

LET'S GET YOU HOME



Get started with TruNorth Mortgage by downloading the app! Available in the App Store® or on Google Play™.



INTRODUCTION

We know you have choices for your home financing needs and we are determined to earn your business. At TruNorth Mortgage – it's our priority to make your experience with us a great one. We strive to establish your confidence in us, build long term relationships and to earn referrals to your family and friends. Most importantly, we wish to successfully get you into the home of your dreams.

A great mortgage experience requires precise coordination of tasks, activities, documentation and communication.

Activities and tasks need to follow a specific sequence in order to achieve the milestones that move your application from the initial consult all the way to the closing of your loan. Each of the key participants involved has their own role and responsibility to keep the mortgage process on track.

It's our goal to show you how the TruNorth Mortgage experience will deliver industry-leading service levels. In order to **close your loan in 30 days**, we've mapped out the timeline, steps, and activities that will need to take place.

Check out our **7 Steps to Home Ownership** overview page, then dive in to our guide to TruNorth™ Mortgage's ideal mortgage experience.

We don't want you to be merely satisfied – we want to provide you with an experience that will make you a fan of TruNorth Mortgage for life. By setting your expectations, guiding you through this experience, and delivering on our commitments, we hope to not only earn your business, but your recommendations to friends and family as well.

7 STEPS TO HOME OWNERSHIP



1 | Pre-Qualification

We'll begin the process by working together to review your full financial picture to determine the type of financing that best meets your needs. Being pre-qualified ensures that when you begin shopping for a home, you're looking at the right properties.



2 | Shopping for Your Home

It's time to find the home of your dreams! Your real estate agent will help you through this process—first, showing you homes and later, making an offer, and then negotiating the purchase and sales agreement.



3 | Loan Application + Estimate

You've signed your purchase and sales agreement. With the property identified, we have an application and we will send you the disclosures and Loan Estimate for your review. It's time to gather and submit any outstanding information and get ready for processing.



4 | Processing + Services

Onward to the processing department! Your processor will order the appraisal and title search while you shop for homeowners insurance.



5 | Underwriting + Loan Approval

Your application is being reviewed to ensure it meets the bank's guidelines for the program you've applied for and that all regulatory requirements are met. You're ALMOST THERE.



6 | Pre-Closing

Your loan has been approved and you're cleared to close! It's time to schedule that closing appointment. You will now receive your closing disclosure.



7 | The Closing

Your journey to home ownership has brought you here—time to finalize the process and receive the keys to your new home.



KEY:

You

Loan Originator

Real Estate Agent

Attorney

Underwriter

Important Docs

Time Sensitive

OUR DESIGN FOR DELIVERING THE IDEAL MORTGAGE EXPERIENCE.

This document maps out our process and is designed to:

- Identify the key players in your home purchase transactions
- Define the steps that need to take place in order to close
- Identify the tasks and services needed to be completed by third party providers
- Show you what your role and responsibilities are in the process
- Let you know what documentation you will need to provide – and when you need to provide it
- Provide key dates on the timeline to ensure the necessary milestones are met in order to close on schedule



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Step 1: Consultation and Pre-Qualification and shopping for a home loan

We'll begin the process by working together to review your full financial picture to determine the type of financing that best meets your needs. Being pre-qualified ensures that when you begin shopping for a home, you're looking at the right properties. Get started by visiting TruNorthMtg.com and completing a free Total Cost Analysis. A local lending expert will review your submission and contact you to review.



The safest and easiest way to organize and submit your application is by downloading our mobile app, **TruNorth Mortgage**, today.

Step 2: Time to find a home

It's time to find the home of your dreams! Your real estate agent will help you through this process – first, showing you homes and later, making an offer, and then negotiating the purchase and sales agreement.

Step 3: Completing your application and Loan Disclosures

You've signed the purchase and sales agreement – now the mortgage process truly begins! Time to finalize your loan application, submit all required documents, and receive and review your disclosures.

Day 1 | MEET THE TEAM

Day 2 | DISCLOSURES Easily sign and submit your disclosures electronically through our mobile app. It's safe, secure, and fast!

Days 3-5 | REFRESHED DOCUMENTS

Step 4: It's processing time!

Onward to the processing department! Your processor will order the appraisal and title search while you shop for homeowners insurance.

Days 5-6 | APPRAISAL AND TITLE SEARCH

Day 7 | VERIFICATIONS AND HOMEOWNERS INSURANCE

Step 5: Underwriting and Loan Approval

Your application is being reviewed to ensure it meets the bank's guidelines for the program you've applied for and that all regulatory requirements are met. You're ALMOST THERE.

Days 14-17 | UNDERWRITING

Days 18 | CONDITIONAL COMMITMENT

Days 18-21 | GATHER FINAL CONDITIONS

Step 6: Pre-closing, Scheduling and the Closing Disclosure

Your loan has been approved and you're cleared to close! It's time to schedule that closing appointment. You will now receive your closing disclosure.

Day 22 | CLEARED TO CLOSE

Day 24 | CLOSING DISCLOSURE Save time by signing your closing disclosure using our mobile app.

Days 22-30 | PRE-CLOSING REAL ESTATE AGENT TASKS

Day 27 | FUNDS NEEDED TO CLOSE

Step 7: The Closing

Your journey has brought you here – time to finalize the process and receive the keys to your new home.

Day 30 | THE CLOSING

KEY PARTICIPANTS

You: As the buyer, you're the most important part of this process.

Your Loan Originator: Your loan originator is a trusted financial advisor who will guide you through the home buying process. They will review your credit, assets, and income information to see if you can be pre-qualified for a mortgage, and then provide mortgage financing options that match your financial capacity.

