

BEFORE THE SPECIAL COMMITTEE ON
AGING

Hearing on Predatory Lending:
Are Federal Agencies Protecting Older Americans from Financial Heartbreak?

February 24, 2004

Testimony of Veronica Harding

My name is Veronica Harding. I will be 75 years young next month. I am a retired machine operator and domestic worker. I worked from the time I was 17 until I had to stop working in my 50's on account of my bad back. I support myself now on my Social Security and a very small pension.

I live by myself in the small Philadelphia row-house that I have owned for the last 24 years. I paid \$7,500 cash for the house in 1980 and I think it is worth about \$30,000 today. I love my house, and, it is all I have to show for my lifetime of work.

I almost lost that house, from a combination of being taken advantage of and of not knowing what I was doing. I appreciate the opportunity you are giving me today to tell the story of what was done to me, how I woke up to what was happening, and the many beautiful people that I have met along the way of getting help for myself and of starting to speak out against this disgraceful thing called predatory lending. I felt ashamed when I first discovered what I had gotten myself into, and I felt ashamed to talk about it. But then I realized that if I could help others avoid getting into this trouble, I just had to do it. By talking out, like what I am doing today, I have started to feel like a person again.

The first thing I'd like to say is that I have learned the hard way that debt is a lot like

drugs. They start by sending you credit cards in the mail, making you believe that you can instantly buy the things you can't really afford, and making you think that's the smartest thing you could do for yourself. And before you know it, when you start sinking into debt that is too big to handle, they come selling you the hard stuff, the mortgages, telling you this will make everything better.

I got hooked on credit, like a lot of other folks. I'd use my cards or I would occasionally borrow a couple thousand dollars from a finance company to do some small jobs on my house. But then the hard stuff got me. One day, a man came to my house, and told me he could get me a steel security door. And, he told me, it would be a good idea to consolidate all my debt into the same loan that would pay for the door. He made it sound so easy and the smart thing to do. That first big mortgage was \$17,000. But within a couple of months of taking out that mortgage, I started getting calls from that company, and then from other companies, offering to lower my payments and consolidate my bills. I ended up refinancing around three or four more times. By 1997, the mortgage debt on my home was over \$38,000. Now remember, I have very little money to live on, my house was all paid for, and it's not even worth the \$38,000 I now owed. I want to talk more specifically about this last loan—or, I should say, two loans--that almost put me out of my house.

I really don't remember much about this transaction. I remember the nice man who called me up on the telephone. He seemed to know something about me, and told me that he had something important to help me with my bills. I remember him saying, "You got the coffee, I got the danish." Honestly, I really thought he was doing me a favor. It's embarrassing to admit that I never understood what I was signing, but, you know, there are so many papers involved and these

salespeople are very smooth talkers. The fact is, though, I now realize that I didn't know what I was doing. I certainly didn't know they were burying me alive.

Later, after I realized I had gotten myself into deep trouble and went looking for help, I started learning about the loans I signed for that day. Attached to my written testimony are some of the documents I signed. At pages 1-1 and 1-2, you can see the Settlement Statement from the loan. My lawyer has taught me that this is the document that shows you where all the money went.

First of all, I want to point out the name of the company making me the loan: American Mortgage Reduction, Inc. Senators, don't bother trying to find that company, because it went out of business soon after my loan. In fact, I don't think I ever heard from American Mortgage Reduction after the man with the papers came to my house. The loan was sold right away to a company named ContiMortgage Co. I paid them for a few years, and then I got transferred to a company named Fairbanks Capital Corp. That's who has my loan now. My point in telling you all this is that you have to pay attention not only to the people who are making the loans, but also to the companies who are buying these loans.

On the first page of the Settlement Statement you can see at Line 202 that the amount of this loan was \$35,250. It may seem odd to you that I didn't know at the time that I was borrowing this much money, but remember, I wasn't trying to borrow a particular amount of money. Actually, I wasn't trying to borrow anything. They found me and told me this loan would make it easier for me to pay my bills. These people who come to our houses selling these mortgages never talk about what we are borrowing or the fees we are paying. They talk mainly

about the monthly payment and about how, if you take this loan, you will be making things better for yourself. And who doesn't want to that?

You can see on the first page of the Settlement Statement that the loan was paying off a \$29,000 mortgage I had at that time, with a company named Industry Mortgage Co. Note the first item listed, \$5,595 in "settlement charges." These are all the fees I was charged. They are listed on the second page, page 1-2. The first two items, "loan origination fee" and "loan discount" add up to \$3,525. My lawyer tells me that this is called "points," which is a fancy way of saying "fees." What makes me really angry is thinking that I was borrowing money, more money than I needed to borrow, just to pay these fees. And you can see that I had to pay even more than that, if you continue going down the rest of the settlement charges I had to pay.

