

FEE SCHEDULE



Effective February 17, 2020, the following fee schedule will apply to services offered by Hometown Bank.

Account Research & Balancing Fee	\$25.00 per hour (minimum \$25.00)
Bank Deposit Bags (first bag is free)	Locked Bag \$25.00 Zipper Bag \$5.00
Charged-off Deposit Accounts Fee	\$55.00
Checking & Savings Accounts Early Closing Fee	\$44.50 if closed within first 6 months
Christmas Club/Vacation Club Early Closing Fee	\$35.00
Christmas Club/Vacation Club Partial Withdrawal Fee	\$20.00 for each partial withdrawal
Counter Checks	\$1.50 each check
Debit & ATM Card Replacement Fee	\$14.50
Deposited Item Returned Fee	\$12.25
Dormant Fee (no activity for 24 months)	\$12.00
Fax Fee	\$5.00
Funds Transfer Fee (Operator Assisted)	\$2.00
Guaranteed Signatures Fee	\$50.00
Levy/Garnishment Fee	\$149.50
Loan Coupon Book Replacement Fee	\$5.00
Notary Service Fee (Customers Only)	No Fee
Official Check Fee (Customers Only)	\$8.25
Safe Deposit Box Key Replacement Fee	Current Vendor Rate
Safe Deposit Box Forced Entry Fee	Current Vendor Rate
Special Statements Fee	\$2.00 per page
Statements Returned as Undeliverable	\$6.25
Stop Payment Fee	\$34.50
Telephone Inquiries	\$1.00 per call
Wire Transfer Fees	\$26.50 Domestic/\$107.00 Foreign
Non-Sufficient Funds/Overdraft Fees	
AOD Paid Item Fee(s)	\$34.50 per item
NSF Paid Item Charge(s)	\$34.50 per item
NSF Return Item Charge(s)	\$34.50 per item

Fees apply to overdrafts created by check, in-person withdrawals, ATM withdrawals or other electronic means, as applicable.

SAFE DEPOSIT BOX ANNUAL FEES

3 X 5 Box	\$15.00
3 x 10 Box	\$25.00
5 x 10 Box	\$35.00
10 x 10 Box	\$50.00

A \$5.00 late fee will be applied each month after 30 days past due

24 HOUR PHONE TELLER

1-877-524-2632

MENU OF OPTIONS

For Account Information press (1)

For Checking Account press (1)

For Savings Account press (2)

For Funds Transfer press (2)

To Change Your PIN press (4)

If you need to speak to a Customer Service Representative, call 606-528-2000

INTERNET BANKING, BILL PAY and MOBILE BANKING www.ahometownbank.com

With Internet Banking you can access your Hometown Bank accounts anytime. It provides a secure, private and convenient way for you to manage your finances. Bill Pay will allow you to schedule recurring payments or pay only once. It will give you access to your account 24 hours a day, 7 days a week. Bill Pay will save you money in both postage and checks. Download our Hometown Bank app on your phone and bank whenever and wherever you choose.

- View balances, transactions and account history for all your accounts.
- View and print check images
- Transfer funds between accounts
- Bill Pay
- Mobile Banking

BRANCH LOCATIONS**Corbin Locations**

Main Office	1030 Cumberland Falls Hwy	
East Branch	501 Master Street	
Oak Branch	3779 Cumberland Falls Hwy.	606-528-2000

London Location

London Banking Center	1506 W. 5 th St.	606-864-HOME(4663)
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Barbourville Location

Barbourville Banking Center	238 Cumberland Ave.	606-546-HOME(4663)
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Williamsburg Location

Williamsburg Banking Center	201 N. 4th Street	606-703-9898
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PERSONAL ACCOUNTS

Home-E Checking

- Minimum opening balance: \$50
- Requires electronic delivery of all account statements and notices.
- Requires electronic confirmation of your ability to access documents that are provided electronically.
- \$7 monthly fee waived upon completion of your electronic delivery confirmation or if you maintain a \$500 daily balance.
- Statements and notices will be provided via paper and electronically until electronic confirmation is completed.
- Internet Banking & Bill Pay
- ATM/debit card
- Unlimited check writing

Hometown Student Checking

- Minimum amount to open account is \$25.00
- No minimum balance and no monthly fee
- Interest bearing account
- Unlimited check writing
- Internet banking and bill pay
- ATM/debit card
- ATM surcharge reimbursement on all foreign ATM transactions
- Image statement
- Earns interest on maintained daily balances of \$500 and over. Interest accrues daily. Interest is compounded monthly
- This account is available until age 25. At age 25 this account will be converted to a Hometown Classic Checking account.

