



NEW

HOMEBUYER HANDBOOK

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WELCOME HOME

Congratulations on your new home! It's a big accomplishment — and likely one of the biggest purchases you'll make in your lifetime. But don't worry. As your mortgage servicer, we at UWM are here to answer your questions and help you understand the terms and documentation that come with having a mortgage. We hope you keep this booklet close by and use it as a resource for guidance on escrow, payments, taxes, insurance, and lots of other loan-related information. There may be a lot that's new to you, but remember, we're here for you and we want you to feel right at home managing your mortgage.

MANAGING YOUR LOAN ONLINE

Our loan servicing website makes it easy for you to manage your loan and get answers to your questions. Once you set up your profile, you'll be able to:

- View your loan details and recent activity
- Make your monthly payment
- Access your current and previous statements
- Manage your automatic payment settings
- Get insight on your taxes and insurance (escrow account)

YOUR LOAN STATEMENT

WHAT IS A LOAN STATEMENT?

A loan statement is a monthly snapshot of the current status of your home loan.

WHEN DO I RECEIVE MY LOAN STATEMENT?

You'll receive your loan statement every month.

WHAT DOES MY LOAN STATEMENT SHOW?

Your loan statement includes:

- Principal paid
- Interest paid
- Insurance premium (if escrowed)
- Tax amount (if escrowed)
- Mortgage insurance premium (if escrowed)
- Payment due date
- Escrow balance (if you have an escrow account)
- Principal balance
- Interest rate
- Recent transaction activity including payment breakdown
- Contact information for your loan servicing needs
- Other important information

CAN I RECEIVE MY LOAN STATEMENT ELECTRONICALLY?

Absolutely! Setting up an online account is easy, convenient and will speed up access to your latest loan statements. Just keep in mind that if you choose electronic statements, you will no longer receive a paper copy in the mail.

Ready to set up your online account? Just go to the website listed on your loan statement and follow the prompts. Or just give us a call and we'll be happy to help you set it up.

WHAT IF I DON'T RECEIVE A LOAN STATEMENT?

There should never be a month where you don't receive a loan statement, but it's important to remember that your loan payment will still be due the 1st of each month even if you don't receive a statement. You can always access your statement online and print a duplicate if needed. And, of course, you can call us anytime to get up-to-date information about your account or to request another loan statement. Also, make sure you keep your contact information current. We can't send you important things if we don't know where you are!

ESCROW, TAXES AND INSURANCE

WHAT IS ESCROW?

An escrow or impound account is an account that we manage for you to pay recurring bills such as homeowners insurance and property taxes. We calculate the amount based on the previous amount paid by you or the former homeowner, spread it out over your monthly payments, deposit that portion of your payment into the escrow account, and pay the bills when they're due.

NOTE: While the principal and interest portion of your monthly payment won't change (if you have a fixed interest rate), the portion of your payment attributed to escrow items can and likely will change over the life of your loan.

WHAT CAN I PAY THROUGH ESCROW?

Bills we can pay for you through an escrow account include:

- Property taxes
- Homeowners insurance
- Mortgage insurance
- Flood insurance
- Wind/hurricane insurance

WHAT CAN'T I PAY THROUGH ESCROW?

Unfortunately, some bills cannot be paid automatically through escrow. These include:

- Homeowners association (HOA) dues
- Utility bills
- Special or added tax assessments, including supplemental tax bills

NOTE: Although special or added tax assessments can't be paid automatically through escrow, you are able to provide those bills to us for payment. Keep in mind, however, that payment of an unexpected special or added tax assessment and/or interim or supplemental tax bill may create a shortage in your escrow account and you may experience an increase in the required escrow portion of your total monthly payment later.

WHAT IF I WANT TO PAY MY TAXES AND INSURANCE MYSELF? DO I HAVE TO HAVE AN ESCROW ACCOUNT?

You'll first need to contact our client care team so that we can determine if your loan is eligible for an escrow account waiver. UWM complies with applicable rules, regulations and guidelines when it comes to servicing your loan and there are certain conditions that must be met in order to terminate your escrow account. Those conditions are dependent upon a number of different factors, which is why we would need you to contact us so we can review your specific circumstances.

NOTE: If you are required to have flood insurance, it will always need to be maintained within an escrow account.

