




Your Path to Homeownership

We're here to help make for a smooth homebuying process

M&T Bank

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Common Homebuying Myths

- You'll need to save a 20% down payment
 - False – Many programs offer low down payment options
- You'll need a lengthy credit history
 - False - if your credit history is limited, you can often document your ability to make timely payments through non-traditional means such as rent or utility bills
- You must have worked at the same job for at least 2 years
 - False - having a steady income is more important than how long you've been at the same job
- Your mortgage payment may not be affordable
 - False - your mortgage payment could be about the same as your rent payment

Our Team of Experts

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Your “homebuying team”

It’s important during the homebuying process that you start to form your “homebuying team.”

This team includes individuals you’ll work with during the home buying process:


- First-time buyer counseling agency (MVHP)
- Mortgage loan officer
- Real Estate agent
- Home Inspector
- Home insurance company/agent
- Real Estate attorney

You’ll want to work with experienced local and trusted partners on your path to homeownership.



First-time Homebuyers

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First-time homebuyers

Who is a first-time homebuyer?

There are several answers:

- A person has not owned or had ownership interest in residential property in the last three years
- A person who gave up ownership rights due to divorce and/or domestic violence
- A person who does not own a second home/vacation or investment property either in the U.S. or abroad

Help for first-time homebuyers


If you're a first-time homebuyer, you may be asking the following questions:

- Am I ready for home ownership?
- What costs are associated with purchasing a home?
- What's my credit score?
- How much will I be approved for?
- What loan programs do I qualify for?
- What tax credits and grants are available to me?

All of these questions are common, and MVHP will be able to address them to help you determine if you're ready for homeownership.

Your Credit Matters

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Your credit matters

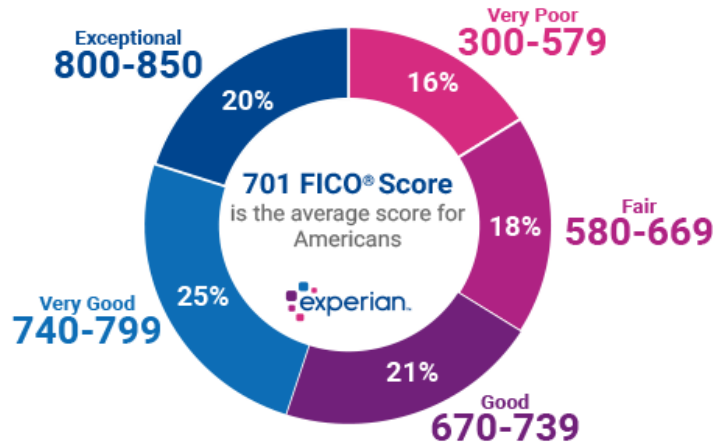
A mortgage lender will pull your credit to view your credit score. Your credit score will directly impact your ability to be approved for a mortgage and may also impact your interest rate.

- Credit scores generally range from 300 to 850
- Mortgage programs generally require credit scores of 580 or higher for eligibility
- Borrowers with higher credit scores can typically take advantage of more financing options with better interest rates

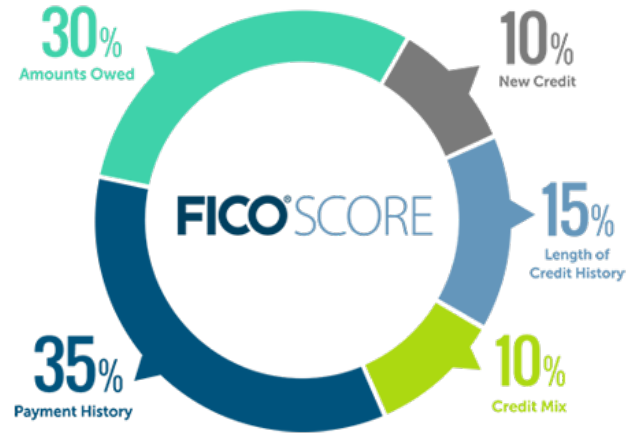
Don't be discouraged if your credit isn't perfect, we'll do our best to find a mortgage program for you!

Understanding your credit score

What's a "good" credit score?



What influences your credit score?