Hometown Classic Checking

- Minimum opening balance: \$50
- Earns interest on maintained daily balances of \$500 and over. Interest accrues daily. Interest is compounded monthly.
- \$7 monthly fee waived if you maintain a \$500 daily balance or are age 62 and over.
- Internet Banking & Bill Pay
- ATM/debit card
- Unlimited check writing

- Image statement

Hometown Varsity Club

For those age 55 and over

- Minimum opening balance: \$1,000
- Earns interest on maintained daily balances of \$1,000 and over. Interest accrues daily. Interest is compounded monthly.
- \$10 monthly fee waived if you maintain a \$1,000 daily balance
- Internet Banking & Bill Pay
- ATM/debit card
- Unlimited check writing
- Personalized Club Checks at no charge
- Image statement
- Notary service at no charge
- Stop Payments at no charge
- Copies at no charge
- Newsletter
- Travel Discounts, luncheons and more

Hometown Investment Account

Interest bearing checking account with tiered interest rates

- Minimum opening balance: \$2,500
- Earns interest on maintained daily balances of \$2,500 and over. Interest accrues daily. Interest is compounded monthly.
- \$10 monthly fee waived if you maintain a \$2,500 daily balance
- Internet Banking & Bill Pay
- Interest Bearing Checking with Tiered Interest Rates
- Interest based on balance tiers
 - \$2,500.00-\$9,999.99
 - \$10,000.00-\$24,999.99
 - \$25,000.00-\$49,999.99
 - \$50,000 and above
- Image statement
- Unlimited check writing

Hometown Round Up Savings

- An easy way to save money and balance your checkbook by rounding up all debit card purchases to the next dollar. All you need is a Hometown Bank personal checking account, Hometown Bank Visa debit card and a Hometown Bank personal savings account.

- When you make a purchase with your Hometown Bank debit card, the amount will automatically be rounded up to the next whole dollar. The difference will be automatically deposited into your Hometown Bank savings account.
- We will match your contributions in the first month up to \$25.

Hometown Savings Account

- Minimum opening balance: \$25
- No minimum monthly balance. Earns interest on all maintained daily balances of \$.01 and over. Interest will be compounded quarterly. Interest will be credited quarterly.
- Internet Banking
- 6 withdrawals per quarter with no fee. \$2 fee for each withdrawal over 6 per quarter.
 - **To offer some relief to our customers needing easy access to their savings account funds during the pandemic, Hometown Bank is temporarily waiving the \$2 excess withdrawal fee on all savings account.**
- Detailed quarterly statement or can be combined with your checking account statement to receive it monthly.

Hometown All-Stars

For pre-school thru grade 12

- Minimum opening balance: \$1
- Receive \$1.00 per "A" up to a maximum of \$10 per grading period
- You must present your report card within 30 days of the current grading period date.
- Money received from grades must be deposited into the All-Stars account and cannot be withdrawn for 24 months.
- A 24 month hold will be placed on each bonus deposit made by the Bank on behalf of the student.
- No minimum monthly balance. Earns interest on all maintained daily balances of \$.01 and over. Interest will be compounded quarterly. Interest will be credited quarterly.
- Interest rate .01% — Annual Percentage Yield .01% — Rate and APY accurate as of 7/10/20; the rate may change after opening; fees could reduce earnings.
- 6 withdrawals per quarter with no fee. \$2 fee for each withdrawal over 6 per quarter
 - **To offer some relief to our customers needing easy access to their savings account funds during the pandemic, Hometown Bank is temporarily waiving the \$2 excess withdrawal fee on all savings account.**
- Quarterly statement

