

HIGH COST LOANS

Prepayment Penalties PROHIBITED UNLESS ALL Restrictions Apply

RESTRICTIONS ON PREPAYMENT PENALTIES	BEFORE 10-01-09	AFTER 10-01-09
1) State or Federal Prohibitions	Unless otherwise permitted by law.	Unless otherwise permitted by law.
2) Term	After first 5 years, no penalty.	After first 2 years, no penalty.
3) Refinance Originator	Creditor or affiliate refinance does not trigger the penalty.	Credit or affiliate refinance does not trigger the penalty.
4) DTI Ratio (including mortgage PITI) *	May not exceed 50.	May not exceed 50.

* DTI = Debt to Income; PITI = Payment, Interest, Taxes, and Insurance

HIGHER PRICED LOANS

Prepayment Penalties PROHIBITED UNLESS ALL Restrictions Apply

RESTRICTIONS ON PREPAYMENT PENALTIES	Effective 10-01-09 *
1) State or Federal Prohibitions	Unless otherwise permitted by law: <u>must meet BOTH high cost AND higher priced conditions.</u>
2) Term	After first 2 years, no penalty.
3) Refinance Originator	Creditor or affiliate refinance does not trigger the penalty.
4) Periodic Payment	Periodic payment of principal and/or interest DOES NOT change for first 4 years.

* Regulation Z § 226.32, (d)(6) and (d)(7), as amended.

Lenders Compliance Group is a risk management firm, providing professional guidance to financial institutions in all areas of mortgage compliance, including the following areas: CORE Compliance Matrix and Rating • Federal and State Mortgage Compliance • Loan Level Analytics • Risk Assessments • Legal and Regulatory Reviews • Licensing - State, Federal, and FHA • Mortgage Quality Control • HMDA / CRA • Due Diligence Audits • RESPA / TILA / All Regulatory Compliance Reviews • Loss Mitigation • Banking, HUD, and Regulatory Examinations. Website: www.lenderscompliancegroup.com Phone: (516) 442-3456

Information contained herein is not intended to be and is not a source of legal advice.

Lenders Compliance Group, 167 West Hudson Street – Suite 200, Long Beach, NY 11561

© 2009 Lenders Compliance Group, Inc. All Rights Reserved.