Planning for Homeownership

A Step-by-Step Guide for Homebuyers

SunTrust
Mortgage

Planning for Homeownership

Your Guide

We're here to guide you through the mortgage financing process.

Owning a home is one of life's largest financial milestones. For many, it is the culmination of years of hard work and dedication. At SunTrust Mortgage, we're proud of what our skilled mortgage professionals have achieved for our clients as a part of that process. Our team is committed to more than just originating loans. We strive to understand and deliver on the unique financial needs of our clients.

This *Planning for Homeownership Guide* provides important information about some of the major steps in the home financing process. Buying a home isn't something you do every day, so it's no surprise that you may have a lot of questions. Even if you're an experienced buyer, you may need a refresher, since your personal situation and the market environment may have changed since your last move.

When you have questions, just call us. Our experienced loan officers help homebuyers become homeowners every day. They have the tools, training, experience and dedication to help you find the mortgage solution that best aligns with your goals.

Am I really ready to buy a home?

You could be—it just takes some strategic planning.

There are many factors to consider when making a big investment like purchasing a home. You may need to make adjustments to your spending and saving and think about how owning a home will affect your long-term plans.

Sometimes the timing is right, and sometimes it isn't.

There are many rewards and risks that come with owning a home. Only you can decide whether or not buying a house makes sense in your situation.

Rewards:

- Enjoy a sense of pride and accomplishment in owning your own home.
- You could take advantage of significant tax benefits. Consult a tax advisor to discuss your specific situation.
- While rent may increase over the years, total monthly payments of principal and interest won't increase if you choose a **mortgage** program with a **fixed-rate**.
- Your home may increase in value over time.

Risks:

- You are responsible for maintenance and repairs.
- Your home may decrease in value over time.
- If you fail to make your monthly payments, you may risk **foreclosure**.

Key Terms

A **mortgage** is the agreement used to pledge a home or other real estate as security for a loan.

A **fixed-rate** mortgage has an interest rate that remains the same for the term of the loan. While the total monthly principal plus interest payment will stay the same on a fixed-rate loan, payments made earlier in the life of the loan will be made up of mostly interest and very little principal. This ratio shifts as the loan matures.

Foreclosure is a procedure in which a mortgaged property is sold to pay the outstanding debt in case of default.

Can I afford to buy a home?

You can find out by assessing your income and spending habits.

Establishing a realistic budget can help you:

1. Determine what you can afford to pay monthly for a home.
2. Understand if you can afford the upfront and ongoing expenses associated with homeownership.
3. Develop a plan to save money to buy a home or for other financial goals, such as retirement or education expenses.

Use the **budget worksheets on pages 15–16** to track your projected and actual monthly expenses.

Once you have a clear picture of your total monthly debt payment, you can then use the **worksheet on page 17** to estimate the most you should spend on monthly mortgage payments, as well as the maximum amount you should borrow. The estimate is based on your current income and standard qualifying guidelines.

Be sure you understand the full cost of owning a home.

The total cost of homeownership includes one-time expenses such as the **down payment, closing costs** and moving costs—plus recurring monthly expenses like your **mortgage payment**, condo fees/homeowner association dues, utilities, interior/exterior repairs and general upkeep. Lastly, if you have a home to sell, additional expenses may include repairs or renovations to increase the value of your existing home and real estate agent commissions.

On the next page you will find more detailed information on these costs and how they affect the price of your home.

Key Terms

A **down payment** is equal to the difference between the sale price of the real estate and the mortgage amount.

Closing costs are fees paid to affect the closing of a loan. They include loan costs such as origination fees, discount points, title insurance fees, survey fees and attorney's fees; and other fees such as government fees, prepaids, initial escrow payment at closing and HOA dues, if applicable.

A typical **mortgage payment** is made up of **principal + interest + escrows**.

The **principal** portion of your mortgage payment is used to repay part of your outstanding principal balance (or loan amount), excluding interest.

The **interest** portion of your mortgage payment is the fee you pay to the lender for using the lender's money. Together, the principal and interest payment is referred to as "P&I."