Christmas Club account

- Minimum opening balance: \$5
- No monthly maintenance fee
- Deposits may be made into the account or automatically deducted from your Hometown Bank checking account in any increment you wish.
- Interest will be compounded annually. Interest will be credited annually. Interest is forfeited if account closes before maturity, and a \$35 service fee may be imposed. (cannot forfeit any money only interest)
- A partial withdrawal may be made before maturity and a \$20 fee per withdrawal may be imposed.
- At maturity, the balance, including accrued interest, will be mailed to you by check, or can be deposited into your Hometown Bank accounts.
- If your account has a balance less than \$3 at the end of the club year, you will forfeit any accrued interest.
- Club year runs November 1st – October 10th.

Vacation Club Account

- Minimum opening balance: \$5
- No monthly maintenance fee
- Deposits may be made into the account or automatically deducted from your Hometown Bank checking account in any increment you wish.
- Interest will be compounded annually. Interest will be credited annually. Interest is forfeited if account closes before maturity, and a \$35 service fee may be imposed. (cannot forfeit any money only interest)
- A partial withdrawal may be made before maturity and a \$20 fee per withdrawal may be imposed.
- At maturity, the balance, including accrued interest, will be mailed to you by check, or can be deposited into your Hometown Bank accounts.
- If your account has a balance less than \$3 at the end of the club year, you will forfeit any accrued interest.
- Club year runs April 1st – March 15th.

Certificates of Deposit

We offer federally insured, fixed-rate Certificates of Deposits with terms of 30 days to 60 months.

Individual Retirement Accounts

- Plan for retirement with a federally insured IRA.
- Traditional IRA –Terms of 6 months to 60 months
- Roth – 1 & 5 year terms

Other Services

- Safe Deposit Boxes
- ATMs
- Direct Deposit
- Wire Transfer
- Night Depository
- Drive-Thru

24 Hour Phone Banking 1-877-524-2632

Get information on all your accounts 24 hours a day, seven days a week. Check balances, track cleared checks, transfer funds between accounts and more.

Home (Internet) Banking

Bank securely whenever you want, from anywhere in Kentucky or the world where you have Internet access. It's simple, fast, safe, and secure. Bank from home, from your office, on the road or on vacation. Your account information is protected by the most advanced and secure Internet banking technology.

- Transfer funds between Hometown Bank accounts
- Internet bill pay—Save time and money!
- Track checks that have cleared accounts
- Transfer funds to pay your Hometown Bank loans
- Download information to Intuit® Quicken or QuickBooks
- Check account activity
- Mobile Banking

VISA® Debit/ATM Card

The Hometown Bank VISA® Debit Card gives you the power of cash with the safety of a debit card. Present your Hometown Bank VISA® Debit Card to any merchant who accepts VISA®, and your purchase amounts are deducted from your checking account and detailed on your monthly statement. Your Hometown Bank VISA® Debit Card is also your 24 hour ATM card, so you can access cash and your account at most ATM machines worldwide.



BUSINESS ACCOUNTS

New Beneficial Ownership Requirements for Legal Entity Customers

Your business relationship is important to us. Our goal is to make the business account-opening process an efficient and enjoyable experience for you. Effective May 11, 2018, all banks will be subject to **new rules** under the Bank Secrecy Act imposed by the United States Department of Treasury. This new federal requirement will help law enforcement investigate involvement in terrorist financing, money laundering, tax evasion, corruption, fraud and other financial crimes.

EACH time an account is opened for a covered Legal Entity, we will be required to ask you for identifying information:

- Name
- Address
- Date of Birth
- Social Security Number

as well as identification documentation for:

- **EACH** individual that has 25% or more Beneficial Ownership in the Legal Entity; and,
- **ONE** individual that has Significant Managerial Control of the Legal Entity.

If you are opening an account on behalf of a Legal Entity, modifying signers on an existing account or adding a service to your account, you will be required to provide the appropriate documentation and to certify that this information is true and accurate to the best of your knowledge.

