

A HOME LOAN GUIDE

8 TIPS FOR FIRST-TIME HOME BUYERS

Vanderbilt
mortgage and finance, inc.

Home Is Where *Your* Story Begins



STEPS OF THE
HOME LOAN
PROCESS ROADMAP

Scan Here
for Our
Mortgage
Calculator



Introduction To Vanderbilt

Buying a home is a big step, but it doesn't have to be out of reach.

For more than 40 years, Vanderbilt Mortgage and Finance, Inc. has been helping families like yours achieve the dream of owning their own home. As a national housing lender, we are committed to finding the right financing solution for you.

Vanderbilt Mortgage, a Berkshire Hathaway company, works hard to tailor loans to each family's needs and we're with you every step of the way.



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Easy Score

Our Commitment To An Easier Loan Process

The home loan process just got better with our “Easy Score!” Here at Vanderbilt Mortgage and Finance, Inc., we believe in a great customer experience, and part of that is making the loan process easier to understand. In recent years, we have strived for this goal by not only simplifying our online application but also by providing helpful resources.

To keep improving customer experience, we have an internal feedback system, the “Easy Score,” to ask customers how easy the application and overall loan approval process was for them.

Keep reading this updated Home Loan Guide to discover tips and articles about preparing for and navigating the home loan application process.

How Does “Easy Score” Work?

With our “Easy Score” initiative, you can rate how easy the process is with Vanderbilt. Customers can rate Vanderbilt through a customer survey based on the simple question, “Was the home loan journey easy for you?”

With each completed survey, we are improving the home loan experience even more for current and future customers. Since we began surveying our customers about their experience with us, 93 percent have said their loan process was easy.

Your experience today is a reflection of the feedback we have received from those that have gone through the process before you, and you can pay it forward by sharing your feedback, too.

Our Express Portal

We know that waiting for information can be frustrating. That’s part of why we love being able to offer our helpful portal.

This tool will aid you in the tracking of your loan progress. You’ll learn more about the Express Portal powered by MyHome on the next few pages.

“With You Every Step Of The Way.”

We care about your whole home buying journey, not just when you apply. Homeownership is not just our job, it’s our passion. Many of us are homeowners, too, and we want to help you in the way we’d like to be assisted. As your loan progresses, we want you to be confident that our support will continue, too.

You can check out more of our helpful resources by scanning this code:



How Our Express

At Vanderbilt, we're in the business of giving you an easier loan process. One of the ways we do that is with our Express Portal powered by MyHome. This is an online account on our website, VMF.com, that allows you to track from the beginning of your loan with your approval to the completion of your loan. Let's learn a little bit more about how this works.

1

Find A Home

To begin, once you've found the home you're interested in – or you want to see what you can get approved for – it's time to apply. Let's check out the different ways to submit your application.

**2**

Complete Application



Online



At A Home Center

You can complete the application online at vmf.com or at a home center.

Portal Can Help You

3

Express Portal



Track Status



Upload Documents



Message Loan Processors

Once approved, you'll have access to the Express Portal. Express is your personal portal to homeownership. We'll send you a specific customer link to access it. Upon logging in, you'll see all the great options available to you. You can track loan status, upload necessary docs, and message your loan processor.

We love this tool because it lets you have an inside look at your process. We don't want you to feel in the dark. We want you to have access to the details, and with the portal, you do. It also helps you to close faster.

Best of all, you'll be able to manage your home loan from the Express Portal throughout the life of your loan. We've done this to give you the ability to keep up with your loan and as a place of support after closing. We hope you love using this tool because we have created it so you have an easier time with our home loan process.

Five Loan Terms To Know When Buying A Home

Congratulations! You're ready to buy a home. As you shop for a mortgage, you'll come across the term "interest rates." While you may have a basic understanding of interest — the amount of money that lenders charge in exchange for allowing you to use their funds to make a purchase — mortgage interest rates can be complex and confusing.

A variety of factors determine your monthly payment, including:

1

Down Payment: Your down payment reduces the amount you will owe on your home, and shows your lender your capability to manage funds.

2

Collateral: This is the property you pledge as security for the loan. Lenders ask for this to protect themselves in case a borrower defaults on the loan. Either the home itself or the home and land together can be collateral on your loan.

3

Loan Amount: The amount you need to borrow is calculated by the purchase price, minus your down payment, plus any other costs that will be covered by the loan, including closing costs and third-party fees.

4

Credit Score: Lenders review credit scores for everyone listed on the mortgage application. Generally, the better your credit score is, the more likely it is that you may qualify for a more favorable interest rate and a lower down payment. A good credit score can help you determine the loan terms with your lender.

5

Origination Cost: This is the amount the lender charges to process your loan application, which includes gathering and reviewing all loan application documents, underwriting and closing your home loan.



