

Sample Mortgage Commitment Letter

Congratulations! Your loan application has been approved subject to the terms and conditions included in this commitment letter. You may be required to provide documentation that is acceptable to the Lender. If the documentation you provide does not satisfy the terms and conditions, your final approval is not guaranteed and the Lender may require additional information and review. This commitment is also subject to reconsideration if there is any material change in your financial status, in the information provided in your application or on the condition of the property.

Loan Type _____ Loan amount \$_____ Loan term (months) _____ Simple Interest rate _____%.

Unless the section titled "Locked-In" below is checked, you have elected to FLOAT and the interest rate designated above reflects the interest rate used for qualifying. The interest rate and discount points for your loan application will go up and down depending on market conditions until you loan is price protected.

Your monthly payments will consist of principal and interest in the approximate amount of \$_____ and escrow payments. Your payment is due on the first day of each month without exception. A late payment service charge of _____ % will be charged on payments received after the end of 15 calendar days after the payment is due. Your loan must close and fund prior to the interest rate lock-in expiration date and prior to the commitment expiration date. Your interest rate lock-in expiration date is _____. If you cannot close and fund prior to this date for any reason, you will be required to re-price your loan. Your commitment expiration date is _____. If you cannot close and fund prior to this date, you may be required to provide additional documentation and your loan will be resubmitted for credit approval.

Interest Rate Adjustment - ARM Option

_____ If this line is checked, you have been approved for an Adjustable Rate Mortgage (ARM). You will be notified of your First Interest Rate Change Data and your interest rate will be adjusted every twelve months thereafter. Your adjusted interest rate will be based on an Index plus a Margin, subject to the interest rate caps explained in the ARM Disclosure and Description of Program provided to you earlier.

FHA/VA

All conditions set forth on the FHA Conditional Commitment or the VA Certificate of Reasonable Value (CRV) must be satisfied.

Lock-in

_____ If this line is checked, you have elected to lock in the interest rate and discount points for your application, which means that if your loan is closed and funded within the Price Protection Period, we will make the loan at the interest rate and discount points specified in this letter.

Assumability

_____ If this line is checked, your loan may be assumed by a qualified borrower who meets investor guidelines at time of assumption.

Escrow

Your monthly payment will include an amount for taxes, hazard insurance premiums, premiums for other insurance you may have (such as flood insurance or FHA mortgage insurance), and other items that may be required to be escrowed under the terms of the Loan agreement.

Flood Insurance

_____ If this line is checked, we must be furnished at closing with an original policy of flood insurance (or application for insurance) under the National Flood Insurance Act of 1968, along with a paid receipt for the first year's premium. This insurance policy must be obtained from an acceptable company, must be in a form acceptable to us, and must have a loss payable provision as described under the Hazard Insurance requirements below.

Origination Fee and Loan Discount

Buyer/Seller must pay, at closing, a total Loan Origination Fee of _____% of the principal amount of the loan (not including the MIP if financed) and a total loan discount of _____ % of the principal amount of the loan to be paid on the total loan amount (including the MIP if financed). If you've elected to float your rate and points, refer to the Election Form given to you at the time of application. For an FHA loan, Buyer must either pay or finance the up-front Mortgage Insurance Premium of \$_____ and must pay a monthly MIP charge to start at \$_____ per month. For a VA loan Buyer must also pay and/or finance the VA Funding Fee of \$_____.

New Construction

New construction is subject to the proposed home being 100 percent completed prior to loan closing in accordance with the approved plans and specifications. We must receive evidence that all contractors and materialmen have waived their rights to a mechanic's lien. An approved final inspection will be required prior to closing along with photos of the completed property.

Credit Documents

All credit documents over 120 days old as of the date of the closing will need to be updated prior to loan closing to ascertain that your ability to repay has not changed adversely. (New construction credit documents over 180 days old at time of closing must be updated.)

Program Availability

We reserve the right to modify or eliminate this loan program at any time without notice to you. If the program is eliminated or you no longer qualify because of program modifications, this Approval will be void and you will be required to submit a new application for a different loan program.

Title Insurance or Attorney's Certificate

We must be furnished with an acceptable title insurance policy (or title guarantee policy in the State of Iowa) issued by a company or attorney satisfactory to us. The policy must name us as an insured in the amount of the loan and must insure the Security Instrument to be valid first lien on the property, free from all exceptions except those approved by us. If questions of survey are raised in connection with the title policy, we may/will require you to furnish us with a survey of the subject property.

Hazard Insurance

We must be furnished at closing with a copy of an original policy of hazard insurance or an original 90-day binder with a paid receipt for the first year's insurance premium insuring the subject property against loss by fire and hazards included in the term "extended coverage", and such other hazards as is customary to insure against in the area where the property is located. Coverage should be for at least the amount of the loan or the replacement cost of the property, whichever is less. If replacement cost is less than the loan amount, your appraisal must include a breakdown of land value and replacement cost. This insurance policy must be obtained from an acceptable company (Best gener-

al rating of at least B and a financial size rating of at least III), must be in a form acceptable to us, and must have a loss payable provision designating the mortgagee as follows:

Name of Bank Here, its successors and/or assigns,
Bank Address _____
Loan # _____

Assessments

Special assessments may be assumed provided that the assessment is recognized on the Appraisal or CRV or an amendment to the Appraisal or CRV. The appraised value must be reduced by the unpaid amount of the special assessment which will reduce your maximum mortgage amount.

Legal Documents

The Note and Security Instrument evidencing and securing the loan must be executed and delivered to us at the loan closing and must be acceptable to us in the form and substance.

Payment of Fees

By accepting this commitment, Buyer/Seller agrees to pay all closing costs, including recording fees, mortgage registration tax, tax service fees, fees or premiums for title examination, abstract of title, title insurance, survey expenses, appraisal fees, private mortgage insurance (if applicable), cost of credit report, document preparation fees, and attorney's fees (if outside counsel is engaged by us).

Legal Compliance

The Property must comply with applicable zoning, building, and other laws and regulations.

Modification

We reserve the right to withdraw this approval, or to modify the terms as required, if any material facts appear which have not been previously revealed to us by you.