

HOME OWNERSHIP WITHIN YOUR REACH

Loan Options to Fit Different Borrowing Needs



MORTGAGE LOAN OPTIONS

**MORTGAGE
LOAN
TOOLKIT**



CONVENTIONAL FIXED-RATE LOAN

A conventional fixed-rate loan is a type of mortgage loan where the interest rate remains constant throughout the life of the loan. This means your monthly payment will stay the same, providing predictability and stability in your budgeting.

Key Loan Features

- **Low down payment requirement.** Up to 97% financing.
- **PMI.** Borrower to pay private mortgage insurance (PMI) if making less than a 20% down payment; can cancel PMI once you've gained 20% equity in your home.
- **Fixed rate.** Fixed-rate loan throughout the term.
- **Choice of loan term.** Choose loan term of 10, 15, 20 or 30 years.
- **No application fees.**
- **No prepayment penalty.**
- If you already have a mortgage and want to refinance for a different interest rate or different loan term, this loan may also be a good fit.



**UP TO
97%
FINANCING**

**CONVENTIONAL¹
FIXED-RATE LOAN**

**UNLOCK
YOUR DREAM
HOME TODAY**

APPLY


EQUAL HOUSING
LENDER

BALLOON PAYMENT LOAN

A balloon payment loan is a mortgage that does not fully amortize over the term of the note, thus leaving a balance due at maturity. At the end of the loan term, the borrower must make a large, one-time payment to pay off the remaining balance. This final payment is known as the balloon payment.

These loans can be beneficial for borrowers who expect to have higher income or other financial resources available by the time the balloon payment is due.

Key Loan Features

- **Down payment requirement.** Up to 80% financing.
- **Shorter loan term.** First National Bank offers a 15-year fixed-rate balloon payment loan.
- **Longer amortization period.** Loans are amortized over 30 years. This longer amortization benefits the borrower with a lower initial rate and payments are spread over a longer term.
- **Lower initial payments.** Monthly payments are typically lower compared to fully amortizing loans because they may cover only interest or a small portion of the principal.
- **Large final payment.** The balloon payment at the end of the term can be substantial, often requiring refinancing, selling the asset, or having a plan to pay it off.
- **Loan refinancing.** Qualified borrowers can refinance their loan when it matures at the current rate available.



**15-YEAR
FIXED
RATE**

**BALLOON
PAYMENT LOAN**

**A MORTGAGE
YOU CAN
MANAGE**

APPLY


EQUAL HOUSING
LENDER

FEDERAL HOUSING ADMINISTRATION (FHA) LOAN

An FHA home loan is a mortgage insured by the Federal Housing Administration (FHA), which is part of the U.S. Department of Housing and Urban Development (HUD). These loans are designed to help lower-income and first-time home buyers who might not qualify for conventional loans because the borrower has a lower credit score.

Key Loan Features

- **Low down payment.** FHA loans require a minimum down payment of 3.5%.
- **Mortgage insurance.** Borrowers must pay an upfront mortgage insurance premium (MIP) and annual premiums.
- **Flexible underwriting standards.** These loans are more lenient regarding debt-to-income ratios and other financial criteria.
- **Primary residences only.** FHA loans can only be used for primary residences, not for investment properties or vacation homes.
- **Property condition requirements.**



