

MACATAWA MORTGAGE LOAN & HOME IMPROVEMENT CREDIT GRANTING CRITERIA

We offer two types of loans which require a first mortgage lien:

1. Conventional Mortgage Loans: Loans of up to 80% of the appraised value or purchase price, whichever is less, on improved real estate without the support of guarantee provided by a governmental agency or private mortgage insurance company (PMI).
2. Insured Mortgage Loans: Loans of between 81% and 95% of the appraised value or purchase price, whichever is less, on improved real estate supplemented by guarantee of a private mortgage insurance company for that portion of the loan which exceeds the Bank's conventional loan to value ratio. The private mortgage insurance company must also approve the loan.
3. There may be other programs available from time to time as permitted by law.

We may, from time to time, to the extent permitted by law, take a junior mortgage lien as collateral for a new or previously made loan or loans. Macatawa Bank also offers Home Improvement Loans and Home Equity Line of Credit accounts. Home Improvement Loans are normally secured with the proceeds to be used for the purpose of repairing, rehabilitating or remodeling an existing residential dwelling designed for occupancy by four or fewer families. A mortgage may be placed on your residence as collateral for this loan. Macatawa Bank's Home Equity Line of Credit is a revolving line of credit secured by a lien on your home. Available credit lines are arrived at through a calculation of a percentage of your home's current value less your present mortgage balance and outstanding liens, if any.

Rates charged are influenced by market conditions, loan to value ratios, and terms desired. PMI loans may command a higher rate. Macatawa Bank offers both fixed and variable rates. Quoted rates are subject to change "during period to closing" as economic conditions change.

Normally Macatawa Bank does not make Mortgage Loans of less than \$10,000 or Home Improvement Loans of less than \$1,000.

Certain criteria are also utilized in making decisions, for example:

- a. Ratio of housing expense debt service to income
- b. Ratio of debt to income; and
- c. Any other criteria utilized by Macatawa Bank or the PMI Company

Vacant and/or unimproved property or property which is not located in our geographical business area, will not normally be accepted as collateral for a Mortgage Loan or a Home Improvement Loan. Such property may be acceptable collateral for other types of loans not described in this disclosure. You may inquire about a Mortgage, Home Improvement, or Home Equity Line of Credit at the bank's Main Office or any of Macatawa Bank's branch offices. If the purpose of the loan is to purchase a home, you must bring a copy of the Purchase Agreement, executed by all parties involved in the transaction; if the loan is for the purpose of refinancing an existing mortgage, you will need a statement from the creditor listing the unpaid loan balance.

Macatawa Bank uses certain criteria (listed below) in the approval or denial process regarding your application. Approval is also subject to the availability of funds. Preference will be given if you occupy the property to be mortgaged or improved and if you are an established bank customer.

Upon completion of our review of your mortgage application, we may issue a loan commitment letter which outlines the terms and conditions of our approval, or a letter stating the reason(s) for the denial of the application. The loan commitment letter may be extended at our discretion. Such commitment does not extend to the final rate to be charged.

REVIEW CRITERIA

After receipt of a written and signed or an electronic online Mortgage Loan or Home Improvement Loan application, we will approve or deny the application based on the following criteria:

- a. Legal capacity to borrow and mortgage.
- b. Verification of employment. Term of employment and employment record.
- c. Written verification of gross and net income, including wages, commissions, bonuses, dividends and interest. Child support, alimony and/or government support payments will be considered only if voluntarily disclosed by the applicant.
- d. Probability of loan repayment based on the following factors:
 1. The purchase price should be within a reasonable ratio to gross annual income.
 2. Information provided by credit reporting agencies.
 3. Previous bank loan experience.
 4. Other debts and obligations of the applicant. The applicant's proposed monthly payment for loan repayment, taxes and insurance relative to the property being mortgaged added to the applicant's total monthly payment for all debts should not exceed 36 - 40 percent of the applicant's gross monthly income.
 5. Verification of funds necessary to pay the down payment, if any, and the loan closing costs.
- e. Appraised value of the real estate based on comparison of sales of similar properties; the physical condition and probable remaining useful life of the structures within a 750 foot radius of the property. The applicant must pre-pay the Bank's appraisal and credit report fee.
- f. The use of other collateral as additional support for the proposed loan, such as a savings account or marketable security, is not normally considered acceptable. Exceptions to this policy may be approved by the appropriate Loan Committee.
- g. Co-signers or Guarantors will be considered on the same criteria as the applicant.
- h. Factors known to us, such as the presence of active community and neighborhood organizations, the presence of government non-profit and private programs in the neighborhood intended to eliminate negative environmental influences, other revitalization efforts, and any other factors potentially mitigating the effect of physical decline.
- i. Whether the property is in a flood hazard area, and if so, whether Federal Flood Insurance is available.
- j. Mortgage Loans may also be subject to criteria set forth by the secondary market to whom the loan may be sold.
- k. Marketable title vested in borrower(s) and free of all liens, assessments and encumbrances.

This disclosure explains, in general terms, our criteria for the approval or denial of a Mortgage Loan or Home Improvement Loan application. A Mortgage Loan is defined as a loan, (or refinancing of an existing loan) made for any purpose, which is secured by a mortgage on real estate designed for occupancy by four or fewer families, including individual units of condominiums and cooperatives (but not including mobile homes). A Home Improvement Loan is defined as a loan, secured or unsecured, to be used for the purpose of repairing, rehabilitating or remodeling an existing residential dwelling designed for occupancy by four or fewer families. Construction Mortgage Loans are not Mortgage Loans or Home Improvement Loans as defined herein and are not discussed in this disclosure.

As an Equal Housing Opportunity Lender, Macatawa Bank may not deny your request for a loan because of your age, race, sex, creed, religion, marital status, national origin, disability or familial status.

Macatawa Bank will consider a Mortgage or Home Improvement Loan application only when received in writing on our prescribed form or an electronic application when applied for online at www.macatawabank.com. Telephone inquiries regarding the type of loans being made, prevailing interest rates and/or any other information will not be considered as a formal loan application. Persons making telephone inquiries will be sent this disclosure only if they leave their name and address at the time of inquiry. Any person has the right to make a loan inquiry and to submit a written application for a Mortgage Loan or a Home Improvement Loan and to receive a written response from the bank either granting or denying the loan.

Mortgage loan applicants will be provided with an estimate of closing costs as well as a Home Buyer's Guide to Settlement Costs and ARM disclosure information if applicable.

NOTICE TO INQUIRERS & LOAN APPLICANTS

You have a right to submit a written application or an electronic online application for a Mortgage Loan or a Home Improvement Loan or to request written information concerning typical loan terms that we are currently offering on Mortgage Loans and Home Improvement Loans. It is illegal to establish a minimum mortgage amount of more than \$10,000 or a minimum Home Improvement Loan of more than \$1,000. It is illegal to deny a loan or vary the terms and conditions of a loan because of the racial or ethnic trends or characteristics of the neighborhood or the age of the structure, but not because of its physical condition. If your application for a loan is rejected, you have a right to a written statement of the reason for the rejection. If you are granted a loan but the amount required for down payment, the interest rate, term to maturity, application procedure, or other terms or conditions of the loan vary from terms or conditions offered in other neighborhoods, you have a right to a written statement of the reasons for the variation. The rights described in this notice are set forth in and limited by Act 135 of the Michigan Public Acts of 1977. If you believe that your rights under this Act have been violated, you should contact:

Office of Financial & Insurance Regulation Division of Financial Institutions

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