ESCROW, TAXES AND INSURANCE (cont.)

WHAT IS AN ESCROW ANALYSIS?

UWM analyzes your escrow account at least once a year to ensure the correct amount of money is being collected for taxes and insurance, as these amounts can change over the life of your loan. The escrow analysis assesses your tax and insurance amounts, your escrow account balance, the minimum required balance, your required cushion (if applicable), and the recent tax and insurance payments made with your escrowed funds. If you receive a notification stating that your payment will increase or decrease, it is likely because an escrow analysis was conducted.

WHEN WILL AN ESCROW ANALYSIS BE CONDUCTED ON MY ACCOUNT?

Accounts are analyzed at least once a year. The timing depends on the state in which your property is located. If you know that your taxes and/or insurance have changed drastically between analyses, you can request an additional analysis by calling our client care team.

WILL AN ANALYSIS AFFECT MY PAYMENT?

If your taxes and/or insurance payments increase, you will incur a shortage and will need to put additional funds into your account. If they went down, you will pay less. If your escrow account exceeds the required amount, you will be issued a refund check for the surplus in your escrow account.

I HAVE AN ESCROW SHORTAGE. NOW WHAT?

Escrow shortages are a fairly common occurrence and you have options when it comes to making up the shortage. These include:

- Pay the shortage in one lump sum. Keep in mind that you will still see an increase in the escrow portion of your monthly payment going forward. This increase accounts for future tax/insurance payments so that you don't end up with a shortage again.
- Pay nothing now and have the shortage and the increase in the tax/insurance payment spread out over your next 12 monthly payments, after which your payment will only reflect any increases necessary to avoid another shortage. As a result, the payment will most likely not decrease back to the previous payment amount prior to the escrow analysis. All of the relevant payment amounts can be found on your escrow analysis.

WHY DID I RECEIVE A TAX OR INSURANCE BILL EVEN THOUGH I HAVE AN ESCROW ACCOUNT?

If you have an escrow account and you receive a tax or insurance bill in the mail, this bill is most likely just a copy for your records. UWM will also obtain the bill and make the payment from your escrow account prior to the final due date. However, as discussed before and because of the way they are billed, UWM does not receive supplemental tax bills or special assessments that are not part of your regular tax bills. If you would like us to pay supplemental taxes or special assessments, you will need to provide those bills to UWM.

ESCROW, TAXES AND INSURANCE (cont.)

WHY DID MY FIRST ESCROW ANALYSIS RESULT IN A HIGHER PAYMENT ADJUSTMENT THAN I EXPECTED?

Many municipalities have caps on annual increases in the assessed values that provide the basis for your taxes. Sometimes, when a home is sold, the previously assessed value was capped and not at full value. Upon sale, the municipality will remove a capped assessment and the new homeowner is then taxed at the new fully assessed value. This can result in a significant tax increase, a large escrow shortage and a payment increase your first year. If you feel you may be impacted by this situation, or have any questions, contact your local municipality.

I'D LIKE TO SWITCH INSURANCE COMPANIES. IS THERE ANYTHING I NEED TO DO?

If you decide to change insurance companies, please contact UWM at least six weeks prior to the upcoming renewal date to ensure that we make the payment to the correct insurance company and avoid any lapse in coverage.

YOUR PAYMENT

WHEN IS MY PAYMENT DUE?

Your monthly payment is always due the 1st of each month. It's important to remember that past due payments can result in additional charges, negatively impact your credit score and have other negative consequences.

WHAT IF I'M LATE WITH MY PAYMENT?

We understand that unexpected factors can sometimes arise that can affect the timeliness of your payments. As long as your payment is received by the 16th of the month, there will be no penalty for a late payment. However, if your payment is received after the 16th, you will incur a late fee.

WHAT ARE MY PAYMENT OPTIONS?

We offer several payment options. Just choose the method that's easiest and most convenient for you.

