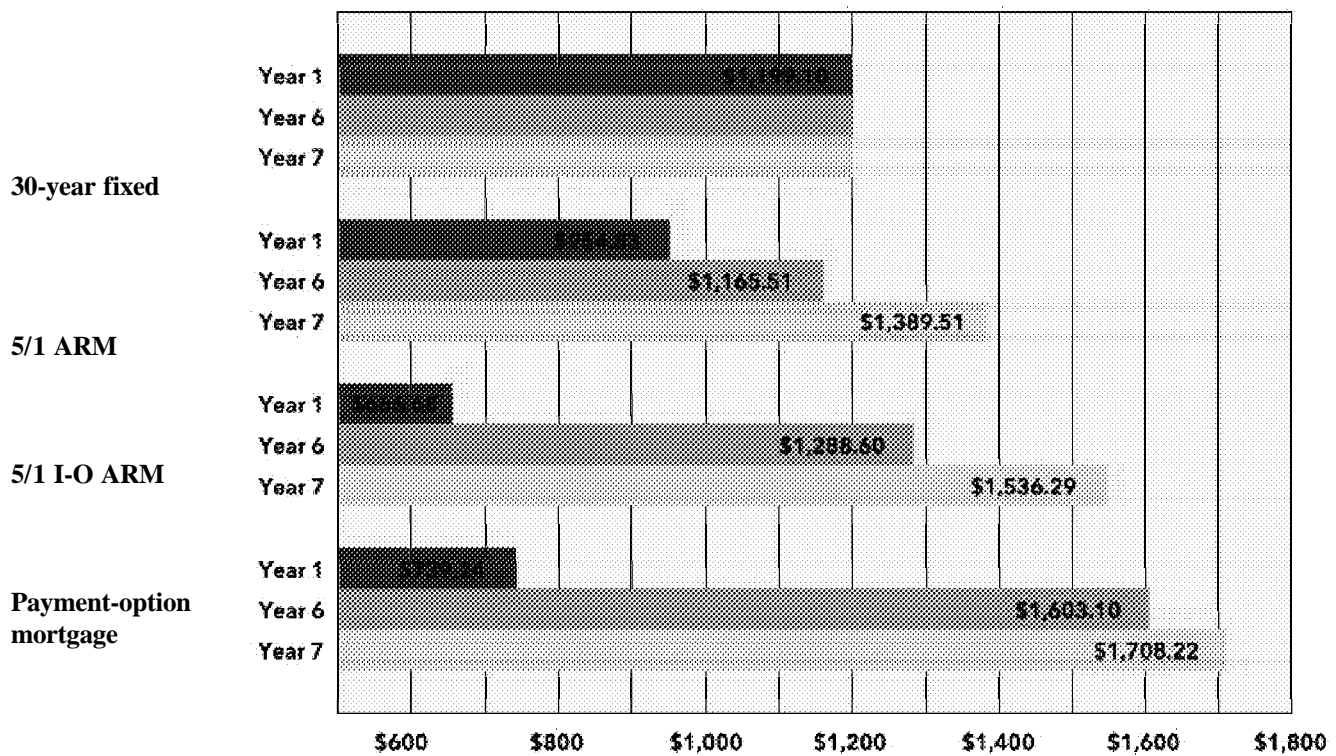
As the example shows, even if the index rate were to stay the same, your monthly payment would go up from \$954.83 to \$1,192.63 in the second year.

Suppose that the index rate increases 1 percent in one year and the ARM rate rises to 7 percent. Your payment in the second year would be \$1,320.59.

That's an increase of \$365.76 in your monthly payment. You can see what might happen if you choose an ARM because of a low initial rate. While your lender generally needs to consider this indexed rate in determining your ability to repay the loan, you also need to consider whether you will be able to afford future payments.

If you have an interest-only ARM, payment shock can also occur when the interest-only period ends. Or, if you have a payment-option ARM, payment shock can happen when the loan is recast.

The following example compares several different loans over the first seven years of their terms; the payments shown are for years one, six, and seven of the mortgage, assuming you make interest-only payments or minimum payments. The main point is that, depending on the terms and conditions of your mortgage and changes in interest rates, ARM payments can change quite a bit over the life of the loan - so while you could save money in the first few years of an ARM, you could also face much higher payments in the future.



5.3 Negative amortization

Negative amortization means that the amount you owe increases even when you make all your required payments on time. It occurs whenever your monthly mortgage payments are not large enough to pay all of the interest due on your mortgage - meaning the unpaid interest is added to the principal on your mortgage and you will owe more than you originally borrowed. This can happen because you are making only minimum payments on a payment-option mortgage or because your loan has a payment cap.