Sales Assistant: A loan originator often has a sales assistant who will help gather information to complete your application. The sales assistant will often contact you to update you on your loan status or assist you with missing documentation.

The Real Estate Agent: Real Estate Agents will help you find a home by narrowing your choices, and examining comparable homes and neighborhoods to fit your price range. When you're ready to make an offer on a home, an agent will usually handle the negotiations with the seller's agent including presenting the offer to purchase. Your real estate agent will assist in preparing the purchase and sales agreement and also have additional responsibilities throughout the buying process, particularly in the week prior to closing.

The Closing Attorney: The closing attorney represents the Bank and facilitates the closing. In many cases, the closing attorney may also represent you, the buyer, in reviewing or preparing the purchase and sales agreement (P&S). The attorney coordinates the title search and title insurance, and works with the Bank to prepare the closing documents. The attorney handles the disbursement of funds at closing, and oversees the execution and recording of the closing documents.

Your Loan Processor: The loan processor's job is to prepare your mortgage loan information and application for presentation to the underwriter. The loan processor will ask you for missing documents, including documents about your income, your employment, your debts, and assets you have in various accounts. A complete loan file can decrease the amount of time it takes to make a decision about your mortgage loan application. The processor will reach out to you throughout the process to provide you with updates, answer questions, and gather information.

The Loan Underwriter: The loan underwriter is the professional authorized to review the processed application and make a credit decision. The underwriter ensures that your application meets the bank's guidelines for the specific program you applied for and ensures that all regulatory requirements are adhered to. The underwriter issues a conditional commitment and ultimately clears your loan application for closing.

Real Estate Appraiser: A licensed real estate appraiser's job is to look at the property you are purchasing and determine its market value. Real estate appraisers determine a home's value in a number of ways, including comparing the value of similar homes nearby that have recently sold.

STEP 1: CONSULTATION, PRE-QUALIFICATION, AND SHOPPING FOR A HOME LOAN

The home buying process can be overwhelming. From the first time you speak to a loan originator until the closing appointment when you receive the keys to your new home, we'll be with you every step of the way – providing guidance, delivering solid advice and setting your expectations throughout the entire process.

CONSULTATION

During your first meeting – whether over the phone or in person – you'll meet with your TruNorth Mortgage loan originator to discuss your homeownership goals. We may direct you to our online mortgage loan application or mobile app before the initial meeting. When you fill out that application ahead of time, you're providing us with the context to allow us to present you with more refined information in the initial consult. We'll be able to show you clear data about closing costs, down payments, interest rates and terms for you to consider.

Gather Your Documentation

During our first meeting, we'll ask you to provide some detailed information about yourself and your borrowing needs. Detailing your entire financial condition allows us to assess and deliver an ideal solution that meets your goals. Getting accurate and complete information up front helps to reduce surprises later in the process! *(For a Document Checklist, see page 6. For directions to eSign, see page 16.)*

We know it feels like there is a lot of documentation required during the mortgage application process. We understand that and we do our best to let you know ahead of time which documents will be required. Sometimes we uncover information that drives a need for additional documentation. Don't be alarmed by additional information requests! It's a normal part of the process and is in no way a reflection on you.

PRE-QUALIFICATION

Your loan originator will review your credit, your income, and the source and size of your down payment. The review allows us to identify the loan programs that are best suited to meet your goals and will leave you with a good understanding of what your budget should be when you're searching for your home.

BEST PRACTICE

At TruNorth Mortgage, we believe using technology effectively can make the mortgage process much easier. Our mobile application, e-Signature tool, and online document portal, are designed to quickly, safely, and easily exchange information and documentation, as well as keep you informed of your application status.

Check out our website at TruNorthMtg.com

We encourage you to use these tools as this secure system is the fastest and easiest way to deliver information. But don't worry, we still believe in personal interaction! Please feel free to call us. We're happy to answer your questions personally, and are available for in person appointments as well!

Call toll free at 855.230.3939

**STEP 1****STEP 2****STEP 3****STEP 4****STEP 5****STEP 6****STEP 7**

GETTING PRE-QUALIFIED

In order to pre-qualify you for a home purchase loan, TruNorth Mortgage looks at the Three C's of Lending: Credit, Capacity and Capital. Reviewing the three factors allows us to identify the loan program that will work best for your individual budget. This review is crucial to providing you with the comfort of knowing how much house you can afford.

CREDIT

First, your loan originator will pull your credit report to obtain a credit score. Credit scoring is a tool used by lenders to safely and fairly assess risk.

While credit scoring is important, it's not the only way your credit profile is reviewed. We look at your profile as a whole – including the amount of credit, type of credit (installment and revolving), the length of your credit profile, the number of recent inquiries, and the amount of recent credit taken on.

Most mortgage programs require minimum credit scores to qualify. A lower credit score can result in a higher interest rate on the loan you receive. Your loan originator can work with you to assess your credit, and identify areas of strength or opportunities that may exist to improve your score if need be.

CAPACITY TO PAY

When we assess your capacity to pay, we're looking at your income and obligations to determine how much you can afford to pay each month for both your house payment and your other monthly obligations. It's important that we take time here to talk through this with you. When you own a home, there are many expenses to consider and it's best to ensure you're comfortable with the commitment you're making.

CAPITAL

That third C is capital – or your *cash*. We'll need to know the size and source of your down payment in relation to the purchase price of the home as well as the amount of reserves (money that's left over after your down payment and closing costs) you will have after closing. The size and source of your down payment will impact the type of loan program we'll recommend.

Demonstrating an ability to save your own funds is an important factor in credit analysis. That said, many programs allow for gift funds. Regardless of the source, verifying and detailing the source of funds for down payment is important.