UP TO
96.5%
FINANCING

FHA LOAN

MAKE
IT YOURS

APPLY

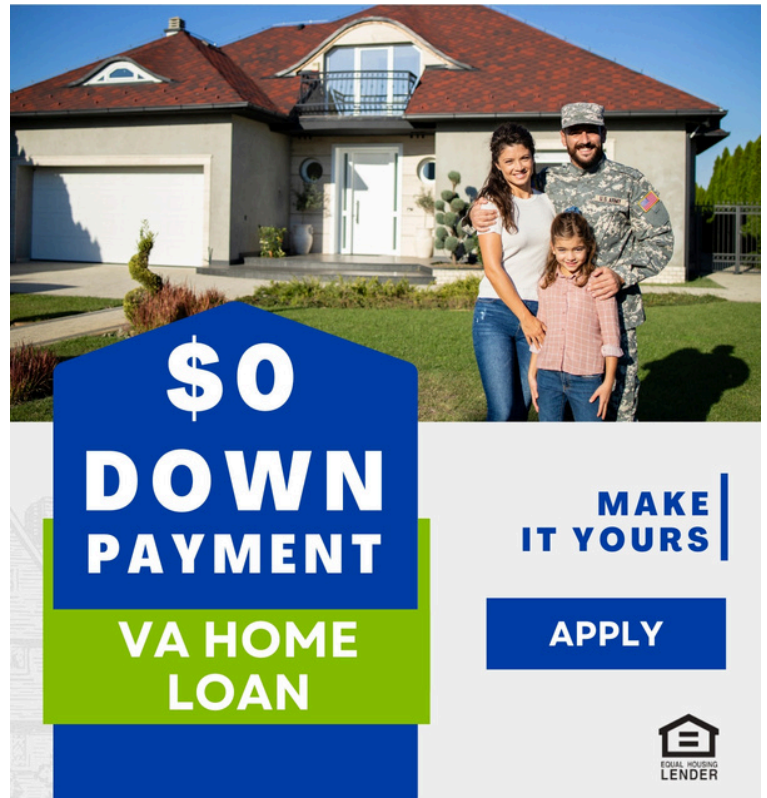
EQUAL HOUSING
LENDER

VETERANS AFFAIRS (VA) HOME LOAN

A VA home loan is a mortgage option backed by the U.S. Department of Veterans Affairs (VA) and is available to eligible veterans, active-duty service members, and surviving spouses. While the loan is issued by the bank, the VA guarantees a portion of the loan, which allows lenders to offer more favorable terms.

Key Loan Features

- **No down payment.** No down payment is required, making it easier to purchase a home.
- **Fixed-rate loan.** First National Bank offers a 15-year fixed-rate VA home loan.
- **No Private Mortgage Insurance (PMI).** Borrowers are not required to pay PMI, which can save money over the life of the loan.
- **Flexible credit requirements.** VA loans have more lenient credit requirements, making them accessible to more borrowers.
- **Applicant qualification requirements.** VA home loans are for active duty servicemembers, former members of the armed forces, or spouse of a servicemember who dies in the line of duty or as the result of a service-related disability with certificate of eligibility.
- **Lifetime benefit.** The VA home loan is a lifetime benefit. You can use the guaranty multiple times.



USDA RURAL DEVELOPMENT LOAN

A USDA Rural Development home loan is a mortgage option backed by the United States Department of Agriculture (USDA) aimed at helping low- to moderate-income individuals and families purchase homes in eligible rural areas. These loans are designed to promote homeownership in rural communities by offering favorable terms and conditions.

Key Loan Features

- **No down payment.** Up to 100% financing.
- **Lower interest rates.** These loans typically offer lower interest rates compared to conventional loans.
- **Flexible credit requirements.** USDA loans have more lenient credit requirements, making them accessible to more borrowers.
- **Primary residences only.** The property must be used as the borrower's primary residence.
- **Income limits.** Borrowers must meet certain income limits, which vary by location and household size.
- **Location restriction.** Home being purchased must be located in a small community with less than 20,000 in population.



HOME OWNERSHIP WITHIN YOUR REACH

ZERO DOWN PAYMENT
PROGRAMS

GRANTS & LOANS

FROM A FEW THOUSAND
DOLLARS TO \$15,000



DOWN PAYMENT ASSISTANCE



[FNB247.com](https://www.FNB247.com)

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FROM THE MORTGAGE LENDING TEAM



Our Home Loan Experts Will Help You Find Your Best Mortgage Option

Loan Options

First National Bank offers a variety of mortgage loan options, including some that provide up to 100% financing.

Speaking with a mortgage lender before you begin start your home search is a good place to start the homebuying journey. Our friendly and experienced mortgage lenders can help you explore loan options and assist you with mortgage loan prequalification.

Down Payment Assistance Programs

Down payment assistance programs offer loans, grants, tax credits, and down payment assistance. But the qualification requirements vary by program.

In this publication we offer information about some of the popular down payment programs available to Iowans.

Contact Us

Connect with a mortgage lender by calling 515-232-5561 or 641-342-6581. Visit our website at FNB247.com for more information about our mortgage loan options and to view the First-Time Homebuyer Hub that offers lots of helpful resources and calculators.

