

Eight Steps to Home Ownership

A Guide to Obtaining Your Gate City Bank Home Loan



 **Gate City Bank**

For a Better Way of Life.®

Eight Steps to Your Dream Home

Buying a home is an exciting time in your life with important decisions to make. Gate City Bank will be there for you to ensure that it will be an efficient, pleasant, and ultimately rewarding experience. As the #1 mortgage lender in North Dakota with locally approved, financed, and serviced home loans, Gate City Bank will provide you with expert advice and save you time.

These eight simple steps will help you successfully open the door to your dream home.

1 Obtain Your FREE Pre-Approval

A home purchase may be your largest and most significant financial investment. Your loan officer will visit with you and determine, based on your personal situation, how much you can spend on a home. You will then receive your **FREE** pre-approval immediately, and we will stand by it on closing day. Realtors and sellers understand the importance of your pre-approval letter, and they will be more comfortable in accepting your offer.

2 Find a Home

Found your dream home?

Once you've made an offer on a property and it's accepted, share the good news, and provide us with a copy of your signed purchase agreement.

3 Start the Loan Process

To start processing your loan, we will discuss the following:

- Personal information (checklist below).
- Details of your loan amount and any fees associated with your closing.
- Locking in your interest rate to guarantee a specified interest rate for a specified period of time.
- Other forms associated with specific loan programs.

4 Obtain Homeowner's Insurance

Now that you're well on the way to purchasing your home, you'll need homeowner's insurance. Gate City Insurance Agency* is an entity owned by Gate City Bank and is perfectly positioned to be your trusted insurance partner. We can contact Gate City Insurance Agency for you, and they will provide you with a FREE quote.

If you would like to contact your existing agent/agency, we will provide you with the information necessary.

*Insurance Products are not insured by FDIC or any Federal Government Agency; are not a deposit of, or guaranteed by the Bank or any Bank Affiliate; and may lose value.

Personal Information Checklist:

Account Information:

A copy of your most recent statement for checking, savings, investments, and retirement accounts.

Address Information:

Provide all addresses you have lived at over the past two years.

Employment Records:

- Your most recent year-to-date pay stub(s).
- Copies of your W-2s and completed Federal Income Tax Returns from the past two years.

Other items may include:

- Divorce decree (if applicable).
- VA applicants to provide a copy of DD214 or an original statement of service and a certificate of eligibility.
- If you are applying for a refinance, you will need to provide proof of homeowner's insurance coverage amount, premium amount, and the most recent statement for the mortgage loan(s) you are refinancing.

If any of the information you previously provided changes, such as income or debt, please let us know.

5 Get a Home Appraisal

To determine the home's current appraised value, Gate City Bank will make arrangements with a third party company to inspect the home and compare it to similar homes sold in the area. When the appraisal is complete, we will provide you with a copy and discuss the results.

6 Obtain Title Insurance

Gate City Bank will obtain title insurance to get the legal details of the property and identify any other loans against the home. This helps protect you from any potential issues with the title of the home.

7 Finalize the Loan Approval

To prepare for the closing on your home, Gate City Bank will review your loan package, appraisal, total debt ratio, credit history, employment history, and other required information to finalize the loan.

8 Close on Your Home

Gate City Bank will provide you with information about your loan, loan fees, and other costs associated with obtaining your loan. We will discuss the total dollar amount you will need to provide to the title company at closing. The bank will prepare the closing documents for you to sign, and we will work with you to ensure you close **on your scheduled closing date.**

Congratulations You're a Homeowner!

This eight-step process to home ownership will help make the dream of owning your own home a reality, and create a better way of life for you and your family.

Notes: _____

#1 MORTGAGE LENDER

With locally approved, financed, and serviced home loans.

- Servicing of your loan stays at Gate City Bank for the entire life of the loan.
- Insurance claim checks can be brought to any Gate City Bank office.
- Payments can be made at any Gate City Bank office.
- Questions on payments, taxes, or insurance can be answered at any Gate City Bank office.



COMMON LOAN TERMS

Additional Principal Payment: Paying more than the scheduled amount due will reduce the remaining principal balance on your loan.

Adjustable Rate Mortgage (ARM): A mortgage with an interest rate that changes during the life of your loan.

Annual Percentage Rate (APR): The annual percentage rate is the calculation of the interest rate you pay each year and includes other fees that you pay to get your loan.

Appraised Value: An appraiser's opinion of the home's fair market value, based on their knowledge, experience, and analysis of the home.

Asset: A review of your checking, savings, retirement, and investment statements to verify funds are available for the down payment and closing costs.

Closing: Gate City Bank and the title company will meet with you to sign the mortgage documents and finalize the purchase of your home.

Closing Costs: Expenses that are incurred when transferring ownership of a property. Closing costs may include an origination fee, property taxes, charges for title insurance and escrow costs, and appraisal fees.

Credit Report: A report detailing your credit history that is prepared by a credit bureau.

Down Payment: An initial payment made on the purchase price of your property that is not financed with your mortgage.

Earnest Money: A deposit made to a seller showing the intent to purchase a home.

Escrow Payment: The part of a mortgage loan payment that is reserved to pay for property taxes, hazard insurance, and mortgage insurance as they come due.

FHA Mortgage: A government mortgage that is insured by the Federal Housing Administration (FHA).

Fixed Rate Mortgage (FRM): A mortgage interest rate that is fixed throughout the entire term of your loan.

Interest: The fee charged for borrowing money.

Loan-to-Value (LTV) Percentage: The principal balance of your mortgage compared to the appraised value or sales price (whichever is lower) of your home. For example, a \$100,000 home with an \$80,000 mortgage has an LTV of 80 percent.

Maturity: The date on which the principal balance of your loan becomes due.

Monthly Mortgage Payment: The monthly mortgage payment includes the principal balance of the loan, interest charged for the loan, as well as taxes and insurance on the home.

Mortgage: The mortgage document that provides collateral for your loan.

Mortgage Insurance: Insurance that protects the bank if payments are not made on your mortgage loan.

Origination Fee: A fee paid for processing your loan application.

Pre-Approval: A written statement of how much money you will be eligible to borrow.

Principal Balance: The outstanding balance of principal on a mortgage not including interest or any other charges.

Rate Lock: The guarantee of a specified interest rate for a specified period of time.

Underwriting: The bank's assessment of the home and your ability to repay the loan.

VA Mortgage: A mortgage that is guaranteed by the Department of Veterans Affairs (VA).