Now I want to show the part of the loan that gave me the biggest shock. If you look at page 1-3 of my documents, it describes some of the terms of the loan I got myself into. It says I had to make \$308/mo. payments. That much I knew, but there is something else on here that they did not explain to me when I was signing the documents. This is what they call a "balloon." The way it works is that I was supposed to pay \$308/mo. for 15 years, and then, in December 2011, when I'm 82 years old, I am supposed to make a payment of \$29,000! And if I can't make that payment, they get to take my house! The other thing that is amazing about this is that, after 15 years, after paying \$55,400 from my Social Security, I still owe them the amount I owed the last mortgage company in 1997 when they refinanced me.

The last thing I want to point out about this loan is that it was actually two loans, again, something I didn't realize. If you go back to page 1-1, it says at the bottom that I put \$2,565.88 of my own money into the transaction. But I didn't. This money came from a second mortgage

that American Mortgage Reduction had me sign at the same time. If you look at pages 1-4 through 1-6, you see that I signed a second mortgage for \$2,815.88, and that, after deducting more fees, I supposedly got \$2,565.88. But I didn't get any money myself. This was the money they applied to the first loan.

I never made a payment on this second mortgage, no one ever sent me a bill and I didn't even know it was there, until my lawyer showed me. But it was put on my house. So that is how the \$29,000 mortgage on my house became a \$38,000 mortgage that I just keep paying and paying. And that doesn't even begin to explain where the \$29,000 mortgage before that came from. Because I can't find the documents from the earlier refinancings, I probably will never fully understand those earlier loans.

It is funny to think that, just like the predatory lenders, the people who first helped me wake up to what had happened to me, came knocking on my door. They were like my angels: Ira Goldstein and Rebecca Mack from The Reinvestment Fund and Paul Davies, from the Philadelphia Daily News. They came separately, telling me that they were doing some research about predatory lending and that they discovered me when they were doing their research. They asked me for my loan documents, the ones I showed you today, and they sent me to my lawyer, Irv Ackelsberg, of Community Legal Services. He is the one who is fixing my problem and saving the house for me. He filed a bankruptcy for me, he sued the company that has my loan now, and that \$38,000 mortgage problem is being reduced to a \$20,000 obligation I can afford.

My picture was on the first page of the Daily News, and then I started giving talks at my church and around the City. The mayor came to my house for a press conference and I also spoke at a press conference at City Hall for the graduation of housing counselors from their

predatory lending training program. The last page of my testimony shows the flyer, with my picture on it, that the City put in peoples' water bills, inviting them to call the Predatory Lending Hotline, that sends people to housing counselors.

You have asked me for suggestions about what government agencies can do about this problem of predatory lending. Here are a few things I think you should think about:

1. Stop acting like credit is always a good thing.

The more I've gotten involved in this issue the more I've heard it said that we have to be careful about doing something about predatory lending because that might dry up credit. The truth is, some kinds of credit, like the loan they fooled me into signing, should be dried up. Just like food, all credit isn't good for you. I know mortgages can help people buy homes. That's good credit. But I've learned that they can also be used to steal people's houses. Especially for us senior citizens, it's more important to help us save our homes from thieves and live out our years in peace than it is to help us buy new homes.

2. Stop blaming people like me for getting into trouble and start trying to protect us from predatory lending.

For a long time I was really ashamed about what happened to me. But now I realize that what happened to me didn't happen because I'm a dumb person. It happened because I trusted people and because I didn't think to ask about what I didn't understand, but more important than that, it happened because there are businesses out there that are very smart at fooling people like me. And it happened because you are letting businesses like these operate in our communities. Right on my block, 19 other people got bad loans; that's what the researchers who found me told me. The loan I got fooled into should have been illegal—all those fees, the balloon payment, me not really getting anything from the loan. I like to think of these loans like they are dangerous products, like cigarettes or unsafe cars. Sure, we need education, but we also need protection, too.

3. Beware of this thing called "pre-emption."

I learned about this word, pre-emption, three years ago. In Philadelphia, we got our City Council to hear our cries for help and they answered with a new law against predatory lending. Two months later, some of those companies who were angry about our law went to the state legislature and our law got pre-empted. It seems that because the state government is higher than the city government, they get to undo what the city does. And now, I hear that the federal government, which is higher than the states, is talking about pre-empting some of the good things other states have done to try to protect their people. I think that is terrible. Instead of spending so much time trying to upstage each other, the different governments should spend their time trying to find ways to work together.

