

CONSUMER PROTECTION DISCLOSURE - CHATTEL MORTGAGE TRANSACTIONS

Depending on whether you intend to keep your manufactured home as personal property or declare it as a part of real estate, you may (subject to lender approval) have a choice between a “chattel mortgage” (consumer loan) or “real estate mortgage” (mortgage). A variety of financing terms may be available. You may qualify for one type of financing, but not another. **The following are general significant differences between TYPICAL chattel mortgages and mortgages:**

	CHATTEL MORTGAGES	MORTGAGES
Security for the loan	Typically only the home	Typically the home and land
Homestead	NO for land, YES for home	YES for land and home
Site improvement requirements	Typically none	Often required (foundations, access, other lender requirements and/or inspections)
Interest Rates	May generally be higher, but not always: depends on circumstances	May generally be lower, but not always: depends on circumstances
Additional expenses	Typically none	Survey, appraisal, document preparation and recording fees, title insurance, mortgage insurance, interim construction finance costs
Time to process the loan	Typically shorter	Typically longer
Amortization	Typically 20 years	Typically 30 years
Foreclosure/repossession	Typically faster and easier for lender, can result in loss of home and personal judgment against you	Typically takes longer and more expensive for all parties, can result in loss of home and land, personal judgment against you

TYPICAL COSTS ASSOCIATED WITH A CHATTEL MORTGAGE PURCHASE OF A MANUFACTURED HOME:

Possible prepaid finance charges (rarely more than 3% of loan); escrow of taxes; homeowner insurance premiums

EXAMPLES OF MONTHLY PAYMENTS IN TYPICAL CHATTEL MORTGAGE TRANSACTIONS:

	EXAMPLE 1	EXAMPLE 2	EXAMPLE 3
Price (including inventory tax & title)	\$80,000	\$40,000	\$15,000
Down Payment	\$ 4,000 (5%)	\$ 4,000 (10%)	\$ 3,000 (20%)
Unpaid Balance	\$76,000	\$36,000	\$12,000
1 year Physical Damage insurance	\$ 1,200	\$ 900	\$ 400
Prepaid finance charges	\$ 1,544	\$ 738	\$ 248
Total loan	\$78,744	\$37,638	\$12,648
Term of loan (years/months)	20 yrs (240 months)	20 yrs (240 months)	7 yrs (84 months)
Contract interest rate	10%	12%	14%
Monthly principal & interest	\$759.90	\$414.43	\$237.02
1 st payment principal/interest	\$103.70 / \$656.20	\$38.05 / \$376.38	\$89.56 / \$147.56
Last payment principal/interest	\$753.64 / \$6.26	\$410.35 / \$4.08	\$234.28 / \$2.74
Monthly tax escrow*	\$139.91 (1)	\$115.48 (2)	\$64.70 (3)
Monthly insurance escrow	\$0	\$0	\$33.33
Total monthly payment	\$899.81	\$529.91	\$276.82

*Examples do not include homestead exemptions and assumes taxes assessed at valuation equal to the purchase price, per \$100 of valuation.

- (1) assumes taxes: county (.04698), school dist. (1.70714), hosp. dist. (.259), road & bridge (.0859);
- (2) assumes taxes: county (.06505), ISD (1.61), hosp. dist. (.2133), water conserve. dist. (.29766);
- (3) assumes taxes: ISD (1.285), college (1.9338), fire dist. (1.9495)

I ACKNOWLEDGE RECEIPT OF THIS DISCLOSURE BEFORE COMPLETION OF MY FIRST CREDIT APPLICATION

(sign)_____ (sign)_____ (date)_____