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HOME\$START



Home\$start is a down payment and closing cost assistance program offered by the Federal Home Loan Bank Des Moines to qualifying first-time home buyers through member financial institutions, including First National Bank.

Key Features

- Program is available to qualifying first-time home buyers with a household income under 80 percent of area median income for the location of the residence being purchased.
- Home\$start recipients must complete a home buyer education class, qualify for mortgage financing with First National Bank, and have a signed Purchase and Sale Agreement to enroll in Home\$start.
- Home\$start participants may receive up to \$15,000 in grant funds, which can be put toward covering some or all of the down payment and closing costs associated with a mortgage transaction, or the cost of property rehabilitation.
- Funds are available on a first-come, first served basis, subject to funding availability. Funds are allocated on a quarterly basis and expended until the funds are depleted. Additional funds are added throughout the year on a quarterly basis.

FIRSTHOME

The FirstHome program, offered by the Iowa Finance Authority, can give homebuyers either: (A) A down payment and closing cost assistance grant; or (B) A 2nd Loan program loan, not both.

Key Features

- The down payment and closing costs assistance grant provides home buyers with a \$2,500 grant to assist with down payment and closing costs.
- Maximum household income limits vary by count and range from \$95,200 - \$115,400 for a household of two.
- Home purchase price limit of \$481,000. May be up to \$588,000 in targeted areas.
- Must be a first-time home buyer. A first-time home buyer is defined as not owning your primary residence in the last three years; or be a military member with discharge of other than dishonorable and not previously used a mortgage revenue bond program such as First Home previously to finance a home purchase; or purchase a home in a Targeted Area.
- Home must be occupied by the buyer as a primary residence within 60 days of closing.
- All loans subject to a minimum 640 credit score. For cases where borrower has no credit score, non-traditional credit documentation is allowed in accordance with agency guidelines for the loan type.
- Maximum debt-to-income ratio is 50% with an approve/eligible.



... PROVIDES HOME BUYERS
A \$2,500 GRANT TO ASSIST
WITH DOWN PAYMENT AND
CLOSING COSTS.

HOMES FOR IOWANS

Offered by the Iowa Finance Authority, the Homes for Iowans program offers 2nd loan down payment and closing costs assistance option.

Please note you cannot combine Homes for Iowans down payment and closing costs options with FirstHome down payment and closing costs options.



AVAILABLE FOR FIRST-TIME
AND REPEAT HOME BUYERS
WHO ARE PURCHASING A
PRIMARY RESIDENCE IN IOWA.

Key Features

- The 2nd Loan program offers a loan of up to 5% of the home's sale price with no maximum and is repayable at time of sale, refinance or first mortgage is paid in full. No monthly payments required.
- Household income limit of \$161,560.
- Home purchase price limit of \$588,000.
- Available to first-time and repeat home buyers who are purchasing a primary residence in Iowa.
- Home must be occupied by the buyer as a primary residence within 60 days of closing.
- All loans subject to a minimum 640 credit score.
- The maximum debt-to-income ratio is 50% with an approve/eligible.



FANNIE MAE HOMEREADY

HomeReady features offer increased access to homeownership. With a low down payment and expanded financing flexibility, HomeReady offers an ideal solution that works for today's creditworthy, low-income borrowers - whether they're first-time or repeat buyers.

