

The Minnwest Bank

HOME BUYING

PACKET

The home-buying process is complicated enough without having to worry about what to do at each step along the way. Our Minnwest mortgage team will be here to guide you through the process, but we've compiled this simple homebuyer guide as a resource to walk you through what to expect.

Whether you're a first-time home buyer, looking to refinance or simply curious about where to begin, we hope this guide will help get you started.



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THE HOME BUYING PROCESS

WHAT TO EXPECT



This simple guide will walk you through the 5 Step Home-Buying Process with Minnwest

Buying a home is a uniquely personal experience. Whatever your goals, we'll help you get the mortgage that is right for you. Below is some simple information to understand the mortgage process and who will be assisting you at various points in along the way.

STEP 1: Application and Pre-Qualification

The first step in the home buying process is to determine the mortgage you can afford and the approximate price range you should consider as you look for your new home. We recommend going through the pre-qualification process before beginning your home shopping. Pre-qualification can give you an edge over other buyers as it shows how large of a loan you qualify for. We're proud to work with Windsor Mortgage Solutions and you will begin seeing documentation from them once your application is complete.

Get the process started by gathering the documents outlined in our **Mortgage Application Checklist**.

Work with your **Minnwest Bank Mortgage Lending Officer (MLO)** to review your financial situation as you discover what home prices are within budget. You'll walk through various scenarios to see which mortgage program might fit your needs.

STEP 2: Loan Processing

Once you have a signed contract on a home, our loan processors will review and double-check your mortgage application paperwork to ensure everything is accurate before we send it along to a loan underwriter. Your mortgage banker will keep you informed about your loan's progress throughout this stage.

STEP 3: Home Appraisal

During this step, a local appraiser who understands your community and your new neighborhood will compare the property to similar homes in the area to ensure the purchase price matches your new home's actual value. **Your MLO will be happy to provide recommended appraisers in the area. Note the appraisal reflects the market value of the home** — not the reconstruction or tax value. You'll receive a copy of the appraisal at closing (see Step 5).

We'll also obtain a title opinion at this time. This takes up to 30 days and gives us the legal details of the property to confirm current ownership rights. At closing, you'll be required to secure owners coverage for title insurance. Lastly, you'll need to obtain homeowner's insurance at this stage. Your Minnwest mortgage banker can provide a referral to make it easy for you.

STEP 4: Final Approval

During final approval, an **underwriter** will review the paperwork and details of your loan to determine whether or not they will support the pre-qualified approval (from Step 1).

We will gather and evaluate information to support your application, including:

- » The property: Does the appraisal report verify the value of your home?
- » Total debt ratio: Do you have a healthy debt-to-income ratio?
- » Cash reserves: After your loan costs are settled, how much money will you have left in the bank?
- » Credit history: Do you have a responsible payment history? How likely are you to repay your loan?
- » Employment history: How stable is your current income?

Upon approval, we will provide the terms and conditions of your loan and a checklist of items you need for closing. **Minnwest Bank works with Windsor who will arrange the title work, inspections, settlement figures and other closing documents.**

We work with Windsor Mortgage Solutions, a service provided by Plains Commerce Bank, in order to provide you with competitive home loan options. Windsor Mortgage Solutions specializes in just that — mortgages — and based on their volume of loans, we are able to offer our customers longer term options and better rates.

STEP 5: Closing

The closing is the last step in the mortgage process and involves multiple parties. Here the property title passes from the seller to the buyer. You'll be signing a lot of documents at the closing, but everything will be carefully explained to you. See our **Do's and Don'ts of Home Financing** for some insight on what to avoid as you near this final exciting step. At the closing you'll also take care of any closing costs and the balance of your down payment. Once complete, you'll officially own your new home!