In order to make this process as efficient as possible, we suggest that you obtain the above information, along with a **legible copy** of the current Driver's License or State ID and a **legible copy** of a second piece of identifying information (credit card, debit card or employee ID) for EACH identified individual. Please keep this information current and available to present EACH time you come in to establish a new account or make changes to an existing account. If you have any questions please don't hesitate to contact us.

Hometown Commerce Checking

- Minimum amount to open account is \$100.00
- Non-interest bearing account
- Unlimited check writing
- Image statement
- Any business account including Sole proprietorship DBA accounts
- \$10 monthly fee if balance falls below \$500
- Account analysis fees may be charged on high transaction accounts.

Hometown Commerce Interest

- Minimum opening balance: \$1,000
- \$15 monthly fee if balance falls below \$1,000
- Fee waived with \$1,000 minimum daily balance
- Earns interest on maintained daily balances of \$1000 and over. Interest accrues daily. Interest is compounded monthly.
- Unlimited check writing
- Image Statement

Hometown Commerce Non-Profit Organization

- Minimum opening balance: \$100
- No minimum monthly balance required
- Unlimited check writing
- Image Statement
- Only for non-profit organizations (bowling leagues, churches, local organizations)

Hometown Commerce Savings

- Minimum opening balance: \$100
- \$10 monthly fee if balance falls below \$500
- Earns interest on all maintained daily balances of \$500 and over. Interest will be compounded quarterly, Interest will be credited quarterly.
- 6 withdrawals per quarter with no fee. \$2 fee per withdrawal after 6 per quarter.
 - **To offer some relief to our customers needing easy access to their savings account funds during the pandemic, Hometown Bank is temporarily waiving the \$2 excess withdrawal fee on all savings account.**
- Detailed quarterly statement or can be combined with your checking account statement to receive it monthly.
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Certificates of Deposit

We offer federally insured, fixed-rate Certificates of Deposits with terms of 30 days to 60 months.

Internet Banking

Talk with us today about convenient, secure 24-hour Internet banking. You can manage accounts any time of the day or night from anywhere you have Internet access. It can make your business more efficient and your life easier.

Cash Management

Hometown Bank offers cash management to help your business get control, save time and improve overall financial management.

- Balance Reporting
- Balance Alert
- Sweeps
- Book Transfers
- ACH Processing
- Wire Transfers

Remote Deposit Capture

Remote Deposit Capture provides a convenient way for our business customers to deposit checks into their checking account by scanning the checks and then transmitting the scanned or digitized image to us. This reduces the time, cost and volume of paper associated with physically mailing or depositing checks or monetary instruments in person.

Business Debit Cards

Business Debit Cards are designed for business owners/managers to use for their everyday purchases. Businesses that use a debit card enjoy the convenience of making payments whenever and wherever they need. Making purchases locally or internationally is possible through the use of debit cards. Each business customer will be provided with a monthly statement that will detail all transactions conducted by each cardholder. Use of the card is limited to withdrawals from Business Accounts only and Business Debit Card transactions are not subject to any of the consumer protections afforded under the Electronic Funds Transfer Act (Reg. E).

Business Services

Hometown Bank offers the business services that let your business work more efficiently.

- Safe Deposit Boxes
- Direct Deposit
- Merchant Credit Card Processing
- Night Deposit Bags
- Notary Services



LENDING SERVICES

New Beneficial Ownership Requirements for Legal Entity Customers

Your business relationship is important to us. Our goal is to make the business account-opening process an efficient and enjoyable experience for you. Effective May 11, 2018, all banks will be subject to **new rules** under the Bank Secrecy Act imposed by the United States Department of Treasury. This new federal requirement will help law enforcement investigate involvement in terrorist financing, money laundering, tax evasion, corruption, fraud and other financial crimes.

EACH time an account is opened for a covered Legal Entity, we will be required to ask you for identifying information:

- Name
- Address
- Date of Birth
- Social Security Number

as well as identification documentation for:

- **EACH** individual that has 25% or more Beneficial Ownership in the Legal Entity; and,
- **ONE** individual that has Significant Managerial Control of the Legal Entity.

