



KINECTA™

HOMEBUYER KIT

Your complete home buying guide.



SMART MOVE

www.kinecta.org

WELCOME TO YOUR PERSONAL HOME-BUYING GUIDE.

Purchasing a home is a pretty big deal. And, at times, a little confusing. That's where we come in. We're here to help keep the process running smoothly, convenient and most of all – exciting! After working with our team and reviewing this guide we're confident you'll be a savvy home buyer in no time.

You might even find yourself educating your friends and family about the home-buying process. Knowledge is key when it comes to making important financial decisions, so you can rely on us to be there for you every step of the way. In fact, it would be our pleasure.



**HERE'S TO KEEPING
THE HOME BUYING PROCESS
SIMPLE AND CLASSY!**

EXPECT THE UNEXPECTED

A Bit About Us

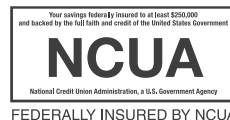
As a not-for-profit credit union, we do not answer to shareholders. We answer to you – our member-owners. We're here to serve as your trusted financial partner, not just another dull place to transact. When you think of traditional financial institutions do words like character, integrity and follow through come to mind? (*I think we just heard you laugh a little.*) It's okay, we feel the same way. When you think of Kinecta you can count on us delivering those qualities and more. It's what makes us unexpectedly different.

And it doesn't end there. When it comes to playing an active role in our communities we don't just rest on our laurels. Oh no. We take great pride in participating in a number of local events, fundraisers and volunteer opportunities where our members live and work. It's all part of our dedication to creating life-long relationships because you're more than just a number, you're a member.

NOT A MEMBER YET?

Join Kinecta so you can start to experience what the unexpected feels like.

Check us out at www.kinecta.org or stop by your local **member service center** to learn more.



Quick Reference Contact List & Resource Recap

My Mortgage Loan Consultant is :

Their direct line is:

Don't have a Kinecta Mortgage Loan Consultant?
Call 800-854-4501

Their email address is:

Visit our website: www.kinecta.org

- Become a Kinecta member
- Chat with a Mortgage Loan Consultant
- Apply Online
- Check out the current rates
- Find resources for home buyers



KINECTASM

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Home Ownership

How can you determine if buying a home is right for you? We recommend creating a list of the reasons you are considering buying a house and then compare that list against why you have been renting. We've put together some of the benefits of becoming a home owner.



Renters usually wait until they are nearing the end of their lease to shop for a home, so they don't incur fines for breaking their lease early.

Pride of Ownership

There is a pride that comes with owning your home. It is your place to bring your family and friends.

Design Control

You can make a house into your home by painting, changing fixtures or remodeling at any time.

Building Equity

Each payment you make on your home, the more ownership you have. As time goes on you may be able to borrow against your home equity if needed to cover things like major purchases, college educations or home remodels.

Tax Advantages

As a homeowner you may be able to receive tax deductions for your mortgage and property tax payments. (Consult a tax advisor about tax deductibility.)

Now that you know some of the benefits you'll receive as a homeowner, it is time to understand the process that will occur during the transition from renting to owning. Currently your property manager is responsible for the upkeep and repairs on the property. They might also cover some of the utility bills based on your rental agreement. As a homeowner you will be responsible for all of the monthly bills and repairs on the property.

Not to worry though, a Kinecta Mortgage Loan Consultant will help you create your monthly budget. The budget will include all the items you need to cover. Ask questions during the consultation to ensure you are comfortable before you buy.

Finances

Preparing and understanding your finances is the first and most important step in the home buying process. Carefully review your finances, including investments, savings, credit, income and debt. When applying for a mortgage loan any financial institution will review all assets to determine the loan amount they will approve.



It's best to have your finances figured out early in the home buying process. Schedule a preliminary review with your Kinecta Mortgage Loan Consultant.

Lenders will usually take into account the following:

- Current income
- Credit history
- Checking and saving account balances
- Investment account statements
- Value of significant personal property
- Retirement and investment funds

Determining how much you can afford on a monthly basis

There are various financial commitments associated with buying a home and they are all things that should be considered when determining how much you can afford.

