

CONSTRUCTION MORTGAGE LOANS

Construction Mortgage Loans will be afforded to applicants dealing through licensed and reliable building contractors. In addition to regular application requirements, the applicant or builder must submit:

- Blueprints of the proposed construction
- Material Specification List
- Signed contract between the Applicant and the Contractor
- Preliminary Sworn Statement
- Valid License
- Current Insurance
- References

Additional fees will be charged to cover increased processing costs that are incurred on this type of loan. The maximum amount of a construction loan should not exceed 95% of the appraised property value (subject to completion).

Since construction financing requires more documentation, call a United Bank Mortgage originator for details.

HOME IMPROVEMENT & PURCHASE REHAB LOANS

Purpose: Home Improvement Loans will be made for the following purposes:

- repair
- remodeling
- construction of additions
- building a garage
- insulation .. storm windows .. doors
- landscaping
- other enhancements which will improve the value of the property

Terms:

- May be made on a secured basis.
- Size of loan may be \$1,000.00 or greater.
- Length of Amortization may be from 6 to 12 months.

Loans greater than \$5,000.00 will be treated as real estate mortgage loans. The same procedures for unsecured home improvement loans will apply to secured home improvement loans.

ADDITIONAL INFORMATION NEEDED:

- Estimate Sheets
- Invoices
- Other information providing your lender with details of improvements to be made.

LOAN DECISION CRITERIA:

Loan Decision Criteria on Home Improvement Loans are essentially the same as those discussed above relative to Real Estate Mortgages.

NOTIFICATION

The applicant for a mortgage or home improvement loan will be notified of the Bank's decision in a timely manner. If you have additional questions, please arrange to meet with one of our Loan Representatives or call the bank. Our Corporate Offices are located at 900 East Paris Avenue SE, Grand Rapids, MI 49546. Phone: 616.559.7000 or 800.968.1990.

NOTIFICATION TO INQUIRIES AND LOAN APPLICANTS

You have a right to submit a written application for a mortgage loan or a home improvement loan or to request written information concerning typical loan terms that we are currently offering on mortgage loans and home improvement loans. It is illegal to establish a minimum mortgage amount of more than \$10,000.00 or a minimum home improvement loan of more than \$1,000.00. It is illegal to deny a loan or vary the terms and conditions of a loan because of the racial or ethnic trends or characteristics of the neighborhood or the age of the structure, but not because of its physical condition. If your application for a loan is rejected, you have a right to a written statement of the reason for the rejection. If you are granted a loan but the amount required for a down payment, the interest rate, term to maturity, application procedure, retail issue, or other terms or conditions of the loan vary from terms and conditions offered in the other neighborhoods, you have a right to a written statement of the reasons for the variation. The rights described in this notice are set forth in and limited by Act 135, Public Acts of 1977. If you believe that your rights under this act have been violated, you should contact the Department of Insurance and Financial Services. Phone: 877.999.6442. IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT - To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.



United Bank
real solutions



**Residential Mortgage
& Home Improvement
Loan Lending Criteria**



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**UNITED BANK
RESIDENTIAL MORTGAGE &
HOME IMPROVEMENT LOANS
LENDING CRITERIA :**

This pamphlet is being provided in accordance with Act 135, Public Acts of 1977, which requires that the public be provided with an explanation in general terms of the bank's credit granting criteria for approval or denial of applications for residential mortgages and home improvement loans.

DEFINITION OF AN APPLICATION:

- We will consider a mortgage or home improvement loan application only when it is received either in writing or via electronic application.
- Telephone inquiries regarding the types of loans being made, prevailing interest rates and maturities; will NOT be considered as a formal loan application.
- Persons making telephone inquiries will be sent this pamphlet only if they leave their name and address at the time of inquiry.

NON-DISCRIMINATION CLAUSE:

- Any person has the right to make a loan inquiry and to file a written or electronic application for a mortgage loan or home improvement loan and to receive a written response thereto.
- All applicants will be given equal consideration regardless of sex, marital status, familial status, race, color, religion, national origin, age, whether all or part of the applicant's income is derived from any public assistance program, or if the applicant has in good faith, exercised any right under the Consumer Protection Act.

