

Form RD 1940-41 (Rev. 02-03) UNITED STATES DEPARTMENT OF AGRICULTURE RURAL HOUSING SERVICE Form Approved OMB No. 0575-0172

TRUTH IN LENDING STATEMENT (3)

To: _____ Lender: USDA _____

_____ (4a) _____ (4b) _____ (5)

_____ (6)

ANNUAL PERCENTAGE RATE* The cost of your credit as a yearly rate. % (7)	Amount Financed The amount of credit provided to you or on your behalf. \$ (8)	Total of Payments The amount you will have paid after you have made all payments scheduled. \$ (9)	FINANCE CHARGE The dollar amount the credit will cost you. \$ (10)	Total Sale Price The total cost of your purchase on credit, including your downpayment of \$ (11) \$ (12) <i>(Credit Sales)</i>
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*The annual percentage rate does not take into account any deposit you may have been required to make by USDA.

(13) You have a right at this time to receive an itemization of the Amount Financed.
 I want an itemization I do not want an itemization

Your payment schedule will be:

Number of payments	Amount of each payment	When payments are due
(14)	(15)	(16)

Insurance: You may obtain insurance against loss or damage to property, or against liability arising out of ownership or use of the property, if required, from any recognized insurer you want.

Security: You are giving a security interest in: (17) the property being purchased
 (18) _____
(brief description of other property)

(19) Late Charge: If a payment is late, you will be charged _____% of the payment.
 Prepayment: If you pay off early, you will not have to pay a penalty.

Assumption: Someone buying your house may, subject to conditions may not assume the remainder of the mortgage on the original terms.

See your loan documents (mortgage or deed of trust, promissory note, payment assistance, subsidy repayment agreement) for additional information about prepayments, default, and any required repayment in full before the scheduled date.

(NOTE: The above disclosures do not take into account any subsidy which may be granted, subject to conditions, in the form of payment assistance.)

I acknowledge receipt of the above disclosures. I received an original of this statement prior to becoming legally obligated to the lender. I understand that the estimated disclosures are identified by an "c".

 (20) (20)
(Applicant) (Applicant)

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0172. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

(see reverse)

- PROCEDURE FOR PREPARATION : RD Instruction 1940-I and HB-1-3550.
- PREPARED BY : System generated by loan approval official or designee.
- NUMBER OF COPIES : Original and one copy in those cases with no right to cancel. In right to cancel cases, sufficient additional copies for each person who has the right to cancel.
- SIGNATURES REQUIRED : Acknowledgment of receipt signed by applicant(s), or other person entitled to cancel, one copy retained by loan origination office.
- DISTRIBUTION OF COPIES : Original and copy to applicant(s), original signed by applicant(s) and returned to loan origination office, copy retained by applicant(s), copy retained by loan origination office until executed original returned by applicant(s). (In right to cancel cases, copy to each person who has the right to cancel).

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Itemization of the Amount Financed of \$ **(21)** _____.

\$ **(22)** _____ Amount given to you directly.

\$ **(23)** _____ Amount paid on your account.

Amount paid to other on your behalf:

\$ **(24)** _____ to (public officials) (credit bureau).

\$ **(25)** _____ to (name of other creditor).

\$ **(26)** _____ to (other).

\$ **(27)** _____ Prepaid finance charge.

To be used by field offices to inform individuals of the cost and terms of credit. Credit transactions primarily for agricultural, business, or commercial purposes are exempt from disclosure requirements and the use of this form. The Truth in Lending Act requires estimates to be identified by "(e)" adjacent to the entry. If all figures are estimates, "ESTIMATES" may be entered across the top of the form in lieu of identifying each individual figure as an estimate.

INSTRUCTIONS FOR PREPARATION

System generated form.

- (1) Enter applicant's name and mailing address.
- (2) Enter Field Office address.
- (3) Check type of transaction.
- (4)
 - a. Check "RESPA" if this is a residential mortgage transaction for purchase or construction of a single or two-family dwelling in which the owner will reside. (Note: A transaction for a three to four family dwelling, though subject to RESPA, is exempt from Truth in Lending requirements and therefore, would not require the use of this Form.)
 - b. Check "Right to Cancel" if this is a transaction, i.e. (RH 502 for refinancing or repair or RH 504 loan) for which a mortgage on the applicant's residence will be taken as security and the transaction is not for purpose, acquisition or initial construction.
- (5) Enter RH 502 or RH 504.
- (6) Enter the date this form is delivered to the applicant.
- (7) Enter the annual percentage rate (APR) in numerals. UniFi will calculate APR.
- (8) Enter the amount financed. This figure will include those charges which are actually financed with loan funds, such as those authorized Agency regulations which are not already included in an option or contract price. Any of these charges financed with a subsequent loan in connection with an assumption or credit sale will be reflected in the disclosure statement for the subsequent loan.