BEST PRACTICE

A capable real estate agent will insist that you get pre-qualified before you start looking at homes. They want to be sure that they're showing you the right type of home and that, when the time comes, you're prepared to make a qualified offer. And when you're ready to make an offer, you'll be able to do so with confidence. Pre-qualification lets the seller know that you're working with a credible lending institution.

BEST PRACTICE

Can you afford the home? Try pretending that you're already in it! If your existing rent is \$750/month, and you think you could afford \$1,200/month on a new home, continue to pay your rent, but also put \$450/month in a savings account. This makes it "feel like" you are making a monthly \$1,200 payment. Additionally, you may want to consider saving another \$200/month for new bills that might come along with home ownership.

Two things happen... First, you'll get a feel for how comfortable you will be with that new house payment and if needed you can adjust your expectations. Second, you'll save some cash – this will help with your closing costs and with moving into your new home.

**STEP 1**

STEP 2

STEP 3

STEP 4

STEP 5

STEP 6

STEP 7

MORTGAGE INSURANCE

The size and source of your down payment is one of the critical determining factors in deciding which loan program is right for you. Why? If your down payment is less than 20% of the purchase price, you'll likely have to pay for some type of mortgage insurance. Mortgage insurance protects the lender in the event that you don't make your mortgage payments and the lender needs to foreclose. Lower down payments translate to a greater risk to the lender, and as a result, they require insurance to protect their investment. Mortgage insurance can be paid in monthly installments, in lump premiums up front, or a combination of the two.

Mortgage Insurance Programs

As we work together, your loan originator will let both you and your real estate agent know which mortgage insurance you are qualified for so you can shop for the right home. Some properties are not eligible for every type of financing. For example, you may find that some condos are eligible for FHA financing while others aren't.

TruNorth Mortgage is fully delegated to underwrite and approve all the mortgage products we offer, locally, in-house and with our own staff. However, not all lenders operate that way. Be sure to ask your lender if they are fully delegated to underwrite and approve the type of mortgage insurance you need. Some lenders may offer certain products, but outsource the underwriting which can lead to trouble. Ask your lender if they'll be the ones to approve your loan or if some other institution will. If you find that they won't be the ones to approve your loan, you may wish to find a lender who is indeed delegated to approve all of the products they offer.

DOCUMENT CHECKLIST – PART 1 *(See extended document list on page 9.)*

Income Documents

W-2 Employee

- Provide two years w-2s
- Pay stubs covering the last 30 days

Employment history should cover a two-year period. If there are gaps in employment, be prepared to address them.

Commissioned Employee or Union Member

- Two years personal tax returns
- Two years w-2s
- Pay stubs covering the last 30 days

Commissioned Employee or Union Member

- Two years personal tax returns
- Two years w-2s
- Pay stubs covering the last 30 days

Self Employed

- Two years of business and personal tax returns
- Year-to-date profit and loss statement

Additional Income

Rental Income

- Provide copies of current leases
- Personal tax returns with Schedule

Alimony/Child Support*

- Divorce decree or award agreement
- Six months proof of receipt

Social Security/Pension Income

- Copy of award letter
- Two months proof of receipt

Credit

Do you have any delinquent credit issues? Please provide explanation letters to explain them.

Asset Documents

Your asset documents speak to the source of your down payment and/or reserves.

Bank statements: Provide two months of statements with all pages

Investment accounts: Two months statements (or last quarterly) with all pages

Gift funds: We'll need a signed gift letter (we'll provide), a copy of the check, and the source of the funds from which the gift came

Other Documents:

- Mortgage statements for any other property owned
- Homeowner's insurance binder with contact information for your agent

*Alimony/Child support income need not be revealed if you don't want the bank to consider it when determining your credit worthiness.

STEP 1

STEP 2

STEP 3

STEP 4

STEP 5

STEP 6

STEP 7

STEP 2: TIME TO FIND A HOME

Once you're pre-qualified, you can start looking for your new home! You'll likely be working with a real estate agent during this process and we'll want to be in touch with your real estate agent to make sure we've reviewed your pre-qualification and the types of loans available to you.

COOL TOOL – Mortgage Coach: If you want specific data about any of the homes you'll be viewing, we can help you! We use Mortgage Coach, a robust demonstration tool that's accessible online or via mobile app. It can be customized for your individual qualifications and will allow you to review not just your loan options, but what your monthly payment might look like, what your closing costs could be, and how much cash you might need to bring to close. We can provide data for homes before you look at them or we can send you updates live as you're walking through a home!

BEST PRACTICE

We recommend retaining an attorney to review your purchase and sales agreement before you sign. We work with a number of real estate attorneys who will be happy to help you as part of their closing services. The purchase and sales agreement is a legally binding document and deposit money could be at risk – having an attorney involved in the writing of the purchase and sales agreement offers you protection.

PURCHASE AND SALE – INSPECTIONS

Once you've found the home you want, your real estate agent will lead you through the next steps of the offer, negotiation, and eventually the purchase and sale agreement. During the mortgage process, it's important that you keep copies of any checks you write or money you transfer electronically.

There are some important dates written into a purchase and sales agreement, such as the mortgage contingency date and the closing date. At TruNorth Mortgage, we pride ourselves on our streamlined 30-day process and we're excited to work with you to achieve your home ownership dreams – on time! Events need to happen sequentially with an eye on time in order to achieve your target closing date.

Time for a Home Inspection

Next, you'll order a home inspection. You or your real estate agent will be scheduling the inspection. You'll want to hire one or more professional inspectors or general contractors to inspect all major house systems, top to bottom. Your inspectors will look for defects or malfunctions in the building's structure, systems, and physical components. The inspection shouldn't just be limited to the home – the inspector(s) should also examine the land around the house as well.

