

HOMEOWNERSHIP STARTS HERE

PrimeLending NeighborhoodEdge® Program Guide



YOUR JOURNEY HOME

Beginning your homeownership journey is an exciting milestone, but with so many loan options out there, it can quickly begin to feel overwhelming. To ensure you're able to buy confidently and affordably, we created this handy NeighborhoodEdge® Program Guide to answer any of your questions and provide insight into the home financing process.

Over the next few pages, this guide will cover:

- Closing cost assistance
- Home loan options for this program
- True cost of ownership
- Down payment options (as low as 0%)
- Mortgage rates
- Credit score
- Loanplicity®, our digital mortgage process



An aerial photograph of a suburban neighborhood, showing a grid of streets with single-story houses, green lawns, and mature trees. The trees have some autumn-colored foliage. The houses are mostly white or light-colored with dark roofs. The streets are paved and have some parked cars.

PrimeLending NeighborhoodEdge[®] PROGRAM DETAILS

PrimeLending is committed to creating sustainable wealth in every community by ensuring homeownership is attainable for all. Our vision of an affordable and straightforward home buying experience led us to create the NeighborhoodEdge[®] Program where eligible borrowers will receive \$2,000 in Closing Cost Assistance¹.

To receive the \$2,000 in Closing Cost Assistance¹, eligible borrowers must meet the following criteria:

- Earn a total qualifying income equal to or less than 100% of the Area Median Income
- Buy a home in a PrimeLending's NeighborhoodEdge[®] qualified market
- Complete a certified educational home buying program – visit [hud.gov/resources](https://www.hud.gov/resources) to find their list of Approved Housing Counseling Agencies

WHAT LOANS ARE AVAILABLE?

Every home buyer is unique – that's why we offer a range of home loan programs designed to fit various budgets and situations. If you're looking to purchase, the following products are available under the NeighborhoodEdge® Program.



FHA

Can purchase with less upfront cash.
Must pay mortgage premium on loan amount.

VA

Guaranteed by the U.S. Department of Veterans Affairs. Lower interest rates, flexible borrower terms and no PMI.

USDA

Government-backed home buyers' assistance for those in rural and suburban areas that may have lower incomes.

CONVENTIONAL

Straightforward option that typically features lower interest rates. Requires better credit.

WHAT EXACTLY IS A MORTGAGE?

Homeownership is a significant personal and financial achievement that comes with many benefits like freedom, privacy, stability and long-term savings. But before going further, let's get back to the basics and discuss what a mortgage is. Simply put, a mortgage is a type of loan issued by a lender to finance a property. However, taking on a mortgage means you end up paying more than just the amount borrowed from your lender. Check out this breakdown of what's really inside your monthly mortgage payment.

PRINCIPAL: This is the original amount of money you borrowed from your lender to purchase. Paid over the loan's entire lifespan, this will account for the bulk of your monthly payment.

TAXES: Real estate or property taxes are calculated annually by the government based on the appraised value of your property. If your loan program allows, you may elect to make one lump sum payment every year. If not, taxes will become part of your monthly payment.

INTEREST: This is the fee you pay to borrow money from a lender to purchase. Remember, higher interest rates mean higher mortgage payments.

INSURANCE: Two types of insurance coverage may be included in a mortgage payment. One is property insurance, which protects the home and its contents from fire, theft, and other disasters. If your down payment is less than 20%, the other is Private Mortgage Insurance (PMI) to protect the lender if the borrower is unable to repay the loan.

THE TRUE COST OF OWNERSHIP

BREAKING DOWN THE **COST** OF OWNING

The home buying experience is known for being full of decisions, and it can be daunting to choose between different lenders, loan products, interest rates and loan terms.