If you are opening an account on behalf of a Legal Entity, modifying signers on an existing account or adding a service to your account, you will be required to provide the appropriate documentation and to certify that this information is true and accurate to the best of your knowledge.

In order to make this process as efficient as possible, we suggest that you obtain the above information, along with a **legible copy** of the current Driver's License or State ID and a **legible copy** of a second piece of identifying information (credit card, debit card or employee ID) for EACH identified individual. Please keep this information current and available to present EACH time you come in to establish a new account or make changes to an existing account. If you have any questions please don't hesitate to contact us.

Mortgages

Buying a home—first home, vacation home, dream home—may be one of the most important decisions you make. Your neighbors at Hometown Bank work hard to make home financing simple and hassle-free. We offer a variety of mortgage loans to make your new home purchase an easy one. As always, you can expect more from Hometown Bank—we make decisions locally and quickly.

Before you choose your dream home, it's generally a good idea to meet with a lender to discuss your options and get pre-approved for a loan. You'll gain an understanding of how much house you can afford, and this makes for a quicker closing when you finally do find that dream home.

Choose from a variety of fixed and variable rate mortgages, VA and FHA loans and more. Let us help you explore the best options to fit your needs.

To help us expedite your loan application, please bring the following documents with you when you visit us.

- W2 forms for the past 2 years
- Copies of most recent pay stubs for one full month
- Copies of last 2 months' bank statements
- Two years of tax returns if you are self employed or a commissioned employee
- The most recent award letter for pensions or Social Security
- An itemized list of all monthly payments

Fixed Rate Mortgages

Hometown Bank offers fixed rate mortgages at current market rates with terms to fit your budget. You'll know exactly what to expect every month, and your interest rate won't change as market interest rates fluctuate. Conventional loans are available for both purchasing and refinancing a home.

Adjustable Rate Mortgages

An Adjustable Rate Mortgage, or ARM, offers a fixed rate of interest for a specified period of time. After the initial period, the interest rate, payment amount and terms can change.

FHA Mortgage loans

Fixed rate mortgages are administered by the Federal Housing Administration that typically require down payments as low as 3.5%, feature easier qualification, and offer other advantages. Let us help you determine if you qualify.

VA Loans

VA Loans are available to qualified veterans and active duty military persons guaranteed by the United States Department of Veterans' Affairs. VA loans generally feature no down payments and financing up to 100% of purchase price without requiring mortgage insurance. Seller can pay all closing costs.

Rural Housing Loan Programs

Qualified applicants can finance 100% of the purchase price at below market rates on new and existing construction. There is no expensive monthly mortgage insurance and qualifying guidelines are flexible. (Subject to county income restrictions).

First Time Home Buyers

We want to help our neighbors become homeowners. We'll work with you to help make that happen with a variety of programs to choose from designed specifically for first time home buyers.

Construction Loans

If you're building, Hometown Bank offers competitive rates with a one-time close construction-to-perm loan option.

Home Equity Line of Credit

A Hometown Bank Home Equity Line of Credit lets you use the equity that's been building in your home for home improvements, additions, education, travel, auto financing, major purchases and unexpected expenses. Once your line is approved, you decide when to use your funds—and how. And the interest you pay may be tax deductible, so be sure to ask your tax advisor.

Options for every situation:

- First time homebuyers
- Purchases
- Self-employed borrowers
- Refinancing
- Veteran's and FHA loans

Business Lending

Hometown Bank is your hometown bank, and we can respond to your needs quickly. Let one of our professionals help put together financing that meets the demands of your business. We can set up a Business Line of Credit or a package of loans, including

Commercial Real Estate, Commercial Construction, Commercial Machinery, Commercial Auto, Inventory, Equipment, Accounts Receivables, Farm Equipment or Farm Real Estate loans.

- Commercial Loans
- Construction Loans
- Business Lines of Credit
- Letters of Credit

SBA Loans available

Investment Services

Comfortable and inviting. Just like home, the same can be said for Hometown Investment Services.