A typical inspection takes about two to three hours and may cost from \$200 – \$750, depending on the location, age, size and type of home. You'll want to accompany the inspector during the examination so that you can learn more about the maintenance and preservation of the house, ask questions, and get a sense as to which problems are serious and which might be minor. There will be minor defects with any home, particularly older homes – and often repairs to minor defects can be negotiated with the seller.

STEP 1

STEP 2

STEP 3

STEP 4

STEP 5

STEP 6

STEP 7



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STEP 3: COMPLETING YOUR APPLICATION AND LOAN DISCLOSURES

You've signed a purchase and sales agreement... now our work towards processing and approving your mortgage application begins! By identifying the home and purchase price, we have the information needed to complete your application. The clock officially starts now: we are underway! It is Day 1.

It's our goal to close each transaction in 30 days. Starting now, we'll be tracking the activities and tasks that need to take place for us to remain on schedule. Your first task as a borrower? Receiving, signing, and returning the Disclosures and all requested documents.

DAY 1 | Meet the team

If you have not already received it, today you'll receive an email introducing the members of your lending team.

DAY 2 | Disclosures

During the pre-qualification process, we reviewed the program options available to you. Now that we know the price of the home, we'll finalize your loan application and provide you with the Loan estimate and other disclosures. (For more information about Loan Estimates, see page 15.)

NOTE! In order for us to begin working on your file, we need to confirm your intent to proceed. We collect no fees from you until you review the disclosures and confirm you want to proceed. Remember, these documents are not binding and they are not the final loan documents but they do provide verification that you want us to start processing your loan and we can begin working on your behalf.

These documents will be delivered to you either securely through our online web portal, in person, or by mail. These documents must be delivered to you no later than Day 3. We try to deliver them by Day 2.

DAYS 3-5 | Refreshed Documents

As part of the pre-qualification process, we likely will have most of the documentation for verifying your income and your assets. Depending on the timing, some of that documentation may need to be updated or refreshed. In addition, you will need to provide us with the fully executed purchase and sales agreement along with copies of any deposits or down payments you have made. Your loan originator will give you a list of documentation that is still outstanding. In order to stay on track with our schedule, you'll need to provide all of the information to your loan originator or processor no later than day 5.

NOTE! One of the common frustrations that a buyer has is the amount of documentation that is required. We do our very best to prepare you for this important part of the process. Your role is to get us everything we need as quickly and completely as you can. We understand—some of this information can seem tedious.

BEST PRACTICE

We use a secure web portal for delivering disclosures to you electronically. An e-mail with instructions will be sent to you that shows you step by step how to "consent to receive" documents. Most loan disclosure packages can be signed electronically. Delivering these forms to you electronically is the fastest and safest way for us to do business.

By providing us with all of the information we need upfront, in one complete submission, you will enable us to issue a quick and clean loan approval.

LOCKING YOUR INTEREST RATE

Locking in your interest rates protects you from interest rate fluctuations while your loan is in process. You will have the option of locking in your interest rate when we have a completed application. If you are not locked, the interest rate is considered to be "floating," meaning it can go up or down. Locking your interest rate has to take place at least seven days prior to close. When your loan is locked, the loan disclosures you receive will detail the terms of your rate lock. The rate lock adds an additional time consideration to the loan process. It is very important that your transaction closes before a rate lock expires to avoid additional costs of extending the rate lock. Speak to your loan originator about rate lock terms and conditions.

DOCUMENT CHECKLIST - PART 2

(See original document list on page 6.)

Once you have found a property:

- Copy of the accepted offer letter and/or the signed Purchase and Sales agreement
- Copy of any and all deposit checks with verification that they have cleared and the source account
- Contact information for the buyer's and seller's agent

RETURNING THE DISCLOSURES AND YOUR DOCUMENTS

It is important that we receive the signed disclosures and documents back from you by Day 5 to stay on schedule. There are certain documents that need to be returned to us in order to begin work. Please use our online portal via the mobile app to upload your secure documents. If you choose not to e-sign, please contact your loan processor to arrange delivery.

Have questions? Just let your loan originator know! Our lending team is always available to provide guidance through this process!

STEP 1

STEP 2

STEP 3

STEP 4

STEP 5

STEP 6

STEP 7



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STEP 4: IT'S PROCESSING TIME!

DAYS 5-6

You've submitted your documents and your loan originator has assisted you with completing your application. With the disclosures returned, your processor is able to order an appraisal and a title search. They will also begin to verify the information in your loan application, such as your employment.

APPRAISAL

An important step in getting the financing you need is the home appraisal. A real estate appraisal is simply that – the expert opinion of a certified, state-licensed professional who determines the value of a piece of property.

Appraisers are completely independent and are randomly assigned from our list of approved appraisers. They use non-biased, industry standardized methods for determining the market value of the home. A home appraisal protects you from paying too much for the home. It also protects us by ensuring our loan is secured by enough collateral.

Your appraisal will be ordered as soon as we receive your intent to proceed, ideally Day 5 in order to stay on schedule. Remember, we need the signed purchase and sales agreement to order the appraisal. You will receive a copy of the appraisal when we receive it.

TITLE SEARCH

The closing attorney will coordinate a title search on the subject property. A property title search is the process of retrieving and reviewing documents that record the history of a piece of real property. The search will determine relevant interests in and identify regulations concerning that property.

