

Ready to take steps toward home ownership? Buying a home is an exciting time and we're here to help make the journey as positive, efficient and as stress-free as possible.

What makes Marion County Bank different? As the leading home loan lender in the county, we attribute our success to our staff and the way we do business. Even our home loan process is based on the mission statement that our staff has developed:

Marion County Bank is a premier full-service financial institution, operating safely and profitably within a framework of shared integrity. Working together, we will deliver superior financial solutions. We will emphasize strong client relationships, a passion for our community and a culture built on Christian values. Our success will build value for our clients, staff, community and shareholders.

This homebuyer packet is designed to help you succeed in your home buying journey. This packet, along with your mortgage loan officer, will help you understand the process, find the right loan and provide you with the information you need to make informed decisions in the home buying process and ultimately achieve your home buying goals. We are here to serve you.

SCAN TO APPLY NOW!



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The following steps will help you understand our processes and what you can expect from us.

1. Get Pre-Approved

- Complete Loan Application at www.marioncountybank.com
- Loan officer will review your financial situation, explain various loan programs that work best for you, and discuss cost estimates
- Lender is able to issue a pre-approval letter to help strengthen your purchase offer

2. Locate a Property

- Contact a knowledgeable real estate agent - they are the key to help you have a smooth homebuying experience
- Choose a house
- Submit an offer with help from your realtor

3. Purchase Agreement Accepted

- Closing date is set
- Approval contingencies are set
- Inspection date is set
- Earnest money is deposited

4. Loan is Submitted

- Initial documentation, necessary for loan submission, will need to be signed
- A fully executed purchase contract will be required for loan to be submitted and interest rate to be locked

5. Loan is Reviewed

- Your loan is sent to the processing team
- Appraisal is ordered
- Title report is ordered
- Income & assets are verified
- Additional documentation may be required
- Loan is prepared and submitted to underwriting

6. Final Approval

- Loan is reviewed by underwriter
- Ensures that your loan documentation meets the loan requirements.
- Renders final decision of your loan

7. Closing Day

- Loan documents are signed to complete the purchase
- Closing costs and down payment are paid
- Refer to "Understanding Closing Day" for more details
- Congrats, you are now ready to move into your new home!



Mortgage closing is the last step in the exciting process of buying a home. Closing day is the final piece of all agreements made between the buyer, the seller and your lender, for the purchase and financing of your new home. Signing the closing documents legally transfers ownership from the seller, and you become the new owner of the property.

What Happens At Closing

Mortgage closings typically last around 45 minutes and take place at Marion County Bank with your loan officer. In most situations, you will not even see the seller or other third party partners.

Signing Documents

As a buyer, you will have a lot more paperwork to sign than the seller. Your loan officer will explain each closing document and answer any questions you have about the documents before you sign them, so don't hesitate to ask.

Down Payment and Closing Costs

Closing costs are fees associated with your home purchase that are paid at the closing of a real estate transaction. Closing costs vary widely based on where you live, the property you buy, and the type of loan you choose. At Marion County Bank, we strive to keep fees low by using competitive third party partners and not charging an origination fee on conventional mortgage loans.

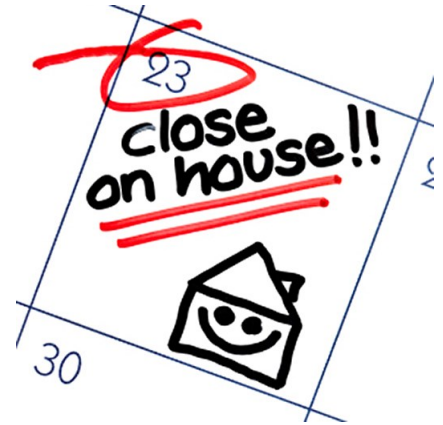
Your loan officer will have provided you with a closing disclosure up to one week in advance of your closing that explains your closing costs. Your costs will include third party fees (appraisal fee, attorney fee, abstract fee, credit reporting, processing, and underwriting), a deposit for your escrow account (property taxes, PMI and homeowner's insurance) and your down payment amount.

Ownership is Transferred

After signing documents and writing your check, you will have ownership of the property. Your loan officer will handle the submission of paperwork and filing the documents for public record.

Get your keys and officially become a homeowner.

Congratulations!



Here are popular mortgage terms that are used throughout the home financing process.