The **escrow** portion of your mortgage payment is money collected by the lender that is deposited into an escrow account to pay the annual real estate taxes, property insurance and, if applicable, any mortgage insurance premiums or flood insurance. (See page 7 for more on mortgage insurance.) Together, the principal, interest, taxes and insurance payment is referred to as "PITI."

Know that a down payment plays a key role in monthly affordability.

Most mortgage programs require you to pay a percentage of the cost of the home upfront from your own cash or funds. The down payment amount will depend on the mortgage program that you qualify for. Typically, down payment requirements can range from 0–20% of the cost of your home, however a larger down payment may be required in certain circumstances.

The example below uses a $100,000 purchase price to illustrate how your down payment impacts the amount of money you will need to borrow for your home purchase. You'll notice there is a trade off—the more you can afford to put toward a down payment, the lower your total loan amount becomes, which ultimately means lower monthly mortgage payments.

Be knowledgeable about the fees you'll pay.

In addition to the down payment, there are other fees and expenses, called closing costs, that can add up. Once you have submitted your **Loan Application**, within three (3) business days your lender will issue a **Loan Estimate**, which is a list of most of the closing costs you'll have to pay. At least three (3) business days before closing, you will see these fees again on your **Closing Disclosure**, where they will no longer be estimates, but rather, final figures. **On the next page, you'll find a list of typical closing costs.**

Key Terms

A **Loan Application** is an initial statement of a borrower's personal and financial information which is used to review a request for credit.

A **Loan Estimate** provides borrowers with a good faith estimate of credit costs and loan terms, and is given to the borrower within three (3) business days after the lender receives a loan application.

The **Closing Disclosure** is a document that provides the actual terms and costs of the loan. The borrower receives it at least three (3) business days before the closing.

Percent Down	Multiplied by Purchase Price	Down Payment (DP)	Total Loan Amount
20%	$100,000 X .20	$20,000	$80,000
10%	$100,000 X .10	$10,000	$90,000
5%	$100,000 X .05	$5,000	$95,000

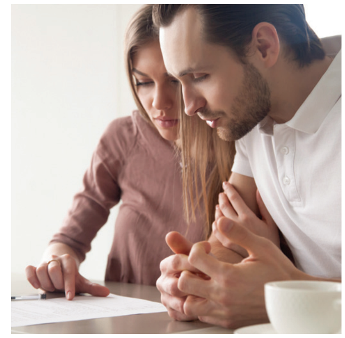
TIP

Worried about finding the funds for your down payment? Talk to your SunTrust Mortgage Loan Officer to learn about smart ways to save, which programs allow third-party contributions or gift funds*, and whether or not you qualify for 100% financing** or state-sponsored down payment assistance programs.

* Gift funds may fund all or part of the down payment, closing costs or financial reserves subject to product requirements.

** 100% mortgage financing will result in no property equity until such time as the loan principal is paid down through regular mortgage payments and/or the property value appreciates. If property values decline you could owe more than your property's value. A down payment may be required if the property is located in a declining market or if required by state regulations.

Will I qualify for a loan?



Understand what impacts your ability to qualify for a loan.

There are certain requirements that a borrower must meet in order to be approved for a mortgage. We will review your financial information to determine your past repayment habits and future ability to handle the increased financial responsibility of buying a home. **The chart below outlines the six primary areas of consideration for credit approval.**

Primary Areas of Consideration for Credit Approval

Income
Do you have sufficient income to pay your new mortgage payment and other debts?
Income Stability
Is your income received regularly?
Credit History
How have you handled your other credit obligations?
Change in House Payment
Is there a large increase from your current housing expense to your new mortgage payment?
Cash-to-Close
Do you have enough money available to pay the required down payment and closing costs for a new mortgage?
Property
Is the home you want to purchase worth as much or more than the price you agreed to pay?

Typical Closing Costs

The following list includes possible closing costs that you may need to pay. Actual amounts vary by loan program and property location.

