



A Guide to Residential Home Buying.



Important Contacts and Numbers.

Use this page to record important information as you move through the homebuying process.

Realtor/Builder	Phone Number
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Mortgage Loan Officer	Phone Number
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Title Company	Phone Number
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Insurance Agent	Phone Number
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Homes Viewed

House	Address
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House	Address
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House	Address
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A Guide to Residential Home Buying

Buying a new home is an exciting time in everyone's life. Choosing the right mortgage lender to finance your home is just as important as your home selection. At Fifth Third, we want you to own the home of your dreams and we will work hard to make it a reality.

This guide has been prepared to assist you in the mortgage loan process. Information, terms and worksheets are included to take you through the steps to purchasing your new home. We have also included answers to those questions most often asked of our loan officers. It is our pleasure to make this information available to you to make your shopping for financing easier.

MORTGAGE LOAN OPTIONS

Fifth Third has the mortgage loan to fit your lifestyle

Most often, when you purchase or build a new home, it signals the beginning of a long relationship with a financial institution and that's why selecting the right lender is so important. You should not only look for a lender offering competitive rates, but one you can rely on to handle your financial needs through the years.

The right kind of loan at a competitive rate is obviously important. However, depending upon your needs, there are many types of mortgage loans to consider. Fifth Third offers mortgage loan options that fit virtually every lifestyle and budget. Whether you are a first-time buyer or are ready to take the next step into a larger home, Fifth Third will help guide you through the process and help you choose the type of loan that best meets your personal needs.

FHA, VA and Conventional Financing

FHA

FHA financing means the Federal Housing Administration (FHA) has insured the repayment of the loan to the lender. Because there is less risk involved for the lender, a smaller down payment is often possible. Both Fixed Rate and Adjustable Rate Mortgage (ARM) loans are available.

VA

VA financing refers to home loans guaranteed by the Department of Veterans Affairs. On a primary residence, qualified veterans may obtain mortgages from an approved lender without a down payment. However, the VA charges borrowers a funding fee. Fixed Rate loans are available.

Conventional

Conventional financing refers to home loans that have not been insured or guaranteed by the FHA or VA. These loans typically require private mortgage insurance (PMI) if the down payment is less than 20%. Fixed Rate, Balloon Rate, and ARM loans are available.

LOAN SELECTION

FIXED RATE LOAN

Your interest rate and monthly payment will remain the same for the life of the loan. You will have a steady predictable decrease in the loan balance throughout the term of your loan.

BALLOON LOANS

Your loan would have a fixed interest rate for an initial period. At the end of the initial period, you have the option to pay the outstanding loan balance in full, refinance, or convert the loan to a Fixed Rate Loan for the remaining term. For those who convert, certain restrictions apply.

ADJUSTABLE RATE MORTGAGE (ARM)

An ARM allows the interest rate to change at specific adjustment intervals over the term of the loan. Interest rate decreases and increases are based on a predetermined index and may be limited by other provisions. Payment amounts may periodically change.

Points To Consider **Consider A Fixed Rate Loan If . . .**

- You enjoy the comfort of knowing your principal and interest payment will not change.
- You expect interest rates to generally rise while you are in the home.
- Your income is fixed.
- You expect to remain in this home 10 years or more.

Consider an Adjustable Rate Loan If . . .

- You want a lower initial house payment.
- You expect interest rates to remain stable or decline during your stay in the home.
- Your income is flexible.
- You do not expect to remain in this home for more than 10 years.

When Considering an ARM, Ask These Questions . . .

- Initial rate
- Index
- Margin above index for future adjustments
- Interim and life interest rate caps
- Conversion features
- Negative amortization

PRE-APPROVAL PROGRAM

For your convenience, Fifth Third can approve your mortgage even before you begin looking for a home! This gives you peace of mind as well as the purchasing leverage you need to help find the home that fits your budget.

The process is quick and very easy. When you qualify through Fifth Third's pre-approval program, you will receive a certificate that verifies your "ready-to-buy" status, thus putting you in a more comfortable position when negotiating the purchase of a home.