In the case of a prospective purchase, a title search is performed primarily to answer three questions regarding a property on the market:

- Does the seller have a saleable interest in the property?
- What kind of restrictions or allowances pertain to the use of the land? These would include real covenants, easements and other equitable servitudes.
- Do any liens exist on the property that needs to be paid off at closing? These would be mortgages, back taxes, mechanic's liens, and other assessments.

The title search will be ordered as soon as we receive your submission, ideally Day 5.

TITLE INSURANCE

Title insurance ensures that the property you're purchasing is free of liens, that the seller has the right to transfer ownership, and that you, the borrower, will actually own the property free of encumbrances. The title policy is issued and sold by the title attorney and is paid at closing, this fee is included in your closing costs. If there were ever a claim, the owner's title policy would protect the homeowner for the full amount of the purchase price, and the lender's title policy would protect the lender for the full amount of the loan.

DAY 7

Your processor will be reaching out to you either by phone, text, or email. If we still need any paperwork or information to prepare your application for underwriting, the processor will let you know. Your processor will stay in touch with you to provide you with updates on how things are going while we wait for the appraisal to be completed. The processor will also begin the work of verifying and validating the information and documentation in your loan application. This includes obtaining flood certification to determine if your home is in a designated flood zone, employment verification and verification of tax filings, as well as asset verification.

HOMEOWNERS INSURANCE

While your loan is being processed, you should be shopping for a Homeowners Insurance policy. At first we will need a quote for coverage to determine the amount of your insurance premium in order to underwrite the loan. As we approach closing we will need the actual insurance binder listing us as the insured lender. That binder should be provided to us 7 days prior to closing. Typically an insurance policy needs to be paid up front for the first year. This expense is included in the other costs in your Loan Estimate.

(For additional information on homeowners insurance, see pages 12 and 20. For information about escrow accounts, see page 21.)

STEP 1**STEP 2****STEP 3****STEP 4****STEP 5****STEP 6****STEP 7**

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STEP 5: UNDERWRITING AND LOAN APPROVAL

DAYS 14-18 | Underwriting

If all documents have been received on time, processing will be complete by the time the appraisal is completed. Your loan will then be submitted to our underwriting team for a credit decision.

The underwriter will issue a credit decision based on the bank's guidelines for the specific program you applied for and ensures that all regulatory requirements are adhered to.

If guidelines and requirements are met, the underwriter will issue a Conditional Loan Commitment prior to the mortgage commitment date, ideally by Day 18 on the timeline. The Conditional Loan Commitment outlines the terms and conditions under which the bank will lend you the money to buy the home. Our goal is to make this Conditional Loan Commitment as clean as possible with few conditions.

Your loan originator or processor will review the Conditional Loan Commitment with you and review any of the outstanding items.

DAYS 18-21 | Gather Final Conditions

We will work with you to gather the final conditions on your loan. These conditions usually include updated statements or documents that were not available earlier in the processing timeline. Once the final documents have been received, the processor will send your file back to the underwriter for the final approval when your loan is cleared to close. You are almost home!

NOTE! Homeowner's Insurance Binder: In order to clear your loan to close, we will need the final insurance binder listing TruNorth Mortgage as a loss payee. Most insurance agencies require the first year's payment in order to issue that binder. This payment was included in the other costs section of the Loan Estimate disclosure you received when you finalized your application. There is specific language required on the binder. Our loss payee should read:

TruNorth Bank, ISAOA ATIMA
P.O. Box 150
Northville, NY 12134



STEP 6: PRE-CLOSING, SCHEDULING AND THE CLOSING DISCLOSURE

DAY 22 | Cleared to Close

Your loan has been approved and cleared to close! You have provided us with a homeowner's insurance binder. Now, the TruNorth Mortgage closing department will reach out to the Bank attorney to schedule the actual closing.

The attorney will work with you, the seller, and the real estate agents to confirm the date of the closing and gather some important final information in order to facilitate the closing of the transaction. Because of important federal regulation, abiding by the timeline is more important than ever.

DAY 24 | Closing Disclosure

The closing documents need to be prepared seven days prior to closing so you have time to review the Closing Disclosure. The Closing Disclosure is a statement of final loan terms and closing costs. You will compare this Closing Disclosure document with your Loan Estimate. By law, many of the fees disclosed in the Loan Estimate cannot change, so there should be very few surprises in the Closing Disclosure.

Federal regulations require that we confirm that you have received the Closing Disclosure three days prior to the actual closing. If we use regular mail, the disclosure has to be sent 6 days prior to close. We can send the disclosure to you electronically. However, you will need to consent to receiving the documents in this manner. Even if you e-sign the Closing Disclosure, it has to be received three days prior to closing, with no exception. (E-signature is a very effective tool for minimizing the time required for delivery of the Closing Disclosure). It's our goal to get you into the home of your dreams – on time! Material changes to the Closing Disclosure may require a new three day waiting period.

DAYS 24-30

There are some important final steps that have to take place prior to the closing (these activities are typically coordinated by the real estate agent):

- Final water and utility readings
- Smoke detector certification
- Final walk through/Inspection of the property

DAY 27 | Funds Needed to Close

As described above, the Closing Disclosure is a statement of your final loan terms and the costs to complete your transaction. The Closing Disclosure will detail all of the settlement charges and also show you how much additional funds you will need to bring to closing. The Bank's attorney handles all of the final disbursements to complete the transaction. Because all of the funds need to clear the day of the closing, they will require that you bring a certified bank check to the closing to cover the final costs. By delivering the Closing Disclosure to you three days prior to closing, you will have time to order a certified check from your bank.

STEP 7: THE CLOSING

DAY 30

The journey to home ownership ends at the settlement, or closing. Because of the hard work that you and your professional team have done together, the closing should be a happy event, free of stress or anxiety.

