

Building relationships you can count on



LOCAL DECISION
MAKING



EXPERT
GUIDANCE



COMPETITIVE
RATES

Need help with pre-qualification, down payment options or unique needs? **We can help.**

Let a First State Bank mortgage expert guide your client through the mortgage process

866-372-1275 | www.fsb.bank

 Equal Housing Lender | Member FDIC | NMLS ID# 462643

 **FirstState**
Your Hometown Bank

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Down payment and terms shown are for informational purposes only and are not intended as an advertisement or commitment to lend. Please contact your mortgage loan consultant for more information on fees and terms. Not all borrowers will qualify.

New beginnings

start at First State Bank

First State Bank offers a wide range of financing options, so you can count on us to bring your clients home – no matter what their home loan needs may be!

We have created this booklet as a resource for our referral partners to educate you on the variety of financing options that are available. We hope that you find it helpful as you work with clients to achieve their dreams of home ownership.



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Asset Based Loan

Income not reflective of your net worth? An asset-based mortgage might be right for you.

If you are retired or have low- or no-income for some other reason, getting conventional mortgage financing may be a challenge. An asset-based loan from First State Bank might be a solution for you. An asset-based loan looks beyond your income, and takes your full financial picture into account.

GENERAL REQUIREMENTS:

- Borrowers may use full distribution amounts from personal retirement account(s) without being forced to set up monthly autodistributions or considering amounts historically received as income from the account(s) as qualifying income
- Borrowers may use a distribution amount of their choosing, for qualifying income, equal or greater than 1/60th the retirement account current balance (5 years income continuance minimum)
- Account balance must be documented with a current account statement
- The borrower must have unrestricted access to the accounts without penalty

Bridge Loan

Have your clients found the perfect new home but haven't sold their existing home?

Let us help make that dream a reality with a First State Bank Bridge Loan.

PROGRAM BASICS:

- Allows clients to secure funds for down payment while waiting for their house to sell thus securing opportunities they might otherwise miss out on in a competitive market
- This loan pays off all existing liens on the home with the net proceeds of the bridge loan going toward a down payment and closing costs on the new home
- Finance amounts up to 80% of the value in the existing home
- No monthly payments, interest is accrued and paid when the house sells or the six month loan term is up
- Competitive interest rate and flat fee of \$1,500

Contact your mortgage loan consultant for additional qualifications.

Conforming/Conventional

Conventional loans can be made to purchase or refinance homes, single family to four family homes.

Conventional loans are secured by government sponsored entities such as Fannie Mae and Freddie Mac.

The Conforming Loan Limits are published annually by the Federal Housing Finance Agency (FHFA). Alaska, Hawaii, Guam and the U.S. Virgin Islands have loan limits that are 50% higher than the other contiguous states. Early in 2008, there were legislative changes that resulted in temporary increases of the loan limits in certain high-cost areas in the contiguous United States.

PROGRAM BASICS:

- Available in 30 Year, 20 Year, 15 Year and 10 Year terms
- Minimum down payment required: 3% for First Time Home Buyers or Qualified Repeat Buyers (Home Ready); 5% - Anything less than 20% down requires PMI
- Required credit score of 640, but could be lower based on compensating factors
- Maximum debt-to-income ratio of 50% of gross monthly income (includes housing payments, taxes, insurances, association dues and any other monthly payments on credit report)

HOME TYPE	# OF UNITS	MAX LTV
Principal	1	95-97%
Principal	2	85%
Principal	3-4	75%
Second	1	90%
Investment	1	85%
Investment	2-4	75%

Construction Loans

Every lender that offers construction loans has different variations of the program.

Our construction loans can help your clients buy a newly built home in a development or build their dream house from the ground up.

One time close – Requires only one closing, when construction is completed. The terms are then modified to a permanent loan (generally higher interest rate than market rates).

Two time close – Requires a closing on the construction loan and the permanent loan, and could result in higher closing costs due to multiple closings.

PROGRAM BASICS:

- Financing up to 80% of cost of construction
- Interest-only payments with 9 months to complete construction
- Fast pre-qualification, credit scores of 680 or higher¹
- Land can be used as equity
- Primary and vacation home financing
- Local decision making and processing
- Flexibility to remain in current home during construction

1. Other criteria may apply and subject to credit approval.

FHA Loans

FHA appraisals are more strict than conventional loans when it comes to safety, soundness, & security.

PROGRAM BASICS:

- FHA loans have a loan limit of \$472,030¹ and the property must be the buyer's principal residence
- Can be used to purchase 1 - 4 unit properties, PUDs, townhomes, manufactured homes (certain requirements needed), approved condos (certain requirements needed)
- Require a down payment of 3.5% with a credit score of 580 or higher
- 15 and 30-year terms are available
- FHA appraisals are attached to the property for four months.