For example, suppose you have a \$200,000, 30-year payment-option ARM with a 2 percent rate for the first three months and a 6 percent rate for the remaining nine months of the year. Your minimum payment for the year is \$739.24, as shown in the previous graph. However, once the 6 percent rate is applied to your loan balance, you are no longer covering the interest costs. If you continue to make minimum payments on this loan, your loan balance at the end of the first year of your mortgage would be \$201,118 - or \$1,118 more than you originally borrowed.

Because payment caps limit only the amount of payment increases, and not interest-rate increases, payments sometimes do not cover all the interest due on your loan. This means that the unpaid interest is automatically added to your debt, and interest may be charged on that amount. You might owe more later in the loan term than you did at the beginning.

A payment cap limits the increase in your monthly payment by deferring some of the interest. Eventually, you would have to repay the higher remaining loan balance at the interest rate then in effect. When this happens, there may be a substantial increase in your monthly payment.

Some mortgages include a cap on negative amortization. The cap typically limits the

Home prices, home equity, and ARMs:

Sometimes home prices rise rapidly, allowing people to quickly build equity in their homes. This can make some people think that even if the rate and payments on their ARM get too high, they can avoid those higher payments by refinancing their loan or, in the worst case, selling their home. It's important to remember that home prices do not always go up quickly - they may increase a little or remain the same, and sometimes they fall. If housing prices fall, your home may not be worth as much as you owe on the mortgage. Also, you may find it difficult to refinance your loan to get a lower monthly payment or rate. Even if home prices stay the same, if your loan lets you make minimum payments (see payment-option ARMs above), you may owe your lender more on your mortgage than you could get from selling your home.

total amount you can owe to 110 percent to 125 percent of the original loan amount. When you reach that point, the lender will set the monthly payment amounts to fully repay the loan over the remaining term. Your payment cap will not apply, and your payments could be substantially higher. You may limit negative amortization by voluntarily increasing your monthly payment.

Be sure you know whether the ARM you are considering can have negative amortization. If so, and if you are a first-time borrower, your lender is required to make sure you get homeownership counseling before the lender can lend you the money.

5.4 Prepayment penalties and conversion

If you get an ARM, you may decide later that you don't want to risk any increases in the interest rate and payment amount. When you are considering an ARM, ask whether you would be able to convert your ARM to a fixed-rate mortgage.

5.4.1 Prepayment penalties

Some mortgage loans can require you to pay special fees or penalties if you refinance or pay off the loan early (usually within the first three years of the loan). These are called prepayment penalties, and they are not allowed on ARMs.

5.4.2 Conversion fees

Your agreement with the lender may include a clause that lets you convert the ARM to a fixed-rate mortgage at designated times. When you convert, the new rate is generally set using a formula given in your loan documents.

The interest rate or up-front fees may be somewhat higher for a convertible ARM. Also, a convertible ARM may require a fee at the time of conversion.

5.5 Graduated-payment or stepped-rate loans

Some fixed-rate loans start with one rate for one or two years and then change to another rate for the remaining term of the loan. While these are not ARMs, your payment will go up according to the terms of your contract. Talk with your lender or broker and read the information provided to you to make sure you understand when and by how much the payment will change.

6. Where to get information

6.1 Disclosures from lenders

You should receive information in writing about each ARM program you are interested in before you have paid a nonrefundable fee. It is important that you read this information and ask the lender or broker about anything you don't understand - index rates, margins, caps, and other features such as negative amortization. After you have applied for a loan, you will get more information from the lender about your loan, including the annual percentage rate (APR) and a rate and payment summary table.

The APR is the cost of your credit as a yearly rate. It takes into account interest, points paid on the loan, any fees paid to the lender for making the loan, and any mortgage insurance premiums you may have to pay. You can compare APRs on similar ARMs (for example, compare APRs on a 5/1 and a 3/1 ARM) to determine which loan will cost you less in the long term, but you should keep in mind that because the interest rate for an ARM can change, APRs on ARMs cannot be compared directly to APRs for fixed-rate mortgages.

You may want to talk with financial advisers, housing counselors, and other trusted advisers. The U.S. Department of Housing and Urban Development (HUD) supports housing counseling agencies throughout the country that can provide free or low-cost advice. You can search for HUD-approved housing counseling agencies in your area on the Consumer Financial Protection Bureau's website at consumerfinance.gov/find-a-housing-counselor or by calling HUD's interactive toll-free number at 800-569-4287.