Annual Percentage Rate (APR): This is your annual cost of the loan represented as a percentage. APR allows homebuyers to compare different mortgage programs based on their annual cost.

Adjustable Rate Mortgage (ARM): An ARM may have a lower interest rate than a fixed rate home loan. The adjusted rate may fluctuate over the course of the loan term based on the index, and mortgage payments may increase.

Appraisal: A professional opinion of market value of a property.

Closing Costs: These are the costs and fees that are due on the date of closing, when a borrower obtains their mortgage and receives the title to their property. Closing costs include insurance, taxes, and other applicable fees.

Credit Report: This report details a borrower's credit history and current financial obligations.

Down Payment: This is the portion of the purchase price that the buyer pays.

Debt-to-Income (DTI): Lenders use this ratio to determine if a borrower can afford their monthly mortgage payment. They divide the borrower's monthly debts by their pre-tax income.

Fixed Rate Mortgage: With this type of mortgage, a borrower's interest rate stays "fixed" and will not change during the life of the loan.

Interest: This is the money the borrower pays a lender over a period of time as part of the mortgage agreement.

Loan-to-Value (LTV): The lender divides the amount of the loan by the purchase price, or appraised home value. For example, if a borrower's loan amount is \$80,000 and their purchase price is \$100,000, then their LTV is 80%.

Principal, Interest, Taxes and Insurance (PITI): These make up a borrower's total monthly mortgage payment.

PMI: PMI stands for Private Mortgage Insurance which is required on conventional loans with less than a 20% down payment.

Principal: This is the amount of debt remaining on a loan before interest; it is the face value amount of the mortgage.

Rate Lock: This is a commitment between you and the lender to hold a certain interest rate for a specified period of time. When you decide to lock your rate, you will receive a written confirmation from your lender.

Loan Estimate and Closing Disclosure: The loan estimate and closing disclosure requires creditors to provide clear, accurate costs to the borrower in order to keep them informed about their financial decisions.

Title: This is a document that states a real estate transaction took place and establishes the buyer as the legal and exclusive owner of the property.

Title Insurance: This type of insurance provides a real estate owner and lender with protection against any loss or damage they may experience if any claims against the title are made.

Underwriting: This is the process of evaluating a loan application to determine the risk involved for the lender.



UNDERSTANDING CREDIT



MARION COUNTY BANK

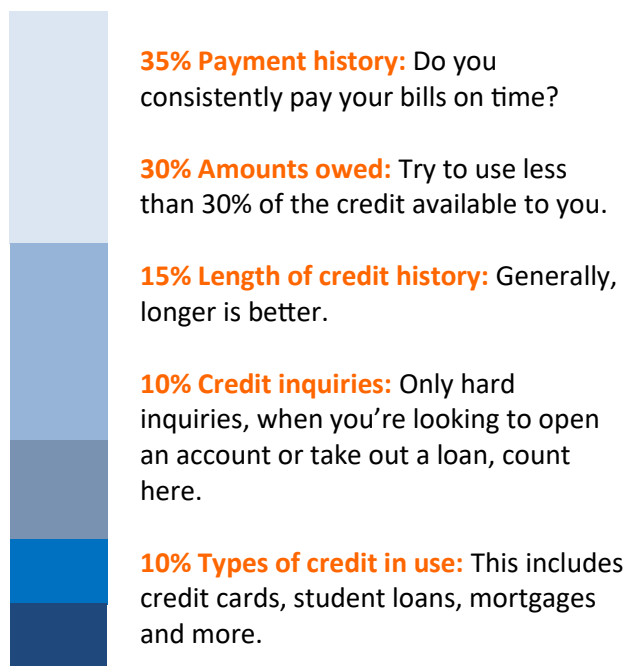
Your credit score impacts all areas of your financial life, including the rate you qualify for on a mortgage. The higher your credit score, the better. So if you're wondering how to improve your credit score, understanding the ins and outs of how it's calculated can help you figure out how your actions impact your rating. Below, we've put together everything you need to know in order to improve your credit score.

What is a credit score?

A credit score is a number determined by a credit bureau that helps lenders assess how well you've managed your financial obligations.

What makes up a credit score?

While there's no single formula that determines a credit score, here are some categories and their relative importance.



What do the numbers mean?