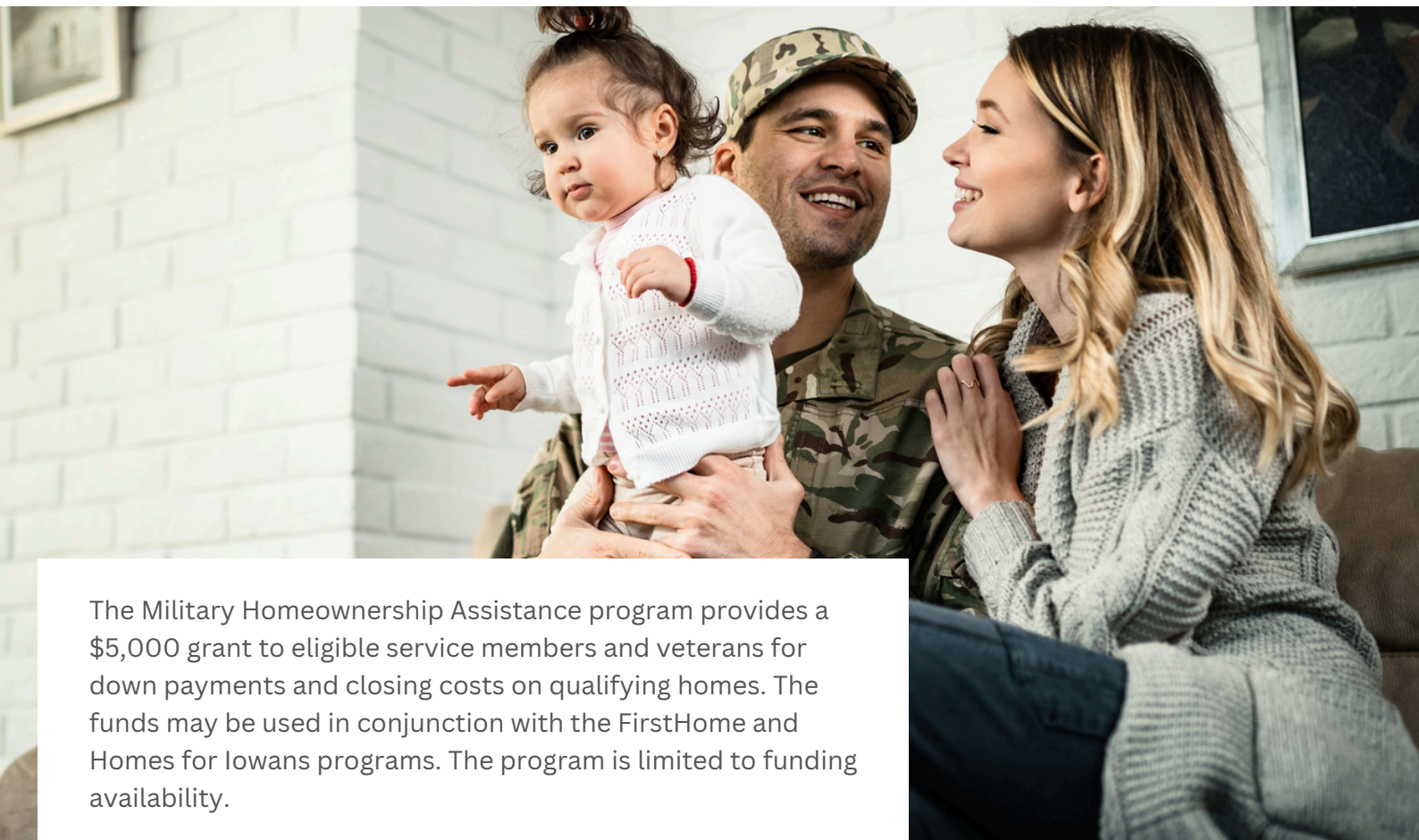
Key Features

- HomeReady is a solution for borrowers whether they're first-time or repeat buyers.
- Limited to borrowers who qualify for and are utilizing a Fannie Mae HomeReady loan and have a qualifying household income of 50% of the area median income (AMI) or less.
- \$2,500 credit available for a limited time, beginning with loans delivered to Fannie Mae on or after March 1, 2024, through February 28, 2025.
- The full amount of the \$2,500 credit must be provided directly to the borrower through the loan transaction, such as being applied to the down payment and closing costs, including escrows and mortgage insurance premiums. The loan officer will work with the borrower to understand how the credit can benefit them.
- See the [Fannie Mae Area Median Income Lookup Tool](#).
- See the [HomeReady Loans Down Payment Assistance](#) flyer for additional information.



**\$2,500 CREDIT FOR VERY
LOW-INCOME BORROWERS
CAN HELP OVERCOME TWO
OF THE GREATEST BARRIERS
TO HOMEOWNERSHIP -
DOWN PAYMENT AND
CLOSING COSTS.**

MILITARY HOMEOWNERSHIP ASSISTANCE PROGRAM



The Military Homeownership Assistance program provides a \$5,000 grant to eligible service members and veterans for down payments and closing costs on qualifying homes. The funds may be used in conjunction with the FirstHome and Homes for Iowans programs. The program is limited to funding availability.

