
HEADING HOME
The Mortgage Playbook: Your guide to America's other great pastime - Home Ownership

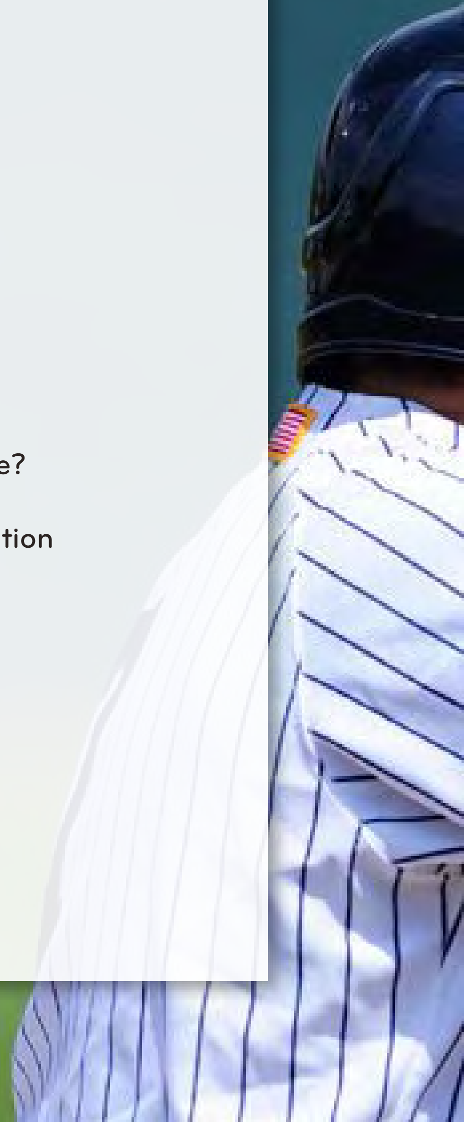
STEP INTO THE BATTER'S BOX.
THEN HIT A MORTGAGE HOME RUN.

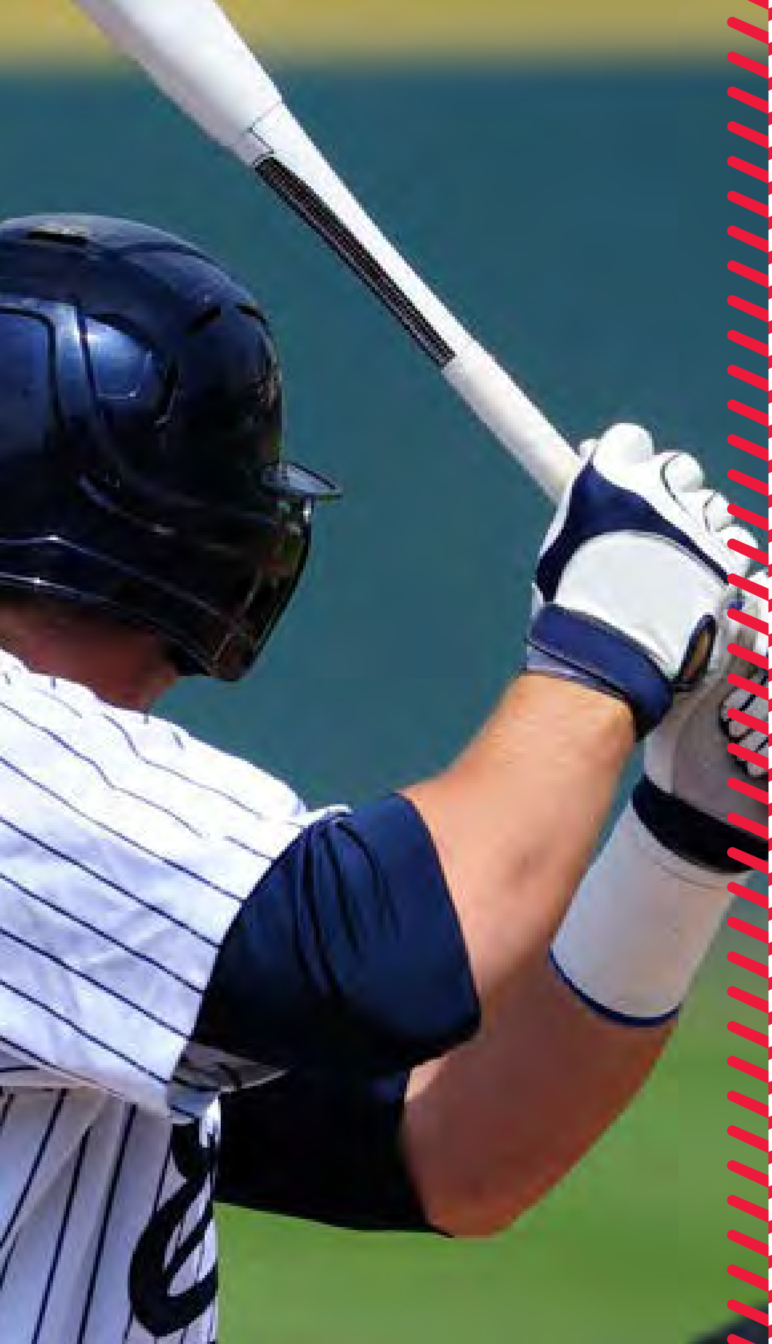
Heading for home? Thinking about lining up a mortgage? Good for you.

How about some tips from the All-Stars to help you get the best possible mortgage?

The Mortgage Playbook was created to cover all the bases of the mortgage application process. We'll show you how to avoid getting struck out by confusing requests or financial surprises. And we'll show you how to get everything ready for your closing date, so you can make it home in record time.

ARE YOU READY? LET'S PLAY BALL!





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Spring Training

WARMING UP FOR SUCCESS

CHAPTER
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It's been said that the foundation for a winning baseball team is built during Spring Training. The same can be said of that other great American pastime, known as the "mortgage application process." How you finish depends on how you start.