1. Lender Fees

Application
Points
Origination Fees
Processing Fee (includes Underwriting Fees)

2. Service/Third-Party Vendor Fees

Appraisal Fee
Buyer's Attorney Fees
Courier Fees
Credit Report
Flood Determination/Life of Loan Coverage
Home Inspection
Pest Inspection
Survey Fee
Title Insurance (Lender's Policy)
Title Insurance (Owner's Policy)
Title Company Closing Fee

3. Government Fees

Recording Fees
Transfer of Taxes

4. Prepaid Escrows

Escrow Deposit for Taxes and Insurance
Property Insurance (which may include Flood Insurance, if applicable)
Prepaid Interest

Key Terms

A **point** is a one-time charge imposed by the lender to lower the interest rate at which the lender would otherwise offer the loan. Each point is equal to one percent (1%) of the mortgage amount.

An **origination fee** is charged by a lender to a borrower to cover administration and loan document preparation. The fee is usually based on a percentage of the loan amount.

An **appraisal** is a formal written estimate of the current market value of a home and land.

A **credit report** is a record of your current and historical borrowing and repaying, including information about late payments and public records such as bankruptcy.

A **survey** is a measurement of land, prepared by a registered land surveyor, showing the location of the land with reference to known points, its dimensions, and the location and dimension of any improvements.

Title insurance is an insurance policy which insures against defects in the title. The cost of the policy is usually a function of the value of the property and is often paid by the purchaser and/or seller. There are two types of policies: a Lender's Policy and an Owner's Policy.

Different mortgage programs have different qualifying guidelines.

One example of a qualifying guideline is the **debt-to-income ratio (DTI)**, which is used to determine the maximum loan amount for which you might be eligible.

Typical DTI ratio guidelines:

> Many loan programs require that no more than 43% of your gross monthly income should go toward recurring debts, including housing expense, credit card, car loan, or installment loan payments, etc. Some lenders and loan programs may require lower DTI ratios; capping the DTI at 36% is not uncommon. Additionally, some loan programs allow higher than 43% DTI ratios where there are other compensating factors, and there are special loan programs for low to moderate income homebuyers. Your loan officer can offer details.

Remember this DTI ratio is based on pre-tax dollars; the amount you spend on housing will depend on your income taxes and other living expenses.

Know that a good credit score can make a difference.

Your credit score is another example of a qualifying guideline. We will review your credit report to see if there are any problems or opportunities to improve your **credit score** before you begin shopping for a home and applying for a loan.

Some factors that impact your credit:
On-time payments
Capacity used/available credit
Length of credit history
Types of credit used
Past credit applications/inquiries

Credit Scores:
Excellent - above 720
Good - 680-720
Fair - 620-679
Poor - 580-619
Very Poor - less than 580

Under the Fair Credit Reporting Act, you are eligible to receive a free copy of your credit report, at your request, once every 12 months. To order your free credit report, call or visit:

> Annual Credit Report Request Service
> 877.322.8228
> https://www.annualcreditreport.com
> [Please type the website address exactly as it appears.]

Once you feel confident that you understand the costs and fees of purchasing a new home and are comfortable with your mortgage payments, you are ready to take the next steps to homeownership.

Key Terms

A **lender's policy** is required by SunTrust Mortgage and protects the lender's interest in the event a claim arises.

An **owner's policy** protects the buyer's interest in the property (home and land). An Owner's Policy is optional, but it is recommended that you obtain this coverage for your protection.

Recording fees are charged by a municipality for recordation of the Deed, the Mortgage/Deed of Trust, and at times, additional documents requiring public notice.

Property insurance is a policy insuring a private dwelling and its contents against multiple perils.

Prepaid interest is the amount of interest paid at closing to cover the period from the closing date until one month before the due date of the first mortgage payment.

Debt-to-income (DTI) ratio is expressed as a percentage and is equal to a borrower's total monthly payment obligations on current debts divided by his or her gross monthly income.

A **credit score** is a numerical value that serves as a measure of credit risk derived from a statistical program and based on information contained within a credit report that lenders use to determine a borrower's creditworthiness.

What types of mortgages are available?

Different kinds of mortgages fit different financing needs.

Mortgage loans can be categorized several different ways.

