



THE FEDERAL
SAVINGS BANK



HOMEBUYER HANDBOOK





THE FEDERAL SAVINGS BANK

Home Begins Here.



CONTENTS

Intro **05**

About TFSB **06**

Meet Your Banker **07**

Customer Testimonials **08**

Digital Experience/Tools Offered **09**

Steps to Homeownership **10-11**

Do's & Don'ts **12-13**

Credit Score **14-15**
(Understanding Your FICO Score)

Mortgage Glossary **16-18**





INTRO

Preparing to become a homeowner is a critical step of the mortgage process. As such, we are committed help you achieve your homeownership dreams, this includes providing you with the necessary tools and support to successfully buy a home and manage your new financial responsibilities.

You are in good hands. At The Federal Savings Bank, we control the home lending process from beginning to end, which will help you close your mortgage in a smooth and fast manner. We look forward to helping you fulfill your homeownership dreams.

A good start is to carefully read the materials in this booklet and reach out to your banker if you have any doubts or questions – we are always here to help. A clear understanding of the process is key to your success as a homeowner. We hope you find this booklet useful during the application, pre-approval, closing, and once you are moved in and settled in your new home.

ABOUT US

The Federal Savings Bank is a veteran-owned, federally chartered bank focused on educating our customers about the mortgage process. We provide the highest quality mortgage experience because we understand our customers and have the loan products to meet their financial needs.

What does that mean to our clients? It means we have the capabilities to solve their problems no matter where they live and what they need.



MEET YOUR BANKER



JENNY BANKER

Senior Vice President, NMLS#1234566

T: (123) 456-7890

F: (123) 456-7890

C: (123) 456-7890

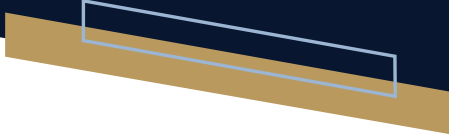
jbanker@thefederalsavingsbank.com

<https://www.thefederalsavingsbank.com/jenny-banker>



Ready to start the application process?
Scan this QR code to begin!

TESTIMONIALS



“ My journey to purchase my first home was an amazing experience, thanks to the banker and his team. I entered the process feeling clueless but became quite knowledgeable as they exhibited their patience and expertise while guiding me along the way. No question went unanswered. I was always showered with a wealth of information, and that made me feel confident enough to make the decisions that came my way. I can now enjoy the comforts of my new home and will be ever grateful to the people who made that possible. Thank you!

- Demetrius T.

“ I had a good experience with The Federal Savings Bank. They did a great job thank you to the people who helped me!

- Santos Vasquez B.

“ The banker has always been honest, and sincere, and had our best interest at heart. Our experience did not feel like a transaction, instead, we received his undivided attention. He has invested the time to get to know us. We appreciate the business relationship we have been able to cultivate. Thank you, for your time and dedication to our investments.

- Jaime V.

“ From start to finish the banker was there every step of the way. She made the loan process very easy. I was a first-time home buyer, everything was new to me and she was always there to answer any questions that I had, always so professional and friendly, so glad I had a chance to work with someone as knowledgeable as the banker and her entire team. Will definitely recommend her to anyone who needs a loan.

- Montelly L.



WHY WE'RE DIFFERENT

We have complete control of the entire lending process¹:



Digital Closings



Fast Turn Times



In-house Underwriting and Closing



Ability to Lend in All 50 States

TYPICAL LOAN PROCESS TIMELINE

FIND YOUR HOME

Understand your preapproval parameters
Happy Home Shopping

1

<< 5+ DAYS

HOME INSPECTION

Review Final Report with
REALTOR and/or attorney

2

3-5 DAYS >>

FINALIZE CONTRACT

Make Final adjustments to contract
Drop off 2nd earnest money
Activate full loan approval process

3

<< 5-7 DAYS

APPRAISAL

Appraisal Report Confirms Value
Condo Review (if applicable)

4

5-14 DAYS >>

FORMAL LOAN APPROVAL

Loan Submitted for Underwriting
Receive Lender Approval

5

<< 2-5 DAYS

6

CLEAR LOAN FOR CLOSING

Underwriting clears loan conditions
Closing is scheduled

1-2 DAYS >>

REVIEW CLOSING COSTS

Closing details issued
Wire/Cashier's check for balance due at closing

7

<< 2-3 DAYS

8

WALK-THROUGH

Ensure property is in good condition
ALMOST there!

