



5990 Kingstowne Towne Center, Alexandria, VA 22315

## Home Mortgage Customer Information

**Loan Programs.** We offer a variety of home mortgage programs, both Government insured and conventional. You may apply for any available loan program. Following is a summary of the available types of programs:

- ◆ Conventional Loans (normally up to 80% of home value)
- ◆ FHA Insured Loans (up to 96.5% of home value, depending on loan amount and closing costs)
- ◆ VA Guaranteed Loans (up to 100% of home value, for eligible veterans only)
- ◆ Conventional Loans with Private Mortgage Insurance (normally up to 95% of home value, depending on loan amount)
- ◆ Community Home Buyer Loans (up to 97% of home value)

*Note: Conventional loans larger than the maximum size eligible for sale to FHLMC or FNMA may have more stringent approval requirements.*

Generally, each of these loan programs offers a fixed interest rate. Most also offer adjustable rates that change at various intervals. Certain kinds of loan programs are limited to a maximum loan amount. Each of these loan programs has its advantages and disadvantages. Your mortgage loan officer can explain and discuss these with you. The final decision about which kind of loan program to apply for is up to you.

**Loan Fees.** Currently, the following fees are charged after you have received the Loan Estimate and indicated your intent to proceed with the loan. These fees are **Non-Refundable**, whether or not the loan is approved. We do not retain any of these fees. They are charged to reimburse us for the out-of-pocket costs we incur in processing a loan application.

	<i>Low</i>	<i>High</i>
• Credit Report Fee	<i>No charge</i>	\$ 70.00
• Appraisal Fee	<u>\$400.00</u>	<u>\$500.00</u>
	\$400.00	\$570.00

*Note: Appraisal fees depend upon the type of loan and the characteristics of the property being appraised.*

The following fees<sup>1</sup> are currently charged by us at the time of loan closing for the type of loan indicated, and apply only if you actually receive the loan.

	<i>Conventional</i>	<i>FHA/VA</i>
• Processing Fee	\$ 895.00	*\$ 895.00
• Flood Certification Fee	<u>\$ 9.50</u>	<u>\$ 9.50</u>
<b>Total Closing Fees</b>	\$ 904.50	\$ 904.50

*\* In certain cases, fee may be charged to seller rather than borrower.*

At the time your loan closes, you may also be charged “points”, as an origination fee or discount. Points on a loan may typically range from zero to about three points. One point is one percent (1.00%) of the loan principal amount. Points represent a part of the cost of money for the loan. Therefore, under given market conditions a lender will generally reduce the interest rate on a loan in return for increasing the points charged, or increase the rate in return for reducing the points.

FHA loans require payment of Mortgage Insurance Premiums, and conventional loans exceeding 80% of the value of the home being financed require payment of Private Mortgage Insurance premiums. At closing, you may be charged a flood certification fee and various other fees and charges. We will itemize all estimated closing costs for you at the time you apply for a loan in a Loan Estimate of settlement charges.

**Initial Interview Questions.** In order to assist you and to determine which loan programs you may be qualified for, your loan officer will need to ask the following questions:

1. What is the price of the home you intend to buy?
2. What is your expected settlement date?
3. Will there be a co-borrower on the loan?
4. Do you now own a home, and if so, how much is your current monthly mortgage payment and has your current home been sold or listed for sale?
5. Do you currently rent your home, and if so, how much is your monthly rent?
6. How much is your monthly income (including any co-borrower’s income), and what are the sources of this income?
7. How much do you (and any co-borrower) have in savings or other liquid assets that will be available for your down payment and closing costs on a new home and for reserves after closing?
8. What is the amount of your monthly payment obligations on installment loans, credit cards and other debts?
9. What are your preferences as to down payment amount, and as to loan interest rate *versus* points payable at closing?
10. Do you have a preference about the type of loan program you will use?

In addition, if you decide to apply for a loan, you will need to supply all of the information requested on the industry standard loan application, Fannie Mae Form 1003.

<sup>1</sup> Lower fees may apply at some locations.

**Floating vs. Locked Interest Rate.** At the time of application, you may elect either to “lock” the loan interest rate, or to “float” the interest rate until a later date prior to closing. At the time of application, you will be required to sign a lock-in agreement with us to document the terms of this election. If you elect to float the interest rate, this means that you agree to accept the market interest rate and points, for the specific loan program selected, that are available from us at a date you later select which is at least 5 business days prior to closing. If you elect to lock the interest rate at the time of application, then you agree to accept the rate and points quoted to you at the time of application for the specific loan program selected, and this interest rate and points will be stated in your lock-in agreement. A lock-in agreement does not constitute an approval of your loan.