THE FINANCING PROCESS

1. Complete a loan application. The lender may require an application fee.
2. The lender begins processing the application.
3. The lending institution requests an appraisal of the home, a credit report and verification of employment and assets, such as bank accounts.
4. The lender will provide a booklet containing specific loan information and a good faith estimate of closing and related costs.
5. An estimate of your loan costs, in the form of an Initial Truth in Lending Disclosure Statement (Reg. Z) is issued.
6. The lender evaluates the application, along with supporting documentation, and renders its decision.
7. Coordinate signing of closing documents with the settlement agency.
8. Recordation of the closing documents.
9. Seller is paid and title to the home is yours and the lender places a mortgage as a security against the title.

ITEMS REQUIRED FROM APPLICANT(S) AT TIME OF APPLICATION

- Legible sales contract, fully executed by buyers and sellers.
- Application fee.
- Social Security Number of all applicants.
- Driver's license or State Identification Card.

Income:

- Name and address of all employers for past two years.
- Position and length of time on each job.
- Current rate of base earnings and average of overtime, commissions, bonuses, etc.
- Copies of past two years W-2 forms.
- Copy of two most recent pay stubs.
- If self-employed, past two (2) years personal Federal Income Tax Returns, including all support schedules, along with Year-To-Date Profit and Loss Statement, and if applicable, past two (2) years complete Partnership (including K-1s) or Corporation Federal Income Tax Returns and Financial Statements.

Obligations:

- Name and address of creditors on all open accounts.
- Current account balances.
- Monthly payments.
- Account numbers.
- If child support and/or alimony payments are made, copy of recorded Separation Agreement and Divorce Decree.

Assets:

- Name and address of depository. Indicate if checking or savings, etc. along with account number(s) and current balance.
- Copy of most recent statement(s) or passbook/certificate/stock.
- Provide documentation for any additional source of funds (i.e., Gift Letter, Savings Bonds).

HOW MUCH CAN YOU AFFORD?

**Calculating Your
Qualifying Ratios**

Monthly income from salary:

Applicant #1

Applicant #2:

\$ _____

**STEP ONE:
Calculate Your Gross
Monthly Income**

Monthly income from commissions, bonuses,
and/or overtime:

Applicant #1:

\$ _____

Applicant #2:

\$ _____

Monthly dividend/interest income:

\$ _____

Other monthly sources of income:

\$ _____

TOTAL GROSS MONTHLY INCOME: \$ _____

**STEP TWO:
Calculate Your Current
Monthly Outstanding
Debt**

Monthly outstanding credit card payments:

\$ _____

Monthly payments on car loans and/or leases:

\$ _____

Monthly rent payment

\$ _____

Monthly utility payment

\$ _____

Monthly payments on any other loans

(real estate, student, personal, etc.):

\$ _____

Monthly child support/alimony:

\$ _____

TOTAL MONTHLY DEBT: \$ _____

**STEP THREE:
Calculate Your New
Monthly Housing
Expense**

New principal and interest payment:

\$ _____

Estimated monthly real estate taxes:

\$ _____

Estimated monthly hazard insurance:

\$ _____

Estimated monthly private mortgage insurance:
(if applicable)

\$ _____

Estimated monthly condo/association fee :
(if applicable)

\$ _____

TOTAL MONTHLY HOUSING EXPENSE: \$ _____

STEP FOUR:
Calculate Your Monthly Housing Expense Ratio

To calculate your MONTHLY Housing Expense Ratio, divide your Total Monthly Housing Expense (calculated in Step 3) by your Total Gross Monthly Income (calculated in Step 1).

Total Monthly Housing Expenses	\$ _____
Total Gross Monthly Income	\$ _____
= New Monthly Housing Expense Ratio _____ %	

Generally, your Monthly Housing Expense Ratio should not exceed 28%.

