

MIDCOUNTRY BANK

Cross Collateralization Acknowledgment

When a loan is cross collateralized the bank secures the construction loan against both the property that you are building as well as additional property. This is generally done for one of four reasons;

1. Funds are needed from the sale of the other property to complete the construction of the new home.
2. The Borrower is going to sell the cross collateralized property and they do not qualify for end loan financing with both payments.
3. There is an underwriting exception on the file which requires an enhanced collateral position.
4. In some cases there is a combination of the above factors.

When the cross collateralized property is sold, any proceeds will be first applied to the construction loan to ensure sufficient funds to complete the home. If no funds are needed to complete the home, the bank will review the credit file to determine if an enhanced collateral position is needed. If not, the proceeds will be paid to the borrower.

It is your understanding that MidCountry Bank is cross collateralizing the property located at:

initials

initials

Additionally, if the sale of the cross collateralized home should occur prior to the recording of all appropriate security documents, or should it be found that a specific county or state does not allow the cross collateralization of properties, **the borrower agrees to forward proceeds of the property's sale to MidCountry Bank to be applied to the construction loan under the same conditions as outlined above.**

Borrower

Date

Coborrower

Date

Not allowed for properties located in the state of Texas.