MORTGAGE APPLICATION CHECKLIST:



Whether it's your first time buying, or you need a refresher. Here's everything you'll need to prepare for your homebuying journey. Your Minnwest Bank mortgage loan officer will help you complete your application - or apply online at [»minnwestbank.com/homesweethome](https://minnwestbank.com/homesweethome)

ABOUT YOU

- Copy of your Government-issued photo ID such as a driver's license for all applicants
- Social Security numbers for all applicants for credit check
- Number and age of dependents
- For existing homeowners: A copy of your real estate tax statement, homeowner's insurance and mortgage statement. If refinancing or FHA or VA, a copy of your settlement statement and note.
- For renters: Name, address and phone number of landlord for the last two years (if applying for FHA, VA or first time buyer programs)
- Dates and years of school completed. Diplomas and transcripts if you have been in school during the last two years

ABOUT YOUR INCOME/EMPLOYMENT

- Name, address, phone number, dates of employment for all employers over the last 2 years
- Paystubs covering a 30-day period
- Last two years' W-2s, If self employed or receive other income, rental income please include K-1s, and 1099s
- Last two years personal/business federal tax returns, complete with all schedules
- Copies of social security, pension, and/or retirement award letters and corresponding 1099s
- Divorce decree and settlement paperwork for separate maintenance (if applicable)
- Explanation letter for employment gaps in the last two years. If you are changing employment prior to closing, please inform us and provide your new employer information including start date, business address and phone and pay rate.

ABOUT YOUR INCOME - OTHER SOURCES

- Two months of all bank statements for checking and savings accounts for all applicants. Avoid spending any funds you plan to use for down payment of closing costs.
- Two months of all statements for investment and retirement accounts for all applicants accounts
- Address(es) and documentation for real estate currently owned, if any

ABOUT YOUR HOME

- Purchase contract accepted and signed by you and the seller
- Appraisal showing a value of at least the purchase price (your lender will order)
- Name and contact information for the homeowner's insurance agent you will use
- Name and phone number for the homeowner's association, if applicable
- A home inspection report is typically not required by your lender, but it's a good idea to get an inspection

ABOUT YOUR CREDITS & LIABILITIES

- General knowledge of your current credit card, student loan, auto loan, and other credit accounts. Your loan officer will pull a credit report that shows your accounts, but on occasion, the information may be outdated, missing, or erroneous
- Bankruptcy and discharge paperwork (if applicable)
- Documentation disproving any erroneous terms on your credit report



MORTGAGE REFINANCING CHECKLIST:



Whether you've refinanced before or are looking for a refresher, here's everything you'll need to prepare. Your Minnwest Bank mortgage loan officer will help you complete your application - or apply online at www.minnwestbank.com/homesweethome

ABOUT YOU

- Copy of your Government-issued photo ID such as a driver's license for all applicants
- Social Security numbers for all applicants for credit check
- Number and age of dependents
- For existing homeowners: A copy of your real estate tax statement, homeowner's insurance and mortgage statement. If refinancing or FHA or VA, a copy of your settlement statement and note.
- For renters: Name, address and phone number of landlord for the last two years (if applying for FHA, VA or first time buyer programs)
- Dates and years of school completed. Diplomas and transcripts if you have been in school during the last two years

ABOUT YOUR INCOME/EMPLOYMENT

- Name, address, phone number, dates of employment for all employers over the last 2 years
- Paystubs covering a 30-day period
- Last two years' W-2s, If self employed or receive other income, rental income please include K-1s, and 1099s
- Last two years personal/business federal tax returns, complete with all schedules
- Copies of social security, pension, and/or retirement award letters and corresponding 1099s
- Divorce decree and settlement paperwork for separate maintenance (if applicable)
- Explanation letter for employment gaps in the last two years. If you are changing employment prior to closing, please inform us and provide your new employer information including start date, business address and phone and pay rate.

