

**MORTGAGOR'S AGREEMENT AND ACKNOWLEDGMENT OF DISCLOSURE INFORMATION**

I/We, \_\_\_\_\_ as applicants for a first loan (First Loan) evidenced by a First Note, originated by \_\_\_\_\_ (Senior Lender) and a second loan (Second Loan) evidenced by a Second Note, financed by **Rural Enterprises of Oklahoma, Inc. (REI)** (Second Lender) do hereby acknowledge, represent, covenant and warrant as follows:

1. I/We acknowledge that the home to be financed by the First and Second Loans is located in the County of \_\_\_\_\_, at \_\_\_\_\_ (the Property), and that I/we intend to occupy the Property as my/our principal place of residence within 60 days after closing the First and Second Loans (or in the case of newly constructed Property, within 60 days of completion of construction), and to thereafter occupy the Property as my/our principal residence. I/We do not intend to, have not and will not enter into any arrangement to rent, sell, assign or transfer the Property or to use it as investment property. I/We understand that an authorized transfer of my/our interest in the Property will result in the entire Second Loan, including any accrued interest, becoming immediately due and payable.

2. I/We acknowledge that the total amount owed under the First Loan and Second Loan may exceed the current appraised value due to the financing of closing costs. By executing this Acknowledgement, I/we understand that the future market value of the subject property may not be sufficient to pay in full the First and Second Loans, and that the value of the property will be subject to future market conditions.

3. I/We acknowledge and understand:

- a that the Second Loan bears interest per annum from the date thereof at the Interest Rate indicated on the Second Note;
- b that the principal and interest payments shall be amortized over 20-years and are due on a monthly basis;
- c that each monthly payment shall be remitted to REI at a different address and location than the First Note payment and;
- d that I/We shall receive two different payment coupons from different lenders, one for the monthly payment on the First Note and one for the monthly payment on the Second Note.

4. I/We understand that the Second Note may be prepaid in part or in full at any time without penalty, but that neither the Lender nor any other party to the transactions contemplated herein are under any obligation to refund any applicable application fees or to refinance the Second Loan, and that any new refinancing loan may have associated closing costs.

5. I/We acknowledge that the Second Loan would not be made but for our representations, covenants and warranties herein and in the Loan Documents and that Second Loan proceeds must be used in accordance with FHA, HUD, and Rural Development Primary guidelines regarding secondary financing from an instrumentality of government. I/We have read the Loan Documents and understand that if any representations, covenants and warranties prove false when made or are breached, the entire Second Loan, including accrued interest, will be accelerated and will become immediately due and payable.

6. I/We acknowledge that the Second Lender requires no escrows for the Second Loan, that the Second Lender's compliance review/application fee is non-refundable, and that any escrow account operation and disclosure statements will be provided by Lender of the First Loan.

7. I/We understand that information about my/our Second Loan may be reported to credit bureaus. Late payments, missed payments, or other defaults on my/our Second Loan may be reflected in my/our credit report.

8. By executing this Agreement and Acknowledgement, I/we acknowledge that I/we have reviewed and hereby accept the mortgage terms listed in the loan documents including, but not limited to, the Truth-in-Lending Statement.

I/We hereby acknowledge reading and receiving this Agreement and Acknowledgement and agree to the terms and conditions hereof.

Date: \_\_\_\_\_

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Mortgagor

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