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Mortgage loans simplified.

The help you need to make a smart choice.

GMAC Mortgage

Get the loan of your dreams for the home of your dreams.

You found the home you've been hoping for! Congratulations. And now it's time to figure out how you'll finance it. You're excited, but probably filled with questions. There are so many kinds of mortgages! How do I decide which is right for me? Can I manage the monthly payments?

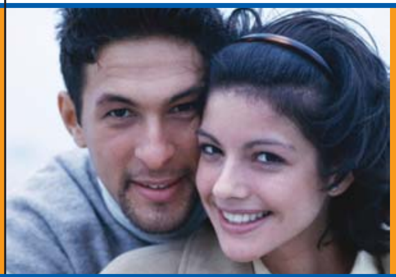
That's why we're here—to provide you with information to help you make informed decisions that you'll be comfortable with for a long time. Read through the descriptions we've provided here and then chat with your GMAC Mortgage Corporation loan officer. It's our goal to make your mortgage experience positive, simple and manageable.

Fixed rate mortgages– simple, predictable.

For those who prefer no surprises, the fixed rate mortgage is a popular choice. This loan is based on an interest rate that stays the same throughout its life—so you'll always know how much of your budget you can expect to spend. Most fixed rate mortgages have monthly principal and interest payments that do not change.

Adjustable rate mortgages (ARMs)– flexible, like their name.

Many consumers prefer ARMs during times of increasing rates or when they don't plan to stay in their home for more than a few years. Initially, adjustable rate mortgages allow you to take advantage of rates that are generally set below current fixed rates. In exchange for the discount, you share a portion of the risk that rates may change over time. Generally, the rate adjusts up or down as the economic indicator on which the loan is based rises or falls.



Refresher: The term, in easy terms.

In short, the term is the length of your loan. Usually, terms are 15 or 30 years, and of course, each has its benefits.

Shorter term

- A lower rate
- Higher monthly payments
- More money saved over the long run
- Equity builds at a faster pace

Longer term

- Higher interest rate
- A lower monthly payment
- Makes a larger mortgage affordable
- Equity builds at a slower pace

Other terms, such as 20 or 25 years, are often available, depending on the type of loan you select.

FHA/VA Loans– reduced down payment programs.

The purpose of both of these programs is to make homeownership easier to achieve for qualified applicants. FHA loans are insured by the Federal Housing Administration, a government agency, and are limited to homebuyers who meet certain qualification guidelines. VA loans are for qualified veterans of the armed services, including reservists and unmarried surviving spouses of veterans. Under the VA single-family program, fully qualified veterans may be able to buy a home with no down payment at all.

Jumbo Loans– for larger homes.

Different from other loans, the Jumbo loan is set up specifically to accommodate mortgage amounts that exceed the maximum loan amount set by Fannie Mae and Freddie Mac (check with your GMAC Mortgage Representative for current conforming limits). Jumbo loans typically carry higher-than-average risk to the lender. So, to make up for this risk, slightly higher interest rates may apply.

Because Jumbo loan borrowers often have more complicated financial records, some of GMAC Mortgage's jumbo loans also come with options for reduced document processing. Less documentation may make getting a loan easier and faster than with standard processing.

Balloon Mortgages– uniquely adaptable.

Your payments on this loan are calculated on a longer term (the customary 15-30 years), with the agreement that the mortgage be paid in full with a "balloon payment," at the end of a predetermined period, generally five to seven years. The advantage to this loan is that interest rates are generally set below current market rates.

In principle, the balloon payment would force you to pay a large amount within a short time. Many balloon mortgage borrowers, however, refinance their loan before the balloon payment is due.

This type of loan is popular for those who intend to resell their home before the balloon term is over—because they may be able to save money paying the reduced rate.

Two-step loans– great for fast movers.

Two-steps are adjustable rate mortgages that have only one adjustment during the loan term. They let you take advantage of a reduced start rate of an ARM while still enjoying the security of a fixed rate for some time.