Category 1: Fixed-Rate vs. Adjustable-Rate Loans

Generally, loans can fall into two categories, fixed-rate and **adjustable-rate mortgages (ARM).** The chart on page 8 compares these options. Within those categories, loans are also issued for a specific term, or number of years. Your monthly payments are structured so that you can pay off your loan within that time period.

Category 2: Government vs. Conventional Loans

Unlike conventional loans, government secured loans are backed by a federal agency, like the Federal Housing Administration (FHA) or U.S. Department of Veterans Affairs (VA). These loans are insured by the government to protect the lender in case of default. They generally offer lower interest rates and down payment requirements. However, they do have specific eligibility requirements. For example, VA loans are only available to Veterans and FHA loans have loan amount restrictions based on county of residence; you typically don't see these restrictions with conventional loans.

Category 3: Conforming vs. Jumbo Loans

Conventional mortgages are classified as conforming when the loan amount is less than or equal to $484,350.* Loans greater than this amount are considered jumbo loans. Jumbo loans often come with higher interest rates, larger down payment requirements and more stringent qualifying guidelines.

Category 4: Loans with or without Mortgage Insurance

If you make a down payment of less than 20% of your home's purchase price, most lenders will require you to pay some type of **mortgage insurance (MI)** premium. Costs may vary based on the type of loan, your credit profile and the actual down payment amount. MI is usually calculated as a percentage of the total loan amount and is typically added directly to your monthly loan payment; however, certain programs allow you to finance MI into the loan, paying a one-time upfront payment or accepting a higher interest rate in lieu of monthly payments. Depending on the type of loan, MI payments may continue for the life of the loan or last for a specified duration.

You still may be asking, "Which loan is right for me?" The best way to find out is by working with an experienced SunTrust Mortgage Loan Officer who will make sure you have the facts you need to make informed decisions.

*For a single-unit residence.

Key Terms

An **adjustable-rate mortgage (ARM)** is a mortgage in which the interest rate is adjusted up or down periodically based on a pre-selected index; also known as a variable rate mortgage. ARM products have interest rates that may increase after loan consummation.

Mortgage insurance (MI) allows a mortgage lender to recover part of its financial losses if a borrower defaults on a loan.

There are two main types of mortgages:

Fixed-Rate Mortgage

Features

Interest rate stays the same for the life of the loan

The total principal + interest payment is the same every month

Loan is fully paid off by the end of the loan term and considered fully **amortized**

Considerations

Provides stability and security with stable fixed payments

Best if you plan to stay in the home at least seven years

Interest rate may be higher than that of an adjustable-rate loan

Adjustable-Rate Mortgage (ARM)

Features

Interest rate is only fixed for an initial period of time

At the end of the fixed-rate period, the interest rate can adjust either up or down on a monthly, but typically annual, basis

The total principal + interest payment may increase or decrease over the life of the loan

Loan is fully paid off by the end of the loan term and considered fully amortized

Considerations

Interest rate fluctuation is always a factor once the fixed-rate period has ended

Initial interest rate may be lower than that of a fixed-rate loan, resulting in increased buying power

Offers flexibility of having a lower payment initially

May make sense for buyers who plan to move/sell before the fixed-rate period ends

Key Terms

An **interest rate** is a percentage of a sum of money that is charged for its use.

Amortization is the repayment of mortgage debt with periodic payments of both principal and interest, calculated to pay off the loan obligation at the end of a fixed period of time.

The **Annual Percentage Rate (APR)** is the cost of credit on a yearly basis, expressed as a percentage. It is required to be disclosed by the lender on the Loan Estimate. Because it includes certain costs paid to obtain a loan, it is usually higher than the interest rate stated in the mortgage note. The APR aids in comparing the true cost of loans offered by lenders.

TIP

When shopping for a mortgage, use the **Annual Percentage Rate (APR)** to compare the total cost of a loan from different lenders.

Which mortgage best fits my needs?

While each type of mortgage has its benefits, it's important to choose the one that best meets your needs.