Speaking of choices, did you know that even a 30-year fixed-rate mortgage comes with a wide variety of options, each with its own valuable benefits? A PrimeLending home loan expert will guide you through your NeighborhoodEdge® Program options and eventually help you select a loan that aligns with your unique financial goals. Before then, here's a rundown of factors to consider:

Rates:

- Universally, the lowest interest rate available for a specific loan type or product will always come with the highest fees
- To lower the rate, you end up paying fees known as points or discount points over the loan's lifespan
- Because of PMI (Private Mortgage Insurance), the lowest interest rate does not mean the lowest monthly payment

Monthly Payments:

- The lowest monthly payment does not mean the lowest interest rate or automatically leads to more savings over time
- If you have less than 20% to put towards a down payment, you'll end up paying PMI
- The average mortgage payment is made up of more than just principal and interest, it also includes property taxes, homeowner's insurance and mortgage insurance

Closing Costs:

- Standard closing costs can be divided into two categories, lender fees and third-party fees
- Lender fees include Origination, Discount Points, Processing, Underwriting and Closing
- Third-party fees include Credit Report, Appraisal, Attorney, Final Inspection, Title Insurance, Deed Recording and Mortgage-Related Taxes to name a few
- The NeighborhoodEdge® Program is intended to cover much of these costs.

Total Cost of Ownership:

- To determine the lowest cost, a variety of factors including interest rate, loan product, loan type and loan term will be evaluated
- To get the lowest total cost, realistically look at how long you'll keep these specific mortgage terms, not how long you'll keep the home

WHAT NUMBERS MATTER MOST?

MANY VARIABLES GO INTO BUYING A HOME, and your finances are arguably one of the most important. From your debt to credit history, your finances play a large role in the approval process and help determine how much home you can afford.

Debt-to-Income Ratio (DTI)

This number is your monthly debts divided by your gross monthly income and proves to a lender your ability to manage the monthly payments.

Mortgage Interest Rate

This number is a percentage of your total loan balance and determines how much you'll actually need to borrow from the lender.

Credit Score

Your credit score helps decide whether you qualify for a home loan and what your interest rate will be.

Calculating Your Credit

PAYMENT HISTORY

Do you pay your bills on time.

AMOUNTS OWED

Your current outstanding balances on each account.

CREDIT HISTORY

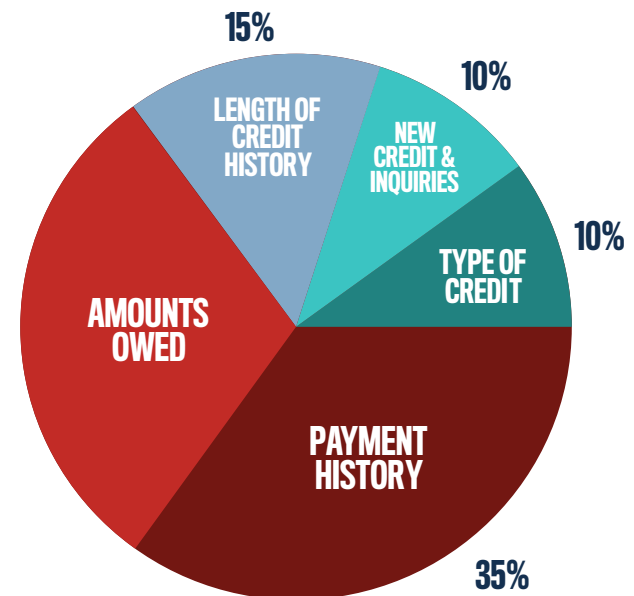
How long you've had credit.

NEW INQUIRIES

How often you apply for new credit.

CREDIT TYPES

Credit cards, auto loans, student loans, retail accounts, etc.



AFFORDABLE HOMEOWNERSHIP: DOWN PAYMENT 101

If you've explored mortgages before, you've probably heard about the 20% down payment rule. This number can be intimidating to many hopeful home buyers, but thankfully the 20% isn't necessarily true. If you're able, you're certainly allowed to put the traditional 20% down, but by no means is that the only road to homeownership.

At PrimeLending, our home loan programs range from zero-percent down to however much you're comfortable putting down. For more information about the products available through the PrimeLending NeighborhoodEdge® Program, check out the grid.

