

8 TIPS FOR FIRST TIME HOME BUYERS



Home Is Where *Your* Story Begins



How to use Land as a down payment.



STEPS OF THE

HOME LOAN
PROCESS ROADMAP

Build a Budget



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.

"We are pleased to be able to help fulfill the American dream of homeownership for so many families," said Eric Hamilton, President of Vanderbilt Mortgage and Finance, Inc. "We believe that homeownership makes lives better."

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



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Have you had family or friends recommend Vanderbilt Mortgage and Finance?

Vanderbilt is collecting feedback from customers and discovering current customers are excited to recommend Vanderbilt Mortgage to their friends and family!

Listening to customer needs in order to continuously improve is a top priority for Vanderbilt Mortgage, which consistently surveys customers within two weeks of completing the home loan process.

Customers are asked by Vanderbilt Mortgage to give a score ranging from zero to 10 on how likely they are to recommend Vanderbilt Mortgage to others based on their home loan origination experience.

"We are putting our customers' experience at the forefront of everything we are doing," said Eric Hamilton, president of Vanderbilt Mortgage and Finance, Inc. *"We want our customers to recommend us to their friends and family, because we serve them well and have delivered the best possible experience. Customers should feel informed, empowered and in control of their home mortgage journey."*

Vanderbilt considers customers who give a high score of 9-10 to be promoters of the level of service they have received, willing to recommend the company's products or services to others. Scores below six are considered detractors and have a negative impact to the overall score. The numbers are totaled internally into a percentage representing customer satisfaction.

The ultimate goal is to maintain a world-class reputation by exceeding a score of 70. Vanderbilt Mortgage as of December 31st, 2018 has a score of 79 based on 85 percent of customers it surveyed that responded and will continue to improve its training and processes to raise it even higher.

To read some of the stories from happy families who were helped by Vanderbilt, go to vmfhome loan.com/testimonials.



**Vanderbilt Mortgage
Values
Customer
Feedback**

Five Interest Rate Terms to Know When Buying a Home

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

"Many factors go into determining the interest rate your lender will offer you," says Jason Langston, Director of Customer Experience and Marketing for Vanderbilt Mortgage and Finance, Inc. "By understanding the factors that influence your interest rate, you can obtain the best possible mortgage plan and get into the home of your dreams quicker."

A variety of factors determine your interest rate, 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. Most lenders like to see 10-20 percent of your home's cost as a down payment.

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 for a loan on a manufactured home.

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 will 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. A good credit score can help you negotiate 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 a monthly mortgage payment calculator to estimate just how much your mortgage payment will be each month.

3



Using Land in lieu of A Mortgage Down Payment

Saving up for a new home can take many people years and to most it can seem like there is no easy answer to achieving their dream. According the U.S Census Bureau as of July 2018, just 64% 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 easy 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 land in lieu

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

The amount of land equity needed will depend on the borrower's credit worthiness, which is determined by a lender's criteria. 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.

Prefabricated and Manufactured Home Loans

Some lenders will accept land as collateral provided the land has equity value that meets a certain percent of the sales price and the land is free and clear of all existing liens. The amount of equity required is based on the borrower's creditworthiness, 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. Typically, manufactured or prefabricated homes cost less than a new site built home with land, so they can be a smart option if saving for a down payment.

Making homeownership a possibility for everyone

Trying to secure financing can seem like a big step, especially for first-time home buyers. But, there are options tailored to fit just about every need.

"Our goal is to provide home financing options to customers that best fit their needs," said Eric Hamilton, President of Vanderbilt Mortgage and Finance, Inc. "If obtaining a cash down payment is a challenge, then we have educational resources and specific programs to help those who want to reach the goal of homeownership."

If you do not have any land to use in place of a down payment, that is ok, too! Check out these helpful tips on how to save for a down payment.