Use our monthly mortgage calculator to estimate how much your mortgage payment will be each month.



Using Land In Lieu Of A Mortgage Down Payment

Saving up for a new home can take many years, and for most people, that can mean their dream of homeownership has to wait. According to the latest U.S. Census Bureau, just 65.8% of Americans currently own their home. A hurdle that stands in the way of homeownership for the remaining: saving up for the down payment. The great news is there are other options to help you open the door to your new home faster. Many lenders will allow land — either owned or received as a gift — to be used as collateral instead of a cash down payment when obtaining financing to purchase a new home.

Basics Of Using Land As Collateral

Land equity is valuable but does not work the same as cash. It can potentially be used to help secure financing for a home purchase but will not lower your actual loan amount like a cash down payment.

Depending on the purchase price of the home and the value of the land being used as an alternative to a down payment, little to no additional cash could be required to obtain financing. The lender will hold a lien on the land used as collateral, as well as the home. The liens will be released when the loan is paid in full.

In some cases, various lenders will accept land as collateral if the land has equity value that meets a certain percent of the sales price of the home and the land is free and clear of all existing liens. The amount of equity required is based on the borrower's credit worthiness, the loan program applied for and other factors. For example, if the sales price of a new home is \$100,000 and the lender requires 10% equity for the home loan, the land will need an equity value of at least \$10,000.

The value of the land is usually assessed by a third party, like an appraiser or the local tax assessor. If the land equity does not meet the required percentage, the borrower can talk to the lender to learn about their alternate options.

Making Homeownership A Possibility For Everyone

Trying to secure financing can seem like a big step, but there are options tailored to fit just about every need.

Start with the goal of homeownership and establish your estimated budget, when you'd like to move, and ways you could achieve your goal. Check into local and federal loan options. With these few items in mind, you have parameters to be a homeowner.

If using land in place of a down payment isn't the option for you, and you want to purchase a home, start saving for your down payment. There's no better time to start than today, even if it's only a little bit.



8 TIPS FOR FIRST-TIME HOME BUYERS



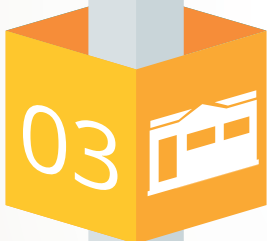
ADJUST YOUR BUDGET

Use an **online mortgage calculator** to get an idea of what home price you can afford based on monthly payments.



PLAN FOR A DOWN PAYMENT

Create a **savings plan** to help meet your down payment goal.



CONSIDER THE LOCATION AND TYPE OF HOME YOU WANT TO BUY

Location, size, style and more can influence the cost of a home. **Know the estimated cost** of the type of home you want to help better manage your budget.



STAY ON TOP OF YOUR CREDIT

Lenders will consider your credit score and report history when determining your mortgage eligibility. **Periodically review your report** and correct any errors that may appear before applying for a loan.

BEFORE YOU DIVE HEAD FIRST INTO HOMEOWNERSHIP, EDUCATE YOURSELF ON HOW TO BE MORTGAGE-READY.



KEEP CURRENT ON MONTHLY BILLS

Paying your bills on time can help increase your **credit score** and provide a good first impression with a lender.



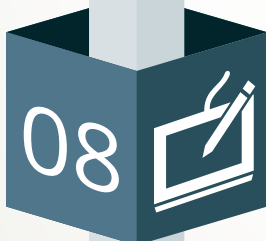
WORK ON YOUR DEBT

Bring delinquent balances up to date and reduce revolving credit card debt by paying more than the monthly minimum payment each month.



PLAN FOR ESCROW

Budget for an **escrow payment** in addition to your monthly mortgage payment. Escrow is collected with your monthly payment and applied toward your annual homeowner's insurance premiums and/or taxes.



TAKE ADVANTAGE OF EDUCATIONAL RESOURCES

Do your homework and research information online as you can before filling out a credit application.

Build a Budget



that's right for your family

Effective money management is an important responsibility for all families charting a roadmap to financial success.

Whether you're calculating the amount of money needed to live month-to-month or saving for a specific purpose like buying a home, a budget can help you plan.

Start by calculating your monthly income. This includes not only the amount you may receive from a regular paycheck, but also any money you receive in government aid, child support or pensions.

How much do you spend monthly? Calculate all monthly expenses including your rent or a house payment, utilities, car and medical. Don't forget about costs associated with children, food, personal items or any additional debts.

Once your total income and expenses are established, it's time to set some goals and build a budget around them. Setting priorities will help achieve your financial goals, whether it's paying down debt or saving for your first home.