**Required Documentation.** If you decide to apply for a loan, then you will be required to supply extensive documentation to support your application. This required documentation includes:

1. Copy of the real estate sale contract under which you have purchased the home to be financed.
2. Copy of pay stubs, showing current and year-to-date income.
3. Copy of IRS W-2 forms for the past two calendar years.
4. Copy of the two most recent years’ personal and business federal income tax returns, and year-to-date business financial statements, for borrowers with substantial self-employment income. (Self-employment income includes income from any business in which a borrower has a 25% or more ownership interest.)
5. Copies of account statements covering two consecutive months, showing the liquid assets available for closing and reserves.
6. Copies of separation and divorce documents, where applicable, to show any child support and alimony payments.
7. Copies of any leases applicable to rental property you own.
8. Original Certificate of Eligibility, for VA loans only.

Other kinds of documentation may be required to meet Fannie Mae/Freddie Mac or FHA/VA underwriting guidelines in particular cases. You should also be aware that we obtain credit reports from a credit bureau on all loan applicants.

We may also obtain the following verifications from third parties, to document information provided by you (and any co-borrower):

1. A Verification of Income from any employer(s), to document compensation.
2. A Verification of Deposit from a bank or other institution, to document liquid assets.
3. A Verification of Mortgage, to document the status of any mortgage loan currently outstanding to you or to any co-borrower.

In addition, we normally also require an executed IRS Form 4506-T, giving us permission to obtain copies of your federal income tax returns directly from the Internal Revenue Service in order to verify the information shown in the copies of your tax returns that you provide to us.

**Loan Approval Process.** All loans are subject to credit approval and underwriting guidelines. Upon our receipt of documentation pertaining to your loan application, we may seek to verify any of the information you have provided. Once all required documentation has been received, your loan request will be considered for underwriting approval based upon the type of loan you have requested and based upon the information you have provided or which we may have

obtained from other sources. However, neither any verbal information given to you from time to time concerning the status of your loan application nor any written disclosure notices we provide to you will constitute a binding commitment to lend. We will not ultimately become obligated or committed to provide any financing to you until final loan documents have been prepared and transmitted to the settlement attorney or closing agent conducting your settlement, and until we have provided to the settlement attorney or closing agent who conducts your loan settlement the funds necessary to close and disburse the loan and such funds are disbursed pursuant to our written settlement instructions. We must reserve the right for any reason, in our discretion, to defer settlement or to decline to settle any loan prior to actual settlement, based upon such additional information or other considerations as we deem to be relevant.

**Disclosures Provided after Application.** You will be provided with the following notices upon completion of your home mortgage loan application:

1. Loan Estimate stating the expected Annual Percentage Rate and Finance Charge applicable to the loan.
2. Equal Credit Opportunity Act notice, stating information about prohibitions against discrimination in lending.
3. Your Home Loan Toolkit.
4. Notice concerning possible transfer of loan servicing.
5. Loan program disclosure, describing the details of the loan program being applied for.
6. Loan price agreement, stating whether you have elected to float or lock the interest rate on the loan, and if locked, then the interest rate and points that you have agreed to accept.
7. Privacy Policy statement.
8. Consumer Handbook on Adjustable Rate Mortgages (ARMs), if applicable.

**Credit Counseling.** If you do not qualify for your desired loan program, for reasons such as a poor credit history, excessive monthly payment obligations in relation to income, or other factors, a credit counseling service may be able to assist you. We welcome borrowers whose credit problems have been repaired so that they can qualify for the loan program of their choice, and we stand ready to lend to borrowers who currently qualify for a loan, even if they did not qualify in the past.

The Consumer Credit Counseling Service of Greater Washington is a free, non-profit community organization of professionals dedicated to helping individuals and families resolve financial problems. This credit counseling service has numerous offices in Maryland, Northern Virginia and the District of Columbia. If you believe this service could help you, call 866-889-9347, toll-free, to make an appointment with a credit counselor.

**We are Here to Serve You.** If you have any questions not answered in this brochure and not already answered by your loan officer, please feel free to ask those questions of your loan officer before your loan application interview ends. All of our loan officers are expected to give each loan customer who inquires about or applies for a home mortgage loan an adequate opportunity to ask any questions and receive the answers before the application interview is concluded and thereafter until the lending process is completed.

If you have any unanswered questions after the conclusion of your interview, please feel free to call your loan officer at the numbers provided to you, or simply call 800-574-3151 to discuss those questions with an available loan officer. If you were dissatisfied with

the service provided by any of our loan officers, please call 800-574-3151, Extension 0, to ask to speak to a different loan officer.

**We are an Equal Housing Lender.** We do business in accordance with all federal fair lending laws. We are fully committed to conducting all of our lending activities in a non-discriminatory manner. As used in this brochure, the terms “we”, “us” and “our” refer to Presidential Bank, FSB and to its separate divisions, subsidiaries and affiliated companies.