Also, see the *More information and Contact information* appendices below for more information available from the CFPB and a list of other federal agencies that can provide more information and assistance.

6.2 Newspapers and the Internet

When buying a home or refinancing your existing mortgage, remember to shop around. Compare costs and terms, and negotiate for the best deal. Your local newspaper and the Internet are good places to start shopping for a loan. You can usually find information on interest rates and points for several lenders. Since rates and points can change daily, you'll want to check information sources often when shopping for a home loan.

The Mortgage Shopping Worksheet at the beginning of this booklet may also help you. Take it with you when you speak to each lender or broker, and write down the information you obtain. Don't be afraid to make lenders and brokers compete with each other for your business by letting them know that you are shopping for the best deal.

6.3 Advertisements

Any initial information you receive about mortgages probably will come from advertisements or mail solicitations from builders, real estate brokers, mortgage brokers, and lenders. Although this information can be helpful, keep in mind that these are marketing materials - the ads and mailings are designed to make the mortgage look as attractive as possible. These ads may play up low initial interest rates and monthly payments, without emphasizing that those rates and payments could increase substantially later. So, get all the facts.

Any ad for an ARM that shows an initial interest rate should also show how long the rate is in effect and the APR on the loan. If the APR is much higher than the initial rate, your payments may increase a lot after the introductory period, even if interest rates stay the same.

Choosing a mortgage may be the most important financial decision you will make. You are entitled to have all the information you need to make the right decision. Don't hesitate to ask questions about ARM features when you talk to lenders, mortgage brokers, real estate agents, sellers, and your attorney, and keep asking until you get clear and complete answers.

APPENDIX A:

Defined terms

This glossary provides general definitions for terms commonly used in the real estate market. They may have different legal meanings depending on the context.

DEFINED TERM

ADJUSTABLE-RATE MORTGAGE (ARM)	A mortgage that does not have a fixed interest rate. The rate changes during the life of the loan based on movements in an index rate, such as the rate for Treasury securities or the Cost of Funds Index. ARMs usually offer a lower initial interest rate than fixed-rate loans. The interest rate fluctuates over the life of the loan based on market conditions, but the loan agreement generally sets maximum and minimum rates. When interest rates increase, generally your loan payments increase; and when interest rates decrease, your monthly payments may decrease.
ANNUAL PERCENTAGE RATE (APR)	The cost of credit expressed as a yearly rate. For closed-end credit, such as car loans or mortgages, the APR includes the interest rate, points, broker fees, and other credit charges that the borrower is required to pay. An APR, or an equivalent rate, is not used in leasing agreements.
BALLOON PAYMENT	A large extra payment that may be charged at the end of a mortgage loan or lease.
BUYDOWN	When the seller pays an amount to the lender so that the lender can give you a lower rate and lower payments, usually for an initial period in an ARM. The seller may increase the sales price to cover the cost of the buydown. Buydowns can occur in all types of mortgages, not just ARMs.
CAP, INTEREST RATE	A limit on the amount that your interest rate can increase. The two types of interest rate caps are periodic adjustment caps and life- time caps. Periodic adjustment caps limit the interest-rate increase from one adjustment period to the next. Lifetime caps limit the interest-rate increase over the life of the loan. All adjustable-rate mortgages have an overall cap.
CAP, PAYMENT	A limit on the amount that your monthly mortgage payment on a loan may change, usually a percentage of the loan. The limit can be applied each time the payment changes or during the life of the mortgage. Payment caps may lead to negative amortization because they do not limit the amount of interest the lender is earning.
CONVERSION CLAUSE	A provision in some ARMs that allows you to change the ARM to a fixed-rate loan at some point during the term. Conversion is usually allowed at the end of the first adjustment period. At the time of the conversion, the new fixed rate is generally set at one of the rates then prevailing for fixed-rate mortgages. The conversion feature may be available at extra cost.