Here, it's always been about making you happy. We figure if everyone who walks through our door is greeted with a warm welcome and receives really helpful service, they'll be back for more.

Many investment firms seem to be pushing customer service aside by making it more and more difficult to talk to a real, live, person. With Hometown Investment Services, you can call or stop by and talk to us. Investment services here at home.

Think about all the things that make you feel comfortable and at home. Qualities like respect. Support. Lifelong relationships. Honest answers. A sense of belonging and being understood. Shared values. Time and freedom to be yourself. And a place that's just worth being.

At Hometown Investment Services, you'll find everything's just how you like it. Come home and see.

Investment planning is about much more than insurance and investments. Real investment planning is about sitting down with someone you trust, someone with experience who understands the range of options available and can develop a strategy to help you reach your goals for your family and your future. That's what we do. We listen to your goals and hopes and dreams, whatever your age or life stage, and we help you create a plan to make them come true.

Stop by and talk with a Hometown professional about a comprehensive financial review. Let's get started: the earlier you begin to make these plans, the more effective your strategy may be.



Lee Parks

606-526-2710

lparks@infinexgroup.com

Lee Parks, CPA, is the program manager and an Infinex Investment Executive. She is a graduate of Cumberland College with a bachelor's degree in business administration. She has over 20 years experience in the financial field including 10 years in public accounting. She is fully registered with a Series 7, Series 63 and a number of insurance licenses.



Investment Services

Hometown Investment Services, offering securities through Infinex Investments Inc. located at Hometown Bank, is here to help individuals, families and business owners with their investment needs. Whenever you have questions regarding investments, retirement plans, college savings plans, insurance or other financial concerns, we are here to help.

Retirement Plans

Live your dreams when you retire. Let us help you determine which of the many available options fit your circumstances and needs.

- Traditional IRA
- Roth IRA
- IRA Rollover
- Business Retirement plans
- Simplified Employment Pension plans
- 401(k) Rollover
- Annuities
- And more

Wealth Transfer Strategies

Let us help develop a plan to preserve your wealth—and dispose of that wealth according to your wishes.

- Asset allocation
- Business succession

Education Funding

- Planning for college expense
- Coverdell Educational Savings Account
- 529 College Savings Plans

Business Plans

Let us help you plan for the smooth operation of your business.

- Insurance for owners and employees
- Succession plans
- Group Retirement plans
- And more

Investments

You can enjoy many of the features of a full-service brokerage house at a fraction of the cost. Our experienced professional staff will handle your transactions with care.

- Fast, accurate execution of trades
- Choice of stocks, corporate bonds, municipal bonds, mutual funds
- UITs
- Money Market funds
- Brokered Certificate of Deposits

Life Insurance/Annuities

Disability Income

We can help you examine the advantages of insurance options and determine which ones will work best for you.

- Whole and term life products
- Variable universal life
- Annuities
- Disability coverage

Long-term Care insurance

How can you plan for the long-term care you're most likely to need? How can you protect your family? Let Hometown help.

- Home- and community-based assisted-living
- Nursing home care
- Protection against "spend-down" of assets
- And more

Your Investment Executive will work with you to:

- Analyze your current financial position.
- Help you establish and prioritize your goals.
- Help you make an informed decision about the products that best meet your needs.
- Implement your decisions promptly and accurately.

- Monitor the performance of your investment choices.
- Review your investment plan with you on a regular basis.

Our dedicated client service staff can help you with all your needs, including:

- Changing the distribution option for an account
- Establishing a systematic investment or withdrawal plan
- Changing an IRA account beneficiary
- Transferring an account from another financial institution
- Other valuable services
- 401(k) rollovers

We have formed a relationship with Infinex Group. Through this financial relationship, our customers have access to a full range of investment options.

Talk with an Infinex representative about your dreams today. We'll help make them come true. For more information, call 606-526-2710.

Securities and insurance products offered by Infinex Investments Inc. and its affiliates, member [FINRA/SIPC](#). Hometown Investment Services is a trade name of Hometown Bank. Infinex and Hometown Bank are independent entities.

