



HOMEBUYER'S MORTGAGE GUIDE

HELPFUL INFORMATION TO GUIDE YOU THROUGH
THE MORTGAGE PROCESS.

WINTRUST[®]

M O R T G A G E

WHY WINTRUST?

WINTRUST MORTGAGE WAS CREATED TO ASSIST IN THE AMERICAN DREAM OF HOMEOWNERSHIP.

Wintrust Mortgage is a part of Wintrust Financial Corporation, a multi-billion dollar financial services holding company. Our **ability to lend in all 50 states** makes us one of the largest mortgage bankers in the country. Our large volume enables us to offer you **competitive rates**.

Wintrust Mortgage is not like other mortgage providers. For us, it's not just about products and price. It's about service to our customers and our community. Wintrust Mortgage is your calm, clear and experienced guide through the mortgage process.

Our company offers exceptional service and a wide variety of solutions:

COMPETITIVE RATES

FIRST-TIME HOMEBUYER PROGRAMS

SIMPLE PRE-QUALIFICATION PROCESS

IN-HOUSE PROCESSING, UNDERWRITING, CLOSING AND FUNDING

FHA, VA, CONVENTIONAL AND PORTFOLIO PROGRAMS

RESIDENTIAL AND COMMERCIAL LENDING

THANK YOU TO OUR CUSTOMERS WHO HAVE HELPED US IN OUR ACHIEVEMENTS!
WE COULDN'T HAVE DONE IT WITHOUT YOU!





WHAT IS A MORTGAGE?

FINDING THE PERFECT HOME FOR YOU AND YOUR FAMILY CAN BE HARD, BUT UNDERSTANDING YOUR MORTGAGE SHOULDN'T BE. BELOW IS A BREAKDOWN OF YOUR NEW LOAN PAYMENT.

PRINCIPAL

The amount of money borrowed. Each month when you make a mortgage payment, a small portion of the principal is being paid back.

INTEREST

The interest on a home mortgage is the cost of borrowing money in addition to the principal amount.

PROPERTY TAXES

Taxes are paid to local governments. Lenders may collect taxes through monthly payments that they use to pay the property taxes when they are due, or you may be able to arrange the payments on your own.

HAZARD INSURANCE

This insurance, also known as homeowners insurance, protects homeowners against unexpected events that affect the home. Replacement cost coverage will repair, replace or rebuild a home with materials similar to the kind and quality used in constructing it, up to a preset amount.

MORTGAGE INSURANCE

An insurance policy that pays mortgage lenders if a borrower fails to repay a loan. Mortgage insurance makes it possible to buy a home with a down payment of less than 20%.

ASSESSMENTS

Condominiums, townhomes and some single-family homes charge assessments for the general upkeep of the common areas of the building as well as amenities associated with the residence. You are required to pay the association directly. The association dues are not part of the mortgage payment to the lender.



START OFF ON THE RIGHT FOOT. **PRE-QUALIFY.**

BEFORE YOU BEGIN SEARCHING FOR A NEW HOME, YOU NEED TO DETERMINE HOW MUCH YOU CAN AFFORD. WITH WINTRUST MORTGAGE, YOU CAN GET PRE-QUALIFIED FROM THE COMFORT OF YOUR OWN HOME!

DETERMINE HOW MUCH HOME YOU CAN AFFORD.

Pre-qualification helps you avoid buying less of a home than you can afford or being disappointed if you don't qualify for as much as you hoped.

SHOW WHAT YOUR DOWN PAYMENT WILL BE.

You'll know approximately how much money you'll need for down payment and closing costs.

KNOW WHAT YOUR MONTHLY PAYMENT WILL BE.

You'll have a general idea of what your monthly principal, interest, taxes and insurance payment will be. With the wide variety of loan programs available, it's important to know which types you qualify for and which program will best suit your needs.

