

FIRST-TIME HOME BUYER GUIDE

WELCOME HOME STARTS WITH BANK CMG

UNIQUE LOAN SOLUTIONS

MORE OPTIONS FOR FIRST-TIME HOME BUYERS

LOCAL GUIDANCE YOU CAN TRUST

A must-read before
you purchase your
first home!





HANDING YOU THE KEYS TO **YOUR FIRST HOME**

Owning a home is a dream for many, but the journey to making it a reality can be overwhelming. With the right guidance and preparation, you can navigate the home buying process with confidence and secure a home you love that fits your budget.

In this guide, we'll help you prepare for and understand each step of the home buying process so you can be empowered to make smart decisions. From reviewing your financing options to closing on your new home, we'll cover everything you'll need to know.

BUYING YOUR FIRST HOME STARTS WITH THE RIGHT TEAM BY YOUR SIDE

THE LOAN PROCESS

WHAT TO EXPECT WHEN FINANCING A HOME

1 | PREAPPROVAL

Once the Loan Officer has gathered information about your income, assets and debts, they can determine how much you may be able to pay and preapprove you for a budget range.

With a preapproval already complete, let's move to the next step!

2 | APPLICATION

With the aid of a mortgage professional, the borrower completes an application and provides all required documentation.

3 | CREDIT REPORT

As part of your application process, we will pull your credit report and help you understand how it can affect your qualifications for a certain mortgage. That way, you can take steps to correct any credit-related negatives from your application.

4 | PROCESSING

Once the application has been submitted, the Processor orders the title report. The information on the application, such as bank deposits and payment history, are then verified. Any derogatory credit items may require a written explanation which will be explained to you at that time.

5 | APPRAISAL

After the application submission, the Processor will order the appraisal. An appraiser will go out to the property and interpret the value of the home based on the current market value and condition of the home.

6 | UNDERWRITING

Once the Processor has put together a complete package with all documentation, the file is sent to the Underwriter. The Underwriter is responsible for determining whether the package is deemed an acceptable loan. After the point of loan approval, the borrower may be contacted to supply more information and/or documentation to issue a final loan commitment.

7 | CLOSING

Once the loan is approved and cleared, the file is transferred to the closing and funding department. The funding department notifies the lender and closing attorney of the approval and verifies broker and closing fees. The closing attorney then schedules a time for the borrower to sign the loan documentation.



THE IMPORTANCE OF A PREAPPROVAL

Before you start shopping for homes, it's important that you get preapproved. A preapproval shows you how much you can afford and sets you up for a successful home buying experience.

WHY GET PREAPPROVED

- 1 BUDGET.** By offering insight into your budget, a preapproval aids in narrowing down your search, ensuring you focus on homes within your price range. This prevents wasting time on properties that exceed your financial capabilities.
- 2 READY TO BUY.** Sellers and real estate agents are assured of your seriousness as a buyer when you present a preapproval. It increases your credibility in the eyes of sellers.
- 3 CLOSE FASTER.** A preapproval expedites the home buying process by streamlining the mortgage application process. With your financial details pre-verified, you're better positioned to close on a home swiftly, minimizing delays in the transaction.

WHAT YOU NEED TO GET PREAPPROVED

- 1 PROOF OF INCOME.** You'll need to provide documents that show your income, such as paystubs, W-2 forms, and tax returns.
- 2 EMPLOYMENT HISTORY.** You'll need to provide a history of your employment, including current and previous employers.
- 3 ASSET INFORMATION.** You'll need to disclose your assets, including bank statements, investment accounts, and retirement savings.
- 4 CREDIT REPORT.** We will run a credit check to assess your creditworthiness.

WHAT YOUR CREDIT SCORE SAYS ABOUT YOU

Your credit score is an important factor that lenders consider when deciding whether to approve your loan. Your credit score is a three-digit number that reflects your spending and borrowing habits, with a range of 300 to 850. The higher your score, the better your chances of qualifying for a loan and getting lower interest rates.

So, what makes up your credit score? It's based on several factors, such as how many payments you've made on time, how long you've had open accounts in good standing, and any derogatory marks like accounts in collections, bankruptcies, and tax liens.



MAKING IMPROVEMENTS TO YOUR CREDIT SCORE

- 1. PAY YOUR BILLS ON TIME:** Late payments can be damaging to your credit score, dropping it by 50 to 100 points. Set up automatic payments from your checking account or email/text alerts to keep yourself organized and ensure timely payments.
- 2. CHECK YOUR CREDIT REPORT FOR ACCURACY:** You can get a free copy of your credit report from AnnualCreditReport.com and review it for errors. Contact the creditor and credit reporting agency to correct any mistakes.
- 3. KEEP YOUR CREDIT CARD BALANCES LOW:** Borrowers who habitually max out credit cards may be viewed as irresponsible with debt. Maintain low balances and keep your debt at least 30% below your credit card limit. Use your cards for items you can pay off at the end of the month and make payments on time.
- 4. GET A SECURED CREDIT CARD:** If you have poor or no credit, a secured card will help you establish good behavior. Make a cash deposit (usually less than \$500) that becomes the credit limit for that account. Opening a secured card account means reports on your on-time payments and other signs of financial responsibility will be sent to the credit bureaus.