Key Features

- Eligibility Requirements: Must have served 90 days active duty between August 2, 1990, and April 6, 1991, or September 11, 2001, to present; or is a federal status injured service person having served in active-duty August 2, 1990, to April 6, 1991, or September 11, 2001, to present; or is a surviving spouse of said eligible service person who has had a discharge other than dishonorable.
- Must receive prior approval before closing on a qualified home.
- Must utilize an Iowa Finance Authority (IFA) participating or facilitating lender (including First National Bank) to receive a non-IFA first mortgage, if IFA deems it economically feasible and financially advantageous.
- The home must be located in the state of Iowa and must be purchased by the eligible service member.
- At this time, IFA will approve a grant with non-IFA financing if the lender demonstrates that such financing is a fixed rate, permanent, fully amortizing mortgage loan that is lower-cost than the most comparable IFA mortgage product available at the time the application loan estimate is issued.
- The home must be occupied by the service member/spouse as the borrower's primary residence within 60 days of closing.
- Eligible homes: Single-family residences, condominiums, townhomes, or a property containing up to four units, if one of the units will be the primary residence of the service member.

STORY COUNTY HOUSING TRUST FIRST-TIME HOMEBUYER PROGRAM

The Story County Housing Trust (SCHT) First-Time Homebuyer Program is available to first-time homebuyers who meet the qualifications below. \$5,000 grants are available to qualified households, but funds are limited and are only available on a first-come, first-ready-to-process basis.



**HOUSE MUST BE LOCATED IN
STORY COUNTY, IOWA.**

Household Qualifications

- Have not owned a home in the last 3 years.
- Household income is less than \$106,400 for a household of 1 or 2; or \$122,360 for a household of 3 or more.
- Home purchase price is less than \$481,000.
- Minimum 640 credit score.
- Maximum debt-to-income ratio of 50%.
- House must be in Story County.

Applications

Applications are only accepted by the SCHT after the homebuyer works with the lender and realtor to find a house and get approved by the lender to purchase. Approval can be conditional on the receipt of the \$5,000 grant.

Contact a [First National Bank lender](#) to assist you in completing the application process, which includes provision of income verification to SCHT. SCHT staff approves or denies the homebuyer based on qualifications. Prior to closing, the approved grant funds are provided to the lender to be placed in escrow for the benefit of the homebuyer to be used for the down payment.



