

# EQUITYMAX® HOMEOWNERS DISCLOSURE

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## IMPORTANT QUESTIONS AND ANSWERS REGARDING THE EQUITYMAX® MANAGED MORTGAGE PAYMENT SYSTEM

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### **Q: WILL THE EQUITYMAX® SYSTEM OF MANAGED MORTGAGE PAYMENTS WORK ON ANY MORTGAGE LOAN?**

A: EQUITYMAX® can be implemented on simple- interest loans that have no prepayment penalties (consult your loan documents for details of your contract's provisions). These can include FHA and VA fixed or adjustable interest rate, 15 and 30-year loans in any state in the United States. Loans that offer a reduced payment option that increases the length of the loan's amortization (so-called negative amortization loans) must have the EQUITYMAX® transfers based on the full monthly payment amount to achieve the illustrated savings.

### **Q: HOW WILL EQUITYMAX® ACHIEVE THE ILLUSTRATED SAVINGS OF INTEREST CHARGES ON MY MORTGAGE LOAN?**

A: By accelerating the principal reduction of the loan through an approximate 8% monthly increase with the semi-monthly mode or 2 additional bi-weekly payments annually. This increased amount is collected and disbursed differently under our two programs: semi-monthly and bi-weekly (details below).

### **Q: IS IT POSSIBLE TO CONTRIBUTE TO ADDITIONAL PRINCIPAL REDUCTION OVER AND ABOVE THE SEMI-MONTHLY & BI-WEEKLY EQUITYMAX® TRANSFERS?**

A: YES. You can designate any additional "optional" amount to be added to each semi-monthly or bi-weekly transfer that you choose. Or, occasional additional amounts can be routed through the program at your request. Consult your loan documents for prepayment conditions or limitations imposed by your lender.

### **Q: WHY SEMI-MONTHLY OR BI-WEEKLY TRANSFERS?**

A: Budgeting and discipline. Semi-monthly and bi-weekly transfers are budget-friendly whether you are paid weekly, bi-weekly, semi-monthly or monthly. Commitment to this managed mortgage payment system provides and maintains the discipline needed to get consistent results.

### **Q: HOW OFTEN DOES EQUITYMAX® TRANSFER SEMI-MONTHLY PAYMENTS?**

A: Twice each month on the 10<sup>th</sup> & 25<sup>th</sup> or the 3<sup>rd</sup> & 18<sup>th</sup> or the 5<sup>th</sup> & 20<sup>th</sup> days of the month. When these dates fall on non-banking days, transfers will occur on the first banking day after the scheduled date. The 8% (approximate) payment increase is collected with each transfer.

### **Q: HOW OFTEN ARE SEMI-MONTHLY TRANSFERS FORWARDED TO MY LENDER?**

A: **Monthly.** Lenders generally do not accept "partial payments." The savings of interest charges are achieved through accelerated principal reduction generated by an increase in your payment amount, not by increased frequency of payments. One full payment (two semi-monthly or two bi-weekly transfers) must be in your Restricted Use Holding Account prior to transferring each monthly payment to your lender. Principal reduction payments (the 8% approximate increase amount) are forwarded to the lender monthly on the semi-monthly plan.

### **Q: WHY IS AN INDIVIDUAL RESTRICTED USE HOLDING ACCOUNT OPENED AT THE HOLDING BANK FOR EACH EQUITYMAX® MEMBER?**

A: To make use of the Federal Reserve Bank's ACH (Automated Clearing House) method of electronic funds transfer for instantaneous movement of semi-monthly or bi-weekly transfer from your personal bank. These individually insured accounts provide the utmost in security for your funds. These holding accounts also provide an audit trail to ensure accurate loan balances.

### **Q: ARE MONTHLY LENDER PAYMENTS AND ADDITIONAL PRINCIPAL PAYMENTS ALSO TRANSMITTED BY MEANS OF THE FEDERAL RESERVE BANK'S ACH SYSTEM?**

A: YES. The majority of lenders are able either to accept or initiate ACH funds transfers in conjunction with their banking institutions. Payments to other lenders are made by special bank drafts mailed well in advance of the payment due date to ensure their timely posting.

### **Q: WHY IS A TRANSFER FEE CHARGED?**

A: Transfer fees charged for each semi-monthly or bi-weekly transfer support the costs associated with maintaining the individual Restricted Use Holding Accounts and generating the ACH funds transfers through the Federal Reserve System. Monthly loan payments and additional principal payments are made on your behalf. In addition, Equitymax® provides on-going customer service for changes and questions. The transfer fee charged is disclosed on Line 15C of the Service Agreement.

### **Q: ONCE I AM ENROLLED IN THE EQUITYMAX® PROGRAM, WILL MY MORTGAGE LOAN REQUIRE ANY FURTHER ATTENTION FROM ME?**

A: YES. Keep in mind that the EQUITYMAX® program is simply a payment system. The loan contract is still between you (the borrower) and the lender. All communication from the lender regarding the loan will still go directly to you. **(This means that all notices of changes from your lender that affect your loan payment must be forwarded to EQUITYMAX®.)** These would include interest rate changes, escrow/impound payment changes, lender address changes, transfer/sales of the loan to a new lender, etc. Also, it is in your best interests to monitor your lender's application of principal reduction payments to ensure accurate posting and thereby achieve the illustrated savings. Although EQUITYMAX® is not staffed by accountants or attorneys, in the event of lender posting errors, we can usually assist with correction of such errors if they are brought to our attention promptly.

**Q: WHAT IF MY LOAN IS SOLD OR I BUY ANOTHER HOME?**

A: Call EQUITYMAX® to transfer your payment plan to your new lender.

**BI-WEEKLY PROGRAM EXCEPTIONS:**

**Q: HOW OFTEN DOES EQUITYMAX® TRANSFER BI-WEEKLY PAYMENTS?**

A: Bi-weekly transfers will take place every other week (**all weekdays are available**). There will be two months each year when three transfers occur.

**Q: HOW OFTEN ARE BI-WEEKLY TRANSFERS FORWARDED TO MY LENDER?**

A: **Monthly.** Lenders generally do not accept "partial payments." The savings of interest charges are achieved through accelerated principal reduction generated by additional bi-weekly transfers. One full payment (two bi-weekly transfers) must be in your Restricted Use Holding Account prior to transferring each monthly payment to your lender. The additional bi-weekly payments are transferred to your lender **annually** on or before the anniversary date of the start of your bi-weekly EQUITYMAX® program.

NOTE: This disclosure is intended as a means of answering common questions about the EQUITYMAX® program to ensure that you completely understand various aspects of the program. Consult the EQUITYMAX® Service Agreement, which is the actual contract for services, for complete terms and conditions of the program, including fees for services.

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I/We have read and understand the Homeowners Disclosure "Important questions and answers regarding the EQUITYMAX® managed mortgage payment system."

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**Client Name (print)**

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**Client Name (print)**

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**Client Signature**

**Date**

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**Client Signature**

**Date**

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