Staying on budget is a family affair and sometimes requires sacrifice. Committing to a plan can be challenging, but stick with it, and your financial goals can be achieved.

Buying a Home:

Will my budget support a monthly mortgage payment?
Use this worksheet to estimate what you may be able to afford.

Monthly Income After Taxes: \$ _____ (+)

(All forms of income including government aid, child support, etc.)

Calculate Monthly Expenses (-)

UTILITIES

COST

Electric \$ _____
 Water/Sewer/Gas \$ _____
 Internet/TV/Cable \$ _____
 Phone \$ _____
 Other \$ _____
TOTAL \$ _____

AUTO

COST

Car Payment \$ _____
 Car Insurance \$ _____
 Gas \$ _____
 Maintenance \$ _____
 Other \$ _____
TOTAL \$ _____

CHILDREN

COST

Child Support \$ _____
 School Lunches \$ _____
 Extracurriculars \$ _____
 Child Care \$ _____
 Other \$ _____
TOTAL \$ _____

PERSONAL

COST

Groceries \$ _____
 Clothing \$ _____
 Entertainment \$ _____
 Savings \$ _____
TOTAL \$ _____



MEDICAL

COST

Insurance \$ _____
 Doctor Bills \$ _____
 Medication \$ _____
 Other \$ _____
TOTAL \$ _____

DEBTS

COST

Credit Card \$ _____
 Personal Loan \$ _____
 Medical \$ _____
 Other \$ _____
TOTAL \$ _____

Calculate Funds Available for a Monthly Mortgage Payment, Taxes and Insurance:

\$ _____ - \$ _____ = \$ _____

Total Monthly Income Total Monthly Expenses



ALL LOANS SUBJECT TO CREDIT APPROVAL
 Questions? Give us a call! 1-866-701-0467

*** ALL LOAN PROGRAMS SUBJECT TO CREDIT APPROVAL AND RESTRICTIONS APPLY - CONTACT US FOR DETAILS.**
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HOME LOAN PROCESS ROADMAP

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Home
Center

1 Financial Self-Assessment & Preparation

Ensure You Can Afford A Home

Create a Budget: Assess your monthly spending habits. Add up total monthly bills and subtract from your monthly income. Do you have enough left over for a new payment?

Assess Your Credit Score: If your credit score is lower than you would like, work toward building up your credit.

Develop a Savings Plan: Saving a small amount every month for a year is a good way to save enough for a down payment on your dream home.

3 Origination & Underwriting

Origination: A licensed loan specialist reviews financing options and works with you to complete the credit application. You may then be issued a "conditional approval." This means your information must be verified before a full approval offer can be issued to you.

Underwriting: Credit risk is determined based on credit score, income, existing debt and down payment.

4 Express Portal Creation

Your Home Loan Messaging & Tracking Portal

5 Satisfy Loan Conditions

- Complete all tasks assigned in the "conditions to approval" list.
- Tasks could include: Additional proof of income, proof of savings/emergency funds, proof of ability to repay the loan.
- Once conditions have been satisfied, **Congratulations! You're approved!** Expect a call from a Vanderbilt representative to discuss any additional information that may be needed to move on to the next step.

6 Processing

- Select your dream home.
- Sign a purchase agreement with the seller.
- Your processor will order a home appraisal if needed and will provide you with a copy of the appraisal.

2 Apply For A Loan

Documents typically needed to complete a home loan application might include:

- Proof of Income**
Most Recent Paystubs
- Proof of Employment**
Past 2 Year History
- Proof of Residency**
Current Street Address & Mailing Address
- Proof of Identity**
Current Driver's License
State Issued ID or
Social Security Card

7 Closing

The final steps of the home loan process!

- Titling is finalized with the title company.
- Closing documents are signed.
- Closing costs are paid.

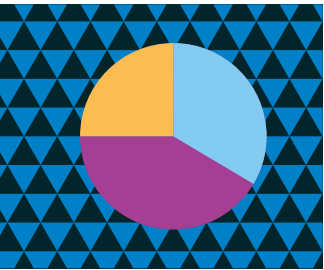
Apply Today at vmf.com



Tips On Saving For

SET A REALISTIC GOAL

The first step to buying a home is determining an affordable down payment amount. Researching home prices and creating a budget can help you narrow down which homes are in your budget. A home loan specialist will be able to help estimate the down payment amount needed once you choose the right home for your family.



SET UP A SAVINGS PLAN

Regardless of how you save, setting up a regular savings plan is a good way to grow a down payment.



USE YOUR FUTURE HOME AS INCENTIVE

Reaching your goal can be hard work, but keep in mind that it will all be worth it on move-in day. Post a photo of your dream home in a high-traffic area like on your refrigerator or as your screen saver on your phone so you can see it multiple times a day. Having it displayed can help you keep your eye on the prize and persevere.