The adjustment does not usually occur until several years into the loan term, so two-step loans are particularly attractive to buyers who do not plan to stay in their new home more than a few years.

Buy downs and buy ups– to customize your loan.

Buy downs and buy ups are not loans, but rather options that let you personalize your loan for your needs by paying more or fewer points.

Refresher: What's the point?

Points are pre-paid interest—basically, money you pay for use of the lender's money. In some cases, an extra point or points may be charged as an origination fee. Whenever you receive a rate quote from a lender, you should ask how many points will be due.

Generally, a "point" is equal to one percent of the loan amount. For example: 3 points on a $180,000 loan = $5,400

A buy down is a way to reduce the interest on your loan either temporarily or permanently by paying additional points at or before closing. You may be able to qualify for your loan at a reduced rate, making a buy down a valuable tool if you need a lower rate and have extra cash available.

A buy up works the opposite way. It lets you reduce or eliminate the points paid at closing in exchange for a higher interest rate. This "zero point" option is popular with borrowers who are short on cash, especially first-time buyers. Several of our loan programs can be "bought up" to eliminate points.

Getting the rate that's right. Float? Or protect?

You found a rate that sounds pretty good. So, how do you keep it from changing during the time between application and closing? Or, what if rates drop while you're waiting? How do you get the lower rate?

Well, you have a few choices. You can let the rate **float** with the market and see what happens, with the hope that it stays the same or drops. (Wherever it lands at a set time before closing—usually a week or two—is where it stays.)

You can choose to **lock in** your rate for a specified time, usually up to 90 days. This length of time should be based on an estimation of how long it will take to close your loan. (Your GMAC Mortgage loan officer can help you determine this.) Also, a fee may be required for this protection.

Another choice is a **rate cap,** which combines the security of a lock-in with the flexibility of floating. If you choose a rate cap, you'll be quoted a maximum rate (slightly higher than the rate at the time of your application). No matter what happens in the market, provided you close and fund within the lock-in period, your rate cannot go above the quoted rate cap during the predetermined cap period. On the other hand, if rates drop, you will get the benefit of the rate in effect at that time for your type of loan under this program. Your final rate will be set, usually seven to 14 days prior to closing/settlement.

Your loan officer will be more than happy to tell you which rate protection options are available with your loan type, and if there are any fees associated with your choice.

What to expect at the closing table.

You're making one of the largest purchases of your life—so it's understandable that you feel apprehensive. But rest assured, your GMAC Mortgage loan officer will help you be organized and prepared in advance.

Your loan officer will have already provided you with a good faith estimate, based on his or her past experience in the area where your property is located. The good faith estimate will list some typical costs to be paid at closing—so you don't need to worry about going to settlement unprepared.

Closing fees can include:

- Insurance on the title to your home
- Taxes
- Transfer costs
- Hazard insurance

You may also be surprised by how many papers you're asked to sign. Many of these are required by law to show that you understand your financial obligation and that you've been provided with certain federally required disclosures. Some of these may include:

- Real Estate Settlement Procedures Act (RESPA) disclosures.
- Truth in Lending Disclosure Statement.
- Mortgage note, which states your commitment to repay the loan amount borrowed.
- Security Instrument, which pledges the property as security for repayment of the loan.
- Other documents, depending on state and local laws.

Once all the paperwork has been signed, you're a homeowner! Congratulations!

All about your monthly payment.

Typically, the monthly payment that you call your mortgage may cover several things, including:

- Regular installments of principal and interest
- Escrow (if applicable), which includes a fraction of your annual property tax bill and a fraction of your annual hazard insurance premium
- Premiums for mortgage insurance, if applicable
- Premiums for flood insurance (in certain areas)

Your closing was just the beginning of a lasting relationship.

We don't wave goodbye at closing! While you're with GMAC Mortgage for the servicing of your loan, you'll receive information on valuable products and services that are designed to help you make the most of the investment you've made in your home.