MAXIMUM DEBT-TO-INCOME RATIO:²

- 43% if credit score is below 620
- 56.9% if credit score is above 620

MORTGAGE INSURANCE:

Upfront mortgage insurance is equal to 1.75% of the loan amount, rolled into the new mortgage.

Mortgage insurance premium: 45 – 85 bps (ex. \$100,000 mortgage at 85 bps = \$850/year or \$70.83/month)

1. Must be approved through automated underwriting system.

2. Due to changes with FHA requirements, check with your Mortgage Loan Consultant for the most recent debt to income requirements.

First Time Home-Buyer Program

First Time Home Buyer Program can help low- to moderate-income buyers become homeowners.

Saving money for a down payment can be a challenge but our First Time Home Buyer Program can help low- to moderate-income buyers become homeowners.¹

PROGRAM BASICS:

- Michigan State Housing Development Authority (MSHDA) is offering down payment assistance with the Michigan Down Payment program
- Up to \$7,500 used for down payment, closing costs and applicable prepaid expenses²
- Minimum down payment can be gifted from a family member
- Income and loan amount limits may apply in certain areas
- First time homebuyers except in target areas
- Minimum down payment of 1% of the purchase price and completion of a homebuyer education class

1. Other criteria may apply and subject to credit approval. 2. The loan program is available through MSHDA Down Payment Assistance Program.

Home Equity Loan

Tap into the equity of your home to pay for home improvements or other major expenses.

First State Bank's Home Equity Loan or Line of Credit can give you the financial strength to expand your home – or your horizons.

LET YOUR HOME WORK FOR YOU:

- Competitive interest rates
- Primary home used as collateral
- No upfront fees or closing costs for primary residence¹
- Borrow up to 85% of your home's value
- 5, 10 and 15 year terms for Equity Loan with fixed monthly payments
- 10 year term for interest only for Line of Credit
- Credit Line access is as simple as writing a check, transferring funds online, by phone or at a branch
- Quick approval, apply online

1. \$90 property tax service-charge may be required.

Investor Advantage Loan

This loan provides investors with funds to purchase homes in need of repair.

Approvals are based on the property value and the proposed repairs.¹

PROGRAM BASICS:

- Up to \$35,000 for repairs
- Uses the after repaired value appraisal rather than the purchase price¹
- Up to 75% loan-to-value (using the value after improvements)
- Interest-only payments for 9 months
- More favorable rates than hard-money lenders
- Purchase investment properties only
- Intended for purchase of fixer upper to flip for profit

1. Non-structural property changes only, other criteria may apply and subject to credit approval and acceptable appraisal.

Low Down-Payment Mortgage Options

Provide homebuyers with the opportunity to finance up to 97% of the purchase price.

Saving money for a down payment can be a challenge. These programs¹ provide the opportunity for homebuyers to finance up to 97% of the purchase price with a 30-year fixed rate mortgage.

PROGRAM BASICS:²

- Primary residence: one-unit single family homes only (condo allowed)
- Down payment and closing costs can be gifted from a family member
- Private mortgage insurance is required
- Financing as high as 97%
- Conventional and Government loan options available
- Home buyer education class may be required
- Seller concessions allowed

1. Loan program is available through Fannie Mae. 2. Other criteria may apply and subject to credit approval.

MSHDA Loans

Homeownership is more accessible than ever with down payment assistance from MSHDA.

For first time home buyers or repeat buyers purchasing in a targeted area. All buyers in the household must take a Home Buyer Education course from a MSHDA (Michigan State Housing Development Authority)- or HUD-approved agency that has a physical location in Michigan.

PROGRAM BASICS:

- MSHDA loans can be used to purchase primary homes only
- Eligible properties: single family home, approved condos, manufactured homes (buyer must have a credit score of 660 or higher)
- Minimum down payment of 0 - 3.5% (can come from gift funds)
- Sales price limit of \$224,500
- Minimum credit score of 640 and maximum debt-to-income ratio of 45%
- Down payment assistance of up to \$7500 toward closing costs and down payment available to qualified buyers

For income and targeted area qualification visit:

housing.state.mi.us/webportal/default.aspx?page=mortgageeligibilitytool

Non-Warrantable Condos

Warrantability is not about the buyer, it's about the condominium complex.

A warrantable condo is eligible for traditional financing with Fannie Mae or Freddie Mac and a non-warrantable condo is not.

If a complex is non-warrantable, even high-income buyers with excellent credit and substantial down payments will not be able to obtain financing.