1 DAY BEFORE CLOSING >>

CLOSE ON YOUR NEW HOME



For Example Purposes Only

DO'S

- ✓ Inform the banker of any changes to your personal information
- ✓ Reduce expenses
- ✓ Save all pay stubs, bank statements, W2's
- ✓ Keep current employment
- ✓ Notify us immediately if your salary or other compensation changes
- ✓ Read all correspondence from The Federal Savings Bank and your banker
- ✓ Make sure the security deposit comes from an acceptable source (ie. checking, savings, 401K)
- ✓ Keep documentation of any large or significant deposits into your bank accounts
- ✓ Continue to make all payments on time for credit cards, loans, and rent/mortgage
- ✓ Provide your homeowners insurance agents name and phone number at least ten days before closing
- ✓ Ask questions and be informed
- ✓ Call us anytime you have questions or concerns

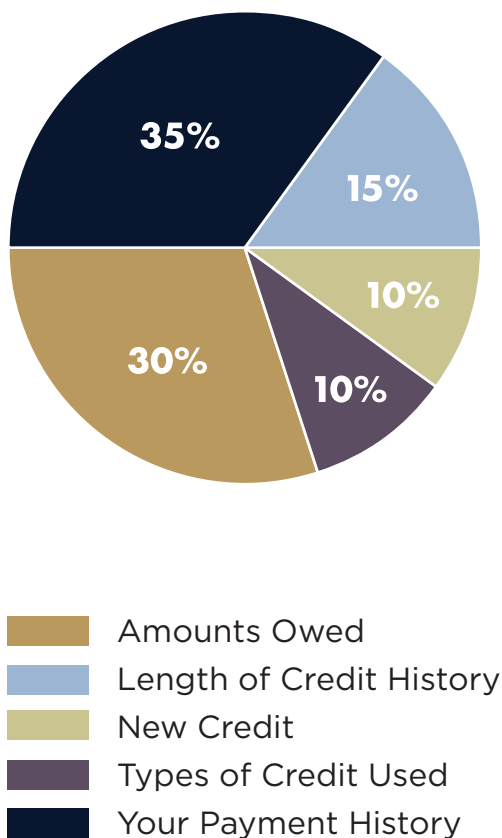
DON'TS

-  Quit or change your job
-  Make any major purchases (furniture, appliances, car, etc.)
-  Apply for new credit or any other type of loan
-  Make any late payments on your existing accounts or mortgage
-  Transfer balances between accounts
-  Start major home improvement projects
-  Make a large deposit into your checking/savings account
-  Do not max out or over charge on your credit cards
-  Write any insufficient funds checks
-  Co-sign for another person on a loan or line of credit
-  Pay off any collections or loans without consulting us first

UNDERSTANDING YOUR FICO SCORE

Your credit score uses your credit report from the three reporting agencies (Experian, TransUnion, and Equifax) to determine the likelihood of your mortgage being repaid on time.

Scores range from about 360 - 840: a lower score meaning a person is a higher risk, while a higher score means that there is less risk. The factors that go into your credit score:



Source: <https://www.myfico.com/credit-education/whats-in-your-credit-score>

WAYS TO IMPROVE YOUR CREDIT

- Check Your Credit Report and dispute errors with the credit bureau and reporting agency. (Late payments incorrectly listed or incorrect amounts owed for any of your accounts)
- Reduce the amount of the current debt you owe
- Pay your bills on time.
- Keep balances low on credit cards and other lines of credit
- Don't close unused credit cards
- Don't open credit cards if you don't need them



MORTGAGE GLOSSARY

Adjustable-Rate Mortgage (ARM) - A mortgage loan that does not have a fixed interest rate. During the life of the loan the interest rate will change based on the index rate. Also referred to as adjustable mortgage loans (AMLs) or variable-rate mortgages (VRMs).

Annual Percentage Rate (APR) - The annual cost of a loan, expressed as a yearly rate that reflects interest, discount points, lender fees, mortgage insurance and other costs of credit, thus being higher than the interest rate on the loan.

Appraisal - A written estimate of a property's current market value, based on recent sales information from similar properties and the current condition of the property.

Closing Costs - Expenses paid by the borrower and/or seller during the closing, which can include the loan origination fee, discount points, attorney's fees, title insurance, appraisals, etc.

Co-Borrower - Any additional borrowers whose names appear on the loan documents. Co-Borrowers are also responsible to repay the loan.

Contingency - A condition that must be satisfied before a contract is legally binding and a sale can close.

Debt-to-Income Ratio (DTI) - Total monthly debt payments (including projected payments for a new mortgage) divided by monthly income.

Down Payment - Initial, upfront payment required when closing on a loan.