Pre-qualification is a great way to start your home buying process. It helps set expectations of how much money you will be able to borrow as well as down payment and monthly payment. Keep in mind that a pre-qualification is not a full application, so it is only an estimation.

WHEN YOU ARE PRE-QUALIFIED YOU WILL RECEIVE A PRE-QUALIFICATION CERTIFICATE TO GIVE TO YOUR REAL ESTATE AGENT. THEN IT'S TIME TO START LOOKING FOR A HOME!

BUYING A HOME IN **FIVE SIMPLE STEPS.**

THE HOMEBUYING PROCESS CAN SEEM OVERWHELMING TO FIRST-TIME BUYERS.

THE MORE YOU UNDERSTAND HOW THE PROCESS WORKS, THE LESS INTIMIDATED YOU'LL BE.

1. PREMIER BORROWER PROCESS

Before you begin a search for a new home, you should be pre-qualified. This process helps determine what you can afford. You can submit your pre-qualification certificate with the purchase contract to the seller which enhances the offer and makes you more attractive to the seller.

THE FUN PART! GO FIND YOUR DREAM HOME!

2. LOAN APPLICATION

Once all parties have agreed to the purchase price and terms have been signed, there is an executed contract, which becomes the foundation of the new mortgage. Within three general business days after application you will receive a Loan Estimate, which explains the costs and risks of the mortgage. There are three steps which need to be completed in order to proceed with the loan.

Decide on a loan program.

Gather all personal documentation.

Sign all necessary loan documents.

3. LOCKING AN INTEREST RATE

You may choose to lock your rate at the time of application or may choose to float your loan to be locked at a later time. Knowing the closing date on the purchase contract helps us to determine the best time to lock the rate. Rates fluctuate every day. It may be a good idea to secure your rate as soon as you can to avoid a surprise rate increase.

4. THE APPROVAL PROCESS

There are three major steps that are accomplished between your application signing and closing your loan with Wintrust Mortgage.

Appraisal - An appraisal is an opinion of the property's value and is necessary to close your loan. Wintrust Mortgage will order an appraisal on the property to be sure that you are paying fair market value.

Title and Escrow - Real estate attorneys will generally order these services and then forward the findings to Wintrust Mortgage for the closing package.

Underwriting - Each loan will be sent to an underwriter who reviews the application, supporting documentation, financial information, sales contract, appraisal and title to ensure all necessary criteria and regulations are met.

5. CLOSING

Three business days before closing, you will receive a Closing Disclosure, which explains the costs of the transaction. The charges incorporate the lender's, attorney's, realtor's and title fees as well as taxes and insurance escrows. On the closing day, all final closing documents will be signed with a title company. Your first mortgage payment usually will not start until the second first of the month past the closing date.

LOAN PROGRAMS

WINTRUST MORTGAGE CAN HELP FIND A LOAN PROGRAM THAT IS RIGHT FOR YOU!

FIXED RATE MORTGAGES

Fixed rate mortgages are available in various terms. The interest rate remains fixed for the life of the loan, and the principal and interest payments remain consistent.

ADJUSTABLE RATE MORTGAGES (ARMS)

These types of loans have interest rates that are fixed for a specified term then adjust periodically based on changes in a pre-selected index.

FHA LOANS

The Federal Housing Administration (FHA) operates under the control of the Department of Housing and Urban Development (HUD). The FHA removes risk from lenders to allow buyers who may have not previously qualified to obtain a home loan mortgage.

VA LOANS

The U.S. Department of Veterans Affairs (VA) loans are designed to provide assistance in purchasing a home for United States Veterans. In most cases, no down payment is required and the parameters for obtaining the loan are less stringent.



THINGS TO AVOID DURING THE MORTGAGE PROCESS.

BEFORE MAKING ANY CHANGES TO YOUR FINANCIAL SITUATION
HERE ARE A FEW TIPS TO HELP YOU CONTINUE ON YOUR PATH TO HOMEOWNERSHIP.