HISTORIC WEST DES MOINES HOUSING FUND

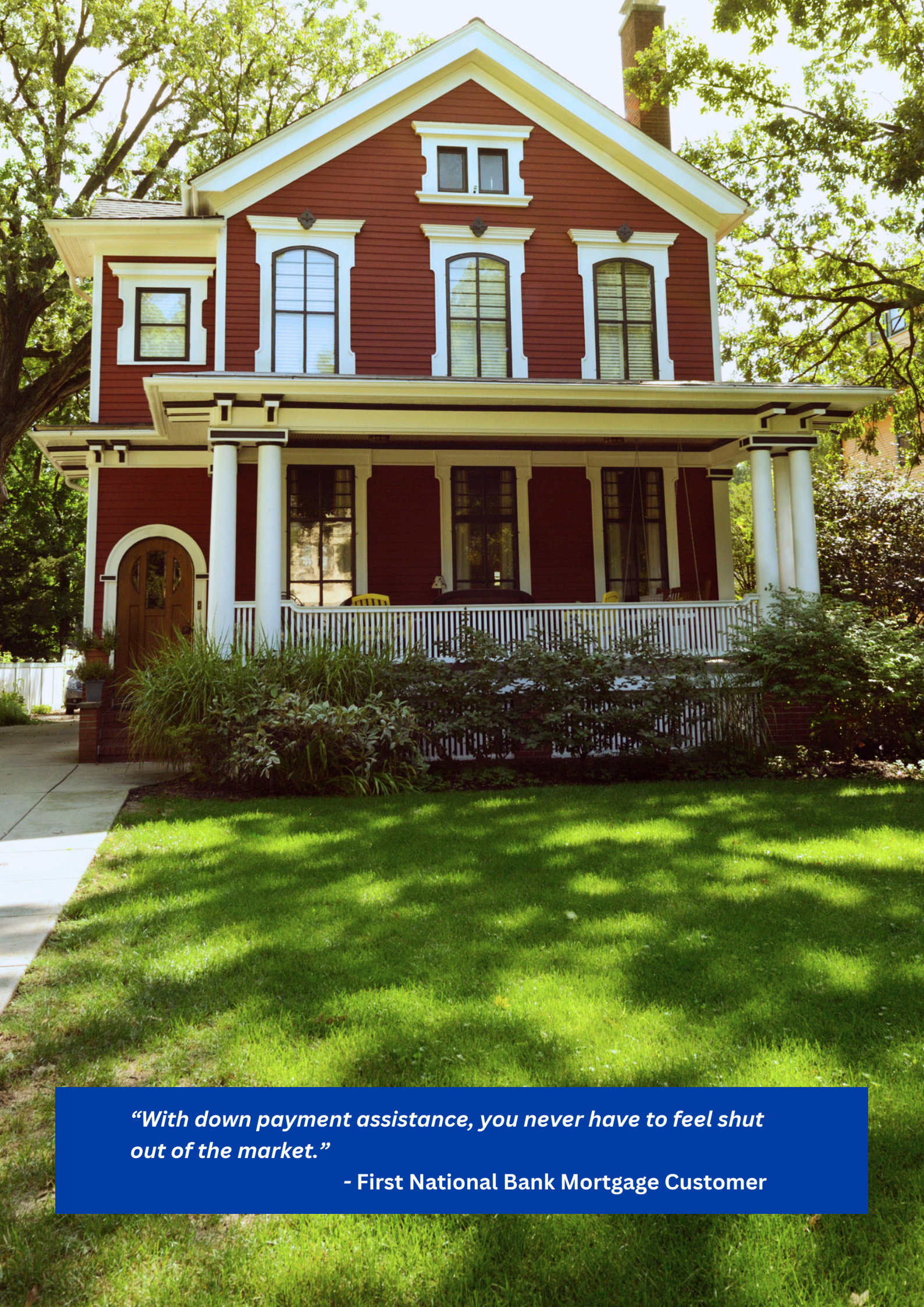
The Historic West Des Moines Housing Fund's Down Payment Assistance Program provides grants and deferred loans to assist in the purchase of homes in Historic West Des Moines.

Key Features

- Borrower does NOT have to be a first-time home buyer.
- An approved borrower can receive a minimum grant for down payment and/or closing cost of \$2,500. Verifiable active-duty military, veterans, and first responders are eligible for an additional \$2,500 grant. Approved borrowers can apply for an additional \$5,000 as a loan.
- The home to be purchased must be in the Historic Des Moines Area. Boundaries of the area includes 1st Street on the East, Railroad Avenue on the South, and Grand Avenue on the North and West.
- Borrower's annual gross income must be no more than 100% of the area median income, adjusted for household size.
- Learn more about the [additional grant and loan terms and requirements, and steps to apply.](#)
-



**\$2,500 CREDIT FOR VERY
LOW-INCOME BORROWERS
CAN HELP OVERCOME TWO
OF THE GREATEST BARRIERS
TO HOMEOWNERSHIP -
DOWN PAYMENT AND
CLOSING COSTS.**



"With down payment assistance, you never have to feel shut out of the market."

- First National Bank Mortgage Customer



**First National Bank has been assisting homebuyers
get into their dream homes since 1903.**

We are located in Ames, Ankeny, Osceola, Valley Junction, and West Des Moines.

Call 515-232-5561 or 641-342-6581; or visit [FNB247.com](https://www.FNB247.com) and book an appointment online for a time that is convenient for you to meet with a mortgage lender.

What Banking Should Be.

MORTGAGE LOAN ROADMAP

WHAT HAPPENS BETWEEN SIGNING YOUR PURCHASE AGREEMENT AND CLOSING DAY?



1 PURCHASE AGREEMENT

CONGRATULATIONS! YOU HAVE AN ACCEPTED OFFER ON A HOME. FORWARD A COPY OF **THE PURCHASE AGREEMENT** TO YOUR LENDER.