The higher the score, the more likely you are to repay your obligations and the less you are seen as a financial risk to creditors. Most credit scores rank individuals on a scale from 300-850.



| FICO Score Range | Analysis |
|------------------|---|
| Below 620 | Review opportunity to improve score with your loan officer. |
| 620-659 | Limited products available, but feasible. Higher interest rates and mortgage insurance are typical due to increased risk. May have restrictions for obtaining PMI (private mortgage insurance). |
| 660-719 | More products available and fewer underwriting restrictions. |
| 720+ | Full range of products available, best rates, and lower down payment requirements. |

Where can I get my credit score and report?

The three major credit bureaus produce credit reports and you can request one free report annually from each. Visit AnnualCreditReport.com or call 877.322.8228 for more information.

Following your loan application, your lender can provide you with a credit report.





RENTING VS BUYING



Are you ready to buy? Use the chart below for an overview of the advantages and considerations of buying a home.

| | Renting | Buying |
|----------------------------------|--|---|
| Repairs | Little or no responsibility for maintenance. | You are responsible for any maintenance and utilities. |
| Painting & Decorating | Restrictions governed by landlord. | You have the freedom to personalize. |
| Tax Benefits | None. | Income tax benefits are possible. |
| Flexibility | Relocating to a new place is easy. | You have to sell or rent your house if you want to move. |
| Monthly Payment | Landlord has control over rent increases. | With a fixed rate mortgage, your monthly payment will remain the same for the life of the loan. |
| Ownership | It belongs to your landlord. | It belongs to you. |
| Pets | Restrictions are governed by landlord. May require additional deposits and higher rent. | You have the freedom to decide. |
| Appliances | You use what is provided. | You get to choose appliances and also have the responsibility of paying for them. |
| Yard Work | Check your lease. It may be taken care of or you may be required to do it yourself. | Your responsibility and freedom to personalize. |
| Insurance | Find out what is covered under your landlord's policy. You'll need an option renter's policy to cover your personal possessions. | Required. |



The chart below provides an overview of loan products available at Marion County Bank.

Conventional Loans

Fixed Rate Conventional Mortgage

- A conventional mortgage is the most common loan type and usually has the best rates.
- No income limits
- Fixed rate terms from 10 years to 30 years
- Standard PMI is applicable if down payment is less than 20%
- Minimum Credit Score - 620
- Minimum Down Payment - as little as 3.00%

Home Ready Mortgage

- A Home Ready mortgage is an option through Fannie Mae to assist creditworthy, low to moderate income borrowers
- Income limits apply
- Competitive interest rates and lower PMI premium.
- Homeownership counseling is required
- Minimum Credit Score - 620
- Minimum Down Payment - as little as 3.00%

In-House Mortgage

- An in-house loan means that Marion County Bank keeps the mortgage loan rather than selling it to a third party partner provider.
- Higher down payment
- Exist to help buyers who do not fit the typical homebuyer mold by providing more flexibility in underwriting.
- In-house mortgages are typically an Adjustable Rate Mortgage (ARM)

Government Backed Loans

Rural Development (RD) Loan

- An RD loan is backed by the United States Department of Agriculture (USDA) and are designed to help low or moderate-income people in rural areas.
- 100% Financing
- Borrower must meet income and property guidelines.
- No PMI required, but does have an annual fee.
- Minimum Credit Score - 640
- Minimum Down Payment - 0.00%

Veterans Administration (VA) Loan

- A VA loan is a zero-down loan offered to qualifying veterans, active military and military families
- No down payment or mortgage insurance
- If eligible, buyers can receive a \$5,000 military grant
- Minimum Credit Score - 640
- Minimum Down Payment - 0.00%

Federal Housing Administration (FHA) Loans

- FHA loans are mortgages insured by the Federal Housing Administration
- No income limits
- Competitive interest rates
- Higher PMI required than conventional loans
- Minimum Credit Score - 640
- Minimum Down Payment - 3.50%

Iowa Finance Authority (IFA) Mortgage Programs

- IFA offers two mortgage programs: FirstHome is for eligible first-time Iowa home buyers and Homes for Iowans is for eligible first-time or repeat Iowa home buyers.
- Income-based with competitive interest rates and grant funds up to \$2,500.
- Must be used with a loan backed by the federal government (RD, FHA or VA)

The above loan options provide basic details about loan products available at Marion County Bank. For more information regarding a mortgage loan and your specific financing situation, please contact us.

What makes up your total mortgage payment? Find out below!

A typical mortgage payment consists of these components:



PRINCIPAL

The percentage of your payment that goes toward the original amount of money owed.