Identifying the right mortgage starts with a consultation (over the phone or face-to-face) with your loan officer. During this meeting your SunTrust Mortgage Loan Officer will listen first. It is important for your loan officer to understand your plans, goals and current financial situation so that he or she can help you identify your options, and weigh the pros and cons. For instance, getting the lowest monthly payment may be most important to you, or paying off the loan fast may be your primary goal.

Understanding your goals and how much home you may qualify for is an important step.

With your goals in mind, now your SunTrust Mortgage Loan Officer can help you determine an estimate of the loan amount that you may qualify for with our free **ConfidenceNow℠ Pre-approval***. You also may opt to have us take a closer look at your financial records with our **Underwriting Credit Approval**** process. Either option will help you to decide on an appropriate price range while shopping for homes and put you a step ahead of other buyers. We are here to help find your mortgage at an amount that is right for you.

One additional advantage of an Underwriting Credit Approval is that you will get a jump-start on your loan application. Many of the documents you will submit for credit approval are also necessary for your loan application.

The loan amount for which you are pre-approved or credit approved may be higher than what you believe you can afford. You may want to discuss these details with a financial advisor or just carefully evaluate your own budget to determine what you are willing to spend. Remember, a lender is providing you the maximum you may be either "eligible" or "qualified" to borrow—you must decide the price range and payments that make you comfortable.

Now, with an idea of the best mortgage options and a price range, you are ready to find the perfect place to call home. During your search for your home, your loan officer is available every step of the way to answer questions as they arise, clarify your choices and make sure you have everything you need to move forward in the process with confidence.

Key Terms

ConfidenceNow Pre-approval: Some lenders start with an application, some begin with a conversation. Your credit report may be pulled and you will discuss finances (debt, income and assets) with your loan officer. Your loan officer will then provide you an estimate for a mortgage for which you may qualify.

Underwriting Credit Approval: Your lender takes a much closer look at your financials. You supply documents such as tax returns, W-2s, pay stubs and account statements, and authorize a credit check. An underwriter reviews everything except a property appraisal and will qualify you for a mortgage at an amount that is based on a full credit approval. An Underwriting Credit Approval can speed up the process of obtaining the final approval once you sign a purchase contract. Note: SunTrust Mortgage does not charge for an underwriting credit approval; however some lenders may charge a fee.

*ConfidenceNow Pre-approval is based on non-verified information and is not a commitment to offer you a loan by SunTrust Mortgage. Loan approval will be subject to, but not limited to, verification of all income, asset and liability information provided by you, satisfactory property appraisal, compliance with SunTrust Mortgage loan program guidelines and all required closing conditions, such as survey and title examination.

**Underwriting Credit Approval is based on information provided by the borrower and credit reporting agencies, and final loan approval will be subject to verification of no change to borrower's credit history or financial condition, identification of a property acceptable to SunTrust Mortgage, and satisfaction of all required closing conditions, such as survey and title examination. Underwriting Credit Approval is only valid until the expiration date stated on the Underwriting Credit Approval letter.

How do I start my home search?

Searching for your perfect home can be both exciting and overwhelming.

Here's a checklist of things to consider as you search:

- ☑ Your commute
- ☑ Distance to shopping, parks, restaurants
- ☑ Medical care availability
- ☑ School district preference
- ☑ Traffic flow on street
- ☑ Value of nearby homes
- ☑ Future plans (think ahead to the next 5–7 years)

A real estate agent can be a helpful resource for finding the perfect home.

Searching for the right home can be an exciting but tedious process. Working with a **real estate agent** that you are comfortable with can be a big help. While you are not obligated to work with one, an agent can provide a variety of services to help you coordinate the many activities that are involved in a real estate transaction, such as:

- Finding homes that meet your needs in your price range.
- Making arrangements for you to tour homes.
- Providing information on schools, tax rates and public services available for each neighborhood you visit.
- Working with the **seller's agent** to get your offer accepted.
- Helping you sell your current home.
- Assisting you in selecting a **settlement agent**, **home inspector** and other service providers you may need during the home buying process, like a **homeowner's insurance agent** or a moving company.

Things can move very quickly at this stage in your home search. You should be sure to take this time to assemble the team of professionals whose services you will need to retain shortly after selecting your home and notifying your loan officer.