The closing is coordinated by the Bank's closing attorney. The closing attorney schedules the closing, controls the disbursement of funds, facilitates the execution of the closing documents and ensures the documents are recorded in the local municipality. *(For additional information about Closing documents, see page 22.)*

THE SPECIFICS OF CLOSING

1. The Bank transfers the loan proceeds to the closing attorney. The closing attorney will combine the funds you bring to the closing with the loan proceeds to ensure that all liens on the property are paid off. Then any additional proceeds are disbursed to the seller. The attorney also ensures that real estate commissions are paid.
2. The seller signs a deed transferring ownership of the property to you, the buyer.
3. You, the borrower, will sign a number of important closing documents for the Bank, the most important of which are the note and the mortgage.
4. The closing attorney records the deed and the mortgage ensuring that you now own the property and the Bank's mortgage is secured.
5. You leave the closing with the keys to your new home!

The day you close on your new home will be one of the most rewarding experiences of your life. While homeownership does come with responsibility, you'll take pride in the fact that you have a new home for you and your family to enjoy now and in the future. Congratulations on your new home and thank you for choosing TruNorth Mortgage to be your partner on this journey!

Tips to feeling comfortable at the closing:

- Prior to the meeting, read all the documents that have been sent to you to avoid feeling rushed.
- Don't be afraid to ask as many questions as you need to ensure that you clearly understand the process and the paperwork. It's not uncommon to have questions about the legal terminology in the closing documents.
- The documents in the mortgage process are the same for everybody, regardless of ethnic origin, language, gender, or income. Federal law requires that you sign English language versions of all forms as your final, legally binding contract.

APPENDIX A: THE LOAN ESTIMATE

The most important disclosure that will be delivered to you after application is the Loan Estimate. The Loan Estimate is designed to provide information that will be helpful to customers in understanding the key features, costs, and risks of the mortgage loan for which they are applying. Given regulations, the Loan Estimate must be provided to customers no later than three business days after a loan application is submitted.

PAGE 1 of the Loan Estimate includes general information:

- A loan terms table
- A projected payments table
- A costs at closing table
- A link to obtain more information about loans secured by real property at a website maintained by the consumer finance Protection Bureau

PAGE 2 of the Loan Estimate includes closing cost details:

- A good faith itemization of the loan costs and other costs associated with the loan
- A calculating cash to close table
- For transactions with adjustable payments, an adjustable payment table
- For transactions with adjustable interest rates, an adjustable interest rate table

PAGE 3 of the Loan Estimate includes additional information about the loan:

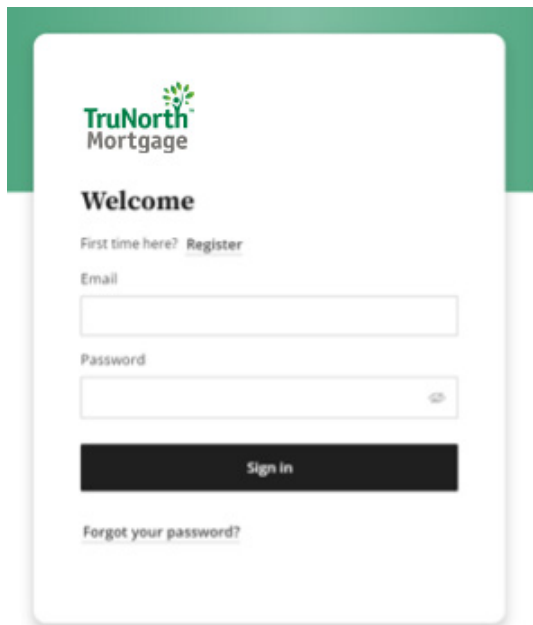
- Contact information
- A comparisons table
- Any other considerations table

WHAT IS SIMPLE NEXUS?

Simple Nexus allows borrowers easily apply online for a mortgage, complete tasks related to the loan, securely scan and upload docs, and review and eSign disclosures for their loan application.

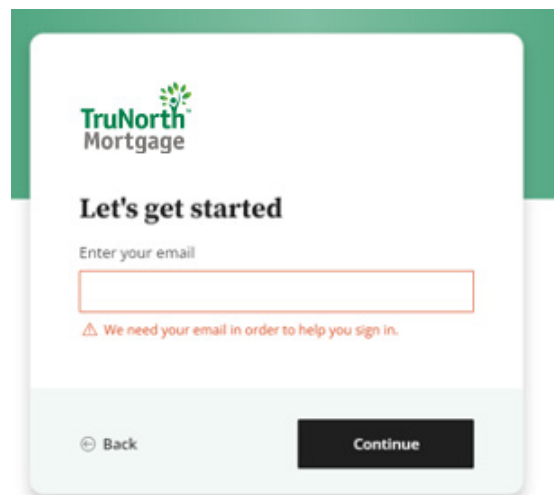
REGISTERING YOUR ACCOUNT

Setting up your account for first time login from the TruNorth Mortgage Portal you will click on Register from the Welcome screen.



The image shows a screenshot of the TruNorth Mortgage 'Welcome' screen. At the top left is the TruNorth Mortgage logo. Below it, the word 'Welcome' is displayed. Under 'Welcome', there is a link 'First time here? Register'. Below this are two input fields: 'Email' and 'Password'. The 'Password' field has a small eye icon to its right. Below the input fields is a black button with the text 'Sign in'. At the bottom, there is a link 'Forgot your password?'.

Then on the Let's Get Started screen you will enter your email address.



