

# Prosperity Bank

## Mortgage Loan Products

At Prosperity Bank, we understand that a particular mortgage product may not work for everybody. Our experienced mortgage professionals are committed to providing *you* with the mortgage product that fits *your* needs. To ensure that you are aware of the possible choices in financing, below is a description of the mortgage products offered by Prosperity Bank.

**This disclosure is not a contract and does not constitute loan approval.** Qualifications, terms and rates vary for each category of loans and individual products. Interest rates and fees are subject to change at any time. Loan availability is contingent on borrowers meeting eligibility and underwriting requirements and receiving final approval for a specific loan. Final approval can only be made following a full underwriting analysis by Prosperity Bank.

### **DEFINITIONS**

Amortize – this describes the time period over which loan payments are calculated.

ARM – this means an **Adjustable Rate Mortgage**, which is a loan that has an adjustable interest rate. The interest rates are based on an index plus a margin.

Conforming loan – a mortgage that is equal to or less than the dollar amount established by the conforming loan limit set by the Federal Housing Finance Agency (FHFA) and meets the funding criteria of Fannie Mae and Freddie Mac. Conforming loan amount is \$647,200 for loans closing after January 1, 2022.

Jumbo loan – a loan that is above the conforming loan limit, meaning a loan that is above \$647,200 that closes after January 1, 2022.

### **INTEREST RATE FLOAT DOWN OPTION**

If the interest rate offered by Prosperity Bank for the product you previously price protected (locked) goes down prior to closing on your mortgage loan, you may pay a 0.125% Float Down Fee to lower the interest rate to the current rate. Float down fees are calculated on loan amount. When exercising the float down option, your original price protection period does not change. Example: If you applied for a loan amount of \$100,000; and subsequently exercised the float down option, the amount added to your closing cost will be  $\$100,000 \times 0.125\% = \$125.00$ .

You are responsible for monitoring interest rates for this purpose and should not rely on your Mortgage Loan Officer to inform you of the lower interest rate option. When requesting to float down the interest rate, please discuss with the Mortgage Loan Officer whether changing the interest rate may adversely impact your closing date. The fee charged for exercising the float down option will be added to your closing statement and paid at the time you close on the mortgage loan. There is no limit to how many times a loan can be relocked.

### **AUTO DEBIT DISCOUNT DISCLOSURE**

Borrowers who select one of our consumer mortgage portfolio products have an option to reduce the stated rate by 1/8%. To take advantage of the rate discount, the customer must setup an auto debit for the monthly mortgage payment from a qualified Prosperity Bank account. The customer must set up their auto debit from an existing Prosperity Bank checking account, or the customer can set up the auto debit from a newly opened

Prosperity Bank checking account. The Prosperity Bank checking account must be opened and the request form to set up the auto debit must be submitted prior to loan underwriting to take advantage of this discount.

For question about this discount offer, borrowers are encouraged to speak with their Mortgage Loan Officer.

## **PURCHASE - REFINANCE - HOME EQUITY LOANS (HE) - HOME IMPROVEMENT (HI)**

- 5\*, 10, 15, and 30 year fixed rate conforming and jumbo portfolio loans. These loans have a fixed rate and amortize over the loan term, so the payment will remain the same for the 5\*, 10, 15, or 30 year term of the loan.

\*Note: The 5 year term is only available for Home Equity or Home Improvement loans.

- 30 year fixed rate conforming and jumbo loans. These loans have a fixed rate and are amortized over the loan term, so the payment will remain the same for the 30 year term of the loan.<sup>1</sup>

- 5/1 ARM with a 30 year amortization. Available for the purchase or refinance of a primary or secondary residence. The interest rate is fixed for the first 60 months from the loan's origination date; thereafter, subject to change on an annual basis for the remainder of the loan term.

- 7/1 ARM with a 30 year amortization. Available for the purchase or refinance of a primary or secondary residence. The interest rate is fixed for the first 84 months from the loan's origination date; thereafter, subject to change on an annual basis for the remainder of the loan term.