Mortgage Payments

This is the amount of money that you will need to pay each month towards your home loan. In general it contains principal, interest, taxes and insurance.

Insurance

You will need a minimum of homeowners insurance to secure a loan and depending on your property, you may also be required to hold additional protection like flood insurance.

Property Taxes

These taxes are a yearly expense and something you can get an estimate on during the home search.

Utilities

These bills will cover the needs and wants in your residence. For example: water, garbage, gas and electricity are needs. Depending on your preferences you may also elect to pay for additional items like phone, cable and internet, which are wants.

Maintenance

This will vary and may not be a month to month expense, however, it is something to consider. At some point every property will need maintenance and it will be in varying degrees of expense. It might be wise to set up an account to save money towards maintenance on your home.

Working with Kinecta

As a first-time homebuyer, you may be unsure of which lending option is right for you. Kinecta can walk you through the entire process while helping you avoid the common first-time home buying pitfalls.

How we can help:

- If you **already know or have been referred** to a Kinecta Mortgage Loan Consultant, contact them for a consultation.

If you do not have a Kinecta Mortgage Loan Consultant:

- Stop by one of our member service centers. Find the location nearest you at www.kinecta.org.
- Visit the home loans page of our website and either apply for a loan or fill out our contact form and we will call you! You can even chat on our website with a Mortgage Loan Consultant during business hours.
- Or simply call us at 800.854.4501 to set up an appointment or ask questions.

Why get a pre-approval?

The home buying market can be competitive and sellers are looking for an attractive buyer. A pre-approval is a guarantee in writing by a lender stating that they will provide you with a loan up to a specific amount. You will receive documentation supporting the pre-approval once the approval has taken place. Not all of your competition will have their financing in order when placing offers on a home; having the pre-approval can be the determining factor during a bidding war. The pre-approval can also shorten the amount of time it takes to close on your home, which is attractive to the seller.

Real Estate Center

SMART MOVE

At Kinecta we pride ourselves on making the member first; providing our members with exceptional service and competitive offers. Our Smart Move program will make buying a home simple.

- ✓ HomeAdvantage®: Home search and buying made easy
- ✓ A Purchase Ready Pre-Approval: Show sellers that you're a serious buyer.
- ✓ Purchase Incentives – you could save hundreds, even THOUSANDS on your home loan!
- ✓ Househappy's online app to manage your new home's maintenance.

Our mortgage portfolio includes multiple financing options to ensure you find the right loan for you.





HOME Advantage®

As a Kinecta member you'll have access to HomeAdvantage®, an all-in-one service that will change the way you buy or sell a home.



Search for a Home. Explore up-to-date online listings to discover your dream home.



Find a Real Estate Agent. Connect with a network of hand-picked top-notch local agents.



Earn Cash Rewards. Collaborate with one of the agents in the network to buy or sell a home and earn Cash Rewards equal to 20% of the agent's commission.



Get Listing Alerts. Receive email updates when new listings become available.



Do Your Research. Easily review different neighborhoods, schools, crime statistics and comparable properties.



Get Your Questions Answered. Our dedicated Member Service Team is available 7 days a week when you need help.



Acquire the Right Mortgage. Learn how Kinecta can help you finance your new home.

What are you waiting for?
Visit Kinecta.mycuhomeadvantage.com
855.889.1824



**EQUAL HOUSING
LENDER**

The HomeAdvantage program is made available to you through a relationship between Kinecta and CU Realty Services. Program Cash Rewards are awarded by CU Realty Services to buyers and sellers who select and use a real estate agent in the HomeAdvantage network. Home buyers or sellers are not eligible for Cash Rewards if they use an agent outside this network. Using Kinecta for a mortgage is not a requirement to earn Cash Rewards. Cash Rewards amounts are dependent on the commissions paid to the agent. Kinecta may have specific rules on how your Cash Rewards will be paid out. Cash Rewards incentives are available in most states; however, are void where prohibited by law or by the lender. Please consult with your credit union to get details that may affect you.