To find the mortgage that best fits your needs, you'll want to get in the best financial shape possible before you start working with a lender. You'll need to get in the game by finding the most current information about your personal finances, as well as the smartest questions you can ask your lender. **Here are a few to get you started:**

Put me in, coach! What do I need to know to find the right mortgage for me?

To find the right mortgage, you need to be ready at the start of the game with the right questions. That way, you can find the mortgage that plays to your financial strengths.

HOW MUCH HOUSE CAN I AFFORD?

The amount of house you can afford is based on an industry standard formula called your Debt-to-Income ratio or DTI. Debt-to-Income is calculated by taking the amount of your monthly debt payments divided by your gross monthly income.

Basically, if your DTI is under 43%, you're swinging in the strike zone. This means your monthly mortgage and other debt obligations are not more than 43% of your monthly gross income. Responsible lenders simply don't want you to take on more debt than you can comfortably afford. (Some lenders may set their DTI ratio slightly higher or lower depending on the loan program.)

How do you determine your DTI? Some lenders offer mortgage calculators that allow you to enter in your income and current monthly obligations and return an estimate of the maximum mortgage for which you may qualify.

WHAT TYPE OF LOAN BEST FITS MY FINANCES?

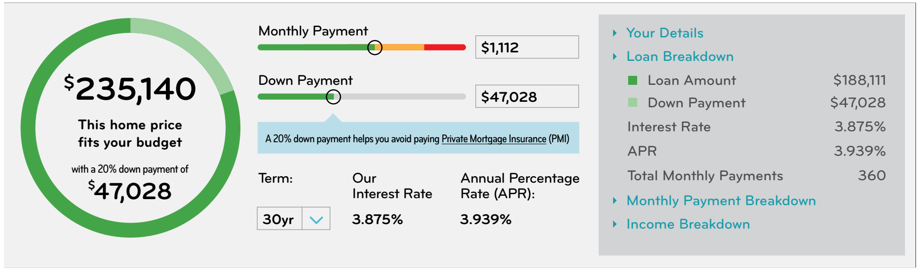
Once you've decided on the right loan amount, your lender will review with you the various mortgage products they offer so you can make an informed decision. These products might include custom loan programs created by that institution, or broadly available Fannie Mae, Freddie Mac, Federal Housing Administration (FHA), or Veterans Affairs (VA) programs.

Each of these mortgage types has different features. Remember to look across the entire playing field and not just at low rates, payments, or fees when deciding what type of mortgage is best for you.

For instance, some mortgages may contain lower down payment requirements, more flexible underwriting guidelines, or varying qualification requirements. You'll also want to explore loan options and terms including Fixed Rate vs. Adjustable Rate Mortgages (ARM) that have varying terms up to 30 years. After identifying which type of loan is best, remember to compare interest rates and closing costs, which can vary from lender to lender.

TRAINING TIP

Ally offers an easy to use Affordability Calculator at Ally.com to help you determine how much house you can afford.



This is a representation of the functionality of the Affordability Calculator located at Ally.com

All charts and graphs are for illustrative purposes only.

What steps can I take to increase my chances of getting approved for a mortgage?

The best way to ensure your mortgage approval is to start your "mortgage warm-ups" in advance of applying for your mortgage. This will allow you time to not only save up additional funds for your down payment, but also ensure your credit quality is at peak condition when it's time to apply.

THERE ARE 5 ESSENTIAL

MAINTAIN STABLE EMPLOYMENT. Lenders prefer applicants have a minimum of 2-3 years of consistent work history, preferably with the same employer. During that time period, your salary should increase or remain stable.

MANAGE YOUR DEBTS. A home mortgage lender evaluates your previous payment history in determining your creditworthiness for a loan. To demonstrate your responsible use of credit to your lender, pay all of your accounts by their due dates and maintain a low credit utilization ratio (the ratio of your used credit to your available credit.)

PAY DOWN CREDIT ACCOUNTS. When determining how large a home loan you qualify for, a mortgage lender evaluates your debt-to-income ratio, or DTI. The typical DTI limit established by lenders is 43%, which means your monthly mortgage and other debt obligations should not be more than 43% of your monthly income. Your particular lender may require a figure lower (or could allow higher) depending on the loan programs available. Any money you can apply to pay down your recurring monthly accounts will positively influence your DTI.

SINGLE-A TIP

Even if you're a recent college graduate who has fewer than two years of work experience, you can still apply for a mortgage. Most lenders do not expect the same level of workplace continuity from a recent graduate as they would a more experienced applicant. Just be ready with that diploma in hand. A lender will want to confirm your recent graduation.

WAYS TO INCREASE YOUR FINANCIAL FITNESS:

ACCUMULATE ASSETS. Liquid assets that can be verified will help a mortgage lender understand your financial stability. In addition to checking and savings accounts, other types of liquid assets include the vested portion of retirement accounts, bonds, mutual funds, etc. You should be prepared to put down at least 3% or up to 20% of the purchase price depending on the type of mortgage product you're seeking.

EVALUATE AND CORRECT YOUR CREDIT REPORT AND REQUEST YOUR FICO SCORE. To get the best mortgage rate possible, you need to put up the numbers – your credit score numbers, that is. Obtain a report pulled by all three major credit-reporting bureaus--Equifax, Experian and TransUnion. You're entitled to a FREE annual credit report but there may be an additional fee to obtain your actual credit score(s). This should give you all the information you need.

One of the ways you can get a copy of your free credit report is through Annual Credit Report, www.annualcreditreport.com. By law, you are allowed to get one free copy from each of the three national consumer credit reporting agencies every 12 months.

If you see any errors in the reports, be sure to reach out to each bureau to correct them. You should also draft a letter of explanation to mortgage lenders that fully explains the reason for any legitimate negative items on your credit report. Past temporary financial setbacks such as a job loss or an illness can often justify a collection or a period of late or missed payments.

OPENING DAY

FINDING A MORTGAGE THAT'S RIGHT FOR YOU

CHAPTER 2

Just like baseball bats, mortgages come in all sizes. The key is to find the one that feels best to you. That way, you can knock it out of the ballpark by getting the type of mortgage that fits your financial realities.