Bank CMG is not a credit repair agency. This packet is for informational purposes only.

UNDERSTANDING YOUR MONTHLY MORTGAGE PAYMENTS

Mortgage payments are generally broken up into four key parts: principal, interest, taxes and insurance (PITI). Your total mortgage payment is established by these factors, but what are they?

PRINCIPAL

The amount you borrowed to purchase the home. With each mortgage payment, a portion of the principal is paid off, reducing the outstanding balance, and increasing the equity you have in your home.

TAXES

The annual property taxes paid to local governments which fund public services. This is usually a percentage of the assessed property value.

INTEREST

The percentage charged by your lender for taking out a loan. Your credit score, down payment, loan program, loan type, property type, and loan-to-value ratio can all affect your interest rate.

INSURANCE

The homeowners insurance added to your mortgage is required for all home buyers who finance their homes with a mortgage. It helps protect you against financial loss from fire, natural disasters, or other hazards.

If you make a down payment of less than 20% of the home's purchase price, Private Mortgage Insurance is usually required. It's there to protect the lender if you stop making payments on your loan. When comparing loan quotes, remember that many will only include your principal and interest.

ESTABLISHING A MORTGAGE ESCROW

A mortgage escrow account holds 1/12 of your annual real estate tax bill and homeowners insurance premium each month, along with your regularly scheduled payment. Your lender collects your monthly payments and pays your county assessor and insurance company as bills become due.

If you're a first-time home buyer who put less than 20% as a down payment, an escrow account is usually required.

MORTGAGE MYTHS

Home buying myths may be keeping you from reaping the benefits of ownership. As an experienced, nationally recognized lender, I want to provide you with information that will empower you to make informed decisions.



MYTH 1: GREAT CREDIT IS ESSENTIAL

Although a good credit score is helpful, it's not the sole factor in determining your eligibility for a home purchase. Working with a credit counselor can provide valuable insights and guidance for enhancing your credit profile.



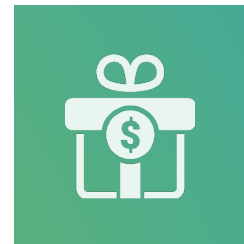
MYTH 2: DEBT DISQUALIFIES YOU FROM BUYING A HOME

Having student loans or other debts doesn't automatically disqualify you from homeownership. Lenders consider your Debt-to-Income (DTI) ratio, evaluating your ability to manage monthly payments.



MYTH 3: YOU NEED A 20% DOWN PAYMENT

Contrary to popular belief, a hefty down payment is not always necessary. In fact, a survey by the National Association of Realtors revealed that only 11% of respondents knew about the possibility of a lower down payment.



MYTH 4: DOWN PAYMENT ASSISTANCE (DPA) PROGRAMS ARE DIFFICULT TO QUALIFY FOR

Down payment assistance programs are often overlooked but can be a game-changer for aspiring homeowners. Programs tailored for first-time buyers, historically underserved communities, and even offerings from builders provide financial support make homeownership more accessible.



MYTH 5: YOU CAN'T GET A MORTGAGE IF SELF-EMPLOYED

You can still get a mortgage if you're self-employed; the process is just a little different. You'll need to provide more documentation to prove your income, such as tax returns, bank statements, and a profit and loss statement if you're a business owner.

These products may have higher interest rates, more points, or more fees than other products requiring documentation.



HOW TO BUY A HOME WITH LITTLE TO NO MONEY DOWN

FHA BUYER'S CHOICE

FHA Buyer's Choice helps buyers cover their down payment and closing costs with up to 5% in assistance (101.5% LTV). This could cover their down payment and some closing costs! Options include a 5-year forgivable or 10-year repayable second lien, with no first-time buyer or income limits required.

HOMEFUNDIT™

A down payment gifting platform that lets you raise down payment gifts from family and friends through your own personalized campaign. With *HomeFundIt*, your contributors can easily gift money online with their credit or debit cards.

VA LOAN

The VA Loan is a 0% down payment mortgage option. It is available for all active-duty military, Veterans, reservists, National Guard, and surviving military spouses. In addition to its down payment benefit, the VA Loan requires no mortgage insurance, has flexible underwriting requirements, and often offers a lower-than-average interest-rate.