INTEREST

The interest rate changes according to the economy. Based on the designated percentage rate, this is the cost charged for borrowing money.



ESCROW PAYMENT

If you made a down payment of less than 20% to buy your home, an escrow account will be set up to cover your **property taxes** and **homeowners insurance**. Each month you will pay 1/12 of your annual estimated property taxes and homeowners insurance into your escrow account. When these payments are due, the escrow account will automatically pay these.

You may have the option to cancel your escrow payments to your lender once you have built up at least 20% equity in your home and are current on payments. If you decide to go this route it is



PRIVATE MORTGAGE INSURANCE (PMI)

If you made a down payment of less than 20% to buy your home, private mortgage insurance (PMI) is part of your monthly mortgage payment. PMI is paid until you've built up more than 20% equity in your home. If you are current on your mortgage payments, PMI will automatically terminate on the date your principal balance is scheduled to reach 78% of the original value of your home. PMI is tax deductible; talk with you tax advisor for more details.

PAYING YOUR MORTGAGE ON TIME

You worked hard to save your money, build good credit and buy your home. When you are a homeowner, you'll need to make your mortgage payment, in full and on time, every month.

Why it's important to pay your mortgage on time:

- You made a financial commitment to your lender to pay your mortgage on time, and in full, every month.
- Your mortgage is a loan. Being late on a payment or missing your payment can have a significant negative impact on your credit score.
- If your payment is late, you may be charged a late fee.

1. BE SURE THAT YOUR EARNEST MONEY CHECK COMES FROM FUNDS IN YOUR OWN CHECKING OR SAVINGS ACCOUNT AND ARE WRITTEN ON YOUR OWN PERSONAL CHECK.

Do not let anyone else pay the earnest money for you. If this may be an issue, please contact your Loan Officer immediately.

2. TALK TO YOUR LOAN OFFICER BEFORE ACCEPTING GIFTS FROM A FAMILY MEMBER TO HELP YOU BUY A HOME.

There are strict requirements to document the receipt of gift funds, for the donor as well as the recipient, and we can help you meet these requirements.

3. HAVE ALL SUPPORTING DOCUMENTS EASILY ACCESSIBLE.

These include: W-2s, tax returns, bank statements, pay stubs and assets.

4. DO NOT CHANGE YOUR JOB OR YOUR PAY STRUCTURE DURING THE FINANCING PROCESS.

You want each pay stub to show you work 40 hours per week if you are paid hourly, unless you have vacation or personal time off to account for the hours you take off.

5. OBTAIN HOMEOWNERS QUOTES EARLY.

Begin shopping for homeowners insurance as soon as possible so you can finalize your choice and provide the final quote to your loan officer early in the process

6. WAIT UNTIL AFTER YOUR HOME CLOSES TO OPEN ANY NEW ACCOUNTS OR CREDIT CARDS.

Loan Officers may be required to pull a refreshed credit report within five days of closing that will update your balances and report any new accounts since your credit was originally pulled. Your loan approval could be jeopardized if you have incurred new debt.

7. MAKE ALL PAYMENTS ON TIME.

Keep all of your accounts current to ensure no late payments appear on the refreshed credit report before closing.

8. DO NOT SHOP FOR, PURCHASE OR LEASE A VEHICLE, BOAT OR CAMPER.

In general, do not make any large purchases or take on additional debt during the home loan process.

9. COMMUNICATION IS KEY!

Make sure to communicate in a timely manner with your loan officer or anyone involved in the process to avoid delays. Call us if you have any questions along the way. We want to be your resource and to make your home-buying process as smooth as possible!

Scan to apply now!



*This information is meant as a guide to help streamline the loan process. Because each borrower's individual situation and needs vary, please contact your Loan Officer before undertaking these and any other actions that may affect your loan transaction.



BORROWER DO'S AND DON'TS



MARION COUNTY BANK

Here are some simple do's and don'ts to follow throughout the loan process. These tips will help prevent delays and ensure a smoother, stress-free experience.

Borrower Do's

- **DO** communicate with your loan officer and anyone involved in the process to avoid delays.
- **DO** obtain homeowners insurance quotes as soon as possible so you can finalize your choice and provide the final quote to your loan officer early in the process.
- **DO** keep all your accounts current to ensure no late payments appear on the refreshed credit report before closing.
- **DO** have all your supporting documents easily accessible. This includes W-2s, tax returns, bank statements, pay stubs and assets.
- **DO** make sure your earnest money check is written with funds from your own account.