- **Automatic payments:** Want to set it and forget it? Our automatic payment program is free of charge and allows you to select the day of the month that we draft your payment. To enroll, go to the website listed on your loan statement and follow the instructions.
- **Automatic payments through ACH form:** You can also call our client care number to request an ACH (Automated Clearing House) enrollment form. All you'll need is your bank's routing and account numbers for the account you wish to use. Please allow 4-6 weeks for processing. We will send you a letter with the first draft date once everything is ready to go.
- **One-time web payment:** You can make individual payments via the website listed on your loan statement.
- **BillPay:** Most banking institutions offer their own automatic bill payment service. To learn more, contact your banking institution.
- **Mail:** You can mail your payment to the address listed on your loan statement.
- **Telephone:** To make a payment over the phone, just call the number on your loan statement and follow the automated prompts. If you prefer to have a customer service agent take your payment over the phone, please be aware that there may be a small fee for this service which will be disclosed to you before you authorize any payment.

CAN I MAKE A LUMP SUM PAYMENT? HOW WILL IT AFFECT MY LOAN?

Any payment you make in addition to your monthly mortgage payment amount (principal, interest, taxes, insurance) is applied in the following order:

- Current monthly payment due
- Any outstanding fees (if applicable)
- Unpaid principal balance

If you've made a lump sum payment towards the unpaid principal balance of your loan and would like the loan to be recast/re-amortized, please contact our servicing department for qualification information and instructions. Recasting will reduce the principal and interest portion of your payment, but will not change the term of your loan.

YOUR PAYMENT (cont.)

HOW CAN I PAY MY LOAN OFF FASTER?

You can pay off your loan faster by making additional payments and letting us know that you'd like those payments to be applied to the principal balance. (See "Can I make a lump sum payment?" above.) Please see the instructions on your loan statement regarding principal payments.

WHAT IF I'M HAVING PROBLEMS PAYING MY LOAN?

Many homeowners encounter hardships from time to time. If you're having trouble making your payments, please let us know as soon as possible. We have experts on staff who can provide options to help you stay in your home through difficult times.

YOUR YEAR-END STATEMENT

WHAT IS A YEAR-END STATEMENT?

The IRS 1098 Form — your “Year-End Mortgage Interest Statement” — summarizes your payments, taxes and interest for the year and tells you how much is being reported to the IRS for interest collected, including points. It may also include other useful information, including your current principle balance. The only items that could be reported directly to the IRS are mortgage insurance, points, and interest.

YOUR 1098 FORM WILL ONLY REFLECT INTEREST PAID ON PAYMENTS THAT WE HAVE COLLECTED.

If you refinanced your property, or if your loan was serviced by another company for part of the year, you may receive more than one 1098 Form. Contact your previous loan servicer to determine when you will receive their form. These amounts should be combined when you file your tax return.

Also, be aware that the amount of interest you pay will change from year to year. It will usually decrease since you are paying more to the principal and less to interest as you progress through your loan term.

WHEN SHOULD I EXPECT TO RECEIVE MY YEAR END IRS FORM(S)?

All year-end IRS form(s) will be mailed on or before January 31st of each year.

CAN I OBTAIN A COPY OF MY YEAR-END IRS FORM(S) ONLINE?

Yes of course! You can access your online account and view or print a copy of your year-end statement any time after January 31st of the following year. You can also contact our client care team and we'll be happy to assist you.

WHAT IF I HAVE NOT RECEIVED MY YEAR-END IRS FORM(S)?

If you don't receive your IRS form(s) by January 31st, check with us or your current mortgage servicer to ensure we have the correct mailing address on file for your account. You can also visit our website to obtain a duplicate copy.

CAN I MAKE MY JANUARY PAYMENT BEFORE THE END OF THE YEAR?

Yes. Your January payment must be paid by December 31st of each year to be credited on your 1098 Form. Interest is paid in arrears. Your January payment includes your December interest, therefore it is interest paid in that specific calendar year and is claimable.

HOME LOAN GLOSSARY

ACH (Automated Clearing House) – A computer-based facility for interchange of electronic entries between financial institutions.

Amortization Schedule – A table showing the amounts of principal and interest due at regular intervals and the unpaid mortgage balance after each payment is made.

ARM (Adjustable Rate Mortgage) – A mortgage loan or deed of trust with an interest rate that adjusts periodically in accordance with a specified index and as agreed at the inception of the loan. Please see your loan documents for specific details.

Accrued Interest – Interest earned for the period of time that has elapsed since interest was last paid.

