



YOUR HOME LOAN GUIDE

PrimeLending 



EQUAL HOUSING

We're your home loan experts!

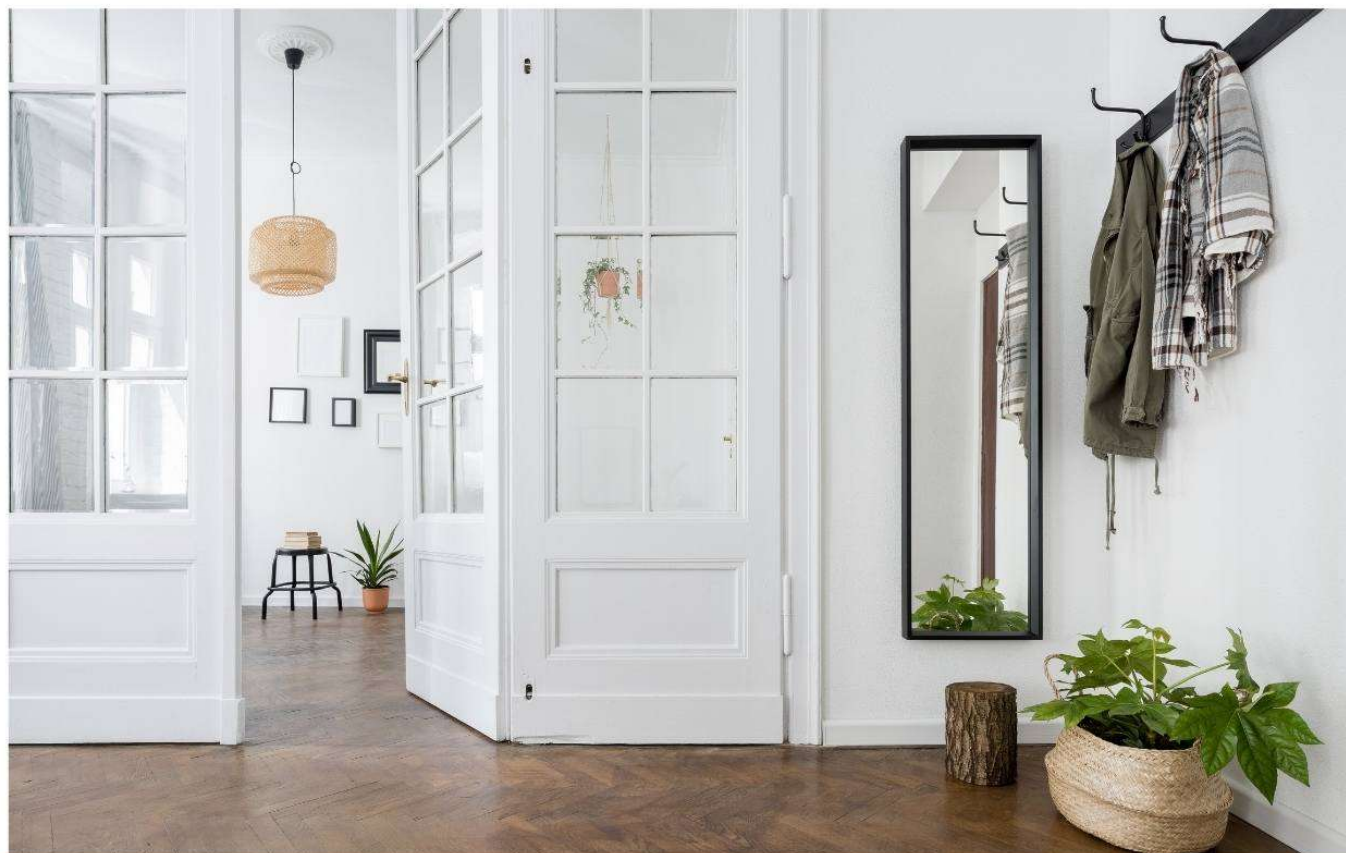
Buying a house is one of the biggest decisions you'll ever make. Whether you're buying your first home or you're a seasoned homebuyer, you're bound to have questions, and that's where PrimeLending comes in.

We're here to help answer all of your questions and guide you through each step. From applying through closing, our process is straightforward and hassle-free: how home loans should be.

Why choose PrimeLending?

- We can customize loans to match your financial situation.
- We'll support you throughout the loan application process.
- You can expect efficient underwriting and closing.

Additionally, you can start the financing process in the way that's most convenient for you – online, by phone or in person.



The PrimeLending Mortgage Process



Step 1: Qualification*

With PrimeLending, there's no cost to get qualified. This starts the application process. You'll learn what size loan you qualify for, how much home you can afford, and you'll be able to make an offer as soon as you're ready.