PROGRAM	BENEFIT	DOWN PAYMENT REQUIRED
FHA	Low minimum credit score requirement. Low minimum down payment requirement. Insured by the Federal Housing Administration.	As low as 3.5%.
VA	Guaranteed by the U.S. Department of Veterans Affairs. Borrowers can finance 100% of their home.	No down payment or mortgage premiums required.
USDA	Home buyers' assistance for those in rural and suburban areas who may have lower incomes.	No down payment and closing costs are rolled into the loan for qualified buyers.
CONVENTIONAL	Great option if you have little to no debt and a solid credit score. Cheaper monthly insurance payments.	Pay as little as 3% to 5%.

A PROCESS DESIGNED FOR YOU

What does a mortgage experience look like at PrimeLending?

Purchasing a home is probably the largest purchase you'll ever make, and there are many moving parts for all parties involved. To ensure a streamlined and convenient mortgage experience, PrimeLending combined personal guidance and digital speed to create Loanplicity®. At PrimeLending, we've perfected the home loan process into four simple, transparent steps.

1

Application Process – Our award-winning digital application process captures all the info we need to get you pre-qualified², make a loan recommendation and provide an estimate.

- Submit key documents
- Credit pulled
- Document verification
- Set a price range
- Compare loan options
- Decide on down payment amount
- Get pre-qualified
- Get your loan estimate
- Intent to proceed

2

Confirm Property Info – Once you've selected a property, our team will coordinate the professional appraisal and legal search on the property title.

- Property appraisal
- Property inspection
- Title search

3

Process and Underwrite Loan – Our team will review your application and other documents while working through any last-minute questions before making final decisions.

- Loan approval
- Lock a rate
- Order title insurance
- Schedule closing

4

Sign and Close – We'll double-check that everything is in place for a stress-free, on-time closing³. Once you get the thumbs up, it's time to sign papers, pay closing costs and start planning the housewarming party!

- Receive closing disclosure
- Closing costs and cash needed to close (if necessary)
- Closing instruction
- Sign final documents

WHAT'S A LENDERS ROLE?

It is critical to find the right loan officer because they will play a critical role throughout the entire homeownership journey. Even though technology has taken much of the home buying process online, your loan officer will be able to provide you with all the necessary resources, offer personalized council, send loan comparisons and pre-approval letters, answer questions, prepare all important documents for review and approval and so much more.





WHY PRIMELENDING?

For more than thirty years, PrimeLending has earned a reputation for being an industry powerhouse that constantly strives to enhance the mortgage process and successfully deliver a best-in-class customer experience to homeowners across the country. With our industry-leading offerings, plus \$2,000 in closing cost assistance¹ with NeighborhoodEdge®, there has never been a better time to partner with PrimeLending.

- **A SIMPLE AND SECURE
ONLINE MORTGAGE PROCESS**
- **OPEN AND CLEAR COMMUNICATION
FROM APPLICATION TO CLOSING**
- **A TEAM OF DEDICATED EXPERTS
READILY AVAILABLE**
- **LOAN SOLUTIONS FOR EVERY SITUATION**

READY TO LEARN MORE?

If you're ready for a superior borrower experience or are simply eager for more information on the mortgage process, you can count on a PrimeLending home loan expert to get the job done right. If you have any questions or want to find out if you're eligible for \$2,000 in closing cost assistance with NeighborhoodEdge®, please reach out at any time.

GET IN TOUCH WITH ME TODAY!

¹Qualified homebuyers may receive up to \$2,000 in closing costs assistance if property is located within PrimeLending eligible market and homebuyer's income is equal to or less than 100% of the area median income based on HUD guidelines. Additional restrictions may apply. Savings only applies to direct originations of first lien conforming FHA, Conventional, USDA or VA mortgages for purchase transactions only, and is not available on loans obtained through mortgage brokers. Only one offer per loan transaction is available, and savings may be combined with other closing cost assistance programs. Savings will reflect on Closing Disclosure at closing.

²A prequalification is not an approval of credit and does not signify that underwriting requirements have been met.

³On time closing and fast processing is dependent on many factors including receiving timely documentation from the borrower.

All loans subject to credit approval. Rates and fees subject to change. ©2021 PrimeLending, a PlainsCapital Company (NMLS: 13649) Equal Housing Lender.

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