Loan No: **UAT.72-107407A**
Borrower(s): **JACIE TEST VETERAN**

KEY FACTS EVERY PULTE MORTGAGE LLC CUSTOMER SHOULD KNOW

PULTE MORTGAGE LLC congratulates you on your purchase of a Pulte home. We are committed to providing you with information that is necessary in order to make an informed financing decision. So here is some information for you about different types of loan products that you may want to discuss with your **PULTE MORTGAGE LLC LOAN CONSULTANT**. We encourage you to ask your **LOAN CONSULTANT** any additional questions that you may have prior to making your loan product selection.

Key Facts About Amortizing, Interest-Only, and Payment Option Mortgages

This information can help you decide if an amortizing, interest-only mortgage, or a mortgage with the option to make a minimum payment (a payment-option mortgage) is right for you.

Amortizing Mortgages

Amortization is a term used to describe the process for repayment of mortgage debt (e.g. "principal") through regular monthly installment payments. An amortization payment is a payment containing funds that will be applied to both principal as well as interest.

Interest-Only Mortgages

Interest-Only Mortgages allow you to pay only the interest on the money you borrowed for the first few years of the mortgage (the "interest-only period").

If you pay only the amount due, then at the end of the interest-only period:

- You will still owe the original amount you borrowed.
- Your monthly payment will increase because you must pay back the principal as well as interest. Your payment could increase even more if you have an adjustable rate mortgage ("ARM") and interest rates increase.

Payment Option Mortgages allow you to choose among several payment options each month during the first few years of the loan (the "option period"). The option period will end earlier than scheduled if the amount you owe grows beyond a set limit - for example, 110% or 125% of your original mortgage amount.

During the option period, the payment options usually include:

- A payment of principal and interest, which reduces the amount you owe over time.
- An interest-only payment, which does not reduce the amount you owe.
- A minimum payment, which may be less than the interest due that month. *If you choose this option, any unpaid interest will increase the amount you owe.*

At the end of the option period, depending on what payment options you chose:

- You could owe substantially more than the original amount you borrowed.
- Your monthly payment could increase significantly because:
  - You may have to start paying back principal, as well as interest.
  - Unpaid interest may increase the amount you owe.
  - Interest rates may have increased (if you have an ARM).

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Additional Information

- **Home Equity -** If you make interest-only payments, your payments are not building home equity. And, if you make only the minimum payment on a payment option mortgage, you may be losing home equity. This may make it harder to refinance your mortgage or to obtain funds from selling or refinancing your home.
- **Prepayment Penalties -** Some mortgages require you to pay a lump-sum prepayment penalty if you sell your home or refinance during the first few years of the loan. You should find out if your mortgage has a prepayment penalty, how it works, and how much it could be.
- **No Doc/Low Doc Loans -** "Reduced documentation" or "stated income" loans usually have higher interest rates or other costs compared to "full documentation" loans that require you to verify your incomes and assets.
- **Subordinate or Second Lien Loans.** Sometimes a borrower may obtain a second loan, in addition to the primary loan. These subordinate or second-lien loans may reduce the amount of down payment that is required to purchase a home. Subordinate or second-lien loans typically have higher interest rates than primary loans. They also mean that a borrower may have less home equity.

SAMPLE MORTGAGE COMPARISON
(Not actual loans available)

Sample Loan Amount $200,000 - 30-Year Term - Interest Rates For Example Purposes Only

REQUIRED MONTHLY PAYMENTS			
	Traditional Fixed Rate Mortgage (7%)	**5-Year Interest-Only ARM** (initial rate 7%; maximum rate 12%)	**Payment Option ARM** (rate in 1st month 2%; variable rate after 1st month (starting at 7%); maximum rate 12%
Years 1-5	**$1,331**	**$1,167**	**$739 - $987 (increasing annually)**
Year 6 - if rates don't change	**$1,331**	**$1,414**	**$1,565**
Year 6 - if rates rise 2%	**$1,331**	**$1,678**	**$1,859**
Year 8 - if rates rise 5%	**$1,331**	**$2,094**	**$2,319**
EFFECT ON LOAN BALANCE AND HOME EQUITY			
After 5 Years, How Much Will You Owe?	**$188,263**	**$200,000**	**$221,486**
After 5 years, How Much Home Equity Have Your Loan Payments Build?	**$11,737**	**$0**	***NEGATIVE* $21,486**