

**VETERANS AFFAIRS
INTEREST RATE AND DISCOUNT DISCLOSURE STATEMENT
("RATE ELECTION")**

Veterans Affairs did not establish the interest rate for mortgage loans to be guaranteed or set either a minimum or maximum on the interest rate or on the discount points that may be paid by you. This means that you may pay such interest rate and discount points as you and Celtic Bank Corporation agree upon. The seller may also pay the discount points, or a portion thereof, if you and the seller agree to such an arrangement.

It is important for you to understand that the interest rate and discount points and the length of time that Celtic Bank Corporation will honor the loan terms are all freely negotiable with Celtic Bank Corporation. Celtic Bank Corporation may agree to offer the loan terms for a definite period of time (i.e., 30, 60, or 90 days), or may refuse to do so. This arrangement is commonly referred to as a lock-in agreement. Keep in mind that your agreement with the seller will also affect the date you can close your loan.

The terms of your agreement with Celtic Bank Corporation will determine the degree, if any, that the interest rate and discount points may change before closing. An increase of more than one (1) percent in the interest rate requires re-underwriting of the loan approval by Veterans Affairs or by Celtic Bank Corporation. It may also be necessary for Celtic Bank Corporation to obtain your signature on a new application. If, after re-underwriting, it is determined that you remain qualified from a credit risk standpoint, the conditions of your agreements with Celtic Bank Corporation and the seller may require you to complete the transaction or lose your deposit.

By indicating below, I/We will determine my preference for which lock-in agreement I desire.

(____) We hereby elect to accept, subject to loan approval and satisfaction of all conditions thereof, a market interest rate and the discount points available from Celtic Bank Corporation at the time of closing. After the date of this Rate Election, we may elect to lock-in the interest rate and discount points on the date of such election. This election must be made by us in writing and is subject to Celtic Bank Corporation's written acceptance of the interest rate and discount points.

(____) We hereby elect to accept an interest rate of _____% with _____% of discount points. Subject to loan approval and satisfaction of all conditions thereof, Celtic Bank Corporation agrees to close at such interest rate and discount points during the _____ day period ending _____, 20____ (the "Expiration Date"). If the loan does not close and fund on or before the Expiration Date for any reason, but does close and fund thereafter, Celtic Bank Corporation will close at its prevailing market interest rate and discount points at the time of closing.

This Rate Election does not constitute a loan approval or a commitment by Celtic Bank Corporation to close your loan. Celtic Bank Corporation's performance under this Rate Election is contingent on timely receipt of all paperwork necessary to reach a prudent underwriting decision. This Rate Election is also contingent on both the applicant and the subject property meeting Celtic Bank Corporation's underwriting requirements and guidelines.

This Rate Election may only be amended or modified in writing signed by all parties. This Rate Election is supplemental to all other agreements between Celtic Bank Corporation and us, including without limitation, the loan application.

Borrower Date

Co-Borrower Date

Celtic Bank Corporation Date