



## **NOTICE TO BORROWER: ABILITY TO REPAY DISCLOSURE**

The U.S. Congress granted authority to the Consumer Financial Protection Bureau (CFPB), through the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, to adopt rules related to the origination of residential mortgage loans. These rules, as adopted by the CFPB in 2013, went into effect for many different types of residential mortgage loans with an application date on or after January 10, 2014. These rules relate to the mortgage loan for which you are applying.

One of the most important and impactful of these new rules is the **Ability-To-Repay Rule (the ATR Rule)**. Under the ATR Rule, mortgage lenders must make a reasonable and good faith determination, based on documented and verified information, that a borrower has a reasonable ability to repay a residential mortgage loan. This evaluation must include eight (8) factors (further guidance can be found here: [http://files.consumerfinance.gov/f/201401\\_cfpb\\_mortgages\\_consumer-summary-new-mortgage.pdf](http://files.consumerfinance.gov/f/201401_cfpb_mortgages_consumer-summary-new-mortgage.pdf)):

1. Your current income or assets
2. Your current employment status
3. Your credit history
4. The monthly payment for the mortgage
5. Your monthly payments on other mortgage loans you get at the same time on the same property
6. Your monthly payments for other mortgage-related expenses (such as property taxes)
7. Your other debts
8. Your monthly debt payments, including the mortgage, compared to your monthly income ("debt-to-income ratio").

New Penn Financial, LLC (New Penn) will be evaluating these factors in deciding whether we may approve your mortgage loan application. In connection with our evaluation, the information you provide in connection with your mortgage loan application must be accurate and truthful. Failure to provide accurate and truthful information may result in reconsideration of your loan application to reflect any corrected information, rejection of your loan application, or other action as may be appropriate under the particular circumstances.

**By signing below, I hereby acknowledge that I understand New Penn's obligation to evaluate my ability to repay the mortgage loan for which I am applying in accordance with the ATR Rule, and my obligation to provide accurate and truthful information as a condition of my loan application and in support of New Penn's determination of my ability to repay.**

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Date

Date