FICO® Score 8

300 to 850

FICO® Mortgage Score

300 to 850

FICO® Auto Score


250 to 900

FICO® Bankcard Score

250 to 900

How much home can I afford?

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How much home can I afford?

As a lender we look at several items to determine how much home a customer can afford:

- ✓ Income
- ✓ Debt obligations
- ✓ Mortgage type & term
- ✓ Interest rate
- ✓ Taxes & insurance

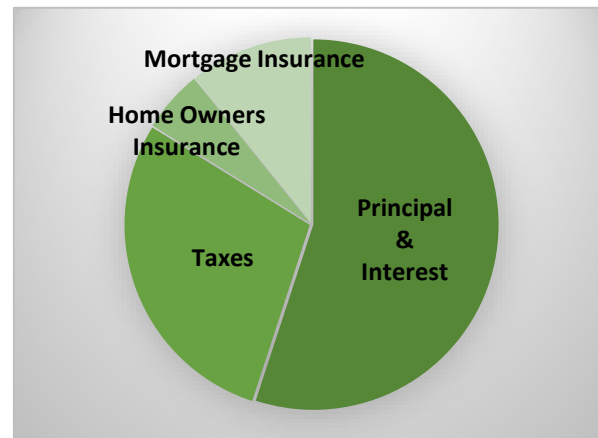
In addition, it's important to understand the **Four C's of Credit**.

This is what lenders look at to qualify a borrow for a mortgage.

- **Capacity** - Present & future ability to meet payment obligations
- **Capital** - Value of assets (cash, savings, investments, property, etc.)
- **Credit** - How responsibly bills/debts have been paid
- **Collateral** - Property/other assets offered to secure the loan

What makes up a mortgage payment?

- **Principal** is the money that you originally agreed to pay back
- **Interest** is the cost of borrowing the principal
- **Taxes** include all taxes associated with the property (i.e. county, town, and school)
- **Mortgage Insurance** lowers the risk to the lender of making a loan to you, so you can qualify for a loan that you might not otherwise be able to get. Typically, borrowers making a down payment of less than 20 percent of the purchase price of the home will need to pay for mortgage insurance
- **Homeowners Insurance** is a form of property insurance that covers losses and damages to an individual's house and assets in the home.



Costs to plan for when buying a home

- Down payment – the percentage of your home’s purchase price that you pay up front when you close on your loan
 - To avoid Private Mortgage Insurance (PMI) a 20% down payment
 - First-time homebuyer programs with a down payment as low as 3%
 - 1-4 family Owner Occupied with a down payment as low as 3%
- Closing Costs – are the fees paid at mortgage closing
 - Assistance is available with certain programs
- Pre-Paid Costs – can includes an initial escrow deposit, homeowner’s insurance premium, the first-year of taxes, and pre-paid interest

Costs continued ...

- Mortgage Reserves – also known as “cash reserves” are assets that can easily be converted to cash which are required funds to qualify for certain mortgage programs

Don't get overwhelmed by these costs - your Loan Officer is here to help you break down the numbers to get you into a home you can comfortably afford.

You might even be surprised and have funds left for new appliances or furniture that you've been eyeballing!

Down payment assistant resources


- Your family may gift you funds to assist you with closing costs and down payment
- Your employer may provide down payment and/or closing cost assistance to help preserve affordability in the market
- Seller concessions available if the seller agrees to pay your closing costs making the home more affordable for the buyer
- M&T Bank offers a grant that may be available for closing costs on certain loan products.

Down payment assistant resources

- Non-profit organizations and government agencies can help first-time homebuyers by providing grants
 - Many times, these grants can be combined with our M&T grant
 - Non-profit down payment assistance programs may also include forgivable loans to serve their communities
- State & Local Housing Finance Agencies are chartered to meet the affordable housing needs of residents
- City or County Administrators administer homeownership programs and revitalization programs

Mortgage Products

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Mortgage Types

- Fixed Rate Loans
 - A mortgage with a stable interest rate for the life of the loan. This rate is set at or before closing and is locked in for the term of loan.
- Adjustable-Rate Loans
 - An adjustable-rate loan has a lower initial starting rate set for 1, 3, 5, 7 or 10 years after which, periodic rate adjustment can take place annually or semi-annually based on a financial index.