4. Senior citizens need more housing counselors and lawyers like we have in Philadelphia.

I was so lucky that there were people who could help show me what happened to me and who could fix my problem. I hear that Philadelphia is unusual with it having housing counselors and Legal Services lawyers who know about predatory lending, and that if I were in a different city, I might have already lost my home. My lawyer has explained to me that Community Legal Services actually had to give up federal funding in order for it to continue doing its work because of restrictions Congress placed on what Legal Services lawyers are allowed to do. That is a real shame. We need more lawyers and housing counselors and you need to let them do their jobs.

5. Spend less time talking to the big fellows and more time talking to people like me.

I figure that the predatory lenders come here and hire fancy lobbyists to tell you how wonderful they are. You probably don't get many opportunities to talk to people like me. But you should do more of that. Come to Philadelphia, I'll make the coffee and you bring the danish, and I'll introduce you to hundreds of retired, church-going Americans, who are in real trouble and need your help.

Thank you so much for letting this grandmother give you a piece of her mind.

A. SETTLEMENT STATEMENT

U.S. Department of Housing
and Urban Development



OMB No. 2502-0265

| | | | |
|--|-----------|--|----------------|
| I. Type of Loan | | | |
| <input type="checkbox"/> FHA <input type="checkbox"/> FmHA <input checked="" type="checkbox"/> Conv. Unins. <input type="checkbox"/> VA <input type="checkbox"/> Conv. Ins. | | 6. File Number <p style="text-align: center;">24288</p> | 7. Loan Number |
| 8. Mortgage Insurance Case No # | | | |
| D. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked (P.O.C.) were paid outside the closing; they are shown here for information purposes and are not included in the totals. | | | |
| 1. Name and Address of Borrower ERONICA HARDING 328 W. HAGERT STREET PHILADELPHIA, PA 19132 | | E. Name and Address of Seller | |
| | | F. Name and Address of Lender AMERICAN MORTGAGE REDUCTIO I, INC. 1653 THE FAIRWAY SUITE 209 JENKINTOWN, PA 19046 | |
| 1. Property Location 328 W. HAGERT STREET PHILADELPHIA, PA 19132 PHILADELPHIA COUNTY FEE SIMPLE | | H. Settlement Agent VALLEY SETTLEMENT COMPANY Place of Settlement 2328 W. HAGERT STREET PHILADELPHIA, PA 19132 | |
| | | I. Settlement Date 12/04/96 | |
| J. SUMMARY OF BORROWER'S TRANSACTION: | | K. SUMMARY OF SELLER'S TRANSACTION: | |
| 100. Gross Amount Due From Borrower | | 400. Gross Amount Due To Seller | |
| 101. Contract sales price | | 401. Contract sales price | |
| 102. Personal property | | 402. Personal property | |
| 103. Settlement charges to borrower (line 1400) | 5,595.10 | 403. | |
| 104. INDUSTRY | 29,519.78 | 404. | |
| 105. MONTGOMERY WARDS | 322.00 | 405. | |
| Adjustments for items paid by seller in advance | | Adjustments for items paid by seller in advance | |
| 106. City/town taxes to | | 406. City/town taxes to | |
| 107. County taxes to | | 407. County taxes to | |
| 108. Assessments to | | 408. Assessments to | |
| 109. ADVANP. | 2,016.00 | 409. | |
| 110. FCNB | 179.00 | 410. | |
| 111. CAPITAL ONE | 184.00 | 411. | |
| 112. | | 412. | |
| 120. GROSS AMOUNT DUE FROM BORROWER | 37,815.88 | 420. GROSS AMOUNT DUE TO SELLER | |
| 200. Amounts Paid By or In Behalf of Borrower | | 500. Reductions In Amount Due To Seller | |
| 201. Deposit or earnest money | | 501. Excess Deposit (see instructions) | |
| 202. Principal amount of new loan(s) | 35,250.00 | 502. Settlement charges to seller (line 1400) | |
| 203. Existing loan(s) taken subject to | | 503. Existing loan(s) taken subject to | |
| 204. | | 504. Payoff of first mortgage loan | |
| 205. | | 505. Payoff of second mortgage loan | |
| 206. | | 506. | |
| 207. | | 507. | |
| 208. | | 508. | |
| 209. | | 509. | |
| Adjustments for items unpaid by seller | | Adjustments for items unpaid by seller | |
| 210. City/town taxes to | | 510. City/town taxes to | |
| 211. County taxes to | | 511. County taxes to | |
| 212. Assessments to | | 512. Assessments to | |
| 213. | | 513. | |
| 214. | | 514. | |
| 215. | | 515. | |
| 216. | | 516. | |
| 217. | | 517. | |
| 218. | | 518. | |
| 219. | | 519. | |
| 220. TOTAL PAID BY/FOR BORROWER | 35,250.00 | 520. TOTAL REDUCTION AMOUNT DUE SELLER | |
| 300. Cash At Settlement From or To Borrower | | 600. Cash At Settlement To or From Seller | |
| 301. Gross amount due from borrower (line 120) | 37,815.88 | 601. Gross amount due to seller (line 420) | |
| 302. Less amounts paid by/for borrower (line 220) | 35,250.00 | 602. Less reduction amount due seller (line 520) | |
| 303. CASH FROM BORROWER | 2,565.88 | 603. CASH SELLER | |

