Fifth Third Mortgage

Your Guide To Home Financing

You're buying your first home. We have an easy mortgage solution.

When buying a home, the world of mortgages can be intimidating and overwhelming. The key to feeling good about it is to start by educating yourself on the home buying process and the wide range of available mortgage options. At Fifth Third, our Mortgage Loan Originators will help explain everything you need to know and connect you with the right mortgage for your financial situation. To get you started, we've prepared this brochure. If you have questions throughout the process, give us a call and we'll do all we can to help you get into the home of your dreams.

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Step 1: Prepare

The first step in purchasing a home is to understand the benefits of owning a home. So, why should you buy a home? Aside from the pride of being a homeowner and making it uniquely yours, homeownership also has a number of financial benefits.* For instance, it brings you significant tax benefits and the possibility for building equity.

How does a home fit into your budget?

Start by determining how much home you can afford. The chart (inside this flap) will help guide you in determining the amount of money you should spend monthly on your new home mortgage.

What will I need to get started?

The home mortgage process can be daunting. But a little preparation in the beginning can make things run smoothly. Review the following checklist and have this information available when you meet with your Mortgage Loan Originator.

Items Required from all Applicant(s) at the Time of Application:

- Legible sales contract, fully executed by buyers and sellers
- Social Security Number
- Driver's license or State Identification Card

HOW MUCH CAN YOU AFFORD?

Calculating Your Qualifying Ratios	Monthly Income from salary:	
	Applicant #1	$ ________________
	Applicant #2	$ ________________
STEP ONE: *Calculate Your Gross Monthly Income*	Monthly income from commissions, bonuses, and/or overtime:	$ ________________
	Monthly dividend/interest income:	$ ________________
	Other monthly sources of income:	$ ________________
	TOTAL GROSS MONTHLY INCOME:	$ ________________
STEP TWO: *Calculate Your Current Monthly Outstanding Debt*	Monthly outstanding credit card payments:	$ ________________
	Monthly payments on car loans and/or leases:	$ ________________
	Monthly rent payment:	$ ________________
	Monthly utility payment:	$ ________________
	Monthly payments on any other loans (real estate, student, personal, etc.):	$ ________________
	Monthly child support/alimony:	$ ________________
	TOTAL MONTHLY DEBT:	$ ________________
STEP THREE: *Calculate Your New Monthly Housing Expense*	New principal and interest payment:	$ ________________
	Estimated monthly real estate taxes:	$ ________________
	Estimated monthly hazard insurance:	$ ________________
	Estimated monthly private mortgage insurance: (if applicable)	$ ________________
	Estimated monthly condo/association fee: (if applicable)	$ ________________
	TOTAL MONTHLY HOUSING EXPENSE:	$ ________________
STEP FOUR: *Calculate Your Monthly Housing Expense Ratio*	To calculate your MONTHLY Housing Expense Ratio, divide your Total Monthly Housing Expense (calculated in Step 3) by your Total Gross Monthly Income (calculated in Step 1):	
	Total Monthly Housing Expense	$ ________________
	Total Gross Monthly Income:	$ ________________
	= New Monthly Housing:	**$ ________________**
	Expense Ratio:	________________ %
	Generally, your monthly Housing Expense Ratio should not exceed 28%	
STEP FIVE: *Calculate Your Total Debt Ratio*	To calculate your Total Debt Ratio, add your Total Monthly Debt (calculated in Step 2) plus your Total Monthly Housing Expense (calculated in Step 3) and divide by your Total Gross Monthly Income (calculated in Step 1).	
	Total Monthly Debt:	$ ________________
	+ Total Monthly Housing Expenses:	$ ________________
	Total Gross Monthly Income:	$ ________________
	= Total Debt Ratio	________________ %
	Generally, your Total Debt Ratio should not excced 40%	

Income:

- Name and address of all employers for past two years
- Position and length of time on each job
- Current rate of base earnings and average of overtime, commissions, bonuses, etc.
- Copies of past two years W-2 forms
- Copy of two most recent pay stubs
- If self-employed, past two years personal Federal Income Tax returns, including all support schedules, along with Year-To-Date Profit and Loss Statement, and if applicable, past two years complete Partnership (including K-1s) or Corporation Federal Income Tax Returns and Financial Statements

Obligations:

- Name and address of creditors on all open accounts
- Current account balances
- Monthly payments
- Account numbers
- If child support and/or alimony payments are made, copy of recorded Separation Agreement and/or Divorce Decree

Assets:

- Name and address of depository—indicate if checking or savings, etc. —along with account number(s) and current balances
- Copy of most recent statement(s) for passbook/certificate/stock, if applicable
- Provide documentation for any additional source of funds (i.e. gift letter, Savings Bonds, etc.)