Mortgage Amortization Term

- Amortization
 - Amortization is the gradual reduction of the principle through repayments set forth in the mortgage documents.
- Term of Loan
 - Mortgage loans can be paid over 10, 15, 20, 25, or 30 years based on terms set forth in the mortgage documents. The longer the term the more affordable the monthly payment will be; however, a shorter term will have less interest paid over the term of loan.

Mortgage product options

- Affordable mortgage programs:
 - Mortgage options for, but not limited to, first-time home buyers with low down payment options
- Government loans:
 - Federal Housing Administration (FHA) – offers a low-down payment and flexible credit guidelines
 - Veterans Administration (VA) – for eligible veterans, 0% down payment
 - United States Dept of Agriculture (USDA) – 0% down payment, geographic and income restrictions

Mortgage product options

- Conventional mortgages:
 - A mortgage loan that is not guaranteed or insured by any government agency. Most of these mortgages adhere to Fannie Mae or Freddie Mac guidelines.
 - First-time home buyer programs with as little as a 3% down payment
 - A 20% down payment will eliminate the requirement for Private Mortgage Insurance (PMI) As will some first-time buyer programs with less than 20% down.
- Construction loans:
 - Lending program for those looking to build a new house
 - FHA 203K Renovation and Homestyle Renovation Loan

Types of Lenders

- Commercial Banks – Financial institutions that typically lend to businesses to finance operating costs and to finance commercial real estate.
- Credit Unions – Not for Profit lending institutions that offer financing options in a limited geography.
- Savings Banks – Federally or state affiliated for profit financial institutions that operate in a regional or local area.
- Mortgage Companies – Non-depository institutions that originate and fund mortgages to securitize and sell.
- Mortgage Brokers – Non-depository agent that arranges mortgages through third parties for a fee

Finding the right mortgage product


At M&T Bank we offer a variety of mortgage products to meet your customer needs. Whether you're a first-time home buyer, looking to purchase your next home or an investment property - we have mortgage options for you.

It's best to have a conversation with a Loan Officer who's a mortgage expert. They will look to understand your unique situation and be able to provide you with your mortgage options.

The mortgages business is not a one size fits all!

Get Pre-approved

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The power of a pre-approval

Did you know seeking a pre-approval takes just minutes?

Your pre-approval:

- Shows sellers that you're a serious buyer
- Allows you to shop for homes with confidence
- Creates for a smoother homebuying process
- Lets you know exactly how much you can afford
- Is required before making an offer on a home

Getting pre-approved is quick and easy - best of all it's free!

Getting pre-approved


Contact your Loan Officer to get started.

You may be asked to provide documentation that will include:

- Proof of income from the past 30 days
 - Pay stubs, social security statement, or pension statement
- W-2s from the past two years (most recent)
- Federal income tax returns for the last 3 years
- Bank statements from the past two months
 - Checking, savings, investment, and retirement accounts
- Copy of sales contract (including all addendums)
- Proof of child support income: divorce decree, court order (if applicable)
- Gift letter (if applicable)

Your Mortgage Application

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The mortgage application process

When we receive all your documentation, we'll begin to review your mortgage application.

During this time, the following will take place:

- A home inspection will take place
- An appraisal will be scheduled
- Underwriting will review your application package
- Final conditions & additional documentation may be needed
- A loan decision will be made, if approved...
 - A final approval will be issued & Closing Disclosures will be provided
- Schedule your closing & sign loan documentation
- **Get the keys to your new home!**

Questions & answers?



To get started & continue our conversation

It's been a pleasure and I look forward to working together to help get you into your next home.

James Moore

Mortgage Loan Originator

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Thank you for attending

Disclosures

The content is being provided for educational purposes only and does not constitute a loan commitment nor a guarantee of any interest rate. If you choose to apply for a mortgage loan, you will need to complete our standard application. Our consideration for approval of your mortgage loan application will include verification of the information obtained in connection with your request, including but not limited to income, employment, asset, property value and/or credit information. Our loan programs are subject to change or discontinuation at any time without notice. Not all products are available in all states. Interest rates are subject to change without notice.