Step 2: Choosing a loan

PrimeLending offers conventional fixed- and adjustable- rate, jumbo loans, and government-backed loans with flexible eligibility requirements. We'll help you choose a loan that fits your credit situation, long- or short-term goals, and even different down payment options.

Step 3: Finding a home

Before you start house hunting, make a list of what you do and don't want in a house, and where you want to live. Narrowing the search will save you and your real estate agent a lot of time. Plus, if you're qualified, you'll know what price range to stay within.

Step 4: Home appraisal and inspection

An appraisal is required to make sure your offer matches the home's fair market value. An inspection is also needed so that you and PrimeLending know the condition of the home, and if any minor or major repairs are required.

Step 5: Getting insurance

All mortgages require that insurance covering the home and property is in place before the loan closes. Start shopping for your insurance as soon as your offer is accepted.

Step 6: Loan processing and underwriting

Once your application is complete and all documents have been submitted, it all goes to processing and underwriting where everything is checked, doublechecked and examined to make sure nothing is missing. PrimeLending uses local and regional professionals to assure this step happens quickly and efficiently.

Step 7: Closing and funding

This is when you sign a lot of papers, provide your down payment, have bank funds transferred, close the deal and get the keys to your new home!

FAQs

What is a qualification letter, and why should I have one?

A qualification letter comes from the lender. You provide information on your credit, income, assets and debts, and in return, you'll get an estimate of the size of loan you can afford. That way, you'll save time by focusing solely on houses that are in your price range.

How will I know which loan program is best for me?

Your lifestyle and financial situation are the best guides for deciding on the best loan program for you. Your PrimeLending loan officer can discuss different home loan programs that will suit you financially and help you reach life's milestones.

What will my monthly payment be?

That depends on several factors, but every mortgage payment is part Principal, Interest, and Taxes and Insurance (or PITI) if you choose to escrow.

- Principal is the initial amount you borrow, then the remaining balance throughout the life of the loan.
- Interest is the fee you pay to borrow the money.
- Taxes and the rate you pay are set by your local government.
- Insurance on your home and property is required if you have a mortgage. Rates are set by the insurance provider.

Many homeowners choose to have their taxes and insurance payments made using an escrow account. This allows them to avoid one large tax payment at the end of the year, and worrying about multiple insurance payments throughout the year. If you choose to escrow, these required homeowner expenses are spread out and collected in small amounts as part of your monthly mortgage payments, and placed into an escrow account. Your lender then has the responsibility to make these payments using your money in the account.

How does the Annual Percentage Rate (APR) differ from the interest rate?

According to the Consumer Financial Protection Bureau (CFPB): "The interest rate is the cost of borrowing money expressed as a percentage rate. It does not reflect fees or any other charges you may have to pay for the loan. An Annual Percentage Rate (APR) is a broader measure of cost to you of borrowing money. The APR reflects not only the interest rate but also the points, broker fees, and certain other charges that you have to pay to get the loan, including certain of your closing costs. For that reason, your APR is usually higher than your interest rate.

What are closing costs?

Expenses that fall above the price of the property that are incurred by buyers and sellers in the process of transferring ownership of a property. Closing costs usually include an origination fee, discount points, appraisal fee, title search and insurance, survey, taxes, deed recording fee, credit report charge and other costs assessed at settlement. The cost of closing typically is about 3 percent to 6 percent of the mortgage amount. Closing costs will vary according to the area of the country; your PrimeLending loan officer is able to provide estimates of closing costs for you.

What are "origination points," "discount points," and "origination fees" in regard to my mortgage?

Paying origination or discount points allows you to lock in a lower interest rate.

Typically, origination points are applied and disclosed at the time of locking in an interest rate. On the other hand, discount points can be added at the time of lock or later in the process if you choose to pay to reduce your interest rate.

Origination fees are the fees required to originate the loan. They can include processing fees, underwriting fees, administrative fees, and several others. Your loan officer can give you a complete breakdown of these fees as they vary from state to state.



Home Loan Options

Conventional Home Loans

Conventional home loans are loans that are not backed by a federal agency, such as the U.S. Department of Veteran Affairs, U.S. Department of Agriculture or Federal Housing Administration. Borrowers with a stable job, income and stable credit are great candidates for conventional home loans.

FHA Home Loans

Ready to buy your first home? Working with limited income or money for a down payment? A government-insured Federal Housing Administration (FHA) home loan could be the right solution for you. FHA loans have been helping people buy homes, whether the first or the fourth, since 1934.

USDA Home Loans

The United States Department of Agriculture (USDA) home loan guarantee promises 100% financing to home buyers with limited financial options in USDA designated rural areas – including eligible small towns, suburbs and exurbs. This is the rare loan where you can finance the whole thing with no need to make a down payment.