STATE-SPECIFIC DOWN PAYMENT ASSISTANCE (DPA)

Each state offers unique down payment assistance programs to help first-time buyers just like you buy a home with little-to-no-money down. Ask us about them!

FHA HOME SELECT

FHA Home Select provides up to 5% (101.5% LTV) in down payment assistance to eligible buyers. The loan is repaid in either a 5-year forgivable or 10-year repayable loan and can be used to cover down payment and some closing costs.

USDA LOAN

USDA Loans are a great mortgage option for home buyers looking to build, renovate, or purchase a home in select rural or suburban areas. It is one of two mortgage products that offers a 0% down payment.

MH ADVANTAGE (MANUFACTURED HOMES)

MH Advantage is a loan program designed to purchase a manufactured home with the low downpayment of a conventional loan. This loan offers down payments of 3% along with a waived manufactured home LLPA which means more savings for home buyers!

FANNIE MAE HOMEREADY® & FREDDIE MAC HOMEPOSSIBLE®

Both Fannie Mae HomeReady® and Freddie Mac HomePossible® offer eligible buyers down payments as low as 3%. They also have cancellable mortgage insurance, low-cost refinance options, and include a home buyer education course.

DOS AND DON'TS

WHEN BUYING A HOME

DOS

- ✓ Send all documents to me as soon as possible.
- ✓ Inform me whenever you're out of town during the loan process.
- ✓ Continue making your mortgage or rent payments.
- ✓ Keep living at your current residence.
- ✓ Stay current on all existing bank accounts.
- ✓ Keep working at your current employer or contact me if you must make any employment changes.
- ✓ Continue to use your credit cards as normal.
- ✓ Contact me prior to receiving any gift funds from anyone so these funds can be properly documented.

DON'TS

- ✗ Shred or throw away any documentation during the process (i.e. paystubs, bank statements, etc.).
- ✗ Make a major purchase (car, boat, jewelry, furniture etc.).
- ✗ Apply for new credit (even if you seem preapproved), open a new credit card, or close any credit cards.
- ✗ Max out or over charge on your credit card accounts or consolidate credit card debt.
- ✗ Pay off any loans or credit cards without discussing it with us first.
- ✗ Transfer balances from one account to another.
- ✗ Change bank accounts.
- ✗ Change your insurance company.
- ✗ Start any major home improvement projects.
- ✗ Finance any elective medical procedure.
- ✗ Make any large deposits.

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BENEFITS OF HIRING A REAL ESTATE AGENT

From finding a home to negotiating the sale, so many details go into home buying that it can be overwhelming. Having a professional on your side can make the difference between snagging your dream home and watching it slip through your fingers. That's where real estate agents come in.

- ✓ Helps you determine your goals to find the home that best suits your budget, lifestyle, and personal needs.
- ✓ Access the Multiple Listing Service (MLS) to find properties for sale in your preferred community. The MLS is the most complete database of properties for sales, and it speeds up research your real estate agent can do for you: <http://mls.com>
- ✓ Protect your rights. Real estate and mortgage finance laws have become quite complicated. Your agent will keep you up-to-date on what is required of you, the seller, and of all other parties involved in your transaction.
- ✓ Negotiate for you. Once you find a home you want to buy, your real estate agent handles the process with the seller or seller's agent.

i *Your agent will do most of the heavy lifting in your home buying process. Their primary responsibility is to help match you with a home and do everything they can to get the deal to closing for you.*



ABOUT US ▶

Founded in 1893, Bank CMG (formerly Greenwoods State Bank) is a state-chartered community bank. For more than a century we have served families and businesses across the state, earning trust through local decision making, reinvesting deposits in our neighborhoods, and building the personal relationships only a hometown bank can offer.

Though much has changed over the past century, our values remain the same. Customers benefit from ongoing investments in technology, products, and services that meet both personal and business needs, including a modern mobile banking platform. Our tools make it easier to manage finances across all accounts, move money seamlessly, reduce liabilities, identify investments, gain personal insights, access opportunities, which accelerates wealth building.

We still believe in hometown banking, where people know your name and service feels personal. We also believe every American deserves a clear path to homeownership and the wealth, security, and community it creates. To support this, we have introduced programs that expand access and create more efficient pathways to ownership, including the All In One Loan[®], HomeFundIt[™], and other proprietary solutions.

At Bank CMG, our story is one of consistency and care. We honor the history that shaped us while embracing the future with confidence. Our mission is simple: deliver a broader range of financial solutions and cutting-edge service, grounded in transparency, speed, and care, while staying true to the principles that have guided us for more than 130 years.



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HOME LOANS SIMPLIFIED

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