

PRIVATE MORTGAGE INSURANCE DISCLOSURE FIXED RATE MORTGAGE

Loan Number:

Date:

Lender: FLANAGAN STATE BANK (NMLS # 408461)

Borrower(s):

Property Address:

You are obtaining a mortgage loan that requires private mortgage insurance ("PMI"). PMI protects lenders against certain financial losses incurred primarily when a borrower defaults.

Under certain circumstances, federal law gives you the right to cancel PMI or requires that PMI automatically terminate. This disclosure describes when cancellation and termination may occur. Please note that PMI is **not** the same as property/casualty insurance (such as homeowner's or flood insurance) which protects you against damage to the property. Cancellation or termination of PMI does **not** affect your obligation, if any, to maintain other types of insurance.

In this disclosure, "you" and "your" mean the borrower(s); "loan" means the mortgage loan you are obtaining; and "property" means the property securing repayment of your loan.

INITIAL AMORTIZATION SCHEDULE: An amortization schedule showing, among other things, the principal and interest due on your loan, along with the balance remaining after each scheduled payment, is attached for your reference.

BORROWER REQUESTED CANCELLATION OF PMI: You have the right to request that PMI be canceled, at your option, on either of the following dates (the "cancellation date"):

- (1) The date the principal balance of your loan is first **scheduled** to reach 80% of the original value of the property, based solely on the initial amortization schedule for your loan and irrespective of the outstanding balance of your loan on that date. This date is _____ . If your loan is subject to a balloon payment, this date may not be reached before the balloon payment comes due.
- (2) The date the principal balance of your loan **actually** reaches 80% of the original value of the property, based solely on your actual loan payments.

"Original value" means the **lesser** of (a) the contract sales price of the property, or (b) the appraised value of the property at the time the loan is consummated. If the loan is a refinance loan, "original value" means the appraised value of the property relied upon to approve the loan.

PMI will be canceled on the cancellation date only if you have satisfied all of the following conditions, or any later date that you have satisfied all of the following conditions:

- (i) you submit a written request for PMI cancellation to the servicer of your loan;
- (ii) you have a good payment history;
- (iii) you are current on your loan payments; and
- (iv) the servicer receives, if the servicer requests and at your expense, (A) evidence satisfactory to the holder of your loan at the time of your written cancellation request that the property's value has not declined below its original value, and (B) certification that there are no subordinate liens on the property.

The "servicer" is the person responsible for receiving your loan payments. A "good payment history" means that you have not made a mortgage payment that was 60 or more days past due during the 12-month period beginning 24 months before, or you have not made a mortgage payment that was 30 or more days past due within the 12-month period preceding, the later of the cancellation date or the date that you submit your written request for PMI cancellation to the servicer of the loan. The servicer will notify you promptly after receiving your written cancellation request of the type of evidence you must provide to satisfy the condition set forth in paragraph (iv)(A) above.

AUTOMATIC TERMINATION OF PMI: If you are current on your loan payments, PMI will automatically terminate on the date the principal balance of your loan is first **scheduled** to reach 78% of the original value of the property, based solely on the initial amortization schedule for your loan and irrespective of the outstanding balance of your loan on that date. This date is called the "termination date." The termination date is . If your loan is subject to a balloon payment, the termination date may not be reached before the balloon payment comes due. If you are **not** current on your loan payments as of the termination date, PMI will automatically terminate on the first day of the first month beginning after the date that you become current on your loan payments.

EXCEPTIONS TO CANCELLATION AND AUTOMATIC TERMINATION: The cancellation and automatic termination requirements described above do not apply to certain loans that may present a higher risk of default. Your loan, however, does not fall into this category. Accordingly, the cancellation and automatic termination provisions described above apply to your loan.

By signing below, you acknowledge receipt of a copy of this disclosure and the attached initial amortization schedule.

Borrower Date

Borrower Date