Types of Kinecta Mortgages

Fixed Rate Mortgage The simplest home loan	<ul style="list-style-type: none">• Interest rates will remain fixed for the duration of the loan.• You will know your monthly payment.• Most popular loan.
Adjustable-Rate Mortgage (ARM) Offers lower starting interest rate	<ul style="list-style-type: none">• Enjoy the lower interest rate and save on the monthly payments.• Your rate and your payment may change after the fixed rate period.
Jumbo Loans We can review large loan options with you	<ul style="list-style-type: none">• Loans up to \$3 million.• Asset utilization available.• Flexible down payment options and terms.
Other Loan Programs	We offer a number of unique loans that may fit your particular needs, including: <ul style="list-style-type: none">• Federal Housing Administration (FHA)• Special low down payment programs• Piggyback Mortgages

Locking your rate

Once you secure financing through Kinecta, we understand that it may take time to find your home and close the sale. We offer you the option of locking in a low rate for a period of time. Please work directly with your Mortgage Loan Consultant to learn more about locking in a rate.

Securing your loan

- **Avoid major purchases (like a car)**
- **Have proof of your down payment source**
- **Avoid changing jobs**
- **Keep paying your bills**

Any major changes to your financial status can impact the outcome of securing a mortgage loan.

Loan Process

Now that you have an idea about the loans available to you, let's review the loan process. Kinecta has developed various tools and calculators that will help you work through a few examples of the loans and how the different choices might impact your budget.

Here are a few factors that will play a role in the process.



Down Payment

A down payment is generally 20% of the appraised value of the home. There are mortgages available with lower down payments which usually require Private Mortgage Insurance (PMI). The PMI is an insurance the lender requires when the down payment condition of the loan is not met. As the borrower you will cover the expense for the PMI.

Discount Points

You have the option to lower your interest rate on your mortgage with discount points (a form of prepaid interest). This generally helps you save money in the long run on your monthly payments. A point is usually 1% of the loan amount.

Rate Options

Depending on your financial situation and preference, you can choose between a mortgage with a fixed interest rate or an adjustable rate.

Annual Percentage Rate (APR)

Home mortgages all have an APR attached to them. The APR is the amount the borrower will pay each year on their loan, and it includes the interest rate on the loan plus the lender's financing fees.

Loan Term

This is the amount of time you have to pay off your loan. Generally shorter terms have a lower interest rate but a higher monthly payment. If you pay off your loan in a shorter amount of time, then you may end up paying less in interest than you would with a longer term loan.

Home Inspection

Home inspections can be required by lenders in order to secure the loan. These can vary in costs depending on your area.

Closing Costs

Expenses incurred by the buyer/borrower and the seller in a real estate or mortgage transaction. These may include, but are not limited to: points, taxes, settlement fees, vendor fees, such as appraisal, title and escrow, and various kinds of applicable insurance including flood or hazard insurance.

Your next step is to make an appointment with a Mortgage Loan Consultant or work through the Mortgage Process online. Before starting either application process we suggest you gather some information that will be needed to complete the application.

What you'll need to apply:

- ✓ Your current residence, or address, for the past two years.
- ✓ Social security numbers for all borrowers.
- ✓ Your employment history for the past two years. You'll need your employer(s) name, address and phone number.
- ✓ Income information for all borrowers. You'll be asked to include salary, overtime, bonuses, commissions, interest/dividend, retirement income and any other regular source of income.
- ✓ The price of the home you are buying, and how much you'd like to borrow toward the purchase.
- ✓ The address of the property you are planning to purchase (if you already know it).
- ✓ Bank and brokerage account information, including the institution name and current investment balances.
- ✓ If you own any real estate, we'll have some basic questions including, address, current market value, the amount you owe, the rental income your receive (if any), and what your monthly payment is.
- ✓ Information about your current debts. We'll ask for the name of the creditor, the account number, the current balance owed and the amount of your monthly payment.

The Mortgage Process

1

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Loan Selection

- Review loan options
- Discuss with your Mortgage Loan Consultant

2

.....

Application

- Submit application & required documents
- Credit is pulled

3

.....

Processing

- Documents verified
- Loan package assembled

4

.....

Underwriting

- Property appraisal
- Loan reviewed for approval

5

.....