DISCOUNTED INITIAL RATE (ALSO KNOWN AS A START RATE OR TEASER RATE)	In an ARM with a discounted initial rate, the lender offers you a lower rate and lower payments for part of the mortgage term (usually for 1, 3, or 5 years). After the discount period, the ARM rate will probably go up depending on the index rate. Discounts can occur in all types of mortgages, not just ARMs.
EQUITY	In housing markets, equity is the difference between the fair market value of the home and the outstanding balance on your mortgage plus any outstanding home equity loans.
HYBRID ARM	These ARMs are a mix - or a hybrid - of a fixed-rate period and an adjustable-rate period. The interest rate is fixed for the first several years of the loan; after that period, the rate can adjust annually. For example, hybrid ARMs can be advertised as 3/1 or 5/1 - the first number tells you how long the fixed interest-rate period will be and the second number tells you how often the rate will adjust after the initial period. For example, a 3/1 loan has a fixed rate for the first 3 years and then the rate adjusts once each year beginning in year 4.
INDEX	The economic indicator used to calculate interest-rate adjustments for adjustable-rate mortgages or other adjustable-rate loans. The index rate can increase or decrease at any time. See also the chart on page 14, Selected index rates for ARMs over an 11-year period, for examples of common indexes that have changed in the past.
INTEREST	The rate used to determine the cost of borrowing money, usually stated as a percentage and as an annual rate.
INTEREST-ONLY (I-O) ARM	Interest-only ARMs allow you to pay only the interest for a specified number of years, typically between three and 10 years. This arrangement allows you to have smaller monthly payments for a prescribed period. After that period, your monthly payment will increase - even if interest rates stay the same - because you must start paying back the principal and the interest each month. For some I-O loans, the interest rate adjusts during the I-O period as well.
MARGIN	The number of percentage points the lender adds to the index rate to calculate the interest rate of an adjustable-rate mortgage (ARM) at each adjustment.
NEGATIVE AMORTIZATION	Occurs when the monthly payments in an adjustable-rate mortgage loan do not cover all the interest owed. The interest that is not paid in the monthly payment is added to the loan balance. This means that even after making many payments, you could owe more than you did at the beginning of the loan. Negative amortization can occur when an ARM has a payment cap that results in monthly payments that are not high enough to cover the interest due or when the minimum payments are set at an amount lower than the amount you owe in interest.
PAYMENT-OPTION ARM	An ARM that allows the borrower to choose among several payment options each month. The options typically include (1) a traditional amortizing payment of principal and interest, (2) an interest-only payment, or (3) a minimum (or limited) payment that may be less than the amount of interest due that month. If the borrower chooses the minimum-payment option, the amount of any interest that is not paid will be added to the principal of the loan. See also the definition of negative amortization, above.

**POINTS (ALSO CALLED
DISCOUNT POINTS)**

One point is equal to 1 percent of the principal amount of a mortgage loan. For example, if the mortgage is \$200,000, one point equals \$2,000. Lenders frequently charge points in both fixed-rate and adjustable-rate mortgages to cover loan origination costs or to provide additional compensation to the lender or broker. These points usually are paid at closing and may be paid by the borrower or the home seller, or may be split between them. In some cases, the money needed to pay points can be borrowed (incorporated in the loan amount), but doing so will increase the loan amount and the total costs. Discount points (also called discount fees) are points that the borrower voluntarily chooses to pay in return for a lower interest rate.

PREPAYMENT PENALTY

Extra fees that may be due if you pay off your loan early by refinancing the loan or by selling the home. These fees are not allowed for ARMs or for high-cost mortgages. For mortgages where they are allowed, the penalty cannot go beyond the first three years of the loan's term.

PRINCIPAL

The amount of money borrowed or the amount still owed on a loan.

APPENDIX B:

More information

For more information about mortgages, visit **consumerfinance.gov/mortgage**. For answers to questions about mortgages and other financial topics, visit **consumerfinance.gov/askcfpb**. You may also visit the CFPB's website at **consumerfinance.gov/owning-a-home** to access interactive tools and resources for mortgage shoppers, which are expected to be available beginning in 2014.

Housing counselors can be very helpful, especially for first-time home buyers or if you're having trouble paying your mortgage. The U.S. Department of Housing and Urban Development (HUD) supports housing counseling agencies throughout the country that can provide free or low-cost advice. You can search for HUD-approved housing counseling agencies in your area on the CFPB's website at **consumerfinance.gov/find-a-housing-counselor** or by calling HUD's interactive toll-free number at 800-569-4287.

The company that collects your mortgage payments is your loan servicer. This may not be the same company as your lender. If you have concerns about how your loan is being serviced, or another aspect of your mortgage, you may wish to submit a complaint to the CFPB at **consumerfinance.gov/complaint** or by calling (855) 411-CFPB (2372).

When you submit a complaint to the CFPB, the CFPB will forward your complaint to the company and work to get a response. Companies have 15 days to respond to you and the CFPB. You can review the company's response and give feedback to the CFPB.

APPENDIX C:

Contact information

For additional information or to submit a complaint, you can contact the CFPB or one of the other federal agencies listed below, depending on the type of institution. If you are not sure which agency to contact, you can submit a complaint to the CFPB and if the CFPB determines that another agency would be better able to assist you, the CFPB will refer your complaint to that agency and let you know.

