

EXPLANATION OF TRUTH IN LENDING DISCLOSURE

Enclosed is a Truth-in-Lending Disclosure, which is required by the Federal Government to be given to you at the time of application. Please take a moment to look at the paragraphs below, and note that your signature(s) is/are only an indication that you have received this disclosure. It is not an agreement to any contractual arrangement between you and Celtic Bank Corporation. The following is to help you understand the form's terms.

1. **ANNUAL PERCENTAGE RATE (APR):** The cost of a mortgage stated as a yearly rate; includes such items as interest, mortgage insurance, and loan origination fee (points).
2. **FINANCE CHARGE:** The total of your loan amount minus pre-paid closing costs. Pre-paids include the loan origination fee plus discount points, if any, and interim interest. Interim interest is also known as "pre-paid interest".
3. **AMOUNT FINANCED:** The amount of credit provided to you, or on your behalf. Calculated as the total of your loan amount minus the pre-paid closing costs.
4. **TOTAL OF PAYMENTS:** The amount you will have paid after you have made all payments as scheduled.
5. **PRE-PAID INTEREST:** The interest paid in advance of the time it is earned. The actual days of interest are calculated according to your closing date. **EXAMPLE:** If your mortgage closing is dated June 15th (with 30 days in the month) pre-paid interest is charged for 16 days.
6. **PREPAYMENT CLAUSE:** A clause in a mortgage that gives a mortgagor (borrower) the privilege of paying the mortgage indebtedness before it becomes due. Celtic Bank Corporation does not charge a prepayment penalty.

Please sign the bottom of the Truth-in-Lending Disclosure and return the original copy within five (5) business days of receipt.

Remember that you are not binding yourself to Celtic Bank Corporation, but simply stating that you have received the disclosure.

Applicant

Date

Applicant

Date