As you start to compare the different types of mortgages to build your game plan, be sure to keep the following thoughts in mind.

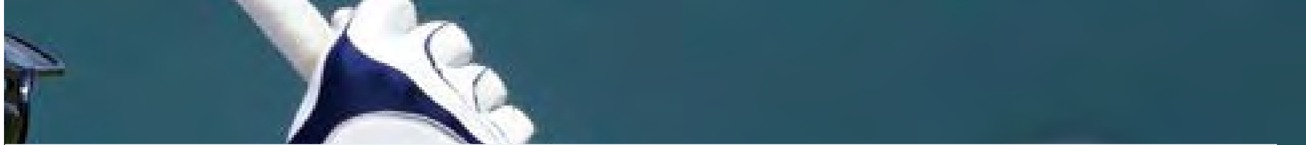
What should I look for in a lender?

A mortgage is a product you can get from many different places, but an important reason to pick one lender over another is their level of customer service. As you're scouting out different lenders, be sure you know the specific ways they will help guide you through the mortgage application process.

Case in point, at Ally, we'll assign you your own Ally Home Team to provide answers every step of the way. There are so many different mortgage products and rate/point combinations available, so working with a team that will help you find the exact right loan can be priceless.

And today, a high level of service doesn't have to be pricey. That's where our competitive rates and fees come in. So when evaluating lenders, consider all of these factors to ensure you are getting the best all-around experience for your home purchase:

- lender reputation
- service (i.e. will they be there when you need them)
- interest rates, loan options and points (a quick online search will tell you if they are competitive)
- lender fees & closing costs
- convenience (e.g. ability to upload, review and sign documents online)



Should I choose a Fixed-Rate Mortgage or an Adjustable Rate Mortgage?

A key factor in deciding between these two types of mortgages is the current interest rate environment. If rates are relatively low, a fixed-rate mortgage may be the better option. If rates are relatively high, an adjustable rate mortgage (or ARM) may make sense because its lower initial interest rate can lead to a lower monthly payment for a specific time period – usually 5, 7, or 10 years – before the interest rate can be changed by your lender.

Another important consideration is whether you plan to stay in your home for a long period of time (more than 10 years.) If so, you may want to consider a fixed-rate mortgage to provide the peace of mind that your interest rate will remain the same for the life of your loan.

On the other hand, if you don't plan on being in your home very long, an ARM can be a smart play because it often offers a lower monthly mortgage payment than a fixed-rate mortgage. It can also come with some long-term risk, especially if your payment adjusts upward based on rising interest rates. Thankfully, there is some protection offered on ARMs based on Periodic and Lifetime Caps on interest rate increases. These provide limits on how much the rate can change at a single adjustment, as well as over the life of the loan.

TRAINING — TIP —

Here's an example of the breakdown of a 7/1 ARM and a Conventional Loan, to compare total costs over the life of the loan.

	3.25% 7/1 ARM	3.75% Fixed	Monthly Difference	Total Difference During Timeframe
Year 1-7 Payment	$1,088	$1,158	-$70	-$4,186
Year 8 Payment	$1,320	$1,158	$162	-$2,238
Year 9 Payment	$1,567	$1,158	$409	$2,667
Year 10 - 30 Payment	$1,693	$1,158	$535	$9,092

Lower payment benefit is nearly zero at month 5 in year 9

**Based on 30Y total term, $250K, purchase*
***ARM adjusting by 2% in year 8 and 9 with a maximum 5% increase in year 10.*

All charts and graphs are for illustrative purposes only.

How is my mortgage rate determined?

Mortgage rates are based on many factors. Some factors are determined by the lender, while others reflect the borrower's credit and housing characteristics, or even by events in the broader mortgage market.

From the Lender's perspective, the biggest factor is ensuring the borrower can repay the amount owed on the mortgage. To determine that, the lender will look at a customer's FICO score, their debt-to-income ratio (or DTI), as well as the loan amount in comparison to the value of the home (LTV – loan-to-value). If a customer has long history of on-time payments and has shown they can handle debt (regular payments, not keeping heavy credit card debt for long periods of time, etc.), a lender may see them as a less risky borrower as opposed to someone who may not have those same characteristics.

The house you choose will also have a big determination in your rate. How much do you want to borrow against the value of the home? What state is the home in? What type of home is it (single family, condo, duplex, etc.)? All of these factors will impact your mortgage rate, as a lender will look at historical data for those types of properties and the amount being borrowed against the value of the home to determine the potential risk of the borrower defaulting on the loan.

Global events that impact the U.S. economy or destabilize financial institutions can cause rates to change. For example, if the U.S. government decides to raise taxes on businesses, mortgage rates may go up so lenders can ensure they're still able to cover their full costs. On the other hand, if the number of homes for sale drops, lenders may lower rates to keep their mortgage volume at a higher level.

Mortgage rates move every single day and can even change multiple times a day. If you've locked in your mortgage rate, you don't have to worry about a rise in rates since you're protected against that scenario. But if you're letting your rate float, be sure to talk to your home loan advisor on when might be the best time to lock in your rate.

If you want to see how rates may be moving, you can visit this website (https://www.bloomberg.com/markets/rates-bonds/government-bonds/us) and look at how the U.S. 10-year rate has changed. The change in yield will equal about 1 basis point in rate change in the same direction.

