

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 _____ (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 as a total of the payments due under the First Note and the Second Note and;
 - d that I/We shall receive a single monthly statement reflecting the amounts due on both the First Note and 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 First or Second Loan, and that any new refinancing loan may have associated closing costs.
5. I/We understand that if the First Loan is greater than 80% of the home purchase price (or the appraised home value, whichever is less), than primary mortgage insurance from a qualified mortgage insurer is required. I/We acknowledge that the Lender has provided us with the available single, split and/or ongoing mortgage insurance premium payment plans, and how such premiums are to be repaid. I/We understand that any portion of the premium that is financed will be added to the First Loan amount, the cost of which will be amortized over the full term of the First Loan at the First Loan interest rate. I/We acknowledge that if a portion of my-our premium is financed and if I/We prepay the First and Second Loan amount in full within a five (5) year period, that I/We are entitled to a refund equal to some percentage of the original premium financed based on a schedule as provided by the Lender.
6. 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/FannieMae and Primary Mortgage Insurance guidelines regarding secondary financing from a government agency. 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.
7. I/We understand that the Second Lender does not service the Second Loan, that it intends to assign, sell or transfer such servicing to another entity at or soon after closing the First Loan and the Second Loan, and that I/We will be notified of any transfer within 15 days of the effective date. 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.
8. I/We acknowledge and understand that, in the event My/Our monthly payment is not sufficient to pay the amounts due on both the First Note and the Second Note, the following payment hierarchy will apply and will determine how the company servicing the Notes (the "Servicer") will apply the payment I/We make:
 - a. If the payment I/We make is sufficient to pay the amount then due on the First Note, but not sufficient to pay the amount then due on the Second Note, the payment will be applied to the First Note and any amount in excess of the amount due on the First Note shall be held in an "unapplied funds account" held by the Servicer, and not applied to the Second Note.
 - b. If the amount of the payment I/We make is equal to the amount due on the Second Note, the payment will be applied to the Second Note. If the amount of the payment I/We make is less than the amount due on the First Note and not equal to the amount due on the Second Note, the payment shall be put in an "unapplied funds account" by the Servicer and not applied to either the First Note or Second Note.

- c. If the payment I/We make is insufficient to pay the amounts then due on either the First Note or the Second Note, such payment will be held in an “unapplied funds account”. If insufficient payments are received and held in an “unapplied funds account”, funds will not be applied as a payment until enough money is received to apply a payment to the First Note.
- d. I/We understand that information about my/our First Loan and Second Loan may be reported to credit bureaus. Late payments, missed payments, or other defaults on my/our First Loan and Second Loan may be reflected in my/our credit report.
- e. I/We understand that if I/We wish to make an additional principal payment on the Second Note (a prepayment), to ensure proper application of the funds, I/We will send these funds in a separate check to the following address:

CitiMortgage, Inc.
P.O. Box 9450
Mail Code 0257
Gaithersburg, MD 20898-9450

9. 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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