Documentation

- Final documents produced for escrow
- Signatures obtained

6

.....

Funding!

- Kinecta reviews final loan package
- Funds sent to escrow

Selecting a Real Estate Agent

Here are a few factors that will play a role in the process. Since purchasing real estate is not something you do all of the time, it is important that you work with a real estate agent. Your real estate agent is licensed to be your representative throughout the home buying process and they are responsible for protecting your best interest.



How should I find a real estate agent?

- Ask your Mortgage Loan Consultant for references.
- Ask your friends and family in the area for references.
- Make sure to ask your real estate agent questions about their past experiences helping buyers, what they specialize in and general history in real estate.
- Make a list of the items you know you want your real estate agent to help you with and address the items during your first meeting.

**Join our HomeAdvantage[®]
program and you could receive Cash
Rewards by working with one of our
program agents. See page 10 or visit
www.kinecta.org/HomeAdvantage
for details.**

Finding a Home

Starting the home search is an exciting time. Before you visit the first house prepare yourself by knowing what you need versus what you want. We have included a Home Buying Checklist in this kit to help you determine what is most important in your home.



Before heading out to homes take a minute to jot down some key things you are looking for in the house and neighborhood!

Once you find a home you are interested in, ask your real estate agent about the expected utility bills, approximate property tax amount and any additional insurance the house may need. After reviewing all of your notes, it's time to make the decision on which house is right for you.

When you are ready to make an offer, your real estate agent will guide you through the process and help you craft the best deal for you. They will prepare the documents, make them official and present them on your behalf to the seller.

Here are a few items that will be addressed during the offer process:

- Offer or Purchase Agreement- This document will identify your offer amount, additional requests and contingencies you might have.
- Earnest money- This is a cash deposit that is held by your real estate agent until your offer is accepted. Once the offer is accepted it will be applied to your down payment.
- Contingencies- These are terms and conditions that the buyer requests and they must be completed before the closing date. These can weaken an offer, but there are some contingencies that are fairly common, such as a home inspection.
- Counteroffer- Once you have made your offer the sellers have the option to accept your offer, counter your offer or decline your offer. If they counteroffer, you then have the option to accept the offer or counter back. These negotiations can go on until both parties come to agreement.

Once the seller agrees to your offer amount, you have entered into a contract and are just a few steps away from becoming the homeowner.



Home Buying Checklist

This checklist can aid you in your home search. We advise that you make several copies to take with you to each house you see. Place a check mark next to each item that you have examined. If needed, write down notes or grades next to each item (such as “A, B, C, D, F”, or “Yes/No”).



Address of home:

The Home

- Square footage _____
- Number of bedrooms _____
- Number of baths _____
- Master suite _____
- Layout of floor plan _____
- Interior walls condition _____
- Floor/Carpet condition _____
- Closet/storage space _____
- Kitchen _____
- Basement/attic _____
- Air Conditioning _____
- Fireplace _____
- Cable/Satellite _____
- Exterior appearance/
condition _____
- Size and shape (back, front and
side yards) _____
- Landscaping _____
- Patio or deck _____
- Garage _____
- Energy efficiency _____
- Door condition _____
- Window condition _____
- Roof age/condition _____
- Gutter condition _____
- Pool or Jacuzzi _____
- Maintenance fees _____

Convenient To

- Supermarket _____
- Shopping _____
- Work _____
- Child care _____
- Hospitals _____
- Doctor/dentist _____
- Recreation/parks _____

The Neighborhood

- Appearance/condition of nearby
homes/businesses _____
- Traffic _____
- Noise level _____
- Safety/security _____
- Age and mix of neighbors _____
- Number of children _____
- Pet restrictions _____
- Parking _____
- Zoning regulations _____
- Neighborhood restrictions _____
- Fire protection _____
- Police _____
- Snow removal _____
- Garbage service _____
- Street cleaning _____

Schools

- Age/condition _____
- Reputation _____
- Quality of teachers _____
- Test scores _____
- Play areas _____
- Curriculum _____
- Class size _____
- Busing distance _____
- Ratio student/teacher _____

- Restaurants/entertainment _____
- Church/temple _____
- Airport _____
- Highways _____
- Public transportation _____

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Protecting Your Home

Before the closing date you must have homeowners insurance and be able to provide proof of the policy at your closing. Kinecta Financial & Insurance Services (KFIS) has multiple options for the various coverages you may need when becoming a new homeowner.