STEP FIVE:
Calculate Your Total Debt Ratio

To calculate your Total Debt Ratio, add your Total Monthly Debt (calculated in Step 2) plus your Total

Monthly Housing Expense (calculated in Step 3) and divide by your Total Gross Monthly Income (calculated in Step 1).

Total Monthly Debt	\$ _____
+ Total Monthly Housing Expenses	\$ _____
Total Gross Monthly Income	\$ _____
= total Debt Ratio	_____ %

Generally, your Total Debt Ratio should not exceed 36%.

Calculating your monthly payment

You can estimate your monthly principal and interest payment by using the payment factor calculator below. To use the factors, simply take your loan amount, divide by 1,000 and multiply by the payment factor.

Example If you wanted to calculate the payment on a 30 year, \$50,000 loan at an interest rate of 7.25%, you would take $\$50,000/1000 = 50 \times \6.83 and your payment would be \$341.50. This does not include real estate taxes, homeowner's insurance, condo fees or private mortgage insurance (PMI) amounts that may be included in your payment.

Payment Calculator Monthly Payment per \$1,000

	6.00%	6.125%	6.25%	6.375%	6.50%	6.625%	6.75%	6.875%
15 yrs.	\$8.44	\$8.51	\$8.58	\$8.65	\$8.72	\$8.78	\$8.85	\$8.92
20 yrs.	7.17	7.24	7.31	7.39	7.46	7.53	7.61	7.68
30 yrs.	6.00	6.08	6.16	6.24	6.33	6.41	6.49	6.57

	7.00%	7.125%	7.25%	7.375%	7.50%	7.625%	7.75%	7.875%
15 yrs.	\$8.99	\$9.06	\$9.13	\$9.20	\$9.28	\$9.35	\$9.42	\$9.49
20 yrs.	7.76	7.83	7.91	7.98	8.06	8.14	8.21	8.29
30 yrs.	6.66	6.24	9.83	6.91	7.00	7.08	7.17	7.26

	8.00%	8.125%	8.25%	8.375%	8.50%	8.625%	8.75%	8.875%
15 yrs.	\$9.56	\$9.63	\$9.71	\$9.78	\$9.85	\$9.93	\$10.00	\$10.07
20 yrs.	8.37	8.45	8.53	8.60	8.68	8.76	8.84	8.92
30 yrs.	7.34	7.43	7.52	7.61	7.69	7.78	7.87	7.96

	9.00%	9.125%	9.25%	9.375%	9.50%	9.625%	9.75%	9.875%
15 yrs.	\$10.15	\$10.22	\$10.30	\$10.37	\$10.45	\$10.52	\$10.60	\$10.67
20 yrs.	9.00	9.08	9.16	9.24	9.33	9.41	9.49	9.57
30 yrs.	8.05	8.14	8.23	8.32	8.41	8.50	8.60	8.69

	10.00%	10.125%	10.25%	10.375%	10.50%	10.625%	10.75%	10.875%
15 yrs.	\$10.75	\$10.83	\$10.90	\$10.98	\$11.06	\$11.14	\$11.21	\$11.29
20 yrs.	9.66	9.74	9.82	9.90	9.99	10.07	10.16	10.24
30 yrs.	8.78	8.87	8.97	9.06	9.15	9.25	9.34	9.43

FREQUENTLY ASKED QUESTIONS

Will the rates that you quote me today be the same tomorrow? Our competitive rates are subject to change on a daily basis. However, you can lock in a rate at the time of application. This means we will stand by the rate through a specified expiration date. If the loan does not fund prior to the expiration date, the rate may be subject to change. Ask us for further details.

How much will it cost me to close the loan? Closing costs may vary based on a number of factors. We will quote an estimate of the out-of-pocket costs, prepaid expenses, application fees, title insurance, origination fees and discount points. These costs do not include the amount of down payment.

How much is my application fee and is it an additional expense? There is an application fee which is quoted as part of the out-of-pocket costs and is credited to you at closing.