TIP

The company that provides your car insurance may also offer homeowner's insurance policies. Discounts may be available with multiple policies. Be sure to inquire and shop around for the best rates!

Your Team

A **real estate agent** is licensed to sell real property, acting as an agent for others.

The **seller's agent** is a real estate agent who exclusively represents the seller of a property in a real estate transaction.

The **settlement agent** is an individual or firm responsible for the final stages of completing a sale (known as the "settlement" or "closing") between the buyer and seller. Settlement agents are usually responsible for facilitating payment from the buyer to the seller and transferring the property or securities from the seller to the buyer.

For a fee, a **home inspector** inspects and provides written reports on the overall physical condition of a residential structure.

A **homeowner's insurance agent** sells insurance policies that protect individuals from financial loss resulting from accidents, fire, theft, storms and other events that can damage property.

I found my home, what's next?

Make an offer that you're comfortable with.

Once you've found the right home, it's time to make an offer. Some people choose to make an offer on a home with only a pre-approval, while others prefer the speed and security of being credit approved. Whichever your preference, be sure to offer an amount that makes you comfortable.

You may choose to offer an amount lower than the asking price, or request that the seller pay some of your closing costs. Your real estate agent can advise you in making an appropriate bid and present your offer to the seller. If your offer is not accepted, take your time to consider a counter offer.

Buying a home is likely the largest purchase you will ever make, and you should be comfortable with your offer and terms. Once you've reached an agreement with the seller, the signed offer, along with any amendments, becomes your **purchase agreement**, which is a legally binding written contract stating the terms and conditions under which a property will be sold.

Consider a home inspection as a condition of purchase.

You may choose to include a home inspection as a condition of your home purchase. An inspection will provide you with useful information about the condition of the home and identify any deficiencies in the home's structure and components. Should the inspection reveal any major problems with the home (e.g., problems with plumbing or heating systems or deficiencies with the roof or foundation), you may request that the seller make the necessary repairs or renegotiate the purchase price.

If you can't reach an agreement or the home inspection report documents more maintenance than you'd like to deal with, you should be able to withdraw your offer and get back to the hunt. Be sure to look closely at how your purchase agreement is phrased regarding your inspection rights, including your ability to end the purchase agreement if necessary. This is a point you may want to discuss with your real estate agent.

Key Terms

A **purchase agreement** is a written agreement between the buyer and the seller stating the terms and conditions of a sale or exchange of property.

How do I apply for a loan?

Your loan officer will guide you step-by-step through the mortgage process.

There are five key steps in applying for your loan. Once you have a finalized contract, it's time to apply for your loan. Now that you know the purchase price and the property address, you can work with your loan officer to complete your loan application, discuss rates and lock options, and select the loan program that best meets your needs.

Loan Application

At SunTrust Mortgage, we make the loan application process easy.

Step 1: Submit your loan application. Your loan officer may guide you to do this online, over the phone or in person.

Step 2: Submit your documents. In order to process and underwrite your loan, your lender will request *Income Documentation* (e.g., paystubs, W-2s/1099s), *Asset Documentation* (bank account statements), *Other Documentation* (e.g., landlord history or divorce decree) and any other relevant documents. If you were pre-approved, you may still need to provide some updated documentation. Your loan officer will provide you a checklist.

***Note**: Submission of this documentation is not a requirement for issuance of the **Loan Estimate**.*

Step 3: Loan Estimate Issued. Within three (3) business days after the loan application submission, the Loan Estimate will be mailed or emailed to you.

Step 4: Intent to proceed. You will indicate your intent to proceed with the mortgage transaction after receipt of the Loan Estimate. Processing of your loan will begin once this step has been completed.

Step 5: Fee Payment. The lender will typically collect an application fee and order an appraisal after receiving the intent to proceed.

Loan Approval Process

Your loan then moves to the processing stage where a **loan processor** prepares your file for review by an **underwriter**. At this point, your processor becomes your primary point of contact. During this time, your key responsibilities include:

- Providing your loan processor with any contract changes, renegotiations or repair addenda if necessary.
- Finalizing Property Insurance, which may include Flood Insurance, if applicable. A copy of any Property Insurance policies will be required 15 days prior to **closing**.
- Reviewing any paperwork you are provided and taking required action.
- Providing additional documentation as requested.
- Reviewing any revised Loan Estimate issued.