Not FDIC Insured

Not Bank Guaranteed

May Lose Value

Not Guaranteed by any Government Agency

Not a Bank Deposit

Hometown Bank Affordable Homeownership Programs

2019

Hometown Bank has several loan programs that offer affordable homeownership to low-to-moderate income families. Conventional home loans, such as Freddie Mac, Fannie Mae, and our in-house loan program tend to exclude some families from purchasing a home by requiring significant amounts of cash up front for down payment and closing costs. Even though a borrower may be able to meet the monthly obligation of principal and interest costs, property taxes, and homeowner's insurance premiums, they may not have the savings to meet the down payment requirements. Higher loan-to-value options are available for conventional loans, even up to 97%, but the Private Mortgage Insurance expense for these programs are often more expensive than other options. The higher PMI premiums must be added into the monthly housing expense.

Hometown Bank has established contracts with Crescent Mortgage Company, and Southpoint Financial Services to be able to offer programs through secondary market channels that should allow more borrowers to own homes. Secondary market lending helps our bank provide home financing to more customers without funding these loans with our deposits. Once the loan is sold on the secondary market, this money can then be "recycled" to provide homeownership to another family. It puts more money to work for our customer base. Additionally, these programs offer low to no down payment options to further enhance our ability to serve all the customers in our targeted market area.

Statistical Data

The total dollar volume of secondary market loan sold in 2019 was \$3,850,152.50 The loans comprising this total were Conventional, USDA RHS, FHA, and VA Loans. By offering loans from various categories, Hometown Bank can meet the needs of most eligible borrowers. In 2019, Hometown Bank closed 6 conventional loans with a dollar volume of \$1,455,300.00. The loan size varied from \$98,400.00 to \$400,000.00. In addition, Hometown Bank offered the USDA RHS loan program. We closed 11 loans through this program, and dollar volume was \$1,324,286.00. The size of these loans varied from \$71,340.00 to \$169,696.00. We closed 2 VA loans in 2019 in the total amount of \$220,480.00. Five FHA loans were closed with a dollar volume of \$850,086.50. The loan size varied from \$98,188.00 to \$255,290.00 for the FHA program. These programs allow us to serve most income levels and various property types and values. Most of the loans to first time homebuyers were in the categories of FHA, VA, and USDA and 17 of the 24 loans closed with made to first time homebuyers for a dollar volume of 2,422,266.00 and is 62.91 of the total loans originated.

The chart that follows shows the comparison volume by category between 2019 and 2018.

Number of Loans	Dollar Volume	Range	
2018			
Conventional			
11	\$1,664,500	\$52,000 - \$236,000	
USDA			
7	\$814,139	\$51,010 - \$150,000	
FHA			
3	\$401,416	\$119,790 – \$147,283	
VA			
1	\$130,000	\$130,000	
2019			
Conventional			
6	\$1,455,300	\$98,400 - \$400,000	
USDA			
11	\$1,324,286	\$71,340- \$169,696	
FHA			
5	\$850,086.5	\$98,188 - \$255,290	
VA			
2	\$220,480	\$97,900- \$122,580	

Conventional Loans

Conventional loans are offered to borrowers that have funds available for down payment and closing costs. Our conventional loans offer loans with Loan to Value ratios up to 97 percent for purchase loans and up to 95 percent for refinances. In some cases the credit score minimum is 620. Conventional loans are available for primary residences, second homes, and investment properties of 1-4 family units. Condominium properties are also eligible for conventional financing.

Private mortgage insurance is required for Loan to Value ratios greater than 80 percent and is more affordable in some cases than the annuals of FHA loans. This increases the spectrum of borrowers that may qualify. Additionally, there are no income restrictions as with USDA RHS loans. Gifts are also allowed in some cases and up to certain amounts.