Assessment – A value factor assigned to real property and used to determine real property taxes.

Assumption – The act of taking over the previous borrower's obligation of a mortgage note.

Due Date – When borrower's monthly installment of principal, interest, and escrow (if applicable) is due as stated in note.

Escrow Cushion/Reserve – An additional sum of money required by the lender, in accordance with applicable rules, regulations and guidelines, to be paid into an escrow account as part of the monthly escrow payment in an effort to further assure that the escrow account will hold sufficient funds to pay escrow items when due.

Escrow Disbursement – Use of funds to pay for escrowed items as they become due.

Escrow Balance – The amount of funds remaining in escrow account.

Escrow Deficiency – The amount of a negative balance in an escrow account at the time of an analysis, resulting from escrow advances.

Escrow Payment – A portion of borrower's monthly mortgage payment held by the servicer in escrow account to pay for taxes, insurance premiums, or other items as they become due.

Escrow Shortage – The amount by which current escrow account balance falls short of the projected target balance at the time of an escrow analysis.

Escrow Surplus – The amount by which current escrow account balance exceeds the projected target balance at the time of an escrow analysis.

Flood Insurance – Specific insurance coverage against property loss from flooding. To determine risk factors for specific properties, insurers will often refer to topographical maps that identify lowlands, floodplains and floodways that are susceptible to flooding. Flood insurance must be escrowed.

Force-Placed Insurance – Hazard insurance purchased by servicer (covering only lender's interest) when policy purchased by borrower on non-escrow mortgage account has lapsed, servicer contends that borrower has failed to provide proof of insurance coverage, or account is in default.

Homeowner's Insurance – Insurance that provides you with financial protection in the event of a disaster or accident involving your home. The premium for homeowner's insurance is generally paid annually either by your servicer using funds from your escrow account if homeowner's insurance is an escrow item or by the homeowner directly if insurance is not escrowed.

HOME LOAN GLOSSARY (cont.)

Hazard Premium – A premium for hazard insurance on borrower's home.

Hurricane Insurance – A special type of property and casualty insurance that may cover damages caused by hurricanes.

Irregular Payment – A non-coupon mortgage payment made in an amount or at a time different than regularly scheduled payment under terms of note.

Late Charge Assessed – A fee charged to borrower's account when payment is made after due date (usually fifteen days after due date).

MIP (Mortgage Insurance Premium) – A policy that protects the lender against loss if the borrower defaults. This is an FHA mortgage insurance premium that is required by FHA when obtaining the loan. Premiums are paid by the borrower as part of the monthly mortgage payment. Please see your loan documents for additional information and whether your loan has MIP.

Pay-Off Fee – A fee charged to borrower for providing statement of amount required to pay off loan.

Principal Balance – A sum of money outstanding on a loan upon which interest is payable. This balance is not your final payoff amount. Contact your loan servicer to determine your final balance and obtain a payoff letter.

Principal Payment – A payment made to reduce the unpaid principal balance on the loan. A portion of the borrower's monthly payment is applied to the unpaid principal balance.

PMI (Private Mortgage Insurance) – A policy that protects the lender against loss if the borrower defaults. Similar to insurance by government entities such as FHA, except issued by a private mortgage insurance company. Premium is paid by the borrower as part of the monthly mortgage payment. Please see your loan documents for additional information and whether your loan has PMI.

NSF (Non-Sufficient Funds) Returned Check Fee – A charge imposed for a payment that was not honored by the bank/bounced check.

REO (Real Estate Owned) – Property acquired by lender as a result of foreclosure or deed in lieu of foreclosure.

Short Payment/Partial Payment – An irregular payment made in less than the full monthly amount due under the loan payment schedule; often held in a suspense account until the full amount is received and in some cases is returned to the borrower.

Suspense Account – An account used as a place to temporarily put funds that are in "suspense" until it is determined how to permanently allocate or apply the funds; often used to hold less than full installment payments or payments received while the account is in default that are not sufficient to fully cure the default.

Suspense Balance – Amount of funds held in suspense account.

Transaction Date – A date reflected on the payment or account history showing the date when the servicer completed an account transaction or took other action.

Transaction Description – A notation on payment or account history that's often in code describing nature of, or reason for, application of payment, disbursement or another servicer action.