TOP REASONS DEVELOPMENTS ARE NON-WARRANTABLE:

- Condo project is incomplete
- Builder/developer controls the homeowners association
- One person or entity owns multiple units in the project
- Limited presales (units that have closed or are under contract)
- Greater concentration of project units are owned by an investor
- Fiscal health of home owners association (i.e. currency of dues, replacement reserves, litigation free)

Other criteria may apply and subject to credit approval and acceptable appraisal.

Open Door – Mortgage Grant Program

If high cost of living is preventing clients from saving for a down payment we may have a solution for you.

The Open Door Grant program seeks to eliminate key barriers to home ownership with assistance for down payment and closing costs via a one-time grant that is applied to a First State Bank mortgage loan. The program also aims to improve accessibility of home loans in specially designated neighborhoods within Macomb, Oakland, and St. Clair counties.

A grant of up to \$7,500 will be provided for each qualifying borrower based on income (Low/Moderate as defined by HUD classification for region and purchase property location). Grants will be applied to down payment and closing costs. If any qualifying funds are remaining, they will be applied to principal balance.

GENERAL REQUIREMENTS:

- First-time home buyer (have not owned a home in the past three years)
- FICO score of 600 or higher with 12 consecutive months of on-time payments (excluding medical collections)
- Total DTI of 46% or lower
- Minimum 12 months of continuous employment
- Home Buyer education course is required
- Income limitations apply
- Grant funds are limited and may not always be available.

Visit fsb.bank/opendoor to view additional details.

Contact your mortgage loan consultant for additional qualifications.

Portfolio Loan

If your clients have a foreclosure, bankruptcy or short sale in their credit history, talk to us.

We may be able to help you get them into a new home quicker.

Unable to get your clients approved for a mortgage? Let us try to help you save your client relationships. We can determine if they qualify for a First State Bank Portfolio Loan which has a shorter waiting time.

PORTFOLIO LOAN QUALIFICATIONS:

- 620 Credit Score
- Good credit re-established
- 20% down

FIRST STATE BANK'S PORTFOLIO LOAN WAITING PERIODS:

- Short Sale: 1 day
- Foreclosure: 1 year
- Bankruptcy: 1 year

SHORT SALE WAITING PERIODS:

- FHA: 3 years
- Conventional: 4 years

FORECLOSURE WAITING PERIODS:

- FHA: 3 years
- MSHDA: 3 years
- VA: 3 years
- Conventional: 7 years

BANKRUPTCY WAITING PERIODS:

- FHA: 2 years
- MSHDA: 2 years
- VA: 2 years
- Conventional: 4 years

Non-structural property changes only, other criteria may apply and subject to credit approval and acceptable appraisal.

Physicians Loan Program

Are you a medical professional looking to purchase a home? We offer a loan program just for you.

Medical school debt doesn't have to interfere with your dreams of owning a home. First State Bank's Physician Loan Program offers 100% financing with no mortgage insurance (MI) for eligible medical professionals. This program offers expanded underwriting guidelines, such as excluding student loan debt from debt-to-income calculations, as well as employment beginning post-closing for those who qualify.

GENERAL REQUIREMENTS:

- Michigan only
- One unit, single family residence/detached/condominium/PUD
- Primary residence only
- Student loan debt belonging to the borrower with the eligible profession may be excluded from the DTI calculation with documentation to evidence deferment or forbearance for at least 12 months after the loan closing date. Student loan debt for all other borrowers must be included in the DTI.

WHO IS ELIGIBLE?

Doctor of Osteopathy (DO)	Doctor of Optometry (OD)
Medical Doctor (MD)	Doctor of Podiatric Medicine (DPM)
Doctor of Ophthalmology (MD)	Doctor of Pharmacy (PharmD)
Doctor of Surgery (DCH)	Doctor of Veterinary Medicine (DVM)
Doctor of Dental Surgery (DDS)	Doctor of Psychiatric Medicine (DPM)

USDA/Rural Development

USDA/Rural Development Loans offer 100% Financing – so 0% Down payment is required.

More individuals may be eligible to become homeowners in rural areas with the help of a USDA guaranteed home loan. Through USDA's Guaranteed Rural Housing Loan Program, low and moderate income people can qualify for mortgages, even without a down payment.