Equity - Difference between how much your home is worth and how much you owe on your mortgage.

Escrow - The neutral third party that holds money and/ or documents until the escrow instructions are fulfilled.

Fair Credit Reporting Act - The law that promotes the accuracy, fairness and privacy of information in the files of consumer reporting agencies.

Fannie Mae - A government-sponsored enterprise that buys and sells conventional mortgages.

Federal Housing Administration (FHA) - A division of Housing and Urban Development (HUD) that insures residential mortgage loans and sets standards for underwriting.

FHA Loan - A loan insured by the Federal Housing Administration.

Fixed-Rate Mortgage - A mortgage with an interest rate that doesn't change for the life of the loan.

Freddie Mac - A government-sponsored enterprise that purchases conventional mortgages.

Ginnie Mae - The government corporation inside the U.S. Department of Housing and Urban Development (HUD) that purchases conventional mortgages.

Homeowners Association Fee - Homeowners Association fees are funds used on upkeep and improvements for amenities in the community such as elevators, landscaping, pools and more. HOA Fees usually apply to condo owners but may apply to some single-family homes as well.

Homeowners Insurance (HOI) - Insurance that covers an individual's home against damages to the home or possessions in the home as well as accidents in the home or on the property.

Housing and Urban Development (HUD) - A U.S. government agency established to implement federal housing and community development programs and that oversees the Federal Housing Administration.

Index - A benchmark rate used to help determine the rate on an adjustable-rate mortgage (ARM) after the initial rate expires.

Interest Rate - The amount charged, expressed as a percentage of principal, by a lender to a borrower. It does not reflect fees or any other charges you may have to pay for the loan.

Loan-to-Value Ratio (LTV) - The percentage of a property's value that is borrowed.

Lock-In Rate - A lender's guarantee of an interest rate for a set period of time, provided there are no changes to your application.

Margin - The amount of percentage points, or spread, added to or subtracted from an index to determine the rate an adjustable-rate mortgage will charge after each adjustment.

Mortgage - A security agreement between the lender and the borrower in which the property is collateral for the loan. The mortgage gives the lender the right to collect payment on the loan and to foreclose if the loan obligations are not met.

Mortgage Insurance Premium (MIP) - An insurance premium that a borrower is required to pay on an FHA loan.

Mortgagee Clause - A clause endorsed on a mortgagor's insurance policy whereby the insurance company agrees to protect the mortgagee's interest regardless of any violation of the policy terms by the mortgagor.

MORTGAGE GLOSSARY CONT.

PITI - Principal, Interest, Taxes, and Insurance: the four basic elements of a monthly mortgage payment; payments of principal and interest go directly towards repaying the loan while the portion that covers taxes and insurance (homeowner's and mortgage, if applicable) can go into an escrow account to cover those fees when they are due.

Preapproval - A preliminary approval from a lender to loan a customer a particular amount of money.

Prequalification - A basic review by a lender determining the mortgage amount for which a borrower may qualify.

Principal - The amount of money borrowed to buy a house or the amount of the loan that has not been paid back to the lender. This does not include the interest paid to borrow that money. The principal balance is the amount owed on a loan at any given time. It is the original loan amount minus the total repayments of principal made.

Private Mortgage Insurance (PMI) - Insurance that a borrower is often required to purchase on a conventional loan with an LTV above 80%. PMI protects the lender, not the borrower, if the borrower stops making payments on the loan.

Property Tax - A tax charged by government and used to fund municipal services such as schools, police, or street maintenance. The amount of property tax is determined locally by the property's tax value and the tax rate in the property's location.

Refinance - The process of paying off one loan with the proceeds from a new loan secured by the same property.

Term - The number of years until a loan is due to be paid in full.

Title - A document that gives evidence of ownership of a property as well as rights of ownership and possession.

Title Insurance - Insurance that protects the lender (lender's policy) or buyer (owner's policy) against loss due to disputes over property ownership.

Underwriting - The process of verifying data and evaluating a loan application for approval.

VA Loan - A VA loan is a mortgage loan in the United States guaranteed by the U.S. Department of Veterans Affairs (VA). The VA loan was designed to offer long-term financing to eligible American service members, veterans or their surviving spouses (provided they do not remarry).



THE FEDERAL SAVINGS BANK

Home Begins Here.





THE FEDERAL
SAVINGS BANK



Copyright 2023 © The Federal Savings Bank | Co. NMLS# 411500 | All Rights Reserved | thefederalsavingsbank.com

The Federal Savings Bank is an Equal Opportunity Employer