The program does not directly lend money to the home buyer. Instead, it gives a 90% guarantee to the lender in order to encourage an approval. This guarantee helps borrowers with low or moderate household incomes, low credit scores or a thin credit history.

VA Home Loans

A VA home loan is a great benefit to military personnel during and after their service. VA home loans are partly guaranteed (typically a quarter of loan value) by the U.S. Department of Veterans Affairs and offer advantages like no down payment¹, no private mortgage insurance and more.

Jumbo Home Loans

Jumbo home loans are the way to finance a purchase with a value above federal standards. The conventional conforming loan limit is \$726,200. For a home with a purchase price above this limit, a jumbo loan is needed.

Home Loan Options Cont.

Renovation Loans

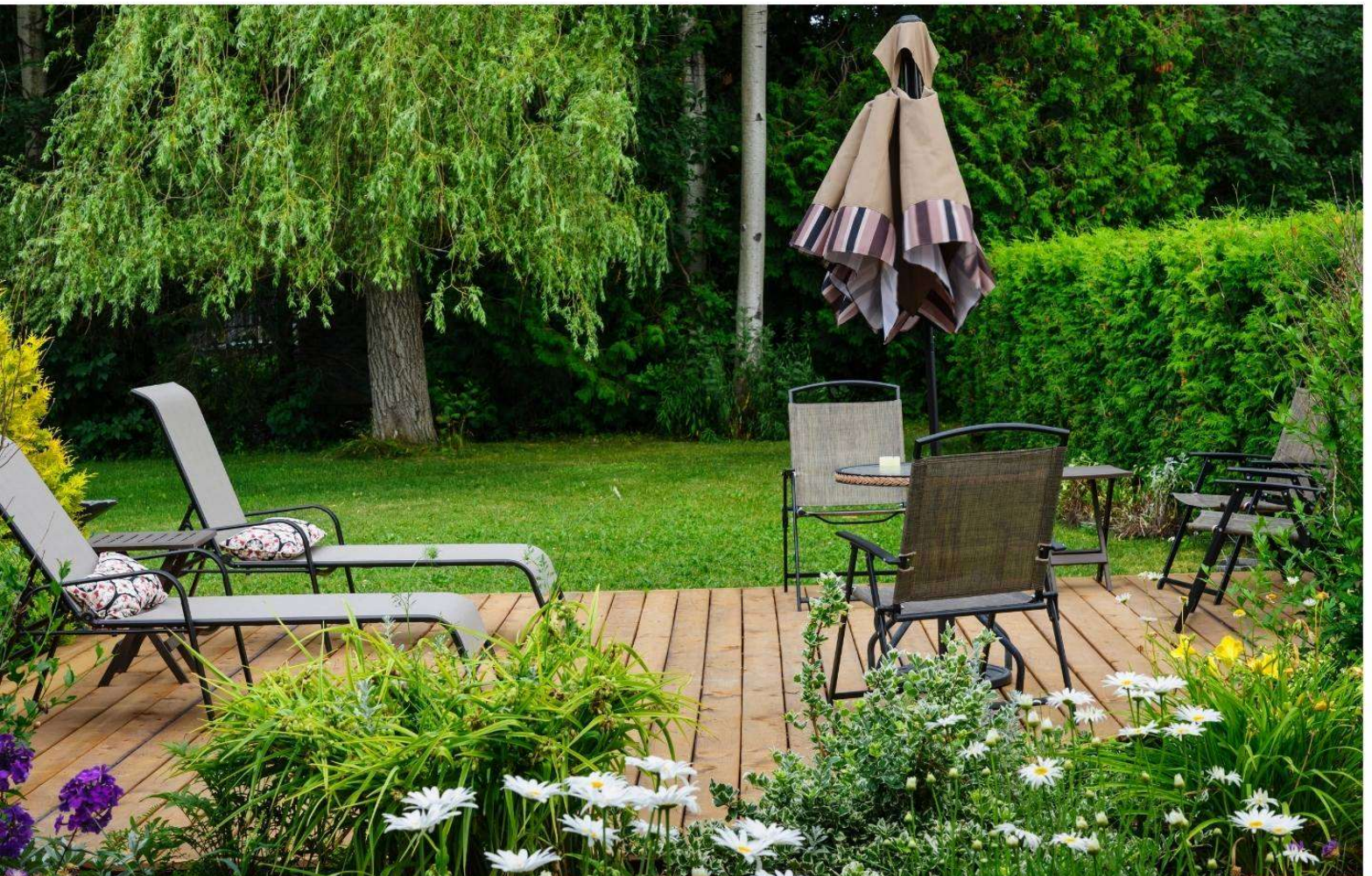
PrimeLending renovation loans are a fantastic way to expand your options towards owning the perfect home. If you find a house to buy with spectacular potential but requires major repairs or reconstruction, a restoration loan can make your vision possible. If you love your current home and location, but maybe it's too small or outdated, use a renovation loan to remodel and customize it inside or out to make everything exactly as you want.