ABOUT YOUR INCOME - OTHER SOURCES

- Two months of all bank statements for checking and savings accounts for all applicants. Avoid spending any funds you plan to use for down payment of closing costs.
- Two months of all statements for investment and retirement accounts for all applicants accounts
- Address(es) and documentation for real estate currently owned, if any

PROPERTY YOU'RE REFINANCING

- Address and estimated value of the refinance property
- The balances of all the mortgages, liens or line of credit and lender information
- Name and contact information for the homeowner's insurance agent you will use
- Name and phone number for the homeowner's association, if applicable

ABOUT YOUR CREDITS & LIABILITIES

- General knowledge of your current credit card, student loan, auto loan, and other credit accounts. Your loan officer will pull a credit report that shows your accounts, but on occasion, the information may be outdated, missing, or erroneous
- Bankruptcy and discharge paperwork (if applicable)
- Documentation disproving any erroneous terms on your credit report

THE DO'S AND DON'TS OF HOME FINANCING



Just as there are a number of things that you can do during the home loan process, there are also a number of things that you should avoid doing when applying for a mortgage loan and during the process. We're not saying you can't do any of these things, **we're saying don't do them without calling us first.** We'll counsel you on how to move forward.

THE DO'S

- » **Do** make all payments on time
- » **Do** tell us about any property you own
- » **Do** continue working with your current employer
- » **Do** know you have a right to understand 100% of what you are signing
- » **Do** ask questions until you feel comfortable with everything
- » **Do** return our phone calls as soon as possible
- » **Do** consult with us before you make any changes within your company (pay raise, shift swift, change position, move)
- » **Do** tell us if your plans change how you will pay off debt or save money for a down payment

THE DON'TS

- » **Don't** rush. This is one of the most important financial commitments you'll ever make. Take all the time you need
- » **Don't** transfer any money
- » **Don't** open or apply for any new credit
- » **Don't** make any unusual cash deposits
- » **Don't** take out an unsecured loan to use for down payment purposes
- » **Don't** feel like you "should" know the answer
- » **Don't** silence that little voice inside of you that says something is wrong. Trust your gut and speak up. Now is your chance to prevent future problems

We're here to help from the beginning until the "Welcome Home"!



If you have questions about the home buying process, **contact us today** and your banker will walk you through the details. Or visit us online at [»minnwestbank.com/homesweethome](http://minnwestbank.com/homesweethome)

Doers Welcome.™


YOUR HOME MORTGAGE



When it comes to one of life's biggest purchases, work with a bank you know and trust. Whether you're purchasing your first home or renovating the one that's been in your family for fifty years, we're here to help. When it comes to home loans, there is no "one size fits all." We have several mortgage options available to assist with your home buying needs or refinancing needs.

Your Minnwest Bank mortgage loan officer will help you complete your application - or apply online at

www.minnwestbank.com/homesweethome

	GOVERNMENT			CONVENTIONAL OR NON-GOVERNMENT LOANS	
	FHAV	A	Rural Development (USDA/RD)	Conforming	Non-Conforming (Jumbo)
MAXIMUM LOAN TO VALUE (LTV)	96.5% +1.75% up-front mortgage insurance premium	100% (Excludes VA Funding Fee)	101% Includes Up-Front Guarantee Fee of 1%	97% HomeReady/Home Possible/Housing/FTHB 95% all other investors	85% (Some options at 90% depending on DTI and Credit)
MAXIMUM DEBT TO INCOME RATIO (DTI)	57%	AUS Approval & Pass Residual Income Test	GUS Approval (45- 47% max typically)	50%	43% General Rule If > 43%, contact UW
LOAN LIMITS	\$331,760 or more based on FHA state limits	No limits for Veterans with full entitlement. Max guarantee above \$144k is 25% of loan.	Max based of ability to repay	\$510,400	\$2.5 Million
MORTGAGE INSURANCE	.80% - .85% typically on 15+ year terms. Price / term increase as LTV / loan amount increases.	No MI, upfront funding fee only when required	.35% x Loan Term	Varies based on credit and LTV: .17% - 2.81%	No MI
ADDITIONAL INFO	Appraisal does not like peeling paint or other structural issues	Similar to FHA. Also does not like "hazards" like uneven sidewalks, etc.	Must be in eligible area per RD site (Generally population < 10,000 to 35,000). Requires a 1% guarantee fee.	Requires MI for loans above 80% LTV	Requires reserves depending on additional real estate owned. (Generally 6 months). No housing lates in past 24 months on credit