AVOID CHANGING JOBS

Changing jobs before or during the loan process can create a problem qualifying you for a loan, particularly if that job is in a different line of work or at a lower rate of pay than your current job. Many loan programs require you to have a two-year work history.

AVOID FINANCING ANY MAJOR PURCHASES

The resulting payment of your purchase may impact your ability to qualify for a mortgage. A new large monthly payment can affect the loan amount you qualify for, and it can make it difficult to get approved.

AVOID PULLING YOUR CREDIT SCORES

Multiple credit inquiries in a short time period may have a negative impact on your credit score. Since interest rates and good credit scores are directly linked, it is in your best interest to minimize the number of times your credit is pulled.

AVOID SWITCHING BANKS OR MOVING YOUR MONEY BETWEEN ACCOUNTS

Funds for new accounts opened or large deposits will have to be explained which can lengthen the verification process. If you are transferring money from investment or retirement accounts, make sure you keep the withdrawal/deposit receipts, and make sure you clearly show where you deposited the money.

THIS LIST DOESN'T COVER EVERYTHING, BUT IT IS A GREAT START TO A SMOOTH APPROVAL PROCESS.
CONSULT A CREDIT ADVISOR FOR A FULL LIST OF THINGS TO AVOID.

WHO IS INVOLVED?

IT IS IMPORTANT TO KNOW WHAT EACH PERSON IS RESPONSIBLE FOR IN THE MORTGAGE PROCESS.

APPRAISER

An individual who uses experience and comparable properties to determine the market value of a property.

BUYER'S AGENT

A real estate agent that works to negotiate the best terms and price for the buyer.

HOME INSPECTOR

A professional who inspects a property to ensure potential buyers know any structural issues, plumbing, electrical, heating and cooling, installation and interior, etc. with a property.

INSURANCE AGENT

A professional who assists buyers in obtaining homeowners insurance, a necessary step in obtaining a mortgage.

LISTING AGENT

A type of real estate agent that represents homeowners when trying to sell their home.

REAL ESTATE LAWYER

Legal professionals who specialize in aspects of buying and selling real estate properties.

TITLE COMPANY

Independent agency that issues title related documents without bias.

WINTRUST MORTGAGE LOAN ORIGINATOR

An employee of Wintrust Mortgage who works with you to set up the best loan structure to fit your needs.

BE PREPARED. YOUR APPLICATION CHECKLIST.

USE THIS SIMPLE CHECKLIST TO KEEP TRACK OF YOUR NEEDS AND ACCOMPLISHMENTS.

WHAT IS TYPICALLY NEEDED TO PROCESS YOUR MORTGAGE APPLICATION:

- Contract for purchase
- Last 2 year's W2s & tax returns - all schedules
- Last 2 month's bank statements - all pages
- Last 30 day's pay stubs
- Business tax returns & K1s for 2 years (if self-employed)
- Real estate attorney's phone number
- Realtor's phone number
- Insurance agent's phone number

- NOTES/QUESTIONS -

GLOSSARY OF MORTGAGE TERMS.

AMORTIZATION

The gradual repayment of a mortgage loan by installments.

ANNUAL PERCENTAGE RATE (APR)

The actual cost of a mortgage stated as a yearly rate including such items as interest, mortgage insurance and closing costs required by the lender and title company.

APPRAISED VALUE

An opinion of a property's fair market value based on an appraiser's knowledge, experience and analysis of the property.

APPRECIATION

An increase in the value of a property due to changes in market conditions or other causes. The opposite of "Depreciation."

CLOSING COSTS

Expenses (over and above the price of the property) incurred by buyers and sellers in transferring ownership of a property. Buyer's closing costs typically include fees for application, processing, underwriting, flood certification, transfer taxes (where applicable), title company, interest, tax & insurance escrows and attorney.

CLOSING DISCLOSURE (CD)

Explains the costs of the transaction. This document must be given to the consumer 3 days prior to closing which ensures no surprises at the closing table.