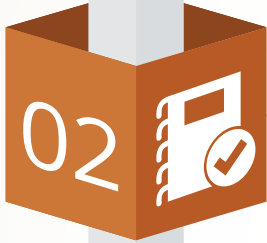


FIRST TIME HOMEBUYERS



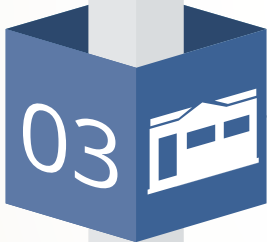
ADJUST YOUR BUDGET

Use an [online mortgage calculator](#) to get an idea what home price you can afford based on monthly payments.



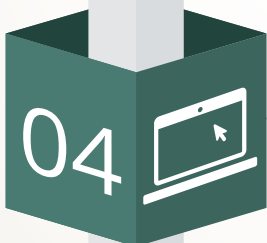
PLAN FOR A DOWN PAYMENT

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.



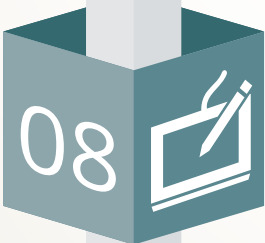
WORK ON YOUR DEBT

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 obtain as much 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 get from a regular paycheck, but also any money you get 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 goal, 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

$$\begin{array}{r}
 \$ \text{ _____} \\
 \text{Total Monthly Income}
 \end{array}
 -
 \begin{array}{r}
 \$ \text{ _____} \\
 \text{Total Monthly Expenses}
 \end{array}
 =
 \$ \text{ _____}$$



ALL LOAN PROGRAMS SUBJECT TO CREDIT APPROVAL

Questions? Give us a call! 1-866-701-0467

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STEPS OF THE HOME LOAN PROCESS

PRESENTED BY VANDERBILT MORTGAGE



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 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.

5 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

6 Closing

The final step of the home loan process!

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

Apply For A Loan

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

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

visit vmfhomeloan.com

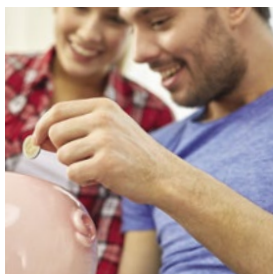
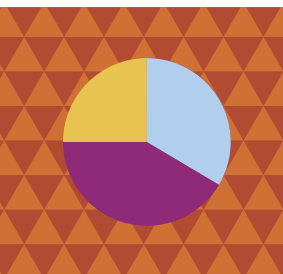
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Tips on Saving for

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.



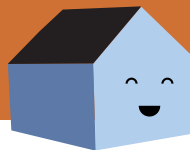
SET UP A SAVINGS PLAN

Whether you collect change in a jar or manually set aside a portion of each paycheck, 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. Posting a photo of your dream home in a high-traffic area like on your refrigerator or as a screen saver on your mobile phone so you see it multiple times a day 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

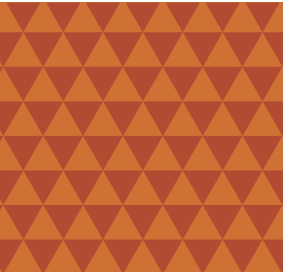
USE YOUR TAX REFUND

If you're getting a tax refund and considering buying a home, you may want to use the money toward a down payment. You can create a down payment fund by setting up a separate saving account. 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 support loan programs in every state that are designed for first-time homebuyers and those with low to moderate-income. These programs require some type of homebuyer contribution, but they're worth considering. Information about government down payment assistance programs can be found on the HUD website: <https://portal.hud.gov/hudportal/HUD?rc=/buying/loans>.

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 partners with FICO and 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 for no additional charge at www.vmfhomeloan.com/first-time-buyers.

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, 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 FICO® Scores. It's okay to request and check your own credit report.

To learn more about Vanderbilt's FICO® Score Open Access program, visit www.vmf.com/FICO.



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**VMFHomeLoan.com**

Questions? Give us a call! 1-866-701-0467

Hours of operation:

Mon - Thurs: 8:30 am to 8:00 pm ET

Fri: 8:30 am - 5:30 pm ET

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