Regulatory agency	Regulated entities	Contact information
Consumer Financial Protection Bureau (CFPB) P.O. Box 4503 Iowa City, IA 52244	Insured depository institutions and credit unions with assets greater than \$10 billion (and their affiliates), and non-bank providers of consumer financial products and services, including mortgages, credit cards, debt collection, consumer reports, prepaid cards, private education loans, and payday lending	(855) 411-CFPB (2372) consumerfinance.gov consumerfinance.gov/complaint
Board of Governors of the Federal Reserve System (FRB) Consumer Help P.O. Box 1200 Minneapolis, MN 55480	Federally insured state-chartered bank members of the Federal Reserve System	(888) 851-1920 federalreserveconsumerhelp.gov
Office of the Comptroller of the Currency (OCC) Customer Assistance Group 1301 McKinney Street Suite 3450 Houston, TX 77010	National banks and federally chartered savings banks/associations	(800) 613-6743 occ.treas.gov helpwithmybank.gov
Federal Deposit Insurance Corporation (FDIC) Consumer Response Center 1100 Walnut Street Box #11 Kansas City, MO 64106	Federally insured state-chartered banks that are not members of the Federal Reserve System	(877) ASK-FDIC or (877) 275-3342 fdic.gov fdic.gov/consumers
Federal Housing Finance Agency (FHFA) Consumer Communications Constitution Center 400 7th Street, S.W. Washington, DC 20024	Fannie Mae, Freddie Mac, and the Federal Home Loan Banks	Consumer Helpline (202) 649-3811 fhfa.gov fhfa.gov/Default.aspx?Page= 369 ConsumerHelp@fhfa.gov

Regulatory agency	Regulated entities	Contact information
National Credit Union Administration (NCUA) Consumer Assistance 1775 Duke Street Alexandria, VA 22314	Federally chartered credit unions	(800) 755-1030 ncua.gov mycreditunion.gov
Federal Trade Commission (FTC) Consumer Response Center 600 Pennsylvania Ave., N.W. Washington, DC 20580	Finance companies, retail stores, auto dealers, mortgage companies and other lenders, and credit bureaus	(877) FTC-HELP or (877) 382-4357 ftc.gov ftc.gov/bcp
Securities and Exchange Commission (SEC) Complaint Center 100 F Street, N.E. Washington, DC 20549	Brokerage firms, mutual fund companies, and investment advisers	(202) 551-6551 sec.gov sec.gov/complaint/select.shtml
Farm Credit Administration Office of Congressional and Public Affairs 1501 Farm Credit Drive McLean, VA 22102	Agricultural lenders	(703) 883-4056 fca.gov
Small Business Administration (SBA) Consumer Affairs 409 3rd Street, S.W. Washington, DC 20416	Small business lenders	(800) U-ASK-SBA or (800) 827-5722 sba.gov
Commodity Futures Trading Commission (CFTC) 1155 21 st Street, N.W. Washington, DC 20581	Commodity brokers, commodity trading advisers, commodity pools, and introducing brokers	(866) 366-2382 cftc.gov/Consumer-Protection
U.S. Department of Justice (DOJ) Civil Rights Division 950 Pennsylvania Ave., N.W. Housing and Civil Enforcement Section Washington, DC 20530	Fair lending and housing issues	(202) 514-4713 TTY - (202) 305-1882 FAX - (202) 514-1116 To report an incident of housing discrimination: 1-800-896-7743 fairhousing@usdoj.gov

Regulatory agency	Regulated entities	Contact information
Department of Housing and Urban Development (HUD) Office of Fair Housing/Equal Opportunity 451 7 th Street, S.W. Washington, DC 20410	Fair lending and housing issues	(800) 669-9777 hud.gov/complaints

APPENDIX D:

More resources

Looking for the Best Mortgage - Shop, Compare, Negotiate
hud.gov/buying/booklet.pdf

*Interest-Only Mortgage Payments and Payment-Option
ARMs - Are They for You?*
fdic.gov/consumers/consumer/interest-only/

A Consumer's Guide to Mortgage Lock-Ins
federalreserve.gov/pubs/lockins/

A Consumer's Guide to Mortgage Settlement Costs
federalreserve.gov/pubs/lockins/

Know Before You Go...To Get a Mortgage: A Guide to Mortgage Products and a Glossary of Lending Terms
bos.frb.org/consumer/knowbeforeyougo/mortgage/mortgage.pdf

Online Mortgage Calculator
mortgagecalculator.org/