CONVENTIONAL LOAN

These are loans that are sold to government sponsored enterprises, Fannie Mae and Freddie Mac. Conventional loans are not insured by any government program such as FHA, VA, or USDA. Conventional loans are the most common type of mortgage.

DEPARTMENT OF VETERANS AFFAIRS (VA)

VA loans are guaranteed by the U.S. Department of Veterans Affairs. VA loans are offered to eligible American veterans or their surviving spouses.

ESCROW ACCOUNT

An account into which deposits for real estate taxes and insurance (mortgage insurance, hazard insurance and flood insurance as applicable) are made as part of the monthly mortgage payment. The mortgage servicer pays the taxes and insurance out of the account when due. The consumer receives an annual escrow analysis stating all funds paid into and out of the account.

FEDERAL HOUSING ADMINISTRATION (FHA)

FHA loans are designed for borrowers who are unable to make a large down payment. These loans are insured by the Federal Housing Administration.

HAZARD INSURANCE

This insurance, also known as homeowners insurance, protects homeowners against unexpected events that affect your home. Replacement cost coverage ensures that your home will be fully rebuilt in case of a total loss.

LIABILITIES

A person's financial obligations. Liabilities include long-term and short-term debt, as well as any other amounts owed to others.

LOAN ESTIMATE (LE)

This document is provided to consumers within three business days after a completed application is received. The LE provides important information including an estimated interest rate, monthly payment and closing costs for the loan.

LOAN APPLICATION

The loan application is a detailed form designed to provide information to originate your loan. Lenders use the application to evaluate whether or not they can give you a loan and if so, the amount of money they can lend you. The loan application form requests information such as bank account balances, employment and income information and liabilities.

LOAN-TO-VALUE (LTV) RATIO

The relationship between the principal balance of the mortgage and the appraised value of the property. For example, an \$80,000 mortgage on a home valued at \$100,000 has a LTV of 80% (\$80,000/\$100,000). The remaining \$20,000 is your down payment.

INTEREST RATE LOCK

A written agreement in which the lender guarantees a specified interest rate if a mortgage goes to closing within a set period of time.

MORTGAGE BANKER

An institution involved in the origination, processing, underwriting and funding of mortgage loans. A mortgage banker may or may not service the loans it originates and funds.

MORTGAGE INSURANCE

A policy that insures the lender against loss caused by a mortgagor's default. Mortgage insurance can be issued by a private company or by a government agency such as the Federal Housing Administration.

PRE-QUALIFICATION

The process of estimating how much money a prospective homebuyer will be able to borrow before they apply for a loan.

PORTFOLIO LOAN

A loan which is serviced by the lender that issued the money.

TITLE

A legal document evidencing a person's right to, or ownership of a property.

TITLE INSURANCE

Insurance that protects the lender (lender's policy) or the buyer (owner's policy) against loss arising from disputes over ownership of a property. Your lender will require that you purchase a lender's policy. The seller typically purchases an "Owner's Policy" for the buyer.

TRANSFER TAX

State or local tax payable when title passes from one owner to another.

UNDERWRITING

The process of final evaluation of a borrower's loan application to determine whether or not the application meets the lender's guidelines by assessing the borrower's ability to repay the loan based on an analysis of their credit, capacity and collateral.

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www.wintrust.com/myhome

If you are working with a Realtor, please disregard. Programs, rates, terms, and conditions are subject to change at any time. All approvals are subject to underwriting guidelines. FHA loans will require an up-front mortgage insurance premium and are also subject to a monthly mortgage insurance premium. A funding fee is required on VA loans. If the down payment is less than 20% and based on the selected program and term of the loan, monthly mortgage insurance may be required. Wintrust Mortgage is a division of Barrington Bank & Trust Company, N.A., a Wintrust Community Bank NMLS# 449042 © 2018 Wintrust Mortgage

