

YOUR PAYMENT OPTIONS

Depending on which ARM program you have, you can select from up to four payment options monthly. Your available options will be determined by the terms and status of your particular loan. Some payment options may not be available to you.

1. Full Principal and Interest Payment

This option covers the regular payment of principal and interest to repay your loan over its remaining term.

2. 15-Year Principal and Interest Payment

This option covers the payment of principal and interest to repay your loan in 15 years.

3. Interest Only Payment

This payment option covers the amount of interest due for that month. This option does not reduce the principal balance but avoids deferred interest.

4. Minimum Monthly Payment.

If you choose to make the minimum payment, your payment may not be enough to cover all of the interest due. The amount of interest not covered by your payment is “deferred” and added to your principal balance, up to a maximum of 110% of the original balance. Deferred interest is also known as negative amortization. Please note that if you reach the maximum of 110% of your original balance, your payment may increase substantially. This is to repay all principal and interest due, including deferred interest, over the remaining term.

SEND PAYMENTS TO:
Downey Savings Payment Processing
P.O. Box 25090
Santa Ana, CA 92799-5090

SEND CORRESPONDENCE TO:
Downey Savings Customer Service
P.O. Box 6060
Newport Beach, CA 92658-6060
To contact us about your loan, call:
1-800-824-6902.

PAY-BY PHONE
Call (949) 854-3100 ext. 6553

Corporate Headquarters
3501 Jamboree Road
Newport Beach, CA 92660

1-800-9DOWNEY
(1-800-936-9639)

FIND US ON THE INTERNET
downeysavings.com

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(2/06)

How to Read Your New Monthly Home Loan Statement

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FREQUENTLY ASKED QUESTIONS

What are “impounds”?

An impound account is a fund set aside for future needs. Some (but not all) customers pay their estimated property taxes and/or property insurance premiums along with their regular monthly payments. These extra payments are held in a special account called an “impound account” until the property taxes and/or insurance premiums are due.

Does Downey Savings pay my property taxes or insurance for me?

If you have an impound account, we will pay your property taxes and/or insurance premiums from your account when they are due. If you do not have an impound account, you are responsible for timely payment of your taxes and insurance. For further details, see your loan agreement.

What is deferred interest?

This is unpaid interest that results when the payment you make does not cover all of the interest due. This usually happens when you pay less than the “interest-only” payment. Deferred interest is added to the balance of your loan and it is not included in your year-to-date interest unless you pay it. Also, as long as it remains unpaid, the deferred amount will not be included in your year-end statement which you may be using for tax purposes.

Why did my interest rate or monthly payment change on my adjustable rate mortgage?

Changes to your interest rate may occur from time-to-time, in accordance with your loan agreement or an interest rate adjustment date.

How do I notify you if I change my phone number or want my statement mailed to a new address?

It's simple: Just fill out the information on the back of your payment stub when you send in your next payment. Or, you can send a letter to: Downey Savings Customer Service, P.O. Box 6060, Newport Beach, CA 92658-6060. (Please include your loan number.) Or simply call us at 1-800-824-6902.

MONTHLY HOME LOAN STATEMENT

Customer Information

Your name and mailing address we have on file for you. *Please let us know if your mailing address has changed.*

Account Specifics

This section tells you about your balance, interest rate, how much interest you have paid this year and information about deferred interest. Deferred interest is not included in your "year-to-date interest" until you pay it.

Tax Information

If we do not pay or advance taxes on your behalf during this calendar year, this information will not appear on your statement.

Recent Activity

This section describes recent activity on your account

- A. The date of activity
- B. The type of activity
- C. The amount of that activity
- D. The amount applied to principal (if any)
- E. The amount applied to interest (if any)
- F. The amount applied to your impound account (if any)
- G. The amount of late charges paid
- H. Amounts applied to insurance, taxes or other charges

Available Payment Options

These are your payment choices to help you manage your cash flow. Each optional payment includes an explanation that will help you choose the monthly option that is best for your financial goals.

Your loan may or may not have all four optional payments available. That will depend on whether you have reached the maximum limit of deferred interest or other factors such as the age of your loan.

If you do not have an "impound account" then the impound information will not appear on your statement nor will impounds be included in your payment amount.

PAYMENT NOTICE AND LOAN STATEMENT

John Doe
Jane Doe
12345 City Street
Any Town, CA 90000-XXXX

Loan Number: 1234567890
This Loan is on: 123 Property Address
City, State, Zip

TO KEEP YOU INFORMED HERE IS CURRENT DATA ON YOUR LOAN AS OF 01/15/2006

Your current interest rate is 6.174%. Your loan balance has increased by \$1,224.97 to \$617,995.01 due to deferred interest. You have paid \$1,895.89 of interest year-to-date. Your deferred interest is \$3,495.09.
Property taxes paid year-to-date are \$991.26 Your impound balance is \$9,407.95.

Date	Description	Amount	Principal	Interest	Impounds	Late Charge	Other Amount
01/05/06	Payment	3383.86	.00	1895.89	1374.22	113.75	.00

A

B

C

D

E

F

G

H

THIS AREA RESERVED FOR IMPORTANT MESSAGES AND SPECIAL OFFERS.

You have an adjustable rate loan so your interest rate can go up or down depending on market conditions. Below are your current options. It is important that, at a minimum, you pay the amount due in option #4 below to prevent a short payment from being returned and possible late charges. You might consider only taking advantage of payment option #4 when you really need to. The payment option #4 may cause deferred interest to be added to your principal balance, and your loan has a limit on the amount of interest that can be deferred. We appreciate your business. Any time you have a question, please call 1-800-824-6902.

PLEASE READ IMPORTANT INFORMATION ON THE BACK OF THIS STATEMENT

CUSTOMER: John Doe
Select your payment option:

LOAN NUMBER 1234567890

DUE DATE: 02/01/2006

1. Pay \$4,856.49
To cover monthly principal, interest and impounds. Plus your principal balance would go down.
2. Pay \$6,720.50
If you would like to pay your loan down over 15 years. This amount includes an impound payment.
3. Pay \$4,553.80
This amount would cover interest and impounds only. Your principal balance would remain the same.
4. Pay \$3,270.11
This is the minimum amount you can pay and may not cover your monthly principal and interest. It does cover your impound amount. Your principal balance would increase by \$1,283.69

Write in your payment amount here \$ _____

Unpaid late charges \$ _____

Write in late charge of \$113.75, if not paid by 02/16/06 \$ _____

I want to pay an extra amount to principal. Here is \$ _____

MY TOTAL PAYMENT ENCLOSED \$ _____

Your Loan Number

Your Address

The address of the property securing this loan.

Statement Date

This is the "statement date." Activity that happens after this date is not reflected on this statement. For example: If we receive a payment after this date, it will not appear until your next statement.

Impounds

If you pay into an "impound" account, this will tell you the balance in that account. *Note:* If you do not pay into an "impound" account, this information will not appear.

Due Date

The date that your next payment is due.

Total Payment Amount

This area is reserved for you to calculate your next payment amount. If you want to pay down your balance, please let us know the extra amount you are sending.