Ask your Kinecta Mortgage Loan Consultant to refer you to a KFIS representative.



Homeowners Insurance Options

<p>Single Family Home</p>	<p>A Homeowners policy protects you, your family and your belongings against loss as well as liability for injury or property damage to others caused by you, your family or your pets.</p>
<p>Condo & Townhouse</p>	<p>Your policy will cover your personal belongings inside your home and interior dwelling coverage not covered by your association's policy.</p>
<p>Mobile & Manufactured Home</p>	<p>This policy protects your home and personal belongings as well as attached structures like porches, decks and garages.</p>
<p>Home Warranty</p>	<p>A home warranty plan protects your home's major systems (heat, air, electrical, plumbing) and appliances. A home warranty policy offers additional coverage not included in your homeowners policy.</p>
<p>Earthquake</p>	<p>Earthquake coverage is an option on your Homeowners policy; coverage is available for your home plus limited protection for personal property and additional living expenses.</p>
<p>Flood</p>	<p>Damage caused by flooding is not covered by your homeowners policy. If you live in a flood-prone area, you will need additional coverage, ask a KFIS representative to help you determine your level of risk.</p>
<p>Valuable Items</p>	<p>This optional insurance will cover replacing your valuables if they are lost, stolen or damaged.</p>

Closing on Your Home

Closing on your new home is the final step in the home buying process. At this point you have had the home inspection, agreed on all terms and your mortgage has been approved! While your home closing will be unique, there are a few things that you should know to be prepared.



To prepare for your closing:

- Know when the current homeowners are able to move out.
- Pick a closing date that will work best for you. Consider how long you can afford overlapping payments on your current residence and new home.
- Review all closing documents and ask questions in advance, your real estate agent or Mortgage Loan Consultant can help clarify any confusion you have.
- Ensure you have secured your homeowners insurance and can bring proof of the policy and paid receipt to the closing.
- Talk to your Mortgage Loan Consultant a day or two prior to the closing to learn the amount of the certified or cashier's check you will need to bring to cover your down payment and closing costs.

Closing day! After your closing meeting you will be the new homeowner.

Here is what you can expect at the closing meeting:

- Attendees: Although this list might vary based on states and specific situations, in general you can anticipate the following people.
 - o You
 - o The seller (not all states require them to be present)
 - o A closing agent, the title insurance representative and the escrow agent
 - o The real estate agents for the buyer and seller
 - o Attorneys if either party is using them
- During the meeting
 - o The closing officer will verify that you have homeowners insurance and have the payment receipt
 - o They will also explain each closing document and ask for your signature

Once the documents have been signed, the payment has been accepted, and the insurance has been verified, then you are a new homeowner!

Congratulations!

Home Maintenance



We're making homeownership easier by offering Househappy, complimentary to Kinecta members (\$99 value).

Househappy¹ provides you with your very own Home Concierge, service reminders and a centralized digital dashboard to help you manage your home. No more storing old paint cans or trying to remember to change your air filter.

Here's how Househappy makes it easy:

- ✓ A Home Concierge with one complimentary in-home visit to help with all your home projects no matter how big or small and will provide you bids from home maintenance professionals
- ✓ Recurring home maintenance reminders with pre-negotiated bids on common products and services that your home will no doubt need
- ✓ A home maintenance calendar and journal
- ✓ Digital dashboard to store all your home documents, receipts and photos

Ask your Kinecta Mortgage Loan Consultant for more information. Or, visit the Real Estate Center page of www.kinecta.org for more information, including terms and conditions.

Househappy and Househappy home services are made available through a partnership with Househappy. Househappy is not affiliated with Kinecta or its affiliates. All costs and fees associated with the services offered through Househappy are the responsibility of the user. Kinecta reserves the right to modify or cancel these offers at any time.