Contact Us Today and your banker will walk you through the details of the home buying process

[»minnwestbank.com](http://minnwestbank.com)



- All credit and loan products are subject to credit approval

MORTGAGE ACRONYMS GUIDE



The mortgage industry is full of acronyms, and when you aren't familiar with the meanings, a conversation can sound like a foreign language. Don't stress when you hear your loan officer say acronyms you do not understand; we're here to help!

Here is a list of common acronyms, and their definitions, so you can sound like a pro when applying for a mortgage.

FHA: Federal Housing Administration. The Federal Government Agency that oversees the US Housing Market. FHA mortgages are guaranteed by the Federal Government and offered by banks/lenders.

FICO: Fair Isaac Corporation. The company that created the industry standard credit scores used by almost all lenders. The FICO score is a numeric summary of the information in your credit reports that represents your potential credit risk.

APR: Annual Percentage Rate. The APR calculates the annual percentage rate you would pay on the loan once the costs of getting the loan are factored in.

ARM: Adjustable Rate Mortgage. An Adjustable rate mortgage is a mortgage that will have a fixed rate for a set period of time and then the rate is adjusted. The rate will normally be adjusted once or twice a year.

ECOA: Equal Credit Opportunity Act. A law in the U.S. that makes it illegal for any creditor to discriminate against any applicant on the basis of race, religion, national origin, sex, etc.

FHLMC: Federal Home Loan Mortgage Corporation. A corporation authorized by Congress to provide a secondary market for residential mortgages.

GFE: Good Faith Estimate. A GFE is a document that the lender is required to give a prospective borrower when they apply for a loan. The GFE is an estimate of all closing costs and fees required for the proposed mortgage loan.

GPM: Graduated Payment Mortgage. This is a type of mortgage on which the payment starts low and rises over time.

HARP: Home Affordable Refinance Program. HARP is a refinance program that allows eligible borrowers, with little to no equity in their homes, to take advantage of low interest rates and other refinancing benefits.

HELOC: Home Equity Line of Credit. HELOC is a loan in which the lender agrees to lend a maximum amount within an agreed loan term, where the collateral is the borrower's equity in his or her house.

HUD: U.S. Department of Housing and Urban Development. HUD is the primary housing and lending regulatory authority in the U.S.

IRRRL: VA Interest Rate Reduction Refinance Loan. This refinance loan allows you to lower your interest rate on an existing VA home loan.

LTV: Loan-to-Value. LTV is a ratio used by the lender that divides the amount of money borrowed by the appraised value of the home expressed as a percentage. For example, a borrower may purchase a home appraised at \$200,000 with a down payment of \$40,000. This means he has a loan-to-value ratio of 80%.

P&I: Principal and Interest. Principal and interest are the two elements that go towards repaying your loan.

PITI: Principle, Interest, Taxes and Insurance. These are the four main components of your monthly mortgage payment. Principal is the loan amount. Interest is the rate at which the finance charge you pay for borrowing is calculated. Taxes are the real estate taxes for which you are responsible, and insurance is the homeowners insurance that your lender requires you to have.

PMI: Private Mortgage Insurance. If you put down less than 20% most lenders or banks require you to have private mortgage insurance. This can be put into your monthly mortgage payment or calculated into your rate.

TIL: Truth in Lending. TIL is an important document you will receive from the lender or bank within three days of your application. Within the document certain disclosures are set forth. Such as, finance charges, annual percentage rate (APR), amount financed, total of payments, and total sales price will be disclosed.

VA: Department of Veterans Affairs. This federal government agency guarantees mortgages that assist eligible veterans in buying homes.

DTI: Total Debt-To-Income-Ratio - this is the percentage of your income that goes towards paying your monthly debts and it helps lenders decide how much you can borrow.