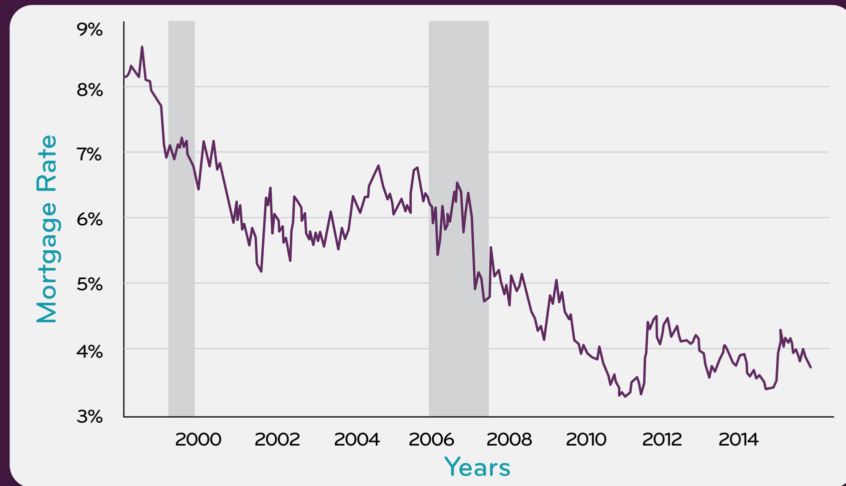


Chart info pertains to 30 Year Fixed Rate, source is Freddie Mac, fred.stlouisfed.org

TRAINING — TIP —

Above is a chart of the mortgage rate since 1998. Note the dark areas, reflecting recessions and the corresponding drop in mortgage rates.

How much money should I put down?

This is an age-old question that really depends on your financial picture. Some people have more savings than others to use as a down payment.

A larger down payment of at least 20% reduces your amount financed, reduces the amount of interest charged, and avoids the added cost of mortgage insurance. (We'll share more on mortgage insurance later in the Playbook.) On the other hand, smaller down payments that don't require you to come up with as much money can allow you to keep more cash on hand. This can enable you to free up money for investing in your retirement savings or growing your business.

MANAGER'S — CALL —

In the end, it's important you make sure your monthly payment is affordable, while still having enough of a financial cushion in case you need immediate access to cash.

I don't have a large down pay-ment or money for closing costs. Can I still get approved for a mortgage?

The good news is the U.S government is a huge fan of home ownership, and they've set up mortgage programs to assist you. If you're looking for a purchase program that can minimize your down payment, then work with your lender to explore Fannie Mae and Freddie Mac mortgage offerings. They both have options that require as little as 3% down.

There are a number of other ways to help you find the money you need to purchase or refinance:

GIFT FUNDS Monetary gifts from family members can be used for your down payment or closing costs with proper documentation. Check with your lender as additional conditions may apply.

SELLER CONTRIBUTIONS Quite often, a seller will agree to a specific dollar amount or percentage they are willing to contribute toward your closing costs to make the sale happen.

LENDER CREDIT You can agree to a slightly higher interest rate over the term of your loan in exchange for your lender paying part or all of your closing fees.

SHOP YOUR CLOSING COSTS Compare what various lenders are charging, and negotiate with your lender.

Are there different products offered for different loan amounts?

There are two major types of mortgages, known as "Conforming" and "Jumbo."

The standard conforming loan is one that meets the underwriting guidelines of Fannie Mae (The Federal National Mortgage Association), Freddie Mac (The Federal Home Loan Mortgage Corporation), FHA (The Federal Housing Administration), or the VA (U.S. Department of Veteran's Affairs).

Conforming loans have pre-set maximum loan amounts that vary based on the real estate market where you are located. For the majority of the U.S., the maximum loan amount offered by these entities for a single-family dwelling is $453,100. Ninety percent of the mortgages in the U.S. fall within this loan limit. In certain markets that are considered expensive, the maximum loan amount on a conforming loan for a single-family dwelling is $679,650.

Loan amounts that total over $453,100, or $679,650 in high cost markets, are known as Jumbo mortgages. These types of loans generally have different qualification requirements set by each lender. Borrowers looking for a Jumbo product tend to have higher credit profiles with FICO scores above 700. The majority of lenders offering Jumbo mortgages cap their maximum loan-to-value ratio at 80%. They also may have reserve requirements and debt-to-income (DTI) requirements to offset the risk associated with the higher loan amount.

What are the financial figures a lender will look at before approving my mortgage?

When a lender is looking at your mortgage application – just as in baseball – there are a few key stats that really matter. These are often called "The 4C's": Credit, Capability, Capital, and Collateral:

CREDIT SCORE
The lender will obtain a credit report that shows your credit score and credit history as reported by respected credit institutions.

CAPABILITY TO PAY
The lender must determine you have steady employment and the ability to repay your debt(s).

CAPITAL
The lender must confirm you have the ability to meet your down payment, closing cost, and reserve requirements.

COLLATERAL
The lender must determine your property value supports the loan amount being requested and the property meets health and safety standards.

What is the difference between interest rate and APR?

The interest rate on a mortgage is the percentage of interest charged relative to the loan amount for a given loan. The Annual Percentage Rate (APR) is the cost of credit expressed as a yearly rate and includes the interest rate, points and certain other credit charges the borrower is required to pay.

The APR is the best way to compare pricing across lenders where interest rates, points, and fees can vary. For adjustable rate mortgages (ARMs), the APR takes into account the adjusted interest rates expected following the fixed period. A large gap between the interest rate and APR for a fixed rate mortgage could signal the lender is charging the borrower a substantial amount of fees or discount points.

MANAGER'S
— CALL —

Below is the breakdown of example interest rates on a 30 year fixed mortgage and a 7/1 ARM, and their respective APRs.

Interest Rate	3.25%	3.38%	3.5%
Discount Points	0.50	0.25	0.000
Fees	$1,500	$1,000	$500
APR	3.34%	3.43%	3.52%
Difference between Interest Rate and APR	0.09%	0.05%	0.02%

Interest Rate	3.25%	3.38%	3.5%
Discount Points	0.50	0.25	0.000
Fees	$1,500	$1,000	$500
APR	3.78%	3.79%	3.8%
Difference between Interest Rate and APR	0.53%	0.42%	0.30%

How do I choose between "low rates" and "low points" on a mortgage?

The price of your mortgage depends on both the interest rate and the discount points. Discount points, known simply as "points," are fees paid directly to the lender at closing in exchange for a lower interest rate. They are called "points" because each point is equal to 1 percentage point of your loan amount.