Key Terms

The **Loan Estimate** is a disclosure that provides a summary of the loan terms, estimated loan costs, other estimated closing costs and additional application disclosures.

A **loan processor** is an individual who performs clerical and support duties during the mortgage loan process, including the receipt, collection and distribution of information common for the processing or underwriting of a residential mortgage loan; and communicating with a consumer to obtain the information necessary for the processing or underwriting of a loan.

During the **underwriting** process the decision to make a loan to a potential homebuyer is based on credit, employment, assets and other factors.

The **closing** of a home purchase is when the deed and financial documents are delivered, necessary documents are signed, and the funds necessary to consummate a loan transaction are disbursed. Also called "settlement."

What happens at closing?

Preparing for Closing

You are nearing the final stages of the process! You will be notified of the loan decision and/or any conditions that need to be met. During this time you have several key responsibilities:

1. Provide any additional documentation that may be requested.
2. **Lock** your rate at least 15 days before your closing if you haven't locked it already.
3. You will receive your **Closing Disclosure** from your lender at least three (3) business days prior to closing. This disclosure documents the actual terms and fees for your loan. Your loan processor will contact you to review the Closing Disclosure and discuss potential impacts, should any terms or fees change.

You'll inspect the property during a final walk-through.

Your purchase agreement should have a clause allowing you to examine the property prior to loan closing. This is your time to check for any damage and see that the seller has vacated the property and left any items negotiated in the contract.

Your settlement agent will work with you to manage your closing.

Your settlement agent will complete the transaction through the transfer of the property's title to the buyer and the transfer of cash to the seller.

You'll sign several documents to settle your costs.

At closing, you'll sign the documents below to finalize your loan and purchase. The more familiar you are with these documents, the more comfortable you will be on closing day.

- **The Note** – your written promise to repay SunTrust Mortgage for the principal and interest of the loan.
- **The Mortgage** – secures the Note and gives the lender a claim against your home and land if you default on your monthly payments.
- **The Deed** – passes legal title of the home and land from the seller to you, if applicable.
- **Closing Disclosure** – provides the actual terms and costs of the loan.

Celebrate the purchase of your new home.

Once you've completed the walk-through, signed the paperwork and paid the funds required to close, the transaction is complete. You'll then receive the keys to your new home. As a new homeowner, you can enjoy the benefits of becoming a part of a new community and get to know your new neighborhood.

Key Terms

Lock (Lock-in) is a commitment obtained from a lender assuring a particular interest rate or feature for a definite time period. During the term of the lock commitment, the borrower is protected from interest rate increases.

The **Closing Disclosure** provides a summary of the actual loan terms, the loan costs, other settlement costs and additional closing disclosures.

What comes next?

SunTrust Mortgage is here for you.

We hope this ***Planning for Homeownership Guide*** has provided you with a broad overview of the home financing process and provided key answers to your questions about financing your home. You'll likely have more questions, and it's okay! That's exactly why we are here. Reading this guide will have prepared you for your first meeting with a SunTrust Mortgage Loan Officer.

At that meeting, ask for your copy of ***Closing with Confidence*: *Roadmap from Application to Closing***. This next resource will go into more detail, helping you understand the key components of your loan and the important and active role you will play in the application-to-close process. You'll also be introduced to the key decisions that you'll need to make throughout the process to ensure a smooth and timely closing.

Contact us today.

Whether you are ready to buy or just thinking about it—it's never too soon to start talking to one of our loan officers. Just as a good real estate professional will help you avoid underbidding or overpaying, a savvy loan officer will ask about your plans and situation, give you straightforward information about your home financing options, and make sure you have the facts you need to make an informed decision.

In fact, the earlier you make an appointment with SunTrust Mortgage, the more prepared you'll be as you start your journey toward homeownership.

Confidence Starts Here.

