

NY Principal Funding Corporation

DISCLOSURE STATEMENT AND ACKNOWLEDGEMENT FOR BUSINESS PURPOSE LOANS

Loan #:

Today's Date:

Collateral Property Address:

Borrowers Name:

You have applied, or expressed an interest in applying, for a business-purpose mortgage loan with NY Principal Funding Corporation ("Lender"). This Disclosure Statement and Acknowledgement ("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.

Business Purpose 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.) and the Real Estate Settlement Procedures Act (12 U.S.C. § 2601 et seq.).

Under these laws, you are foregoing the following rights:

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.

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).

Lender requirement to make a reasonable and good faith determination that the borrower has a reasonable ability to repay the loan.

Lender requirement 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.

Certain special consumer protections under the Truth in Lending Act and Regulation Z, 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.

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 unavailable for business-purpose loans.

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 commercial obligation and does not represent a loan for personal, family or household purposes.

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.

Agreed and accepted

Guarantor

Date: