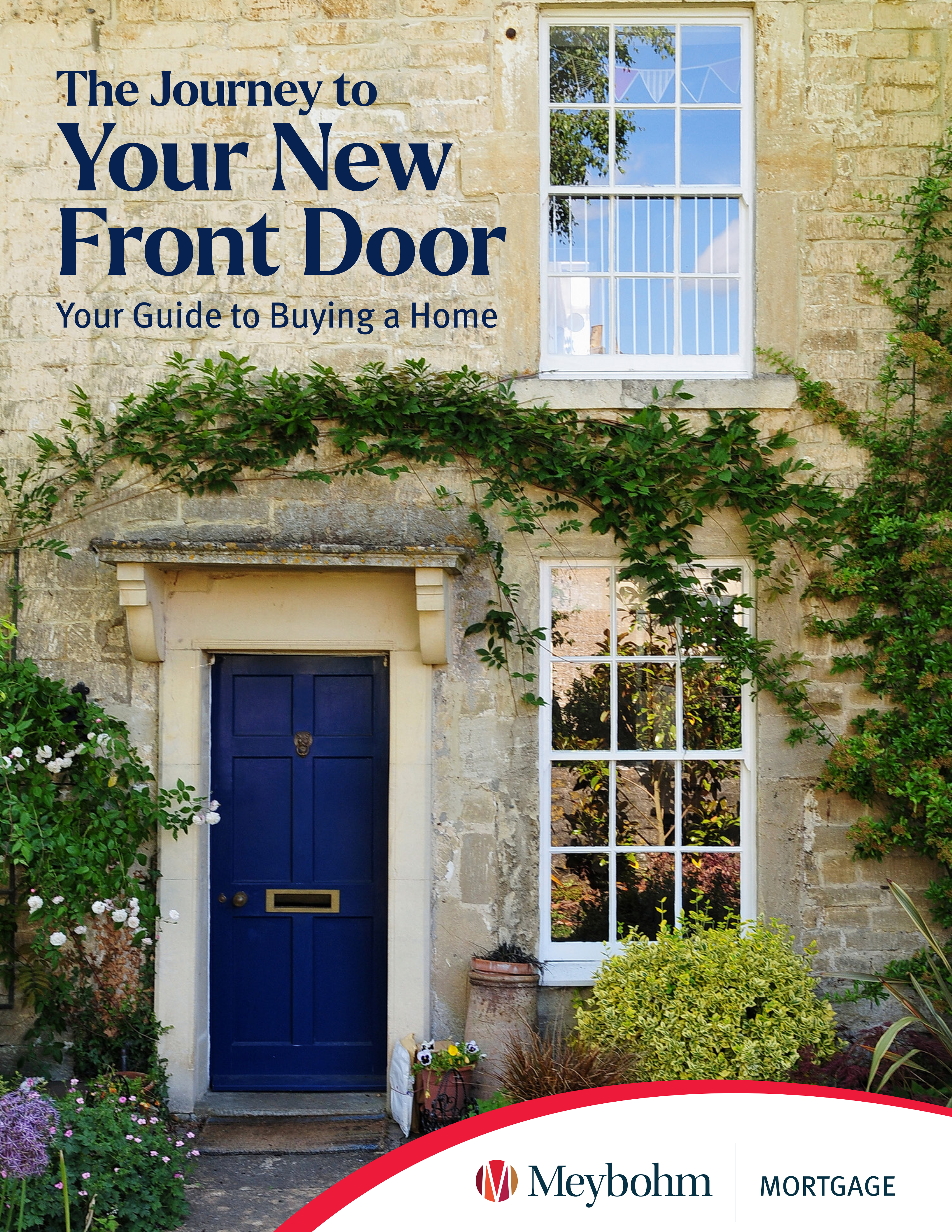
The Journey to Your New Front Door

Your Guide to Buying a Home



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From searching to purchasing, this guide offers everything a buyer needs to confidently navigate the mortgage journey.

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Lean on Us.

Whether you're a first-time buyer or a seasoned one, the prospect of purchasing a new home is full of possibility and excitement - as well as a good amount of nerves about navigating the process. As you get started on your homebuying journey, it's easy to feel overwhelmed along the way, especially when it comes to choosing a mortgage.

> **The good news is, you don't have to go it alone!**

Our Loan Officers are experts in home financing. With many options to choose from, we can proficiently match you with the correct loan product for your situation. Whether it's a traditional loan, loan for a condo, or a larger jumbo loan, our vast product line has something for everyone.

A new home is worth the effort, and our passionate, professional and experienced Loan Officers are here to help along the way. That's why we've put together this easy-to-use homebuyer's guide that will help inform and guide your buying journey from application to close.

Are You (Financially) Ready to Purchase a Home?

When it comes to assessing your mental homebuying readiness, we'll leave the soul-searching up to you! But when it comes to understanding your finances, we have you covered.

Every homebuying journey should begin with a firm understanding of your financials:

1. **Conduct a Credit Check.**
Your credit score will directly impact your interest rate, so don't get caught off guard! Free credit assessment tools through your bank or from online resources can help you better understand your current credit position and make positive changes.

2. **Double-Check Credit Accuracy.**
Does something in your credit history not seem right? Report or dispute it! In-process disputes might delay the approval process, but a correct credit history will help you and your Loan Officer find the best fit for you.

3. **Work Out a Way to Pay Down Debt.**
Improve your interest rate by paying down current lines of credit. Call current lenders to work out payment plans that work for you.

Figure Out Your FICO Score.

A FICO score (originating from the acronym Fair Isaac and Company) is a number that considers an individual's credit history, spending habits, and calculates a person's ability to repay debts. FICO boosts scores for homebuyers with less debt and credit lines who have a history of timely payments and fewer credit inquiries.

Check out the Income & Debt Calculator on our website to see how your current financial situation may affect the loan amount you can qualify for.

Why Should You Buy?

Renting is great, but buying offers several clear advantages. Homeowners enjoy the freedom to customize their house to fit their tastes, often feel stronger ties to their community, take pride in ownership, and can experience major financial benefits.

Build Equity.
A home typically increases in value over time, building equity and providing a nest egg for the future.

Inflation-Proof Payments.
With a fixed mortgage, individuals can lock in a rate and monthly payment that won't increase.

A Personalized Touch.
Owning a home gives you the freedom to make personalized adjustments - painting, renovations, new appliances.

Low Down Payment Options.
It's not necessary to shell out 20% upfront. Potential homeowners have a choice of low-cash options.

Curious about what you can save? Check out the Rent vs. Buy Calculator at our website to learn how your monthly rental payment compares to a monthly mortgage payment.

Work with an Agent.

Deciding whether or not to work with an agent? When buying a home, potential homeowners are often confronted with a litany of forms, documents, reports, decisions and jargon that can seem overwhelming. Agents have extensive knowledge of the market and homebuying process and working with one can help to ensure the process goes smoothly and that potential buyers don't experience costly mistakes or undue delays.

What to Ask During the Homebuying Process?

Don't get lost in the jargon! Check out our frequently asked questions here.

Your Real Estate Agent

What Is Pre-Qualification?

Pre-qualification is a free process that determines the amount a homebuyer will be qualified to borrow prior to officially applying for a loan. After a quick analysis of your income, assets, and credit, your Loan Officer will be able to tell you what loan amount and program you are most likely to qualify for that will best fit your needs.

When Can I Start Searching for a Home?

You can leisurely begin your home search at any time, but it is best to start your official search when you've gotten a pre-approval and you've selected a Realtor to work with. The Realtor will be able to guide you through the home search process and make sure you're negotiating with the seller to get the best deal.

Your Loan Officer *Before the Process*

What Loan Is Best for Me?

Your Loan Officer will build the best loan program for your situation. Be prepared to answer questions, which will help your Loan Officer find the best loan for you:

- How long do you plan on residing in the home?
- Do you expect to have a significant increase in income in the near future?
- Is a stable monthly payment or a low initial interest rate more important?
- How much do you have for a down payment?
- Are you self-employed or on commission?

Can I Qualify to Buy a Home if I Recently Changed Jobs?

Yes! When you apply for a loan, you are evaluated on your employment history and stability of income.

Fixed Rate vs. Adjustable Rate?

For a fixed rate loan, the interest and payment remain constant over the life of the loan. For an adjustable rate loan, the interest and monthly payments may increase or decrease over time.

Your Loan Officer *During the Process*

What are Closing Costs?

Closing costs are fees that both the buyer and the seller must pay for services performed to process and close the loan. In addition to the purchase cost, some closing costs may include appraisal fees, title and recording fees, pre-paid interest, loan discount points, and title insurance.

What is Hazard Insurance?

Hazard insurance is a contract that protects you from any financial losses on your property that might result from damage via fire, wind, or other hazards. If you live in a flood risk area (as determined by FEMA) you may also have to purchase additional flood insurance.
Tip: To avoid closing delays, make sure you get an insurance quote and declaration page early in the purchase process.

What is PMI?

Private Mortgage Insurance, or PMI, is additional insurance for homebuyers who have less than a 20% down payment. This protects the bank against loss if a borrower defaults on the loan.

The Anatomy of a Mortgage Payment.

Wondering what exactly a mortgage payment involves? You're not alone! Let's dissect what each mortgage payment includes.

What goes into a mortgage payment?

After the initial down payment, buyers will make monthly payments based on certain aspects of their mortgage. These consist of:

Principal payments that help to pay down the debt on the mortgage itself

Interest payments

Private Mortgage Insurance for buyers that make a down payment of less than 20%

Real estate or property taxes in some cases

Your Loan Officer Gets You.

Your Loan Officer will consider several factors in order to build a plan that's right for your situation, including finances, budget, credit history, loan amount, loan term, property taxes, and homeowner's insurance and fewer credit inquiries.

What Can I Afford?

Probably more than you think! Check out the Monthly Mortgage Payment Estimator on our website for an initial estimate.

Navigating the Mortgage Process.

Don't worry, your Loan Officer will guide you through the whole loan process, but here's the lowdown on what your homebuying journey will look like.

1 Get Pre-Approved!

It's tempting to start your journey scouring the internet for postings and open houses, but before looking seriously at potential homes it's important to understand what you can afford.

2 Find a House and Put In an Offer!

Now that you know the amount you qualify for you can start searching for your dream home. Your REALTOR will help you search for that perfect fit!

Your pre-approval letter will give you the negotiating power you need, and to let the seller know that your financing is certain.

This can help you score the home you have your heart set on!

3 Get Organized!

Now that you've found a home and your offer has been accepted, it's time to get your stuff together (literally).

You will need to provide important documents to help verify your expenses and income. This allows the Loan Officer to give you the most accurate assessment of how much you can afford to borrow. You'll need:

- W-2s from last 2 years
- Paystubs for last 30 days
- Last 2 months of any stock, mutual fund, or IRA/401k accounts
- Copy of your divorce decree (if applicable)
- Last 2 months of bank statements (all banks and all pages)

4 Apply for Your Loan!

You have an accepted offer! Now it's time to finalize your application for financing. A quick and easy process, you'll complete online. Make sure you provide all the required documents you collected. The full list of documents you may need can be provided by your Loan Officer. After you've collected your documents, you can upload them securely, via email, the online portal or our mobile app.

Lastly, you'll receive the Loan Estimate and you'll need to communicate your Intent to Proceed.

5 Get Ready to Close!

Underwriting: Once the loan process begins, your Loan Officer will ask you to provide any additional documents or information and guide you through the process. You can help the process move along by responding promptly to inquiries and maintain status quo around your finances, including not making any major purchases or changing jobs.

Property Inspection and Appraisal: During this part of the process, the home you're looking to purchase will undergo a property inspection and appraisal.

Once you have both the appraisal and inspection, you can sit down with your realtor to work out next steps, including if there's anything you'd like the current homeowner to repair or change and if you'd like to move forward with the purchasing process.

6 Closing on Your Home!

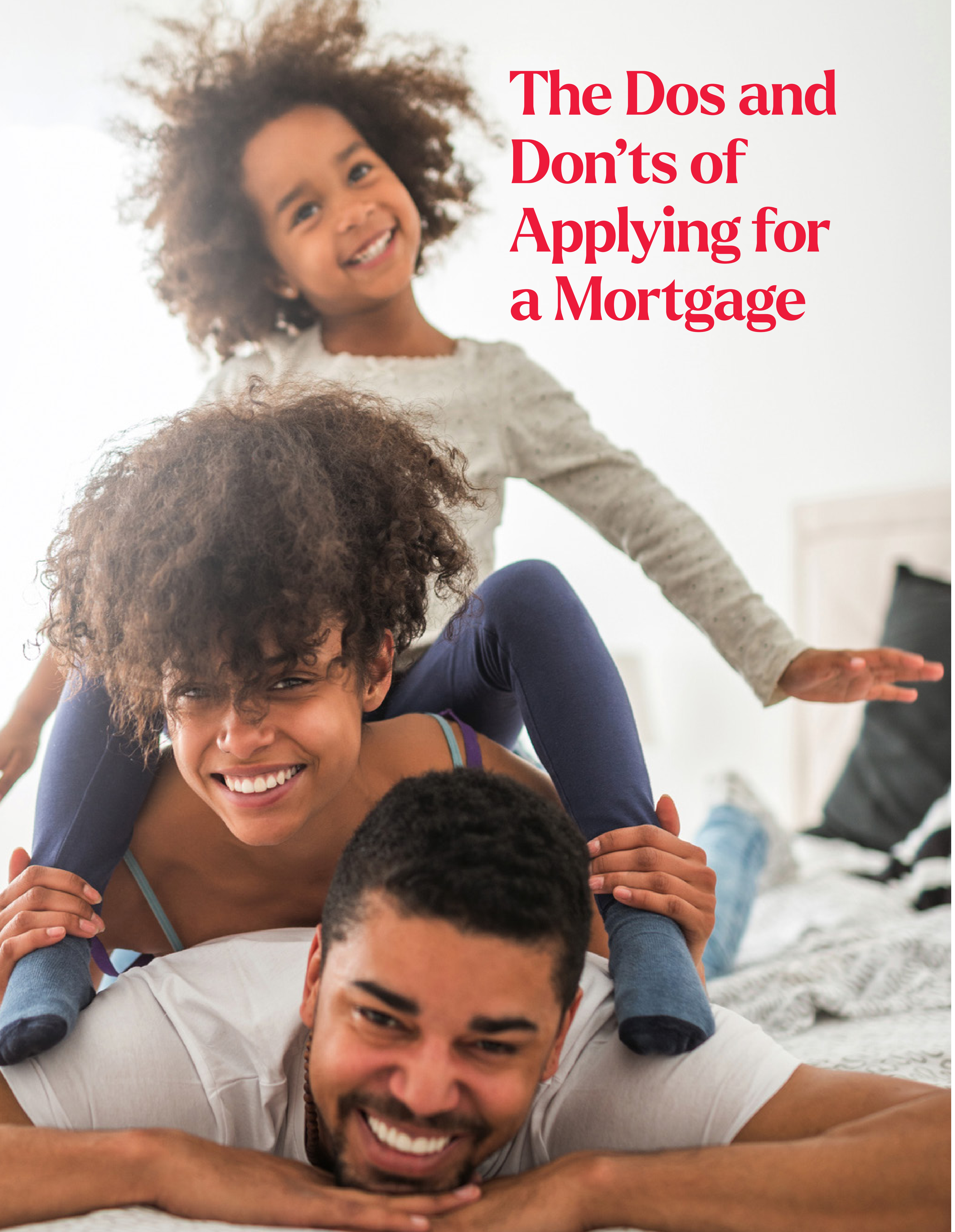
You've made it this far! The last stop on your journey is navigating the closing process.

Final Inspection: Before heading to the final closing meeting, make sure you take a final walk through the home one last time to check that all necessary repairs noted in the initial inspection have been completed and that all appliances work. Once the closing is complete, there's no way to go back, so be sure to be thorough in your final inspection.

Sign Closing Documents: Signing of the closing documents will take place at a mortgage lender's or agent's office, where you'll be asked to review and sign several documents. Be sure to double check that all terms and interest rates on final loan documents are what you agreed to and that the name and address on the documents are correct.

Get your Keys! The home is officially yours! It's time to schedule that moving truck (or call a couple of friends to help out).

Welcome Home! Sit back, relax, and enjoy your home.



The Dos and Don'ts of Applying for a Mortgage

Do.

Avoid hiccups in the buying process by taking the following actions.

- **Save** (and build a savings plan)
- **Pay** down debt
- **Pay** all bills on time
- **Understand** your credit
- **Get** pre-approved
- **Inform** realtors & loan officers of major life changes
- **Maintain** employment and income
- **Purchase** homeowner's insurance
- **Keep** records of funds & important documents
- **Work** with qualified professionals you trust!

Don't.

When applying for a mortgage, make sure you consult your Loan Officer before doing any of these things prior to closing.

- **Change** jobs
- **Buy** a car
- **Change** banks
- **Cosign** on a loan
- **Make** large deposits
- **Charge** excessively to credit cards
- **Omit debts** or liabilities from your loan application
- **Buy furniture,** appliances or anything major for the home
- **Spend large** amounts of money set aside for closing
- **Pull your** credit or let anyone else make inquiries on it

You've Got Options!

With our portfolio of flexible products, our Loan Officers are ready to match you with a loan that perfectly fits your needs.

Conventional Loans.

Our Fannie Mae and Freddie Mac loans feature flexible mortgage options like low down payments, lower mortgage insurance coverage requirements, and relaxed reserve requirements.

Expanded Government Loans.

FHA, VA and USDA mortgages are government-assisted alternatives to conventional financing and are great options for those who want to put less money down or who have lower credit scores. With multiple solutions and flexible guidelines, they are popular for home purchases and refinancing.

Generous Jumbo Loans.

Some home purchases require maximum borrowing power. Jumbo mortgage loans give you all you need to enjoy big real estate opportunities.

Non-QM Smart Series.

There's no one-size-fits-all mortgage. Our Smart mortgages offer non-traditional home loan options to fit a variety of unique needs, such as bank statement programs for the self-employed, investor solutions using cash-flow qualification, and derogatory housing/credit event solutions.

When Should You Refi?

You should refinance if interest rates have substantially decreased, to eliminate mortgage insurance, or to increase cash flow AND you plan on staying in your home long enough so that the savings surpasses the refinance cost.

Your life is unique, your mortgage should be, too!

Learn more and get started on finding a loan that's right for you at our website.

Get the Most Out of Your Mortgage!

By choosing us for your mortgage, you'll get a dedicated, caring company that will be there every step of the way - from pre-approval to refinancing to your final payment - and so much more.

You and your mortgage company will be together for many years, so choose wisely!

Trusted Advisors.
With so many different loans and lenders in the market, you'll need some help navigating. As your trusted advisors, we're here to deliver flexible, innovative, and personalized solutions by getting to know your real-life needs.

Product Innovation and Leadership.
The housing market is a living, breathing system. That's why we frequently update our portfolio of innovative products to address the ongoing cycles of our economy and the housing market. Developing and delivering products that meet the needs of a wide variety of borrowers is a key mission of our leadership.

Ease of Process.
We offer a wide breadth of industry-leading products, supported by a loan process that blends both human interaction and the benefits of technology. It's this balance of people and systems that creates the ideal application process resulting in an unparalleled client experience.

Community Investment.
Our foundation is built around empowering people to achieve the American dream of homeownership. Through charitable contributions, outreach, and active participation, we are deeply invested in the health and vibrancy of communities across our country.

We're in this together!

Your Loan Officer is here for you anytime - even nights, weekends, and holidays.

Glossary.

Reference this glossary of mortgage terms as you travel through the process.

Amortization. The breakdown of a mortgage (including principal and interest) into equal payments over a specified period of time.

Annual Percentage Rate (APR). The federal government developed APR to make it easier for consumers to compare mortgage loan rates for comparison shopping purposes. Some of the costs you pay at closing are factored into the APR for ease of comparison. Your actual monthly payments are based on the periodic interest rate, NOT on the APR.

Appraisal. An estimated value of the property. As part of the loan approval process, the lender will hire an appraiser to assess the property and determine whether the loan amount is appropriate to its value. The appraiser uses several factors to determine the property's value, including location, condition, and the sales price of recently sold comparable properties in the area.

Closing. The point at which the property's sale becomes final. The borrower signs the mortgage papers and in return receives the deed to the property. It is at this point that the down payment and closing costs are paid to the lender.

Closing Disclosure. A 5 page document that provides disclosures that will be helpful in understanding the costs of the loan.

Commitment Letter. A formal offer by a lender stating the terms under which it agrees to lend money to a homebuyer.

Construction Loan. A short-term loan used for financing the construction cost of a home, in which the lender makes payments to the builder at periodic intervals as the work progresses.

Credit History/Report. A record of a person's debts, both open and paid, and their payments toward those debts.

Earnest Money. A deposit paid by a potential homebuyer to a REALTOR upon bid acceptance that indicates their intention to purchase the house.

Escrow. A "forced" savings account, in which a portion of the monthly mortgage payment is set aside by the lender for payment of such expenses as property taxes or hazard insurance. This assures the lender that adequate funds will be available to pay these.

Equity. The amount of a property that is "owned" by the homeowner, versus the amount still owed on the mortgage.

Equity Loan. A loan taken against a home's equity. In essence, the homeowner is taking out a loan against him or herself, and is repaying into their own mortgage.

Flood Insurance. Insurance that compensates for physical property damage resulting from flooding. It is required for properties located in federally designated flood areas.

Government Loan. A loan that is insured by the federal government, through agencies such as the FHA or VA.

Inspection. A thorough review of the home's structural and mechanical condition performed by a qualified home inspector that has been hired by the buyer.

Interest. Fee charged by the lending institution for borrowing money.

Jumbo Loan. A loan that exceeds the purchase limits established by Fannie Mae and Freddie Mac. Also called a nonconforming loan.

Line of Credit. An agreement by a financial institution to extend credit up to a certain amount for a certain time to a specified borrower; often taken against a home's equity.

Loan Estimate. 3 page document provided by the lender which includes a full set of government regulated loan disclosures, including the primary disclosure. Signed at time of application.

Loan-to-Value (LTV). The relationship between the principal balance on the mortgage and the appraised value of the property. For example: A $100k home with $80k remaining on the mortgage has an LTV of 80%.

Lock. Also called a rate lock. A commitment by the lender to guarantee a specific interest rate if a mortgage closes wtihin a set period of time (usually 30, 45, or 60 days).

Mortgage Insurance. Insurance for the lender in the event that the borrower defaults on the loan. Typically required when the loan has an LTV of 80% or greater.

Origination Fee. A fee paid to a lender for processing a loan application. The origination fee is stated in the form of point, and is paid at the time of closing.

PITI. An acronym for Principal, Interest, Taxes, and Insurance. factors that comprise a monthly mortgage payment.

Points. The borrower can purchase points in exchange for a lower interest rate. One point is equal to one percent of the loan amount and can decrease the interest rate 1/8 to 1/4 percent. Before purchasing points, it is important to determine if the upfront cost will justify the long-term savings.

Principal. The portion of your mortgage loan that represents the actual amount borrowed, not including interest.

Refinance. The process of paying off one loan with the proceeds from a new loan (usually for a lower interest rate) using the same property as security.

Reserves. A cash amount that a homebuyer must have on hand after making a down payment and paying all closing costs.

Title. The legal document guaranteeing ownership of a property.

Title Insurance. Insurance that protects the lender or buyer against a loss arising from a dispute of a piece of property. The cost is paid once, at the closing of the loan.

Underwriting. The process of reviewing, analyzing, and verifying your submitted loan for approval. Reference this glossary of mortgage terms as you travel through the process.

Notes.

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