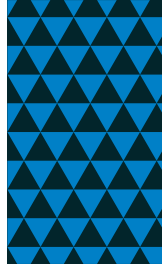
EVALUATE CURRENT SPENDING

The best way to save money is to cut unnecessary costs. Make a prioritized list of your current monthly spending habits and cut back or eliminate unnecessary expenses, such as eating out or unused memberships that require a monthly payment.

A Down Payment

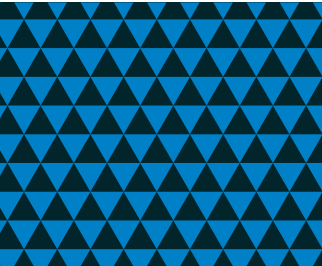
USE YOUR TAX REFUND

If you're receiving a tax refund and considering buying a home, you may want to use the money toward a down payment. The more you put down, the less you must borrow.



EARN EXTRA INCOME

This is not always an option for everyone, but working overtime or picking up a part-time job can provide extra money to put toward a down payment.



RESEARCH VARIOUS FINANCE PROGRAMS FOR ASSISTANCE

The Federal Housing Administration supports loan programs in every state that are designed for first-time home buyers and those with low to moderate income. These programs require some type of home buyer contribution, but they're worth considering. Information about government down payment assistance programs can be found on the HUD website: portal.hud.gov

CELEBRATE YOUR ACHIEVEMENTS

The path to meeting your savings goal can seem daunting and impossible. Avoid getting discouraged by breaking your goal into several smaller goals. Each time you meet a small goal, reward yourself! For example, if your end goal is \$15,000, for every \$2,500 you save, treat yourself to dinner and a movie. You've earned it!



What Are Credit Scores?



The credit scores most widely used in lending decisions are FICO® Scores, the credit scores created by Fair Isaac Corporation (FICO). Lenders can request FICO® Scores from all three major consumer reporting agencies, including TransUnion®, a leading global risk and information solutions provider that finds innovative ways to leverage data and information to help consumers and businesses make smarter decisions. Lenders use FICO® Scores to help them make billions of credit decisions every year. FICO developed FICO® Scores, based solely on information in consumer credit files maintained at the consumer reporting agencies.

Understanding your credit score can help you better understand your credit risk and allow you to keep up your good financial habits. Your credit score is one of the most important factors that lenders consider in determining your eligibility for a home loan. It can also affect the terms, conditions and types of loans for which you may qualify. Vanderbilt utilizes TransUnion® to provide customers with their FICO® Score, in addition to other educational tools to help them stay informed and understand changes throughout the year. This information is provided to customers on their monthly statements.

Understanding how lenders utilize credit scores, as well as the benefits of maintaining a good score, can help you during the lending process.

How Are They Used?

During the loan process, lenders may obtain your FICO® Score to help them evaluate your credit history and credit worthiness. Scores can influence the lending decision, down payment requirement and eligibility for certain loan types and interest rates.

What Are The Benefits?

Because lenders can access scores easily, credit decisions can often be made more quickly. Lenders have access to more precise and unbiased information that allows them to make better decisions. As a potential home buyer, knowing your credit score gives you the ability to stay on top of your financial health.

How Can You Get A Good Score?

Understanding your credit score is the first step. Timely bill payments are important. Taking on unnecessary debt can lower your FICO® Scores. It's okay to request and check your own credit report.

To learn more about FICO® Scores, visit:



We believe homeowners



Visit Us At:
vmf.com

Call Us At:
1-866-701-0467

Hours of Operation:
Mon - Fri: 8:30am - 5:30pm

ship makes lives better.



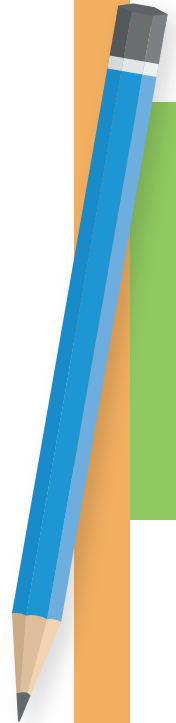
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Loan Document Checklist

Below is a list of documents your lender could ask for during the home loan process. Having these ready will speed up the processing of your application. Keep in mind that some of the documents listed may not apply to you. You will want to contact your lender to determine what documents they need.



- Pay Stubs For The Last 30 Days
- W-2s Or 1099s For The Last Two Years
- Signed Federal Tax Return For The Last Two Years
- Documentation Of Other Sources Of Income Including Amount Received (Social Security, Disability, Retirement, etc.)
- Proof Of Your Identity (Typically A Driver's License Or Other State-Issued ID)
- Social Security Card



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