USDA Rural Housing Service (RHS)

Guaranteed Program

Guaranteed loans are originated and processed through banks, housing agencies, and mortgage companies that are approved with the USDA Rural Housing Service. This program allows for 100 percent of the purchase price and the 1.00 percent USDA Guaranty Fee to be financed, and depending on the appraised value, some of the other closing costs may be financed. Additionally, USDA RHS allows gifts and seller concessions for closing costs, etc. This greatly reduces the amount of money that a borrower must have up front. By reducing the burden of up front monies, a family can obtain adequate housing much sooner. This is excellent for first time homebuyers who have no equity to “cash-out” of a previously owned property, and for low-to-moderate income families who can afford the housing

expense, but not the down payment. In addition, the borrower will pay RHS annuals at a much lower rate than Private Mortgage Insurance. This allows them to qualify for a higher principal and interest payment, thus facilitating a more expensive home.

RHS Guaranteed loan borrowers are restricted to have income no more than 115 percent of the median income for the area. Deductions from the household income are made for additional children in the household and for child care expenses. Deductions are also made for any disabled persons in the household. All of these factors help to ensure that these funds are used to help borrowers obtain housing that could not afford a home otherwise.

Credit score minimums are 640 for this program but may go down to 600 with manual underwriting offered through Southpoint Financial Services. More lenient pricing adjustments are made for the lower credit scores as in conventional loan pricing. This also helps first time homebuyers, and younger borrowers who may not have built a strong credit history yet. Also, if the borrower is a first time homebuyer, they are required to complete the First Time Homebuyers Counseling so that they are knowledgeable about the process. This educates them on the process and gives them information about affordability so they are able to make more informed decisions throughout the home buying process.

Direct Program

If a borrower has a low-to-very low household income, the loan officer can refer them directly to the local RHS office to participate in the Direct Loan Program. These applicants have income levels that are below 50 percent of the area median income (very low income) or have income levels that are 50 to 80 percent of the area median income (low income). These families must be without adequate housing, but able to afford the monthly payment, taxes, and insurance (about 24 percent of their income). They must not be able to obtain financing elsewhere, but have a reasonable credit history. If they have not had traditional credit, they may use non-traditional credit to qualify.

The direct loan is originated and processed directly through the RHS office. If a loan officer recognizes this type of borrower, they will direct them to the appropriate office to apply for this program. Most borrowers do not know about this type of loan, so we are able to help them by making them aware of it, and directing them to the local office.

Federal Housing Administration (FHA)

FHA makes homeownership available to more borrowers by offering a guarantee to the lender that the money will be repaid. FHA does not make loans, but only provides guarantees for loans made in banks, mortgage companies, etc.

FHA loans offer 97.5 percent financing of the purchase price, but in some cases 100 percent can be financed. In addition, the seller may pay up to 6 percent of the costs for the borrower, or any part of the costs may be gifted by a family member, government agency, or non-profit organization. Conventional loans are more restrictive on how much a seller can contribute and still requires some borrower funds to be used. By reducing the amount needed up front, and allowing them to obtain funds from outside sources, families are able to obtain adequate housing much sooner.

Borrowers do not have restrictions on how much household income they may have, and there is no maximum purchase price limit imposed. FHA loans are not targeted specifically to any income group or class of housing. By its design, it helps lower income families obtain housing easier than conventional financing. FHA allows non-traditional credit histories to be considered in some cases; whereas, conventional programs do not usually allow this type of credit verification.

Veteran's Administration (VA)

To obtain a VA loan, the borrower must have served in the military services and have a certificate of eligibility from the VA office. Military, former military personnel and their surviving spouses can obtain 100 percent financing of the purchase price of the property.

VA restricts the amount of closing costs that lenders may charge to \$1,000.00. This restriction ensures that the Veteran can obtain homeownership at a more reasonable cost. The VA funding fee is also waived by the VA in certain cases for disabled veterans. VA prohibits lenders from requiring Private Mortgage Insurance to provide further savings. This is acceptable as the VA provides a guarantee to the lender.

A major advantage of this program is to provide a way for military personnel to obtain financing for home purchases with no down payment, and to refinance existing loans with reduced closing costs.

A handwritten signature in cursive script that reads "Teresa L. Corey, V.P.".

Teresa L. Corey
Vice President
Secondary Market Coordinator