Loans: The principal loan amount plus any other amounts financed which are not part of the finance charge. For loans with multiple advances, do not include the interest accrued during the construction.

Assumptions: The unpaid balance of the original loan. Do not include the amount of any subsequent loan made in connection with the assumption. The subsequent loan will be disclosed separately.

Credit Sales: The sale price, less any downpayment. Do not include the amount of any subsequent loan made in connection with the credit sale. The subsequent loan will be disclosed separately.
- (9) Enter the total of payments. This is equal to the sum of all principal and interest to be paid, regardless of any subsidy. To determine this amount, multiply the amount of each payment (Item 15) by the number of payments (Item 14).

- (10) Enter the total finance charge. Determine total finance charge by subtracting the amount financed from the total payments and adding any charges payable by the applicant/borrower which were imposed by RHS as a condition of the extension of credit (e.g. tax service fee) which are not reflected in the amount financed (see Item 8), except that the following fees, if paid by the borrower from the borrower's funds in connection with a transaction secured by real property are not be included as a finance charge:

- i fees for title examination, abstracts of title, title insurance, surveys,
- ii fees for preparing deed, mortgages or other legal documents,
- iii notary and credit report fees, and
- iv amounts required to be paid into escrow.

Complete items (11) and (12) for credit sales only.

- (11) Enter the amount of downpayment, if any.
- (12) Enter the sale price including any downpayment.
- (13) If the transaction is subject to RESPA, Form RD 440-58, "Estimate of Settlement Costs" will be used.

If the transaction is not subject to RESPA and an itemization is requested, the format on the reverse of this form will be used.

In completing Items (14) and (15) for loans with multiple advances, the following method will be used to compute the estimated amount of interest to accrue during the construction period. Assume that one-half of the principal loan amount accrues interest at the note rate during the entire construction period. Note: For construction loans, two disclosures will be generated: one for construction period and the second for the permanent financing.

Example: Assume that we will make a \$40,000 loan at 13-1/4 percent interest with a 3-month construction period. The construction interest will be added to and amortized with the principal loan amount over the remaining 32 years and 9 months (393 months) of a 33-year promissory note.

Estimated Construction Interest:

1/2 Loan		Interest				# Months		Estimated
Amount	x	Rate	+	12 Months	x	Construction	=	Construction Interest
\$20,000	x	.1325	+	12	x	3	=	\$663.00

Total Number of Installment Payments:

# Months		# Months		Total Number of
Term of Promissory Note	-	Construction	=	Installment Payments
396	-	3	=	393

Amount of One Installment Payment:

For Construction to Permanent Loans:

Construction Period: The system will calculate one installment for the construction loan which will consist of the sum of the principal balance, plus the prepaid finance charge, and the interest accrual for one-half of principal during the construction period. This amount will be rolled into the permanent loan.

Permanent Loan: The amount of the monthly installment will be calculated by the system using the interest accrued during the construction period, any prepaid finance charge, the principal balance, the note interest rate, and the remaining term of the loan.

- (14) Enter the total number of installments.
- (15) Enter the amount of one installment payment of principal and interest.
- (16) The system will enter the payment due date as follows:
Example:
A. When the settlement date is known, enter the closing day, beginning one month from settlement date with the following exception: If the loan is closed on the 28th, 29th, 30th, or 31st of the month, payments will be due the 28th of each month.
B. When the settlement date is unknown, the system will enter the estimated closing day, beginning one month from the settlement date with the following exception: If the loan is estimated to close on the 28th, 29th, 30th, 31st of the month, payments will be due the 28th of each month.
C. For construction loans, the system will generate two disclosures. The first disclosure will cover the construction period and will indicate the date the construction period will end which is the closing date of the permanent loan. The second disclosure will indicate the closing date of the permanent loan and follow examples A or B above.

Complete item (17) only when a mortgage will be taken.

- (17) If this is a purchase transaction, check the 1st block. If this transaction is for refinancing, repair or rehabilitation, check the second block and enter a brief description of the secured property.
Example: Your home.
- (18) Insert applicable late charge percentage.
- (19) Delete this entire clause if this is not a RESPA transaction. If a RESPA transaction, check the applicable box. For Single-Family Housing Loan, ALWAYS check the 2nd box "may not assume...on the original terms."
- (20) Applicant(s) will sign to acknowledge receipt of the disclosures.

Items 21 through 27, Itemization of Amount Financed, are to be completed only if specifically requested by the applicant in item (13).

- (21) Enter the amount financed (same as item 8). This would include prepaid finance charges such as a tax service fee.
- (22) Enter any amount actually disbursed to borrower.
- (23) Enter any amount refunded to RHS.
- (24) Enter total of charges financed for recording fees, credit bureau fees, etc.
- (25) Enter any amount paid to another creditor.
- (26) Enter any amount paid to others.
- (27) Enter the amount of any prepaid finance charge.