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SETTLEMENT STATEMENT

PAGE 2

| L. SETTLEMENT CHARGES: | | FILE NO. #: 24288 | PAID FROM BORROWER'S FUNDS AT SETTLEMENT | PAID FROM SELLER'S FUNDS AT SETTLEMENT |
|---|-----------|---|--|--|
| 700. TOTAL SALES/BROKER'S COMMISSION based on price \$ | | @ | | |
| Division of commission (line 700) as follows: | | | | |
| 701. \$ | to | | | |
| 702. \$ | to | | | |
| 703. Commission paid at Settlement | | | | |
| 704. | | | | |
| 800. ITEMS PAYABLE IN CONNECTION WITH LOAN | | | | |
| 801. Loan Origination Fee | % | AMERICAN MORTGAGE REDUCTION | 1,762.50 | |
| 802. Loan Discount | % | AMERICAN MORTGAGE REDUCTION | 1,762.50 | |
| 803. Appraisal Fee | to | AMERICAN MORTGAGE REDUCTION | 250.00 | |
| 804. Credit Report | to | | | |
| 805. Lender's Inspection Fee | to | | | |
| 806. Mfg. Ins. Application Fee | to | | | |
| 807. Assumption Fee | to | | | |
| 808. | | | | |
| 809. CREDIT PAYMENT TO | | BRADLEES | 36.00 | |
| 810. | | | | |
| 811. | | | | |
| 900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE | | | | |
| 901. Interest from | to | @ \$ /day | | |
| 902. Mortgage Insurance Premium for | to | | | |
| 903. Hazard Insurance Premium for | 1 yrs | to AMERICAN MORTGAGE RED. | 560.60 | |
| 904. | | | | |
| 905. | | | | |
| 1000. RESERVES DEPOSITED WITH LENDER FOR | | | | |
| 1001. Hazard Insurance | mo.@\$ | /mo. | | |
| 1002. Mortgage Insurance | mo.@\$ | /mo. | | |
| 1003. City Property Taxes | mo.@\$ | /mo. | | |
| 1004. County Property Taxes | mo.@\$ | /mo. | | |
| 1005. Annual Assessments | mo.@\$ | /mo. | | |
| 1006. | mo.@\$ | /mo. | | |
| 1007. | mo.@\$ | /mo. | | |
| 1008. | mo.@\$ | /mo. | | |
| 1100. TITLE CHARGES | | | | |
| 1101. Settlement or closing fee | to | VALLEY SETTLEMENT COMPANY | 200.00 | |
| 1102. Abstract or title search | to | | | |
| 1103. Title examination | to | | | |
| 1104. Title insurance binder | to | | | |
| 1105. Document Preparation | to | BEST DOC. PREP. | 500.00 | |
| 1106. Notary Fees | to | | | |
| 1107. Attorney's fees | to | | | |
| (includes above items No:) | | | | |
| 1108. Title Insurance | to | LAWYER STITLE | 423.50 | |
| (includes above items No:) | | | | |
| 1109. Lender's coverage \$ | 35,250.00 | ----- 423.50 | | |
| 1110. Owner's coverage \$ | | | | |
| 1111. | | | | |
| 1112. | | | | |
| 1113. | | | | |
| 1200. GOVERNMENT RECORDING AND TRANSFER CHARGES | | | | |
| 1201. Recording Fees: | Deed \$ | ; Mortgage \$ 30.00 ; Releases \$ 35.00 | 65.00 | |
| 1202. City/county tax/stamps: | Deed \$ | ; Mortgage \$ | | |
| 1203. State Tax/stamps: | Deed \$ | ; Mortgage \$ | | |
| 1204. | | | 35.00 | |
| 1205. RECORD ASSIGNMENT | | | | |
| 1300. ADDITIONAL SETTLEMENT CHARGES | | | | |
| 1301. Survey | to | | | |
| 1302. Pest inspection | to | | | |
| 1303. | | | | |
| 1304. | | | | |
| 1305. | | | | |
| 1400. TOTAL SETTLEMENT CHARGES (enter on lines 103 and 502, Sections J and K) | | | 5,595.10 | |