2 RATE LOCK

AFTER THE BANK RECEIVES A COPY OF THE SIGNED OFFER AND WHEN THE CLOSING IS WITHIN 60 DAYS, YOU CAN **LOCK IN YOUR INTEREST RATE.**

3 INITIAL DISCLOSURES

YOU WILL RECEIVE YOUR INITIAL DISCLOSURES BY MAIL/EMAIL FOR REVIEW. **THE LOAN ESTIMATE** OUTLINES YOUR LOAN AMOUNT, ESTIMATED PAYMENTS, AND ESTIMATED LOAN FEES. REVIEW AND SIGN. ONCE RECEIVED, THE LOAN PROCESS WILL PROCEED.



4 APPRAISAL

THE APPRAISAL IS ORDERED AND ACCESS TO THE PROPERTY IS OBTAINED FROM THE REALTOR/SELLERS. THE APPRAISAL WILL TYPICALLY TAKE 2-3 WEEKS TO COMPLETE. THEN YOU WILL GET A COPY.



5 VERIFICATION ITEMS

YOUR LENDER WILL EMAIL YOU A LIST OF **ITEMS THAT NEED TO BE VERIFIED** FOR YOUR LOAN. UPLOAD THEM TO THE MORTGAGE PORTAL OR DROP THEM OFF AT ANY OF OUR BANK LOCATIONS.



6 HOMEOWNER'S INSURANCE

TALK TO YOUR AGENT ABOUT HOMEOWNER'S INSURANCE, THEN PROVIDE YOUR AGENT'S NAME AND PHONE NUMBER TO YOUR LENDER. **PROVIDE A COPY OF THE POLICY** 2 WEEKS BEFORE CLOSING.



7 UNDERWRITING

THE APPRAISAL, VERIFIED ITEMS AND THE LOAN PACKAGE IS **SENT TO THE UNDERWRITERS FOR FINAL APPROVAL.** IOWA BANKERS WILL BE THE UNDERWRITER AND SERVICER OF YOUR LOAN ONCE YOU PURCHASE YOUR HOME. THEY MAKE THE FINAL DECISION ON LOAN APPROVAL. THEY MAY CONTACT YOU FOR ADDITIONAL INFORMATION.

8 LOAN APPROVAL

ONCE APPROVED, A **COMMITMENT LETTER** WILL BE SENT TO YOUR REALTOR/SELLER STATING THE LOAN IS APPROVED AND READY TO CLOSE.



9 PREPARE TO CLOSE

SCHEDULE A TIME TO CLOSE, ALLOWING 1 HOUR TO MEET AND SIGN THE PAPERS WITH YOUR LENDER. MORNINGS ARE PREFERRED SO THE PAPERWORK CAN BE FILED TO SHOW YOU OWN THE PROPERTY.



10 CLOSING DISCLOSURE

3 DAYS PRIOR TO CLOSING, YOU'LL GET A **CLOSING DISCLOSURE.** THIS COMES AFTER WE GET ALL OF THE NUMBERS FROM YOUR REALTOR. THIS INCLUDES YOUR MONTHLY PAYMENT AND AMOUNT NEEDED TO CLOSE.



11 CLOSING DAY

YOU'VE MADE IT! ON CLOSING DAY, YOU WILL MEET WITH YOUR LENDER TO SIGN THE LOAN PAPERWORK. YOUR REALTOR IS PRESENT AND IT TAKES 45-60 MINUTES TO REVIEW YOUR LOAN DOCUMENTS. BE SURE TO BRING YOUR CHECKBOOK AND ID.



WHY CHOOSE FIRST NATIONAL BANK FOR YOUR MORTGAGE LOAN

1. **Personalized Service.** You will work directly with an experienced, local lender who wants to understand your specific needs and circumstances to recommend the best loan option for you.
2. **Educational support.** Our mortgage lenders help you to understand loan options, will let you know about the loan process, and provide information about down payment assistance programs so you can make an informed decision.
3. **Local expertise.** Our lenders have a deep understanding of the local real estate market, which can be beneficial in navigating the nuances of getting a mortgage loan.
4. **Flexibility and customization.** Local lenders can offer more flexibility, tailoring loan solutions to fit your unique financial situation.

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