We offer a complimentary ConfidenceNow℠ Pre-approval anytime, and can provide support as you make a plan to purchase a home. **To get started, locate a loan officer near you at suntrust.com/mortgage or call us toll-free at 844.454.1933.**

Monthly Household Budget Worksheet

	PROJECTED	ACTUAL	DIFFERENCE
NET MONTHLY INCOME			
Source 1			
Source 2			
Other Income			
Total Income (A)			
MONTHLY FIXED EXPENSES			
Rent/Mortgage			
Electric			
Gas/Oil			
Water/Sewer			
Telephone			
Cellular Phone			
Trash/Recycling Pickup			
Cable (Including Internet Service)			
Auto Insurance			
Life Insurance			
Child Support/Alimony			
Medical Insurance			
Child Care			
Other			
Total Fixed Expenses (B)			
MONTHLY CREDITOR PAYMENTS (MONTHLY DEBT PAYMENTS)			
Auto Loan Payment(s)			
Installment/Bank Loans			
Credit Card Payments			
Total Creditor Payments (C)			

	PROJECTED	ACTUAL	DIFFERENCE
MONTHLY FLEXIBLE EXPENSES			
Savings			
Groceries			
Lunch (Work/School)			
Eating Out			
Entertainment/Hobbies			
Laundry/Dry Cleaning			
Clothing			
Gasoline/Bus/Taxi/Subway			
Newspaper/Magazines			
Church/Charity			
Tuition/Books			
Salon/Haircuts			
Auto Maintenance			
Home Maintenance			
Doctor/Dentist			
Pets			
Parking/Tolls			
Other			
Total Flexible Expenses (D)			

ADD TOTAL EXPENSES (B+C+D=E)			
Enter FIXED (B)			
Enter CREDITOR (C)			
Enter FLEXIBLE (D)			
Total Expenses (E)			

SUBTRACT EXPENSES FROM INCOME (A-E)			
Enter TOTAL INCOME (A)			
Enter TOTAL EXPENSES (E)			
Difference*			

* If you have accounted for all of your expenses, including your savings, the difference between your TOTAL INCOME and TOTAL EXPENSES should be $0.00. If the DIFFERENCE is a positive number, you may want to consider allocating the extra money toward your debt and/or savings. If the DIFFERENCE is a negative number, you are spending more than you make. Review your budget thoroughly to examine where you can trim your expenses.

Maximum Loan Amount Worksheet

Housing expense ratio (1)

Enter: Total gross monthly income (pre-tax)	$	______________	
X 28%		X .28	
Equals: Maximum allowable for mortgage payment (PITI)	$	______________	(1)

Total debt ratio (2)

Enter: Total gross monthly income (pre-tax)	$	______________	
X 43%		X .43	
Equals: Maximum allowable for mortgage payment (PITI) before other debt	$	______________	
Minus total monthly debt payment*	$	______________	
Equals: Maximum allowable for mortgage payment (PITI)	$	______________	(2)

Lesser of (1) or (2)	$	______________	(3)

Figure (3) is an estimate of your ***maximum allowable mortgage payment (PITI)***, given your current gross monthly income and debts.

Multiply **Figure (3)** by 80% to estimate the portion of PITI that represents your principal and interest (P&I) payment only		X .80	
Equals: Monthly allowable for P&I payment only	$	______________	(4)

Divide **Figure (4)** by the factor in the chart below that most closely represents today's interest rate environment.

P&I divided by 30-year P&I factor = maximum loan amount

$ ____________________ ÷ ____________________ = $ ____________________ This is your estimated maximum loan amount.

Figure (4) 30-year P&I factor

Interest rate	30-year P&I factor
4.00%	.004774
4.50%	.005067
5.00%	.005368
5.50%	.005678
6.00%	.005995

Interest rate	30-year P&I factor
6.50%	.006321
7.00%	.006653
7.50%	.006992
8.00%	.007338
8.50%	.007689

*This is the total monthly amount that you pay toward all revolving and installment debt loans, including car payments, credit card payments and bank loans.

Notes:

STMC-6712 (443202-18)

314421 - Revised: 7.26.18 | Effective: 8.6.18