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

VERONICK HARDING Buyer/Borrower

Buyer/Borrower

The HUD-1 which I have prepared is a true and accurate account of this transaction. I have caused the funds to be disbursed in accordance with this statement.

Settlement Agent

WARNING: It is a crime to knowingly make false statements to the United States on this or on any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see Title 18 U.S. Code Section 1001 and 1010.

BALLOON NOTE

THE FINAL PAYMENT UNDER THIS NOTE IS SUBSTANTIALLY GREATER THAN THE PREVIOUS PAYMENTS. YOU MUST REPAY THE ENTIRE UNPAID PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE. THE LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LEND THAT YOU HAVE THIS LOAN WITH, WILLING TO LEND YOU MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE SAME LENDER.

OWINGS MILLS, MARYLAND

US \$35,250.00

December 4th, 1996

Date

2328 W. HAGERT STREET, PHILADELPHIA, PA 19132

[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$35,250.00 (this amount is called "principal"), plus interest, to the order of the Lender. The Lender is AMERICAN MORTGAGE REDUCTION, INC. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder".

2. INTEREST

Interest will be charged on unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly rate of 9.95%. Interest will be charged until the principal has been paid in full.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

I will pay principal and interest by making payments every month.

I will make my monthly payments, except for the final payment, will be in the amount of U.S. 308.04. Assuming all scheduled payments of principal and interest are made on their due dates, the final payment will be U.S. \$29,056.62.

I will make my monthly payments on the 9th day of each month beginning on January 9th, 1997. I will make these payments every month until December 9th, 2011, on which date I will pay in full all of the remaining principal, accrued interest and any other charges, described below, that I may owe under this Note. Unless applicable law provides otherwise, all payments will be applied first to accrued and unpaid interest to the date of payment and the remainder, if any, to the unpaid principal balance. Any late charges, collection costs and expenses, dishonored check charges and payments made by the Note Holder to enforce this Note and/or to protect the Note Holder's interests under the Security Instrument (as defined in Section 9) will be assessed separately.

I will make my monthly payments at 1653 THE FAIRWAY SUITE 209, JENKINTOWN, PA 19046 or at a different place if required by the Note Holder.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment". when I make a prepayment.

I may make a full prepayment or partial prepayments without paying any prepayment penalty. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due dates or amounts of my monthly payments unless the Note Holder agrees in writing to those changes. Except as provided in section 5, the Note Holder earns any prepaid finance charge at the time the loan is made and no part of it will be refunded if I pay in full ahead of schedule.

5. LOAN CHARGES

If a law or regulation, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such interest and/or other loan charges shall be reduced by the amount necessary to reduce the interest and/or other loan charges to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment. 1-3

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

FEDERAL TRUTH-IN-LENDING AMOUNT FINANCED ITEMIZATION

Itemization of the Amount Financed of \$2,815.88

\$ -2,565.88 Amount given to you directly

\$ N/A Amount paid on your account

Amount paid to others on your behalf:

\$ 0 to appraiser

\$ 0 to credit bureau

\$ 83.00 to public officials

\$ 0 to title insurance company

\$ N/A to credit insurance company

\$ 167.00 to VALLEY TITLE COMPANY, closing attorney

\$ 0 to , title search

\$ _____ to _____

\$ 0 Prepaid finance charge

I(We) acknowledge receipt of the original of this Federal Truth-In-Lending Amount Financed Itemization form, this 4th day of December, 1996.

VERONICA HARDING

NOTE

December 4th, 1996

PHILADELPHIA,
[City]

PA
[State]

2328 W. HAGERT STREET, PHILADELPHIA, PA 19132
[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$2,815.88 (this amount is called "principal"), plus interest, to the order of the Lender. The Lender is AMERICAN MORTGAGE REDUCTION, INC.. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder".

