



UNDERSTAND YOUR LOAN OPTIONS

Not all home loans are the same. Three key features are loan term (or length of the loan), the interest rate type, and the loan type. To best determine which product is right for you, you should consider how these features affect your monthly payment, your overall costs, but upfront and over time, and your level of risk. Knowing what kind of feature is most appropriate for your situation prepares you to choose the most appropriate loan product offered by Paragon Bank. your loan officer will help you consider these features in deciding which product is best suited to your needs. Prior to applying, you should consider the following features of each product offered by Paragon to help decide:

Loan term

30 years, 15 years or other

The term of your loan is how long you have to repay the loan. In general, the longer your term, the more interest you will pay. Loans with shorter terms usually have lower interest costs but higher monthly payments than loans with longer terms. Much depends on the specifics - exactly- how much lower the interest costs and how much higher the monthly payments could be depends on which loans terms you're looking at, as well as the interest rate. Paragon offers 30, 25, 20, 15 and 10 year terms on loans sold to investors ("secondary market"), as well as 30 and 15 year terms on loans held in Paragon's portfolio ("portfolio").

Interest rate type

Fixed and adjustable

Interest rates come in two basic types: fixed and adjustable. The choice affects whether your interest rate can change, whether your monthly principal and interest payment can change and its amount, as well as how much interest you will pay over the life of the loan. With a fixed-rate loan, your interest rate and monthly principal and interest payments will stay the same. Adjustable-rate mortgages (ARMs) offer less predictability but may be cheaper in the short term. For both fixed and adjustable rate loans, your total monthly payment can still change - for example, if your property taxes, homeowner's insurance, or mortgage insurance go up and down. Paragon offers fixed and adjustable rates on secondary market and portfolio loans.

Loan type

Conventional, FHA, VA, USDA, Bond and Portfolio Programs

Mortgage loans are organized into categories based on the size of the loan and whether that are part of a government program. Each loan type is designed for different situations. Sometimes, only one loan type will fit your situation. If multiple options fit your situation, see which type offers the best deal overall. The following secondary market loan types are offered by Paragon:

Conventional	FHA	VA
Not part of a specific government program	Insured by the Federal Housing Administration (FHA), a government agency.	Available for eligible veterans, servicemember and qualifying spouses, as guaranteed by the Department of Veterans' Affairs (VA)
Allows for down payments as low as 3% and is typically less costly than FHA loans for borrowers with good credit and at least a 10% down payment.	Allows for down payments as low as 3.5%. For borrowers with lower credit scores and smaller down payments. FHA loans can often be the cheapest option depending on the current market	Available with low or even zero down payments, but may be more expensive than conventional loans for borrowers that have a significant down payment and good credit*
You'll typically need mortgage insurance if your down payment is less than 20%	Mortgage insurance is required for all FHA loans, including an upfront premium at closing	Do not require mortgage insurance, but usually require an upfront fee at closing

Conventional, FHA, VA, USDA, Bond and Portfolio Programs

Paragon also offers the following products that are serviced by Paragon and maintained in the bank's portfolio. For any of these portfolio loans, you'll typically need mortgage insurance if your down payment is less than 20%. Paragon offers an option to waive mortgage insurance on portfolio loans in exchange for an addition to your interest rate, depending on qualifications.

Portfolio Mortgage	Paragon Mortgage Access Special Purpose Loan	Physician Loans
15 year terms available on fixed rate products, and 30 year terms available on ARMs.	Program is designed for low to moderate income families located within the bank's Shelby County TN footprint, with 15 and 30 year terms available with a fixed rate.	Available for eligible physicians, with adjustable rate and 30 year terms.
Typically requires a minimum 20% down payment.	Allows for down payments as low as 5% and requires homeownership counseling.	Available with low or event zero down payments.

ACKNOWLEDGEMENT

I understand that all credit products offered by Paragon Bank are subject to credit approval, the descriptions provided above are generalizations for informational purposes, and my actual rate, payment, costs and terms could vary, depending on the specifics of my qualifications and loan product choice.

I acknowledge that I have been provided information on all mortgage loans offered by Paragon Bank prior to submitting an application. Furthermore, I acknowledge that the features of all products have been explained and that I was given the opportunity to choose between the options provided above. I have made the decision to pursue an application for the product of my choice.

Applicant signature _____ Date _____

Co-Applicant signature _____ Date _____