If you choose to pay discount points at your closing, you can secure a lower interest rate for the life of your loan (this is called a "buy down"). The decision whether to buy down your interest rate depends on many factors, including your desired monthly payment, your available funds for closing, and how long you plan to remain in your property.

Mortgages also contain a prepayment option that allows you to pay off your mortgage prior to the end of the term with no penalty. You can refinance your mortgage or sell off the property. Of course, if you prepay early into the mortgage's life, then buying down the rate may not be as beneficial.

TRAINING — TIP —

Paying for points can save you money in the long run. Here is an example of how long it would take to cover the difference.

	Low Points	Low Interest Rate
Interest Rate	4.25%	4.00%
Points	0.00	.75
Cost of Points	0.00	$1,875
Monthly Payment	$1,230	$1,194
Payment Difference		-$36

It will take you 52 months to recover the cost of .75 point.

All charts and graphs are for illustrative purposes only.

THE 7TH INNING STRETCH

FINISHING STRONG

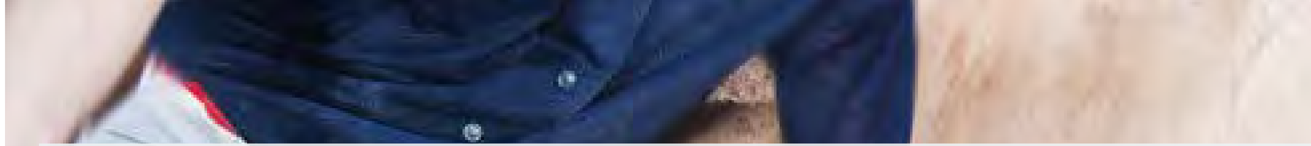
CHAPTER
—3—

As you head into the late innings, it's time to get your documents ready for mortgage approval and closing. This is the time to be sure you have everything you need to come away with a win.

True, collecting all of that paperwork isn't always fun, but mortgage applications build character. (Like the coach says, just keep saying that out loud until you believe it.)

As you make the turn for home, here's what you'll need to succeed.

What documents are required for mortgage approval? And why are there so many?



If you feel like you need to collect a lot of information for your lender, you're not alone.

Today's requirements for documentation grew out of the 2008 downturn in the economy and real estate market, which forced most lenders to exit the "no document" or "limited document" type of mortgages. This increase in documentation is intended to help protect customers, strengthen the overall lending process and safeguard the economy, which are all good things.

As a result, the majority of mortgages today require full documentation. For most lenders, "full documentation" typically includes:

- **A MULTI-YEAR VERIFICATION OF A BORROWER'S INCOME**
- **30-90 DAYS OF VERIFICATION OF ASSETS FOR DOWN PAYMENTS AND/OR RESERVES**

It's important to note there are still some exceptions to this higher level of verification. For example, some refinance transactions and loan modifications in which your lender already knows you and owns your mortgage may allow for less verification.

However, there are other scenarios where more documentation will be necessary. For example, a borrower could also be required to provide:

- **FINANCIAL STATEMENTS (IF YOU ARE SELF EMPLOYED)**
- **A COPY OF THE TRUST FOR ANY PROPERTY HELD IN THE NAME OF A TRUST**
- **RENTAL HISTORY AND RENTAL EXPENSE INFORMATION FROM BORROWERS WHO OWN MULTIPLE PROPERTIES**

Your credit report could also raise some additional questions for a lender. It's not uncommon for lenders to request explanations if your credit report shows:

- **MULTIPLE ADDRESSES WITHIN THE LAST TWO YEARS**
- **DELINQUENT CREDIT**
- **CHARGE-OFFS, COLLECTIONS OR CREDIT INQUIRIES WITHIN THE LAST 120 DAYS**

SAFE!

What are the fees that make up typical closing costs?

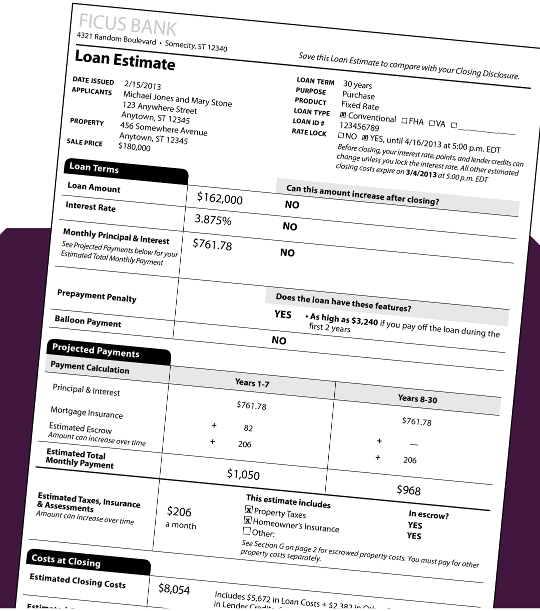
Closing costs apply to both purchase and refinance loans. These fees are paid when the loan closes, and fall into three categories. For example:

FEES PAID TO THE LENDER Origination fee, discount points, and underwriting fees are most common. There may be other fees as well (e.g. some lenders may charge a processing fee or application fee).

FEES PAID TO THIRD PARTIES Appraisal, property survey, title search, title insurance, attorney, credit bureau, flood certification, tax certification and recording/state fees.

OTHER FEES If you are required to have mortgage insurance and an escrow account, these are considered closing costs, as well.

As you're shopping, it's always wise to ask your lender to disclose their fees. You can also use the Loan Estimate form you'll receive during the mortgage application process to understand the breakdown of the fees and compare how different lenders stack up.



FICUS BANK
4321 Random Boulevard • Somecity, ST 12340

Loan Estimate

Save this Loan Estimate to compare with your Closing Disclosure.