Step 2: Shop for a Mortgage

When you're looking to buy a home, you want to look for the best option to fit your financial situation. Consider Fifth Third your mortgage resource. We have a wide selection of options for financing; so chances are, you're sure to find the type of mortgage that suits you. Here is a quick overview of our offerings:

Stable monthly payments:

We offer fixed-rate mortgages at multiple term increments for those buyers who want predictable and steady monthly mortgage payments.

Low down payment:

If you are a first-time homebuyer that would like the opportunity to purchase with a limited down payment, we have mortgages. In addition, there are similar loans that allow flexible credit guidelines for veterans or those who qualify with the Federal Housing Administration (FHA).

Low monthly payments:

We offer many mortgage products including Adjustable Rate Mortgages (ARM) and Fixed Rate Mortgage options to meet your specific financial needs.**

To find out more about any of the products listed above, talk to your Fifth Third Mortgage Loan Originator. They will explain all the benefits and features of our mortgages and help you find the best one for you.

Step 3: Calculate

Of course, we all like to dream big. But how much home can you really afford? It's best to know before you even start looking. At Fifth Third, we have created a number of calculators to help you. Simply visit 53.com/mortgage, and click on Calculators to find the help you need.

Glossary of Terms

ADJUSTABLE RATE MORTGAGE (ARM):**
A mortgage in which the interest rate is periodically adjusted based on the movement of a pre-selected index.

ANNUAL PERCENTAGE RATE (APR):
The charge for credit, stated as a percentage, and expressed as an annual rate.

CONVENTIONAL MORTGAGE:
A non-government insured mortgage.

DEBT-TO-INCOME RATIO:
Ratio used to qualify you for a mortgage. Compares your total monthly housing expense and long-term debt (the amount you pay) with your total monthly gross income (the amount you earn).

ESCROW OR IMPOUND ACCOUNT:
An account that is set up and maintained by your mortgage company to save a portion of your monthly payment for the payment of items like your real estate taxes, hazard insurance and mortgage insurance.

HAZARD INSURANCE:
Also known as homeowner's insurance, this insurance compensates the homeowner for loss on property because of physical damage by fire, wind or other natural disasters.

INTEREST RATE:
A charge for borrowing an amount of money for a certain period of time.

PRINCIPAL:
The amount of money you borrow.

Frequently Asked Questions

Below are answers to some of the most frequently asked questions about the home loan process:

Q: What is an interest rate?

A: The interest rate is a charge for borrowing money for a certain period of time.

Q: What is equity?

A: Equity is the difference between the value of the home and the amount you owe on your home. Generally a portion of each monthly payment you make increases your equity as your mortgage balance is paid down.

Q: What is amortization?

A: In a process called amortization, your debt is reduced over the term of your loan. With amortization, your monthly payments cover the interest that has accrued on your loan and include an amount toward repayment of your principal. As your loan balance decreases, the interest portion of the monthly payment decreases and the monthly principal repayment increases.

Q: How do I know how much home I can afford?

A: Your Fifth Third Mortgage Loan Originator can help you determine how much mortgage and monthly payment you can afford, or you can complete the included Affordability Worksheet to get an estimate and then give us a call.

Q: How will I know how much will be needed for the down payment?

A: A lender typically requires a down payment between 10% and 20% of the home's selling price. Fifth Third offers several loan products, some of which offer low down payments for those who qualify. Your Fifth Third Mortgage Loan Originator can explain the benefits and features of these programs to help you find the loan to meet your needs.

Q: How do I begin?

A: You have already taken the first step by reading this brochure. The next step is to call and schedule a meeting with your local Fifth Third Mortgage Loan Originator who will explain everything you need to know. Visit 53.com/mortgage today to find the Mortgage Loan Originator closest to you.

Find out more.

We're here to help you understand every part of the mortgage process so you can make the best decisions for your specific situation.

Stop by any Fifth Third Banking Center and ask to speak with a Mortgage Loan Originator , or visit 53.com/mortgage to learn more about our products and services.

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*Fifth Third does not provide tax advice; consult your tax advisor.

**After the initial fixed term of the ARM period, it is possible that the borrower's payment may increase substantially over the remaining term of the loan.

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