Fixed-Rate Home Loans

The fixed-rate home loan is the model of stability for the home loan industry. This relatively low-risk option gives you predictable monthly principle and interest (P&I) payments for the next 15 or 30 years, depending on which length you choose. This reliable choice particularly appeals to long-term owners ready to settle in one place for a long period of time.

Adjustable-Rate Mortgages (ARMs)

An adjustable-rate mortgage is an alternative to a fixed-rate loan. Homeowners with an ARM take advantage of an "introductory" interest rate set lower than that for conventional loans. The loan proceeds at this rate for an agreed-upon period of time, usually several years. Once the introductory period expires, the interest rate "resets" – moves up or down in line with the movement of an "index" (major interest rate). Following this movement, your monthly payment will adjust accordingly.





Documents Needed to Apply for a Loan

All borrowers

- Copies of W-2s for the last 2 years
- Copies of paycheck stubs for last 30 days
- Copies of checking and saving account statements
- Copies of quarterly or semi-annual statements for checking, savings, IRAs, CDs, money market fund, stock, 401k, profit sharing, and other accounts, etc.
- Income tax forms
- Copy of sales contract when ratified
- Employment history for the last 2 years (explain any employment gaps)
- Residency history over the last 2 years, with name, phone number, address and account number of land or mortgage company
- Rental property copies of leases, plus mortgage information
- Canceled earnest money check when it clears or corresponding bank statement, if applicable
- Commission or bonus income — if 25% or more of base, must have 2 years' worth of tax returns
- Check for the expense of appraisal and credit report
- Refinance copy of note, deed of trust, settlement statement, survey and insurance information
- Assets used for down payment, closing costs, and cash reserves must be documented by a paper trail
- If you paid off a mortgage in the last 2 years, copies of Closing Disclosure
- Copy of drivers licenses for applicant and co-applicant

Self-employed borrowers

- Copies of tax returns from the past 2 years (with all schedules including K-1s, if applicable).
- Copy of current profit and loss statement and balance sheet
- Copy of corporate/partnership tax returns for the past 2 years; if you owe 25% or more of company, copies of W-2s and/or 1099 forms

Documents that may be required

- Relocation: Agreement if move is financed by employer, i.e. buyout agreement, plus documentation outlining company-paid closing costs benefits
- Previous bankruptcy: Need copies of petition for bankruptcy and discharge, including supporting schedules
- Divorce decree, if applicable
- Documentation supporting money received from social security/retirement trust income, i.e. copies of direct deposit bank statements, awards letter or verifiable evidence income will continue for at least 3 years

Documents needed for FHA/VA loans

- FHA: Copy of social security card and driver's license for each applicant and co-applicants
- VA: Original Certificate of Eligibility and copy of DD214 Discharge Paper; name and address of nearest living relative, and child care information

Common Mortgage-Related Terms

Amortization - The gradual reduction of the mortgage debt through regularly scheduled payments over the term of the loan.

Annual percentage rate (APR) - The measure of the cost of credit stated as a yearly rate; includes such items as the stated interest rate, plus certain charges.

Appraisal - A written estimate or opinion of a property's value prepared by a qualified appraiser.

Debt-to-income ratio - The relationship between a borrower's total monthly debt payments (including proposed housing expenses) and his or her gross monthly income; this calculation is used in determining the mortgage amount that a borrower qualifies for.

Discount point (or point) - A fee paid by the borrower at closing to reduce the interest rate. A point equals 1 percent of the loan amount.

Escrow - An item of value, money, or documents deposited with a third party to be delivered upon the fulfillment of a condition. For example, the deposit by a borrower with the lender of funds to pay taxes and insurance premiums when they become due, or the deposit of funds or documents with an attorney or escrow agent to be disbursed upon the closing of a sale of real estate.

Mortgage insurance - Insurance that protects lenders against losses caused by a borrower's default on a mortgage loan. MI typically is required if the borrower's down payment is less than 20% of the purchase price.

Qualification* - A preliminary assessment by a lender of the amount it will lend to a potential homebuyer. The process of determining how much money a prospective home buyer may be eligible to borrow before he or she applies for a loan.

Principal - The amount of money owed on a loan, excluding interest. Also, the part of the monthly payment that reduces the remaining balance of a mortgage.

Renting just doesn't compare to the privacy, space and freedom that come with owning a home. We're here to help make that possible for you: we make each step of the entire mortgage process simple and hassle-free. No games. No gimmicks. Just results.



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Product info as of 2/8/23, subject to change

All loans subject to credit approval. Rates and fees subject to change.
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