DATE ISSUED	2/15/2013
APPLICANTS	Michael Jones and Mary Stone 123 Anywhere Street Anytown, ST 12345
PROPERTY	456 Somewhere Avenue Anytown, ST 12345
SALE PRICE	$180,000

LOAN TERM	30 years
PURPOSE	Purchase
PRODUCT	Fixed Rate
LOAN TYPE	☒ Conventional ☐ FHA ☐ VA ☐ ________
LOAN ID #	123456789
RATE LOCK	☐ NO ☒ YES, until 4/16/2013 at 5:00 p.m. EDT *Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on **3/4/2013** at 5:00 p.m. EDT*

Loan Terms

Loan Terms		Can this amount increase after closing?
Loan Amount	$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest *See Projected Payments below for your Estimated Total Monthly Payment*	$761.78	NO
		Does the loan have these features?
Prepayment Penalty		YES • **As high as $3,240** if you pay off the loan during the first 2 years
Balloon Payment		NO

Projected Payments

Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	$761.78	$761.78
Mortgage Insurance	+ 82	+ —
Estimated Escrow *Amount can increase over time*	+ 206	+ 206
Estimated Total Monthly Payment	$1,050	$968

Estimated Taxes, Insurance & Assessments *Amount can increase over time*	$206 a month	**This estimate includes** ☒ Property Taxes ☒ Homeowner's Insurance ☐ Other: *See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.*	**In escrow?** YES YES

Costs at Closing

Estimated Closing Costs	$8,054	Includes $5,672 in Loan Costs + $2,382 in Oth… in Lender Credit…

On a Loan Estimate page there will be one of a number of sheets you'll receive during the mortgage application process. Above is an example of what it looks like.

All charts and graphs are for illustrative purposes only.

How much are typical closing costs?

Closing costs typically range between 2-5% of the purchase price. For example, on a $200,000 home, closing costs may range between $4,000 and $10,000, so it's important you budget for this expense.

You'll usually be responsible for paying these fees out of pocket at the time of closing, but sometimes the home seller may contribute funds. Some lenders may also provide an option to roll the closing costs into the total loan amount, which is helpful for borrowers who don't have a lot of cash available at closing, perhaps because of a large down payment. Just keep in mind: if you roll your closing costs into your loan, it will likely cost you more in the long run because you will be paying interest on those closing costs over time.

How does an escrow account work? And why do I need one?

If your loan-to-value ratio is greater than a certain percent (typically 80%), your lender will likely require you set up an escrow account. It's still your money, but think of it as an account that you fund. The lender simply maintains it and uses that money to make both tax and insurance payments on your behalf at the time they are due.

As you make your monthly mortgage payments, the amount to cover your taxes and insurance is set aside in your escrow account. When your lender receives notification that one of these payments is due, they pay the amount from this escrow account. Escrow accounts are reviewed yearly to capture any changes and may result in an increase or decrease to your yearly PITI (Principal, Interest, Taxes, and Insurance) payment.

! If your property is in a flood zone, you will always be required to escrow flood insurance.

ROUNDING THE BASES

KNOW THE SIGNALS YOU NEED TO SUCCEED

CHAPTER 4

Applying for a mortgage means you need to learn the rules of the game. Below are some of the terms you'll run into as you round the bases and head for home during the mortgage application process.

For a more complete list, you can always head to Ally.com for a breakdown of even more mortgage terms. We can help you learn the ABCs of FHA, APR, and PMI so you can get the right mortgage ASAP.

What is the difference between Private Mortgage Insurance (PMI) and Mortgage Insurance Premium (MIP)?

In essence, Private Mortgage Insurance (PMI) and Mortgage Insurance Premium (MIP) play pretty much the same position within the mortgage arena. PMI is provided by private mortgage insurance companies, while MIP is provided through the U.S. government's Federal Housing Authority (FHA). One of them will be required for borrowers with low down payments and offer protection to the lender in the event of default. Mortgage insurance protects the lender in the event the value of the home falls short of the outstanding debt.

PMI is a teammate you may need to rely on if you're putting less than 20% down. This insurance is meant to protect the lender if a borrower defaults on a home loan.

Fees for PMI vary and depend on the size of your down payment or equity, as well as your credit score. Fees for PMI are either paid upfront or as part your monthly payment. Once your mortgage balance falls below 78% of the property value at the time of origination, most lenders will automatically remove PMI. Talk to your lender, since there are situations where this may be done sooner, particularly in a rising housing environment.

FHA mortgages require MIP. MIP offers the same type of protection to the FHA that PMI provides to non-FHA lenders. Fees for MIP are determined by the loan amount and loan-to-value ratio. They can be paid up front in a lump sum or as part of the monthly mortgage payment.

What is Debt To Income (DTI)? What is the recommended DTI?

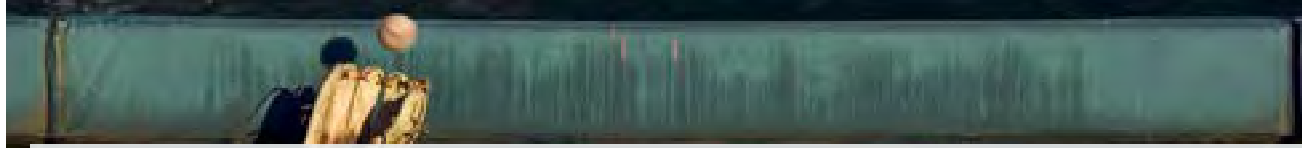
Debt-to-Income, or DTI, is the ratio used by your lender to help determine how much of a payment you can comfortably afford. The DTI is calculated by taking the amount of your monthly debt payments divided by your monthly gross income. In many cases, the maximum ratio allowed by lenders is 43%. There are some lenders and government agencies that have the ability to exceed this, but there are restrictions around the ability to do so.

It's important you understand what your debt to income ratio is and make sure you are comfortable with the budget. Many borrowers prefer to have their DTI lower to avoid burdening their budget and becoming "over extended."

MANAGER'S — CALL —

When applying for a mortgage, it is better to keep this ratio a little lower than the allowed 43%. In fact, most lenders recommend 36% or less. That way, you'll be swinging free and easy with your mortgage payments each month.