The image shows a screenshot of the TruNorth Mortgage 'Let's get started' screen. At the top left is the TruNorth Mortgage logo. Below it, the text 'Let's get started' is displayed. Under this, there is a label 'Enter your email' followed by a red-outlined input field. Below the input field is a red warning message: '⚠ We need your email in order to help you sign in.' At the bottom left is a 'Back' button with a left arrow icon. At the bottom right is a black button with the text 'Continue'.

LET'S GET YOU HOME



After you enter your email address and click continue you will be prompted to Register your account this is where you will establish your password to access your account. You are also given the option to Download the TruNorth Mortgage App to your phone which is recommended. Once you enter all information on this screen click Register account and that's it you've setup your Simple Nexus account for your loan.

A screenshot of the "Register your account" form on the TruNorth Mortgage website. The form is white with a green header bar. It includes fields for First name, Last name, Mobile phone number, Password, and a checkbox for "Send me the mobile app". A "Back" button is at the bottom left, and a "Register account" button is at the bottom right. A red error message "Please enter your first name" is visible below the first name field. The password field has a hint: "Password must have at least 9 characters, one uppercase letter, one lowercase letter, and one number." Below the password field, there is a confirmation statement: "By clicking 'Register account' I confirm that I have read and agree to the Terms and conditions." The form is set against a light green background.

HOW TO E-SIGN WITH SIMPLE NEXUS

Under "Your Tasks" Borrower(s) will see the Disclosure Package 1 listed as well as other documents required or documents requiring Wet Signing.

A screenshot of a "To do" list interface. At the top, there are two tabs: "To do" (selected) and "Done". Below the tabs, there are three items listed in a white box with a light gray border. Each item has a document icon, a title, and a status. The first item is "Social Security Administration Authorization" with a status of "Urgent: Needs to be printed, signed, and uploaded". The second item is "Disclosure Package" with a status of "Urgent: Needs to be eSigned". The third item is "FHA HUD/VA Addendum" with a status of "Urgent: Needs to be printed, signed, and uploaded". Each item has a dropdown arrow on the right.

LET'S GET YOU HOME



Click anywhere on Disclosure Package 1. The Disclosure Package will open. Click the box **I agree to use electronic records and signatures**. Then click the **Continue** button.



Click the **Start** button.



Click the Sign icon with the red arrow pointing down.



The Adopt Your Signature box will open for the Signature and Initials style to be selected. Click Select Style or Draw the create Signature. Click Adopt & Sign.

Adopt Your Signature

Confirm your name, initials, and signature.

* Required

Full Name*
MI Test

Initials*
MT

SELECT STYLE **DRAW**

PREVIEW [Change Style](#)

DocuSigned by:
MI Test
SA1C8B8447A447...

By selecting Adopt and Sign, I agree that the signature and initials will be the electronic representation of my signature and initials for all purposes when I (or my agent) use them on documents, including legally binding contracts - just the same as a pen-and-paper signature or initial.

ADOPT AND SIGN **CANCEL**

Click on each Sign icon with the red down arrow until you reach the end.

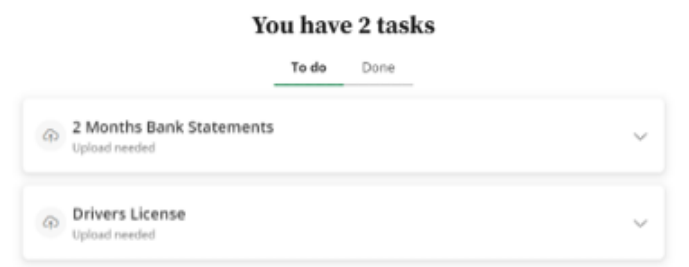


Click Finish.

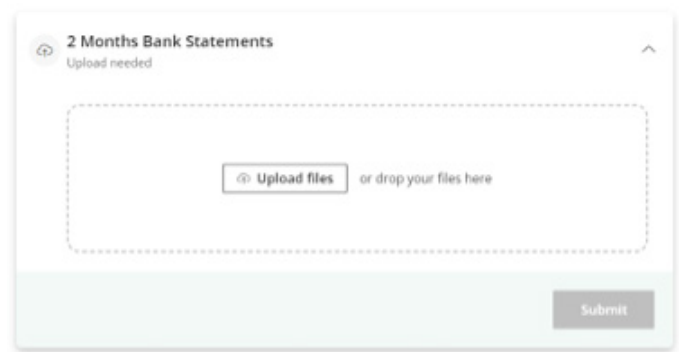


UPLOADING REQUESTED DOCUMENTS TO SIMPLE NEXUS

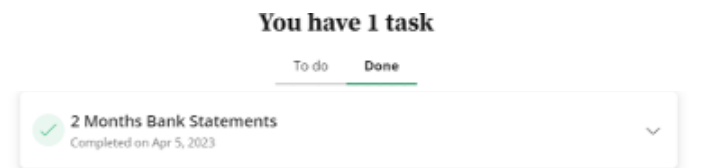
Click anywhere on the To Do Task.



The Document Upload box will appear allowing you to click Upload Files and browse for the document on your device or drag and drop it.



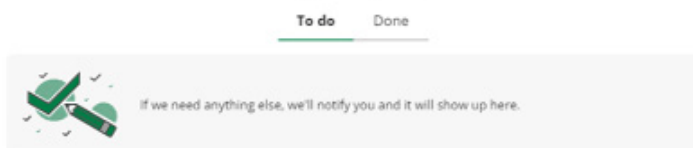
Once the requested document is uploaded click Submit and that's it the requested document has been submitted and now appears under your Done task.