Borrower Don'ts

- **DON'T** quit a job, change employers or change your pay structure during the loan process.
- **DON'T** withdraw or deposit unusual sums of money from your account.
- **DON'T** make large purchases (vehicle, boat, camper, etc.) or take on additional debt during the process of buying a home. This could negatively impact your credit.
- **DON'T** apply for new credit cards or start using stale credit. Your loan approval could be jeopardized if you have incurred new debt before closing.
- **DON'T** cosign on a debt.

Scan to apply now!



*This information is meant as a guide to help streamline the loan process. Because each borrower's individual situation and needs vary, please contact your Loan Officer before undertaking these and any other actions that may affect your loan transaction.



Grant funds are a great tool as you look to purchase your first home. They can be applied to your down payment or even to help pay closing costs. As part of your application process, we will review your income to see if you are eligible to receive grant funds.

Dollar Amount Available

The First-Time Homebuyer Grant for 2025 is up to \$15,000/household. The grant is funded quarterly, and funds may be depleted throughout the year.

Application Process

Borrowers must have completed a loan application and have a signed purchase agreement; your loan officer can then submit the application for you.

First-Time Homebuyer Eligibility

Grant funds are available to buyers that have never owned a home or buyers that have not owned a home in the last 3 years.

Income Eligibility

Income restrictions do apply as the funds are designed for those with low to moderate income. We'll review your income and check eligibility before we complete the application.

Education Requirements

To obtain the grant funds, an online education course is required. We will send you a link to complete the course before closing.

FAQs

Are there restrictions on the purchase price?

- There are no restrictions on purchase price. If you qualify for mortgage financing and are income eligible, you will likely receive a grant.

Do I have to repay the money when I sell the house?

- If you sell the house after 5 years, nothing needs to be repaid. If you choose to sell the house prior to that period of time passing, a prorated amount of the grant could need to be repaid from the sale proceeds.

Are there other types of grant funds available?

- IFA, Military, HomeReady



HOME BUYING WORKSHEET



Your actual rate, payment, and costs could be higher. Get an official Loan Estimate before choosing a loan.

Scenario 1

| | | |
|--------------------|---|----|
| Purchase Price: | | \$ |
| Less Down Payment: | % | \$ |
| Loan Amount: | | \$ |
| Loan Term: | | |
| Estimated Rate: | | % |

PAYMENT

| | |
|----------------------|----|
| Principal & Interest | \$ |
| Taxes | \$ |
| Insurance | \$ |
| PMI | \$ |
| Other (HOA) | \$ |
| TOTAL Payment | \$ |

FUNDS TO CLOSE

| | |
|--------------------------------|----|
| Down Payment | \$ |
| Closing Costs (3rd Party Fees) | \$ |
| Prepaid Insurance | \$ |
| Prepaid Escrow | \$ |
| Prepaid Interest | \$ |
| TOTAL COSTS (a) | \$ |

CREDITS

| | |
|--------------------------------------|----|
| Less Earnest Money | \$ |
| Less Tax Proration | \$ |
| Other Credits (grants, seller) | \$ |
| TOTAL CREDITS (b) | \$ |
| TOTAL Estimate to Close (a-b) | \$ |

Scenario 2

| | | |
|--------------------|---|----|
| Purchase Price: | | \$ |
| Less Down Payment: | % | \$ |
| Loan Amount: | | \$ |
| Loan Term: | | |
| Estimated Rate: | | % |

PAYMENT

| | |
|----------------------|----|
| Principal & Interest | \$ |
| Taxes | \$ |
| Insurance | \$ |
| PMI | \$ |
| Other (HOA) | \$ |
| TOTAL Payment | \$ |

FUNDS TO CLOSE

| | |
|--------------------------------|----|
| Down Payment | \$ |
| Closing Costs (3rd Party Fees) | \$ |
| Prepaid Insurance | \$ |
| Prepaid Escrow | \$ |
| Prepaid Interest | \$ |
| TOTAL COSTS (a) | \$ |

CREDITS

| | |
|--------------------------------------|----|
| Less Earnest Money | \$ |
| Less Tax Proration | \$ |
| Other Credits (grants, seller) | \$ |
| TOTAL CREDITS (b) | \$ |
| TOTAL Estimate to Close (a-b) | \$ |