How is my mortgage payment determined?



Although mortgages may at first seem mysterious, there are a few key stats that are part of a typical mortgage payment:

- **LOAN AMOUNT** (How much are you borrowing?)
- **INTEREST RATE** (What is the rate on the loan?)
- **CREDIT HISTORY/CREDIT SCORE** (How strong is your credit?)
- **LOAN-TO-VALUE RATIO** (What percentage of your property's value will you be borrowing through your mortgage?)
- **AMORTIZATION PERIOD**

Mortgage payments primarily consist of Principal, Interest, Taxes and Insurance, often referred to PITI. If your loan-to-value ratio is greater than 80%, you more than likely will have a monthly fee for Private Mortgage Insurance (PMI) or Mortgage Insurance Protection (MIP).

Payments can fluctuate based on a couple of factors. Taxes and Insurance are reviewed yearly and often result in an increase to your monthly payments. This is because your county/city may raise the tax rates and insurance companies increasing your yearly insurance premiums.

Another factor that can affect your monthly payment is the type of mortgage you have, for example an Adjustable Rate Mortgage (ARM). Review the terms of your loan to determine when you may experience an increase in payment.

To educate yourself on how these variables can impact your payment and to understand how much you can afford, feel free to try out the Ally payment calculator.

TRAINING TIP

Amortization Calendar

\$250,000 Loan
30 Year Loan
4% Interest Rate

To the right is a sample amortization calendar for the first twenty-four months of a loan.

Ally offers an easy-to-use Amortization Breakdown Calendar at Ally.com to help you determine how much equity you have in your home.

Month	Payment	Interest	Principal	Balance
0				\$250,000.00
	\$1,193.54	\$833.33	\$360.20	\$249,639.80
	\$1,193.54	\$832.13	\$361.41	\$249,278.39
	\$1,193.54	\$830.93	\$362.61	\$248,915.78
	\$1,193.54	\$829.72	\$363.82	\$248,551.96
	\$1,193.54	\$828.51	\$365.03	\$248,186.93
	\$1,193.54	\$827.29	\$366.25	\$247,820.86
	\$1,193.54	\$826.07	\$367.47	\$247,453.21
	\$1,193.54	\$824.84	\$368.69	\$247,084.52
	\$1,193.54	\$823.62	\$369.92	\$246,714.59
	\$1,193.54	\$822.38	\$371.16	\$246,343.44
	\$1,193.54	\$821.14	\$372.39	\$245,971.04
	\$1,193.54	\$819.90	\$373.63	\$245,597.41
	\$1,193.54	\$818.66	\$374.88	\$245,222.53
	\$1,193.54	\$817.41	\$376.13	\$244,846.40
	\$1,193.54	\$816.15	\$377.38	\$244,469.02
	\$1,193.54	\$814.90	\$378.64	\$244,090.37
	\$1,193.54	\$813.63	\$379.90	\$243,710.47
	\$1,193.54	\$812.37	\$381.17	\$243,329.30
	\$1,193.54	\$811.10	\$382.44	\$242,946.86
	\$1,193.54	\$809.82	\$383.72	\$242,563.14
	\$1,193.54	\$808.54	\$384.99	\$242,178.15
	\$1,193.54	\$807.26	\$386.28	\$241,791.87
	\$1,193.54	\$805.97	\$387.57	\$241,404.31
	\$1,193.54	\$804.68	\$388.86	\$241,015.45

What is a "rate lock" and when should I lock it in?

A rate lock can be a really smart play during the late innings of the mortgage application process. It guarantees a certain interest rate, at a certain price, for a specific amount of time. A lock can give you peace of mind if rates rise during your loan application process.

It usually makes the most sense to lock in your rate once you sign a purchase agreement. Typically, that's 30-60 days prior to closing. Think of your rate lock as yet another way to sprint toward home.

If my mortgage is going to be sold, should I be concerned?

There's no reason to be concerned in the least. It's very common, and actually necessary for the industry, for mortgage loans to be sold to organizations other than the bank that originated the loan. The fact that your loan is sold has nothing to do with you or your credit profile, and does not reflect upon you at all.

The financial details and terms of your original loan, as disclosed on the documents you signed, will not change as a result of the loan being sold. However, you may need to change the address to where you are sending your monthly payments if the servicing right of the loan is sold along with the balance. You should not be concerned when this happens, as it is a core part of the industry and ensures liquidity flows into the market so lenders can continue to lend to new mortgage applicants across the country.


PLEASE
FEET BACK

Extra Innings

THE KEYS TO WINNING AT RE-FINANCING

CHAPTER
—5—

If you already have a mortgage, refinancing could be a big financial win. It really depends on what your financial goals are, how long you plan on staying in your home, and what's happening with mortgage rates when you're considering a "re-fi."

If you're looking for lower monthly payments to increase your personal cash flow, refinancing at a lower rate can be a winning option. But if you refinance and extend your term, even refinancing at a higher rate could help you increase your monthly cash flow because the extended term can translate to lower monthly payments. Just be aware of the total long-term cost of the loan.

There may also be features of your existing loan that could make refinancing a smart play. For instance, if you have an ARM loan and are approaching a rate adjustment period, you may want to consider refinancing to avoid a possible increase in your monthly payment – especially in an environment where interest rates are on the rise.

Another form of refinancing is known as a "Cash Out Refi." This product enables you to use the equity you have accumulated in your house in the form of cash. Since you're going to be increasing the size of your loan by taking out additional cash, your monthly payment will likely increase. For this reason, you'll need to consider the tradeoff between your increased monthly payment and the extra cash you'll have in your hand once you refinance.

Talking to a home loan advisor is a smart, FREE way to make sure your current loan product is serving your future needs. So when in doubt, don't be afraid to call for a meeting on the mound. These advisors will review with you the typical fees associated with a refinance, so you can decide if refinancing makes good financial sense for you.