¹ Enrollment in Househappy service is free. Neither Kinecta membership nor having a Kinecta mortgage is required for enrollment in Househappy. Kinecta will cover the cost of the HouseHappy service (valued at \$99.00) for Kinecta members. Additional costs, such as home repairs and maintenance purchases are the responsibility of the user.



Moving Checklist

2 months before the move:

- Call moving companies for estimates.
- Start separating out items that you don't need.
- Determine which furniture you will want to move.
- Create a moving file that holds all of the paperwork related to your move.
- Look for new schools, healthcare, veterinarians and other businesses you might need in your new area.
- Pull records from current schools, healthcare, veterinarian and other practices you frequented.

1.5 months before the move:

- Determine if you will need to utilize a storage facility.
- Choose which moving company you will work with.
- Gather the moving supplies you will need to pack.
- Find out if your homeowner's insurance covers the move.
- Contact your insurance companies to transfer your coverage to your new home (life, auto, homeowner's and medical).

1 month before the move:

- Hold a garage sale to sell all unneeded items, donate whatever doesn't sell.
- Ensure you have all of your paperwork needed for closing in an accessible location.
- Create a file for all of your important papers like medical, dental, school, birth certificates, passports, stock and other financial documents.
- Contact utility companies (telephone, gas, electricity, water, garbage, and cable/satellite) to determine cut off dates and any procedures you may need to follow.
- Change your address with the postal service, this can either be done in a branch or online.
- Inform organizations that you work with that your address changed (banks or credit unions, credit card companies, subscriptions).

(1 month continued:)

- Change your address with the Department of Motor Vehicles, this can either be done in person or on their website.
- If moving from an apartment ensure you give notice and understand what needs to be completed before you move.
- Cancel any additional services you have at your home like housekeeping and gardening.
- Start using up items that you can't or do not want to move.

3 weeks before the move:

- Make plans for your pets, so they are not around during the move.
- Make travel plans (if applicable).
- Decide if you will need childcare during the move.
- Notify family and friends of the move and if help is needed, ask now.

2 weeks before the move:

- Contact the moving company to ensure the plan is set and the start time is determined.
- Set aside clothing and other items that you will want to use during the remainder of the move.

1 week before the move:

- Ensure all items you need during the move are separated and easily accessible.
- Remove and dispose of old paint and any other hazardous materials that should not be left at the house, most cities have a specified site for disposal.
- Ensure that the utilities you'll need are set up and ready to go in your new house.
- Clean out your fridge and freezer at least 24 hours before the move, to ensure no items are left and that the fridge and freezer have proper ventilation.

Moving day:

- Once all boxes have been moved, look around one more time. Are all of the storage areas, attic, closets, garage and cupboards clean?
- Supervise the unpacking of the moving truck so you can provide direction on where boxes and furniture should be placed.

**It's time to relax and celebrate.
Welcome to your new house!**

Moving Company

Moving Company Contact

Storage Facility

Storage Facility Contact

Hotel(s)

Hotel(s) Contact

Pet Plans

Babysitter

FAQ

As a first-time homebuyer it is normal to have many questions about the entire process, including the financing. We have put together some commonly asked questions for your reference. Your Kinecta Mortgage Loan Consultant is also available to answer any questions.

Q. What is my monthly mortgage payment?

A. A monthly mortgage payment generally includes principal, interest, tax and insurance.

- **Principal:** This is the part of your payment that reduces your loan balance.
- **Interest:** This portion goes towards the cost of borrowing the money.
- **Tax:** If collected by your lender, these funds are generally held in an escrow account for you and will be applied to your property taxes when they come due.
- **Insurance:** If collected by your lender, these funds would be paid in an escrow account and would go towards any insurance you have on your property, like homeowners insurance.

Q. What can I do to be ready to buy my first house?

A. It is important to ensure you know what you can afford and the current state of your finances. We recommend creating a financial plan that includes an evaluation of where you are now and where you need to be at the time of the home purchase. Start using the tools we have on our website to determine what you can spend on a house and to see what a monthly payment might look like. Set a timeline for when you want to purchase. Having a full picture will set you up for success and help you realize what it will take to be in your first home.