PROGRAM BASICS:

- USDA Loans can be used to purchase primary homes only
- Eligible properties: attached/detached PUDs and manufactured homes, condos that are FHA, VA and FNMA approved
- Property must be in USDA-approved area: <http://eligibility.sc.egov.usda.gov/>
- Maximum debt-to-income ratio of 41% or GUS approval
- Minimum credit score of 620 or GUS approval

USDA FEES:

- Guarantee Fee: 1% of loan amount (rolled into new mortgage)
- Annual Fee: 0.35% of loan amount paid monthly (ex. \$100,000 loan amount = \$29.17/month)

Check for Maximum Loan Amount eligibility:
www.rd.usda.gov/files/rd-sfharealoanlimitmap.pdf

Review Program Income limits:
eligibility.sc.egov.usda.gov/

VA Loans

Allows eligible service members & veterans to make lower down payments compared to other loan options.

PROGRAM BASICS:

- Available to active and non-active duty members
- Home purchase or refinance available
- Buy a primary home with 100% financing available – so 0% down payment is required
- No monthly PMI (private mortgage insurance)
- Can be used to purchase 1–4 unit properties, PUDs, Townhomes, Manufactured homes (certain requirements needed), Approved condos (certain requirements needed, Primary or second home (must meet certain requirements to be used for a second home)
- Maximum debt-to-income ratio is generally 41%, but can vary above that based on compensating factors
- Minimum Credit Score eligibility is based on automated underwriting

NOTE:

- Borrower will need a copy of their DD-214 or Certificate of Eligibility from the VA for qualification
- VA appraisal generally follows the same health and safety guidelines as FHA
- VA guarantee fee is 1.25 – 3.3% of the new loan amount, depending on down payment or subsequent use (rolled into new mortgage)

VA loans are governed by the U.S. Department of Veterans Affairs. Other criteria may apply and are subject to credit approval. If you've received a bad conduct, other than honorable, or dishonorable discharge, you may not be eligible for VA benefits.

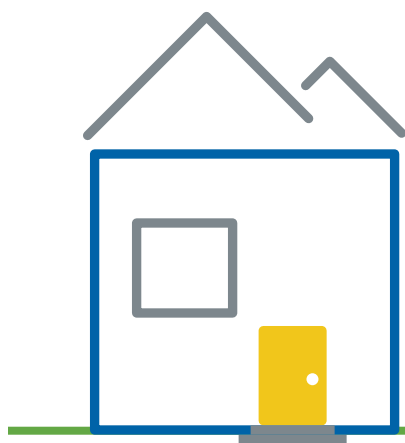
All roads lead home.

The mortgage journey
with First State Bank.

Whether you're a first time homebuyer or you've been through the home buying process before, you can rely on First State Bank for a winning mortgage experience.

Our experienced lenders will coach you through the mortgage process to find the loan that best fits your needs.

If you're looking to buy, build, remodel or refinance a home, your hometown bank has you covered.



1. TIME TO GET STARTED

- Talk to a mortgage consultant to get started
- Securely submit necessary documentation online
- Want to apply online? Expect a response within 24 hours from a Mortgage Consultant

2. ON YOUR WAY

- Your credit report is pulled and your Mortgage Processor sends the report and your documents to Underwriting for their review
- Underwriting reviews loan within 8 business hours of receipt

3. THE PROCESS CONTINUES

- Underwriting will let your Mortgage Processor know if your loan is approved (or not)
- Great news! Your application has been approved. Next:
- Appraisal is ordered (can take 6 - 10 calendar days)
- Title work is ordered (may take 3 - 5 business days)
- Your processor may ask you for more information, such as:
 - Explanation of large deposits
 - Additional paystubs
 - Verification of funds
 - Tax returns
 - Explanations on credit inquiries/delinquencies

4. YOU'RE ALMOST THERE

- Mortgage processor sends appraisal, title work, and any requested info to Underwriting for FINAL review
- Preliminary closing documents will be sent to you once everything has been reviewed and cleared. You'll have at least three days to review before a closing can be scheduled

5. WELCOME HOME!

- Your closing with the title company is scheduled. Congratulations on your new home!

Client Mortgage Application Checklist

☐ **Last year's W2s**

☐ **Pay check stubs or Profit/Loss statements**

Provide the most recent paystubs or current profit/loss statement, if self-employed

☐ **Tax returns, if you are self employed**

Provide two years of the most recent personal federal income tax returns. Provide your business tax returns if you are self-employed.

☐ **Social Security/Disability award letter**

☐ **Bank statements for all accounts**

Most recent two months of statements (all pages)

☐ **Retirement statements**

including 401(k), IRA, Roth, etc.

☐ **Valid photo identification**

(ex.: Drivers license, passport, etc.)

☐ **Full divorce decree**

☐ **Bankruptcy documents**

(include copy of all pages, schedules, and discharge page, if applicable)

☐ **Gift letter** (if using gift funds)

☐ **Purchase agreement** for the new home

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