UNDESIRABLE TYPES OF LOANS:

United Bank is unwilling to extend credit on the following types of property:

- Basement Homes
- Garage Homes
- Berm Homes
- Properties which require such extensive repair that their actual value would represent a definite risk to the bank.

**GENERAL POLICY
PROPERTY CHARACTERISTICS**

- The type of property for residential mortgages and home improvement loans will be limited to primary residence, second home and investment property use. The property must be well maintained and show evidence that necessary repairs or improvements have or will be made where required.
- The property will conform architecturally to other properties in the area and will be designed so that it would be generally acceptable in terms of room size and layout.
- Non-commercial first lien real estate mortgages will be processed and made by the bank.
- Home Improvement Loans may be approved and processed by the bank.

MAXIMUM LOAN TO PROPERTY VALUE RATIOS:			
	Purchase	Refinance/ Cashout	No Cash out
Conventional Mortgage	97%	80%	95%
Construction Loans	95%	N/A	N/A
MSHDA/RD	100%		
LTV greater than 80% requires PMI			

* Loans exceeding 80% LTV are approved subject to private mortgage insurance (PMI) Approval.
 ** MSHDA/RD loans are available to home buyers and homeowners requiring refinance assistance whose income is within federal and state posted limits. Prior ownership is waived in defined "target" areas. These loans are also subject to regulations as defined by MSHDA.

IMPORTANT CONSIDERATIONS

- The VALUE OF PROPERTY to be mortgaged is determined by the appraisal or purchase price, whichever is lower.
- The MAXIMUM MATURITY of a loan is 30 years or the economic life of the home, whichever is less.
- The MAXIMUM CONVENTIONAL LOAN for single family residence is \$726,200.00 or higher as determined by FHFA. Exceptions may be considered by the Bank's Loan Committee.(The maximum loan is subject to change by FHLMC.)
- ESCROW ACCOUNTS may be required for property taxes, homeowner's insurance and/or flood insurance.
- TITLE INSURANCE will be ordered on all mortgages prior to closing to ensure that the title to the property and any associated encumbrances will be corrected prior to the loan closing.
- INTEREST RATES will also be determined by:
 1. The amortization of the loan
 2. Risk Based model for pricing
 3. Loan to Value level
 4. Indices for ARM Products
 5. Property Use
- An APPLICATION DEPOSIT of \$500.00 will be required for processing to commence once the applicant has received the required initial disclosures, and intends to proceed with a loan.
- If the mortgage application is denied, the unused balance of the \$500.00 application deposit may be returned to the applicant.
- If the mortgage application is approved, fees will be charged to the applicant at the time of closing to cover the cost of appraisal, credit report, recording fees, private mortgage insurance premiums, the property survey, bank origination fees, and any other charges that may be associated with the mortgage processing. Credit will be given for the \$500.00 received with the intent to proceed.

**THE LOAN DECISION
CRITERIA**

**PAYMENT AMOUNT
RELATIVE TO INCOME:**

The proposed mortgage payment, including taxes and insurance, should not exceed 28% of the total monthly gross income of the applicant. Such items as bonuses and commissions will be considered on an individual basis.

The proposed mortgage payment, including taxes and insurance PLUS all other monthly payments on loans, credit plans, and charge accounts (excluding those which will be fully paid within 10 months) should not exceed 43% of the total monthly gross income of the applicant.

The above are general guidelines. Expanded programs are available.

CREDIT HISTORY:

Individuals with a history of defaults on obligations, judgements, garnishments, foreclosure, or bankruptcy filed within the past 3 years will be considered on exception basis only.

EMPLOYMENT:

A two (2) year employment history must be verified to ensure that the applicant is capable of holding a position in a comparable income range. If the income for repayment of the loan is derived from a source other than employment, the source and continuation of this income will be verified by the appropriate means.

**DOCUMENTATION OF
THE SOURCE OF DOWN PAYMENT:**

Deposit account balances will be verified when funds are needed for down payment, closing costs and/or reserves. In cases where these costs are to be provided as a gift from relatives or another source, we will require a gift letter signed by one of the donors, and an authorization to verify availability of funds.