IT'S LOOOOONG GONE! HOMERUN!
PLEASE STAY 5' BACK

MEET THE MORTGAGE PLAYBOOK AUTHORS

WHEN IT COMES TO MORTGAGE EXPERIENCE, WE'VE GOT A POWER HITTING LINE-UP.

The Mortgage Playbook is the brainchild of a team of mortgage experts from Ally Bank who want to make the mortgage application process as easy to understand as possible, so every applicant can make it all the way home.

In fact, if you decide to work with Ally on your mortgage, you'll have a Home Team filled with Mortgage All-Stars who can guide you through the process. You'll have a loan advisor, loan coordinator and closing coordinator to cover all of the bases.

JOE ZEIBERT
Senior Director of Products, Pricing & Credit

HOMETOWN
Charlotte, NC

CAREER STATS
A veteran player in the consumer banking field, with more than a decade of experience

COLLEGE CAREER
BA, Emory University; MBA and Masters in Information Systems, Boston University

CLUTCH PLAY
"Your house is a major asset, so reconsider your loan features regularly as part of your overall financial wellbeing to be sure it's the best fit for your current situation."

JOE MARSOCCI
Director of Underwriting & Credit Strategy

HOMETOWN
Rochester, NY

CAREER STATS
A residential mortgage industry pro, with more than 17 years of lending experience

COLLEGE CAREER
BS, Strayer University

CLUTCH PLAY
"Get your financial life in shipshape to make the mortgage application process smoother. Review your free annual credit report and clean up any incorrect items so they don't impact your loan approval or your rate."

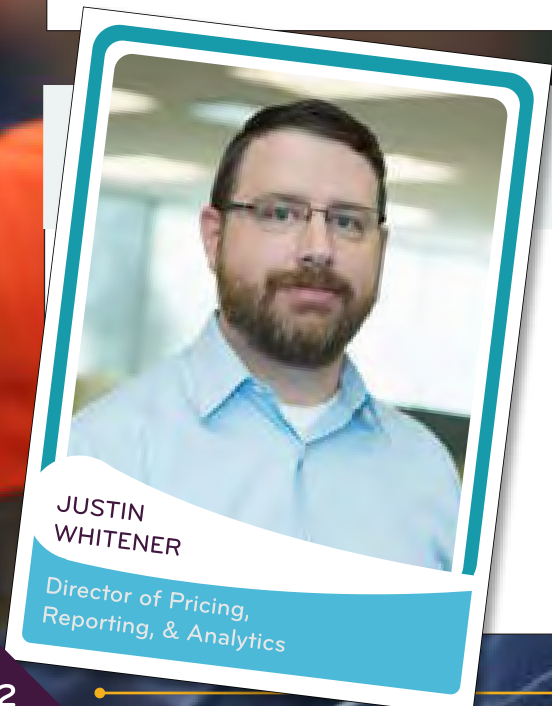
MALLORY NIEMCZYK
Director of Product & Strategy

HOMETOWN
Flint, MI

CAREER STATS
10-year Ally veteran, having played in a variety of finance and product management roles

COLLEGE CAREER
BA, Michigan State University

CLUTCH PLAY
"Smart savers make great home buyers. They budget for monthly expenses like utilities, home repairs and maintenance, as well as other goals like retirement and vacation."



JUSTIN WHITENER
Director of Pricing, Reporting, and Analytics

HOMETOWN
Stanley, NC

CAREER STATS
More than 15 years of experience in finance, capital management, and mortgage pricing

COLLEGE CAREER
BS, Florida State University

CLUTCH PLAY
"The interest rate you select will impact your monthly budget for as long as you're in your home, so make sure you understand the full impact of paying points or get money back to help pay for closing costs."

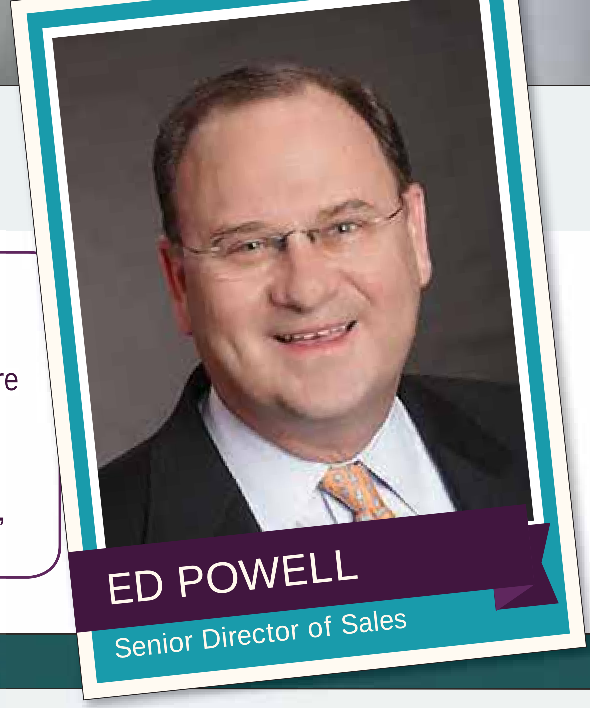
ED POWELL
Senior Director of Sales

HOMETOWN
Washington, D.C.

CAREER STATS
25+ years of banking and mortgage expertise, including several years spent as a residential loan officer and at an online lending portal

COLLEGE CAREER
BA, Davidson College and MBA, Fuqua School of Business at Duke

CLUTCH PLAY
"When you round 3rd base and head for home, make sure you have enough cash in reserve to be able to purchase things for your new home once you move in."



CARRIE WISE
Manager of Underwriting

HOMETOWN
Dallas, NC

CAREER STATS
A 26-year veteran player, with 20 years experience in residential mortgage underwriting and processing and 6 years experience in deposit.

CLUTCH PLAY
"Plan in advance for your new home acquisition by keeping new consumer purchases to a minimum so there is not an adverse impact to your credit score or your debt to income ratio before even getting up to bat."

HOME LOANS

855-256-2559

www.ally.com

Mortgage Products are offered by Ally Bank, Member FDIC, Equal Housing Lender.