How long will it take to process my loan? Depending on the type of loan, processing time will vary. We offer a rapid approval on our Conventional loans. We use local, experienced processors, underwriters and appraisal professionals to expedite the processing of your loan.

Is there a minimum down payment requirement? We offer up to 95% financing on our Conventional loans in addition to FHA and VA loans. We also have programs available with zero down payment requirements.

Do you provide loan counseling? Our experienced Loan Originators are available to counsel you free of charge.

What is the experience level of your Loan Originators? Years of experience make our Loan Originators experts in suggesting a payment structure affordable to your own personal budget. They are highly trained with a broad based knowledge of mortgage products.

Will my loan be sold to another company? Fifth Third's intent is to service the majority of its loans and, therefore, maintain a long-term relationship with you.

When are Loan Originators available and how easily can they be reached? You will find your Loan Originator easily accessible via the phone and pager. Appointments are scheduled at your convenience. Weekend and evening hours are available.

TERMS TO KNOW

- Amortization** Payment of debt in regular, periodic installments of principal and interest, as opposed to interest-only payments.
- Application Fee** This is the fee charged by the lender to cover a portion of the costs of processing a loan application.
- Appraisal** An opinion of real estate value based upon a factual analysis. Legally, an estimation of value by a disinterested person of suitable qualifications.
- Closing** Usually the last step in buying a home. Documents are signed, the balance of the loan costs are calculated, funds are disbursed and the transaction is completed.
- Closing Costs** Expenses incidental to a purchase of real estate, such as loan fees, title fees, appraisal fees, etc.
- Construction - Permanent Financing** A mortgage that finances the construction of a home and converts to permanent, amortizing financing when the home is completed. It allows buyers to deal with only one lender, file only one credit application and pay only one set of closing costs.
- Discount Points** Amount paid to the lender when the loan is originated to account for the difference between the current market-determined cost of interest and the actual lower interest rate of the loan. Points may be paid by either the buyer or seller. Each point is equal to one percent of the original loan amount.
- Earnest Money** A deposit of money accompanying an offer to buy property to show good faith, generally credited to the buyer at closing.
- Financial Index** A basis for making interest rate changes on an Adjustable Rate Mortgage. One example of a financial index could be the change in cost of U.S. Treasury Bonds.
- Initial Interest Rate** The interest rate charged for the initial period of an Adjustable Rate Mortgage (before the first interest rate adjustment).

Interest Rate Cap Limits the amount an Adjustable Rate Mortgage may increase or decrease during specific intervals and over the term of the loan. This safeguard protects the buyer from dramatic changes in monthly payments.

Mortgage Pre-Approval Service A service offered by many lenders that allows you to qualify for financing before finding a house to buy.

Origination Fee A fee charged by the lender for making a real estate loan - usually a percentage of the amount loaned, such as one percent. Not to be confused with an application fee.

PITI The total amount of your monthly home loan payment including principal, interest, taxes and insurance(s).

Private Mortgage Insurance (PMI) Insures repayment of the loan balance to the lender in the event of default by the borrower. The insurance is similar to insurance issued by a government agency (such as FHA) except it is issued by a private company. Usually required for homes financed with less than a 20 percent down payment.

Refinance Replacing an existing loan with a new one to get a lower rate, switch from one loan type to another, or convert equity to cash. A refinance loan will involve various loan fees, just as with any other mortgage.

Term The number of years before a loan is paid in full; 15-, 20-, 25- and 30-year terms are the most common for home mortgages.

Title The evidence of ownership of a property.

Title Insurance An insurance policy that insures the quality of the title and insures the lien priority of the mortgage. Discuss lender and home owner policies and who obtains what.

Title Search A review of all recorded documents affecting a specific piece of property to determine the present condition of the title.

Underwriting The process by which credit and economic factors are used to determine whether a borrower qualifies for a loan.

Warranty Deed A legal document used to convey title.

NOTES

NOTES

Working Hard To Be The Only Bank You'll Ever Need

WALK IN one of our Banking Centers
and ask to speak to a Loan Officer

VISIT www.53.com



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