

# 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. ARMs have a rate that moves up or down after an introductory period which means the monthly payment can fluctuate up or down.

**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 \$806,500 for loans closing after January 1, 2025.

**Fixed-Rate** – A loan in which the interest rate will remain the same through the life of the loan.

**Jumbo loan** – a loan that is above the conforming loan limit, meaning a loan that is above \$806,500 that closes after January 1, 2025.

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

If the interest rate offered by Prosperity Bank for one of our consumer mortgage portfolio products you had previously price protected (locked) goes down prior to closing on your portfolio 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 relicked.



## **MORTGAGE RATE DISCOUNT DISCLOSURE**

Borrowers who select one of our consumer mortgage portfolio products have an option to reduce the stated interest rate by 0.125% (1/8%). To take advantage of the rate discount, the borrower must setup an auto debit for the monthly mortgage payment from a qualified Prosperity Bank account, and the borrower must establish an escrow account for property taxes & insurance. To set up the auto debit, the borrower may use an existing Prosperity Bank checking account or open a new checking account. The Prosperity Bank checking account must be open and the auto debit form submitted prior to loan underwriting to take advantage of this discount.

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

## **PROSPERITY BANK HOMEBUYER GRANT PROGRAM**

Only available on FHA and VA primary purchase loans. Qualified borrowers must meet eligibility requirements including, but not limited to, meeting certain qualifying income limitations, and purchasing a home within eligible majority-minority census tracts (MMCT). The Prosperity Bank Homebuyer Grant Program is a lender credit. Program funds can only be used for prepaid items and closing costs, including discount points. The grant funds may not be used for the down payment or to meet borrower's required minimum investment, if any. Borrowers cannot receive program funds as cash back. The loan must fund with Prosperity Bank. Prosperity Bank may change or discontinue the Prosperity Homebuyer Bank Grant Program or any portion of it without notice.

The Homebuyer Grant may be considered miscellaneous income and may be reportable on Form 1099-MISC (Miscellaneous Information) or Form 1042-S (Foreign Person's U.S. Source Income Subject to Withholding) to the customer and the IRS, for the year in which they are awarded. We encourage customers to consult with a personal tax advisor for questions about the impact to personal income tax returns.

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

- 5\*, 10, and 15 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, and 15 year term of the loan.

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

- 15, 20, and 30 year fixed rate conforming and jumbo secondary market loans. These loans have a fixed rate and are amortized over the loan term, so the payment will remain the same for the 15, 20 or 30 year term of the loan.<sup>1</sup>
- 5/6 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, the interest rate is subject to change every 6 months for the remainder of the loan term.
- 7/6 ARM with a 30 year amortization secondary market loans. Available for the purchase or refinance of a primary residence. The interest rate is fixed for the first 84 months from the loan's origination date; thereafter, the interest rate is subject to change every 6 months for the remainder of the loan term.<sup>1</sup>
- 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 60 months after origination, with an adjustable rate during this period.



At the end of 60 months, 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 60 months.

- 5/15 Home Equity Lines of Credit–2 (HELOC-2); minimum loan amount of \$4,000. Maximum loan amount of \$10,000. These lines of credit must be made in accordance with Texas and Oklahoma law, depending on the location of the residence. The loan provides for interest-only payments for the first 60 months after origination, with an adjustable rate during this period. At the end of 60 months, the monthly payments will consist of principal and interest with a fixed rate based on a 15 year term, which will result in a higher monthly payment than during the first 60 months. The HELOC-2 loan may afford you the opportunity to use the equity in your home if your primary home is located in a majority minority census tract (MMCT) within the bank’s designated assessment areas in Texas and Oklahoma.
- 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.
- HOPP/ITIN (Home Ownership Possibility Program) Loans - 30 year fixed rate loan. Purchase or Refinance of a primary residence only. ITIN holders or other non-US residents with a valid SSN are eligible. 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.
- USDA loans – Fixed Rate loan options designed to offer moderate household income residents in eligible rural areas up to 100% financing. <sup>1</sup>
- 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>
- 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 and 15 year fixed rate construction loans. These loans have an interest only period of 12-18 months converting to a 10 or 15 year fully amortized term loan.
- 5/6 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; thereafter, the interest rate is subject to change every 6 months for the remainder of the loan term.



- Construction loan. This loan has an interest only period of 12-18 months with full principal and unpaid interest due at maturity.

### **INVESTMENT (1-4 FAMILY RENTAL) LOANS**

#### Portfolio Options:

- ARM with 15 year amortization. The interest rate is fixed for the first 60 months from the loan's origination date; thereafter, the interest rate is floating for the remainder of the loan term.
- ARM with 15 year amortization floating daily. The interest rate will float daily for the entirety of the loan term.
- 10 and 15 year fixed rate portfolio loans. These loans have a fixed rate and amortize over the loan term, so the payment will remain the same for the 10 and 15 year term of the loan.

#### Secondary Market Options<sup>1</sup>:

- 15, 20, and 30 year fixed rate secondary market loans. These loans have a fixed rate and are amortized over the loan term, so the payment will remain the same for the 15, 20 or 30 year term of the loan.
- 15 and 30 year fixed rate or 5/6 ARM products are available for business purpose investment properties. Prepayment penalties may apply.

Undersigned applicant(s) hereby acknowledge that I(we) have received the list and description of all mortgage loan products offered by Prosperity Bank.

---

USPS Validator Test 4

Date

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