Q. How should I determine which type of loan to get?

A. Choosing a loan does not have a right or wrong answer. There are many variables that will go into your selection based on your financial situation and how long you plan to own the home. Review the loan options, take down your questions and then discuss with your Mortgage Loan Consultant. They will help guide you into the right loan for you.

Q. What if I want to buy, but know I won't have enough for a large down payment?

A. Kinecta has options for loans that do not require a large down payment. These loans have Private Mortgage Insurance (PMI); this allows the borrower to take the loan without the 20% down payment. PMI covers the lender in the transaction. It will cover the loan if the borrower cannot or does not make the payments. The borrower pays the insurance premiums. You can choose from Borrower Paid Mortgage Insurance (BPMI) and pay a premium on a monthly basis, or Lender Paid Mortgage Insurance (LMPI) which allows you to pay the premium upfront or tack it on to the loan interest rate.

Q. How do I know what price home I can afford?

A. There are numerous factors that go into determining how much you can afford when purchasing a house. The main factors are income, savings, credit and the loan you choose. Kinecta Mortgage Loan Consultants specialize in understanding your situation and aiding you in making the smartest financial decision. We want you to succeed in the home buying process. We recommend setting a meeting with your Mortgage Loan Consultant to review your financial profile. Prior to the meeting feel free to utilize the online tools and calculators available to do some preliminary exploration.

Glossary of Terms

Adjustable Rate Mortgage (ARM)

This mortgage has an interest rate that may change throughout the life of the loan. There are caps in place to keep the rate from increasing too severely.

Amortization

The gradual reduction of debt as the mortgage loan payments are made.

Annual Percentage Rate (APR)

The APR is the amount the borrower will pay each year on their loan, and it includes the interest rate on the loan plus the lender's financing fees.

Appraisal

An estimated value of the property based on the current market conditions in the specified area.

Assessed Valuation

The dollar value assigned to a property to determine the applicable property taxes.

Broker

A third party facilitator, either an individual or firm, that brings together two parties to negotiate a real estate transaction.

Cap

The limit placed on an increase to the interest rate of loans.

Closing

The finalization of your real estate transaction, where financing and legal documents are signed and payments are made.

Closing Costs

All other costs besides the mortgage that are due at the time of closing.

Closing Statement

A statement which lists all of the financial transactions taking place during the real estate transaction, the seller and buyer each receive a copy.

Credit Report

Third party report that details out the credit history and debt amounts of an individual.

Deed

A legal document that shows who owns a specific property.

Down Payment

Generally 20% of the home's purchase price that is paid up front and not covered by the mortgage loan.

Earnest Money

A deposit of money given to the real estate agent to show good faith of purchase at the time the offer is made. This deposit will be used towards the down payment at the time of closing.

Escrow Account

An account held by the financial institution where a portion of the mortgage payments are deposited on a monthly basis and then applied to property tax and insurance as they become due.

FHA Loan

Loans funded by the Federal Housing Administration. These loans are designed to make housing more affordable.

Fixed Rate Mortgage

This mortgage has a locked interest rate throughout the entire length of the loan.

Home Inspection

A third party inspection of the home, looking for any issues a new home owner might incur.

Interest Rate

A percentage that is added to any money borrowed.

Loan Estimate

A document that provides important details about the loan you have requested including the estimated interest rate, monthly payment and the closing costs for the loan. This will be provided by your lender.

Market Value

The estimated price a house would sell for in normal conditions.

Mortgage

The loan taken out to secure financing on your home, this loan is in a document format which promises to pay back the debt. Most mortgage payments include principal, interest, tax and insurance.

Points

These are an upfront fee paid at the time of closing. One point usually equals one percentage of the mortgage amount. Paying points at closing will reduce the interest rate of the loan.

Pre-Approval

The process the borrower goes through with their lender to determine the loan amount they can acquire to purchase their house.

Principal

The amount owed on a loan, not counting interest.

Private Mortgage Insurance (PMI)

Insurance acquired by the lender when the borrower does not meet the down payment requirement. This insurance protects the lender if the borrower defaults on the loan. You can choose from Borrower Paid Mortgage Insurance (BPMI) and pay a premium on a monthly basis, or Lender Paid Mortgage Insurance (LMPI) which allows you to pay the premium upfront or tack it on to the loan interest rate.