2. INTEREST

Interest will be charged on unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly rate of 22.5%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making payments every month.

I will make my monthly payments on the 9th day of each month beginning on January 9th, 1997. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. My monthly payments will be applied to interest before principal. If, on December 9th, 2026, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "maturity date".

I will make my monthly payments at 1653 THE FAIRWAY, SUITE 209, JENKINTOWN, PA 19046 or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$ 52.86.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment". When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge collected shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If a Note Holder has not received the full amount of any monthly payment by the end of Fifteen calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on the amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

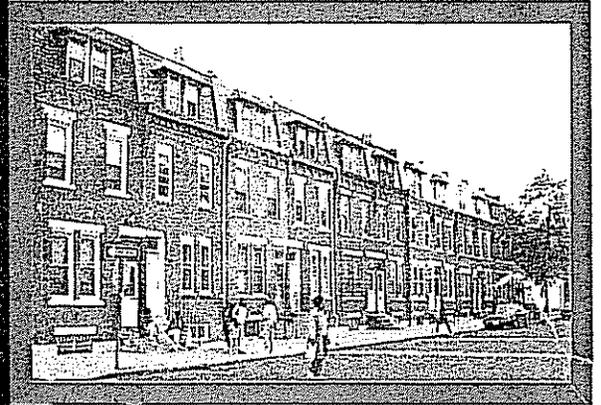
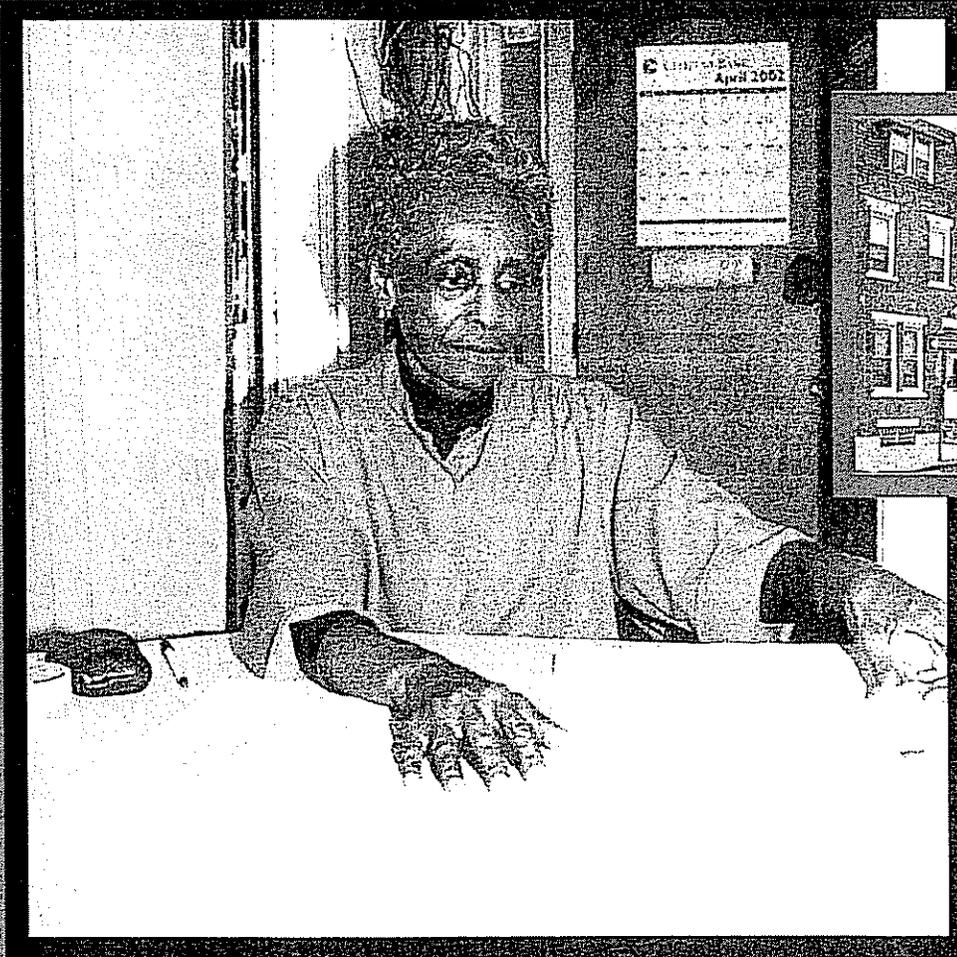
If Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. These expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICE

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

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