

**DISCLOSURE, CERTIFICATION, AND ACKNOWLEDGEMENT
FOR BUSINESS PURPOSE LOANS**

Broker:
Broker/Agent:
Phone:
Email:

Date:
Applicant:

You have applied, or expressed an interest in applying, for a business purpose mortgage loan with Hometown Equity Mortgage, LLC, dba theLender ("Lender"). This Disclosure, Certification, and Acknowledgement for Business Purpose Loans (this "Disclosure") provides important information about business purpose loans and contains an acknowledgement regarding the purpose of the loan and the use of loan proceeds. **Please do not sign this Disclosure until you have carefully read it and understand its content.**

Disclosure

You have applied, or expressed an interest in applying, for a mortgage loan that will not be used for your personal, family, or household purposes. This makes this loan a business purpose loan. The purpose of this Disclosure is to inform you that by obtaining a business purpose loan, you are foregoing certain protections that may be available for loans made primarily for personal, family, or household purposes.

Because the loan will be made exclusively for business purposes, certain federal laws applicable to consumer purpose loans will not be applicable to this loan. Among federal laws that are **not** applicable to a business loan are the Truth in Lending Act (15 U.S.C. § 1601 *et seq.*) Real Estate Settlement Procedures Act (12 U.S.C. § 2601 *et seq.*), Secure and Fair Enforcement Mortgage Licensing Act (12 U.S.C. § 5101 *et seq.*), and Homeowners Protection Act (12 U.S.C. § 4901 *et seq.*). A number of rights, including the following rights, which would apply if the loan were a consumer purpose loan, **will not apply to you because the loan for which you applied is a business purpose loan:**

- For most consumer credit transactions secured by real property, the right to receive certain federally-mandated disclosures describing the fees and costs of a mortgage loan. This includes the official Loan Estimate (or a Good Faith Estimate, as applicable) showing a good faith disclosure of fees and charges for the mortgage loan that mortgage lenders generally must provide to consumers within three (3) business days of application. These disclosures identify fees and charges associated with the loan in a uniform way to help borrowers shop around for a loan from different lenders.
- For certain loans where the lender takes a security interest in a consumer's principal dwelling, the right to cancel the transaction within a limited timeframe (generally, until the midnight of the third business day after loan consummation or delivery of certain required disclosures).
- For most types of consumer credit transactions secured by a dwelling, the requirement that the lender may not originate a covered transaction without making a reasonable and good faith determination that the borrower has a reasonable ability to repay the loan. For loans covered by this requirement, lenders must follow certain minimum standards to verify the borrower's repayment ability or offer certain types of loans that limit the amount of fees imposed on the borrower and prohibit certain risky features and are therefore presumed to satisfy the repayment ability.
- For loans that meet the definition of a higher-priced mortgage loan under the Truth in Lending Act and its implementing Regulation Z, the special consumer protections, including the requirement to maintain an escrow account for property taxes and hazard insurance premiums for no less than five (5) years after loan consummation, to obtain an appraisal performed by a certified or licensed appraiser, and to obtain two written appraisals for some loans where the property was recently acquired by its seller.
- For loans that are considered high-cost mortgage loans under the Truth in Lending Act and Regulation Z, certain special consumer protections, including, without limitation, a prohibition on prepayment penalties, a limitation on balloon payment features, and a requirement to obtain counseling on the advisability of the mortgage from a HUD-approved counselor.

- For closed-end consumer loans secured by a dwelling, certain restrictions on compensation that the loan originator may receive in connection with the loan, and a prohibition on directing or "steering" a consumer to a mortgage loan that is not in the consumer's interest in order to increase the loan originator's compensation.
- Certain disclosures and protections that may apply during the term of the loan. This may include, for example, procedures that mortgage servicers must follow in the event the loan is delinquent and the borrower applies for loss mitigation.

Note: This is not intended as a complete list of protections that are not available for business purpose loans.

Borrower/Guarantor Certification

You hereby warrant and represent that you wish to continue with the loan application, that the loan is for business purposes and not consumer purposes, and that the loan proceeds are intended to be used and shall be used for business purposes only, not for personal, family, or household purposes. You also represent that none of the properties securing the loan is currently occupied by you or your family as a primary residence or vacation home, but instead all properties are leased or intended to be leased or occupied by an entity or person other than you or your family, and that during the term of the loan you shall not occupy or reside in any of the properties for more than fourteen (14) days in any calendar year.

Important: Under the terms of the loan, you will be in default if you or any person or entity acting at your direction or with your knowledge or consent give materially false, misleading, or inaccurate information or statements to Lender (or fail to provide Lender with material information) regarding the purpose of the loan. Material representations include, but are not limited to, representations about your principal residence or the intended use of loan proceeds.

If you are deemed to be in default, Lender at its option may accelerate the loan, require immediate payment in full of all sums due under the loan, and proceed with foreclosure and any other remedies permitted by applicable law.

Borrower/Guarantor Acknowledgement

By signing this Disclosure, you acknowledge that, since the loan is for a business purpose, the loan will not be subject to certain federal laws and consumer protections, including, but not limited to, consumer protections described above in this Disclosure.

If you obtain this loan, you will be required to make representations in the loan documents (e.g., the note, loan agreement, security instrument) that the loan is a business purpose obligation and does not represent a loan for personal, family or household purposes.

You hereby confirm that you have read and understand this Disclosure, that the information provided in connection with obtaining the loan is complete and accurate as of the date written below, and that the property associated with the loan is non-owner occupied and that the proceeds for the loan will be used by you for business purposes only.

_____ Date
[Borrower]

_____ Date
[CoBorrower]