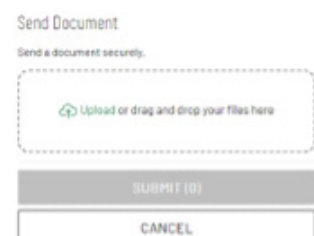
SUBMITTING A DOCUMENT WITHOUT A TASK ASSOCIATED

Click on the Add Document link

You're all caught up on your tasks!



The Send Document Window will popup and allow you to browse your device or drag and drop the document. Once you've selected the document click Submit and that's it you've submitted the document.



APPENDIX C: REASONS TO GET HOMEOWNERS INSURANCE

People take out homeowners insurance for essentially the same reason they maintain car and health insurance: It helps owners cope with the financial consequences of damage or injury. If your home is damaged or someone else is injured on your property, homeowners insurance, a mixture of hazard and liability insurance, can help.

Simply put, homeowners need insurance because mortgage lenders require it. When you take out a mortgage, your home is the lender's collateral which is why your lender requires a minimum level of hazard insurance. It's worth noting, you can buy a greater amount of insurance than the minimum if you think it's necessary. Because insurance is essential, you should consider shopping for insurance as you would any other financial product – comparing features and benefits versus the associated costs. Not all policies are created equal! Don't hesitate to ask your insurance agent if you have any questions about what is or is not covered by a particular policy.

We are happy to refer you to companies that offer competitive insurance rates in the area in which you are buying.

COMPONENTS OF HOMEOWNERS INSURANCE

Hazard Insurance

Hazard insurance protects you against unintentional damage or destruction caused by fire, storm, theft, vandalism and similar threats, to your house or its contents. It can cover the cash value of damages or the replacement value. While the replacement value pays enough to replace what you lost, cash value only pays what a property is worth. For example – the cash value of a five-year-old \$1,000 television won't be \$1,000. Given the television's depreciation, it's worth less in the insurer's eyes.

Liability Insurance

Liability insurance covers your personal liability for accidents on your property. If your neighbor trips on a hose in your yard and breaks his ankle, for example, liability insurance will pay for his medical expenses, up to the policy limit.

Special Property

While homeowners insurance will cover most of the property in your home, there are limits to what the insurance will pay for certain items such as cash or jewelry. If you happen to have a home office, your hazard insurance likely won't cover your business equipment. In the event that you have personal or business property that isn't covered, you may wish to talk to your insurance agent about supplemental policies that will cover your property if it's damaged.

Exclusions

While it's important to know what your insurance will cover, it's just as important to know what they won't. Not everything is protected by homeowners insurance – insurers routinely exclude from coverage events such as flood damage and earthquake damage, though separate flood and earthquake policies may be available where you live.

APPENDIX D: WHAT IS AN ESCROW ACCOUNT?

An escrow account might be opened for your mortgage. It's used to make payments on your behalf for items like real estate taxes or homeowners insurance.

To make those payments, we collect and escrow funds as a part of your monthly mortgage payment. This ensures that your bills are paid in full and on time, without you needing to budget for these large payments separately.

To start your escrow account, a certain amount needs to be collected up front at the closing to be certain there is enough money to pay the bills when they're due. We also collect a reserve in escrow to ensure that payments can be made on time, even if you pay your mortgage late.

Some loan programs, especially those with a down payment of less than 20%, require that you pay your taxes and insurance using escrow. In some cases, escrow accounts may be required by law.

Your property taxes and insurance premiums can change from year to year. Your escrow payment, and with it, your total monthly payment will change accordingly.

Tip: If your loan doesn't include an escrow account, you will have to plan to pay these large expenses yourself. Be sure you budget for these extra costs and stay current on your taxes and insurance payments.

Warning: If you fail to pay your property taxes, your state or local government may impose fines and penalties or place a tax lien on your home. You could also face foreclosure.

In addition, your lender may have to:

- Add the amounts to your loan balance
- Add an escrow account to your loan
- Purchase new homeowners' insurance for you and bill you for it. This lender-purchased insurance, known as force-placed insurance, is typically more expensive than regular homeowners' insurance. It only protects the lender, not you, in the event of damage to your home.

APPENDIX E: IMPORTANT CLOSING DOCUMENTS

THE MORTGAGE NOTE

The mortgage note is a legal document that provides evidence of your indebtedness and your formal promise to repay the mortgage loan, according to the terms you've agreed to. These terms include the amount you owe, the interest rate of the mortgage loan, the dates when the payments are to be made, the length of time for repayment, and the place where the payments are to be sent. The note also explains the consequences of failing to make your monthly mortgage payments.

THE MORTGAGE OR DEED OF TRUST

The mortgage or deed of trust is the security instrument that you give to the lender that protects the lender's interest in your property. When you sign the mortgage or the deed of trust (depending on the state where you live), you are giving the lender the right to take the property by foreclosure if you fail to pay your mortgage according to the terms you've agreed to. Financing a house is very similar to financing an automobile; in both cases the property is the security for the loan.

The mortgage or deed of trust states most of the information contained in the note. It also establishes your responsibility to keep the house in good repair, insure it, and make your payments on time.

THE DEED

A deed is a document that transfers ownership of the property to you. It contains the names of the previous and new owners and a legal description of the property, and is signed by the person transferring the property. The deed gives you title to the property, but the title is conveyed to a neutral third party (called a trustee) until you pay the mortgage loan in full. The closing agent will be responsible for recording this document so that it can be filed as part of your county's public records. You will receive a copy at closing and another copy after it has been recorded.

AFFIDAVITS AND DECLARATIONS

Affidavits and declarations are statements declaring something to be true, like the fact that the property will be your principal place of residence or that all the repairs needed on the property were completed prior to closing. In most cases you'll have to sign one or more affidavits at your closing.