- 10/1 ARM with a 30 year amortization. Available for the purchase or refinance of a primary or secondary residence. The interest rate is fixed for the first 120 months from the loan's origination date; thereafter, subject to change on an annual basis for the remainder of the loan term.

- 5/15 Home Equity Lines of Credit (HELOC); minimum loan amount of \$30,000. These lines of credit must be made in accordance with Texas or Oklahoma law, depending on the location of the residence. The loan provides for interest-only payments for the first 5 years after origination, with an adjustable rate during this period. At the end of 5 years, the monthly payments will consist of principal and interest with a fixed rate based on a 15 year loan term, which will result in a higher monthly payment than during the first 5 years.

- Manufactured Homes with Land – 10 and 15 year fixed conforming and jumbo loans amortized over the loan term. This program is limited to the purchase of primary and secondary homes.

- Manufactured Homes with Land – 30 year fixed conforming and jumbo loans amortized over the loan term for the purchase of primary and secondary homes.<sup>1</sup>

- HOPP Loans - 30 year fixed rate loan. Purchase and Refinance of a primary residence only. A HOPP loan may afford you an opportunity to purchase or refinance a home if a) your income level does not exceed the unrounded median family income for the county in which your primary home is located, or b) your primary home is located in a high minority tract, or c) your primary home is located in a low income or moderate income tract. Available in Bank's designated assessment areas in Texas and Oklahoma. These loans have a



fixed rate and amortize in approximately equal monthly principal and interest payments during the 30 year term of the loan.

- Doctor Home Loan Program – This program is available to finance the purchase of a primary residence for medical doctors. The programs available for physicians are: 10 year fixed, 15 year fixed, 30 year fixed, 5/1 ARM, 7/1 ARM, or 10/1 ARM conforming and jumbo portfolio loans. The 10, 15, and 30-year loans are fixed rate and amortize over the loan term. The intermediate ARMS (5/1, 7/1, and 10/1) have an initial fixed rate of interest followed by an annually adjusting rate for the remaining term. The ARM loans amortize over 30 years.
- FHA loans – fixed rate and adjustable rate. With FHA loans, you can purchase a home with a low down payment. FHA often accepts lower credit scores than are needed with other types of mortgages. The maximum loan amount for an FHA loan varies by county.<sup>1</sup>
- VA loans – These loans provide 100% financing for qualified veterans and are guaranteed by the Department of Veterans Affairs.<sup>1</sup>
- USDA loans – 30 year fixed rate. Provides 100% financing to low/moderate income persons who will reside in USDA approved rural areas.<sup>1</sup>
- HUD 184 – Designed for American Indian and Alaska Native families for the purchase or refinance of an existing or new single family home.<sup>1</sup>

### **CONSTRUCTION LOANS**

- 1 time close 10, 15, or 30 year fixed rate construction loans. These loans have an interest only period of 12-18 months converting to a 10, 15, or 30 year fully amortized term loan.
- 5/1 ARM: 1 time close 5 year ARM construction loan. Available for construction of primary residence only. This loan has an interest only period of 12-18 months converting to a 30 year fully amortized term loan. The interest rate is fixed for the first 60 months from the loan's origination date.
- 7/1 ARM: 1 time close 7 year ARM construction loan. Available for construction of primary residence only. This loan has an interest only period of 12-18 months converting to a 30 year fully amortized term loan. The interest rate is fixed for the first 84 months from the loan's origination date.
- 10/1 ARM: one time close 10 year ARM construction loan. Available for construction of primary residence only. This loan has an interest only period of 12-18 months converting to a 30 year fully amortized term loan. The interest rate is fixed for the first 120 months from the loan's origination date.
- Construction loan. This loan has an interest only period of 12-18 months with full principal and unpaid interest due at maturity.

<sup>1</sup> Secondary market loans are sold to an investor after origination of the loan.