Rate Lock

The interest rate is guaranteed as long as the loan is closed within the predetermined amount of time.

Term

The length of time the borrower has to pay back the loan.

Title

The document the owner possesses to show official ownership of a property.

Title Search

An important step in ensuring a home is able to be purchased. This search will verify that the seller is the legal owner and that there are no outstanding claims or liens against the property.

Underwriting

The process the lender uses to assess the eligibility of a potential borrower when issuing a mortgage loan.

Monthly Payment per \$1,000 borrowed

Interest Rate %	15 Year Term		30 Year Term	
	Monthly Payment per \$1,000 borrowed	Total Payment per \$1,000 borrowed	Monthly Payment per \$1,000 borrowed	Total Payment per \$1,000 borrowed
2.50%	6.66	1200.21	3.95	1422.43
2.63%	6.72	1210.84	4.01	1445.94
2.75%	6.78	1221.52	4.08	1469.67
2.88%	6.84	1232.25	4.14	1493.61
3.00%	6.90	1243.04	4.21	1517.77
3.13%	6.96	1253.89	4.28	1542.15
3.25%	7.02	1264.80	4.35	1566.74
3.38%	7.08	1275.76	4.42	1591.54
3.50%	7.14	1286.78	4.49	1616.56
3.63%	7.21	1297.86	4.56	1641.78
3.75%	7.27	1308.99	4.63	1667.21
3.88%	7.33	1320.19	4.70	1692.85
4.00%	7.39	1331.43	4.77	1718.69
4.13%	7.45	1342.74	4.84	1744.73
4.25%	7.52	1354.10	4.91	1770.90
4.38%	7.58	1365.51	4.99	1797.42
4.50%	7.64	1376.98	5.06	1824.06
4.63%	7.71	1388.51	5.14	1850.90
4.75%	7.77	1400.09	5.21	1877.93
4.88%	7.84	1411.73	5.29	1905.14
5.00%	7.90	1423.42	5.36	1932.55
5.13%	7.97	1435.17	5.44	1960.15
5.25%	8.03	1446.97	5.52	1987.93
5.38%	8.10	1458.83	5.59	2015.89
5.50%	8.18	1470.75	5.68	2044.04
5.63%	8.24	1482.72	5.76	2074.36
5.75%	8.31	1494.73	5.84	2100.86
5.88%	8.37	1506.81	5.92	2129.54
6.00%	8.44	1518.94	6.00	2158.38
6.13%	8.51	1531.13	6.08	2187.40
6.25%	8.58	1543.36	6.16	2216.58
6.38%	8.64	1555.65	6.24	2245.93
6.50%	8.72	1567.99	6.33	2275.44
6.63%	8.78	1580.39	6.40	2305.12
6.75%	8.85	1592.83	6.49	2334.95
6.88%	8.92	1605.34	6.57	2364.94
7.00%	8.99	1617.89	6.65	2395.09

Rate table is for illustration purposes only and does not constitute a rate quote.

Chart Definitions

Monthly Payment per \$1,000 borrowed: The monthly amount you will pay (principal + interest) to borrow \$1,000.

Total Payment per \$1,000 borrowed: The total amount you will have paid by the end of the loan term (principal + interest) to borrow \$1,000.

Chart figures include loan principal and interest only, not other payments such as taxes or insurance.

Estimating Payments

To estimate your monthly payment: multiply the Monthly Payment per \$1,000 borrowed factor X the number of thousands in your loan term.

Example: \$300,000 loan at 4.00% interest, 15-year.

$\$7.39 \times 300 = \mathbf{\$2,217}$ estimated monthly payment
(principal + interest).

To estimate your total loan payment: multiply the Total Payment per \$1,000 borrowed factor X the number of thousands in your loan term.

Example: \$300,000 loan at 4.00% interest, 15-year.

$\$1,331.43 \times 300 = \mathbf{\$399,429}$ estimated total payment
(principal + interest).

Notes



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