Disclosures:

Webinar content is being provided for educational purposes only and does not constitute a loan commitment nor a guarantee of any interest rate. Payment and rate examples are for illustrative purposes only. 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.

Rates mentioned within this presentation are Annual Percentage Rates (APRs).

A 30-year mortgage example assumes a monthly mortgage with a fixed rate of 3.125% and an annual percentage rate (APR) of 3.174% with 360 monthly principal and interest payments of $1,070.94. Assumes an 80% loan-to-value ratio, with a $250,000 mortgage amount, and a down payment of $62,500. A 15-year mortgage example assumes a monthly mortgage with a fixed rate of 2.50% and an annual percentage rate (APR) of 2.57% with 180 monthly principal and interest payments of $1,666.97. Assumes an 80% loan-to-value ratio, with a $250,000 mortgage amount, and a down payment of $62,500. Examples are given for illustrative purposes only.

M&T Bank: Virtual Homebuying Seminar
June 29, 2021 5:30 PM EDT

Unidentified Speaker: At this time, let's begin today's webinar, Virtual Homebuying Seminar. I would like to introduce your first speaker today, Julie DeGlopper, retail sales manager for M&T Bank Mortgage Division. Julie, I'll hand it over to you.

Julie DeGlopper: Thank you so much. Good afternoon, everybody, and thank for joining M&T's affordable housing presentation. We certainly appreciate the opportunity to assist you with your homebuying journey.

Today, we have five of our experienced and knowledgeable M&T mortgage loan officers who will provide you with valuable insight on the basics of mortgage financing and guide you through this important process. I am pleased to introduce our speakers today. From our Syracuse office, we have Regina McArthur. From our Rochester office, we have Miggie Concepcion and Karina Hernandez. From our Buffalo offices, we have Shelly Freier and Saleem Shabazz. Every home purchase is unique. We encourage you to contact one of these loan officers in your local market to explore the mortgage products available to best meet your financial goals.

Thank you again for attending. We're thrilled to have you. At this time, we will get our presentation started and I will hand it over to Miggie. Thank you.

Miggie Concepcion: Good afternoon, everybody. Topics for discussion tonight will be about: M&T Bank and why preparing before you start shopping is important; working with experienced team of professionals; common homebuyer myth; first-time homebuyers; determine affordability, maximum mortgage amount, what makes up a mortgage payment; credit and costs associated with purchasing a home; saving cash at closing, down payment assistance grants; milestones and timeframes; product options available to homeowners; changing landscape for homeowners; purchasing distressed properties. Next step: getting prepared; documents you will need for the application; getting pre-approved.

About M&T Bank. M&T Bank is an experienced lender you can count on. M&T Bank was founded over 160 years ago in Buffalo, New York. Over $142 billion in assets as of December 31, 2020. Originated over $5.8 billion in mortgages in 2020. A regional bank with a tradition of building long-term relationships with the customers and community we serve.

Working with experienced team of professionals. This is very important. As a first-time homebuyer, there are many things to consider when purchasing a home. You may have questions such as --. That is why it is important to work with experienced and trust team, your mortgage lender, the realtor, the attorney, the housing counselor as you begin your path to homeownership.

Now I'm going to present the next presenter. Saleem Shabazz is the next presenter.

Saleem Shabazz: Hello, everyone. As many people know, first-time homebuying is a tricky process and definitely a process that goes through a lot of stress and turmoil. But as we work with you guys today, we will talk and work with you through the process so you understand how these questions work.
So as a first-time homebuyer, there are many things to consider when purchasing a home. You may have questions such as, am I ready for homeownership? And that's a legitimate question. Those are questions that we will, as loan officers, meet with you and basically be able to determine and help you understand if you're truly ready for that experience. But do not stress. We are here for you throughout the entire process. That is one of the things that we do to help all.

The role of the loan officer; very interesting conversation and one where our jobs are to basically help get you to that day of closing, and also to help you on the day that you're approved. My job as a loan officer is pretty extensive. I will meet with you, work with you on getting the credit run, income approved, go through several programs that we will be able to talk to you about from beginning to end, and hopefully get you to the finish line in one piece and in a happy way, of course. We also are always accessible for you guys if you need to reach us, and we will always be there to assist you throughout the process.

Next slide is common homebuying myths. There's a lot of homebuying myths when we talk to buyers, and many of them -- but one of the big ones that we see a lot, you need 20% down. Obviously, that is definitely not the case. If everybody needed 20% down, there wouldn't be as many homebuyers in the market. The great thing about M&, we have programs that can go as low as 1% down, 3% down, 5% down. 20% down is definitely not something that is going to be required.

The next one is you need a lengthy credit history. That is definitely not true. We have first-time homebuyers that can use alternative credit. Things like their light bills, gas bills and utility bills, car insurance. And guess what? They can use that after only paying that for a year. So again, you don't have to have years of credit established, years of monthly payment history established to be able to get a mortgage.

The next one here, you must have worked at the same job for at least three years. That also is a myth. We have programs where you can actually be in your job in as low as a year. One of the things that when you're buying a home that we are going to be looking for is strength of employment. So it's very important to the bank to see that you've been a consistent worker more so than the amount of years that you've been at the job.
And lastly, your mortgage payment may not be affordable. One of the jobs as the loan officers when we meet with you is of course to sit down with you to be able to determine how much home you can afford, and again, we will be able to guide you in that regard.

The next slide here, who is a first-time homebuyer? There are several answers. Here are the three top ones that we talk about. A person who has not owned or had a home 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 in the US or abroad. So again, if you've owned a home in the past and it has been over that three-year period of time, you very well may be considered a first-time homebuyer again.

The next slide here, determining affordability. This is the key one that we like to talk to all of our new clients about because that's the one that's actually most important. How much home can I actually afford? How much home you can afford depends on a couple of items. Of course, how much income you have. How much debt that you have, your debt obligations. The mortgage term and type, meaning we have mortgages where you can go as low as 15-year all the way up to 30-year. We also have fixed rate. We have variable rate. Of course, your taxes. How much taxes you pay on the home will play a factor, and also your home insurance.

And then lastly here, the four Cs of credit. What are the four Cs of credit that we're looking at to make sure that buyers are potentially going to be approved? Capacity, which is present and future ability to meet payment obligations. Capital, the value of your assets, which is your checking, savings, investment, different property and the assets you may have. Credit, how responsible you've paid your bills. And lastly, collateral; property, other assets to secure the loan.

And then lastly here, what makes up a mortgage payment? If you look at this pie chart, which looks a little daunting, it actually breaks down what's the most important elements to a mortgage payment. There's four different fields. The first one is principal and interest, which is the biggest part of your monthly payment. So in this scenario, it shows a person that's buying a $250,000 home at 3%. Their estimated mortgage payment is $1,848. And of that $1,848, you see the components that go into the four key pieces: principal being $1,017; mortgage insurance being $199; homeowner's insurance being $100; and lastly, the property taxes making up the last $532. So basically, this gives you guys a nice clean shot of being able to see what makes up your mortgage payment.

Then lastly here, what's a good credit score? That's a question that people always ask when they come in. And the thing I always try to tell buyers is do not worry about credit. Let the loan officers guide you. But here's a quick snapshot to help you guys understand what's a good credit score. Credit scores generally range from 300 to 850. Mortgage programs generally require scores of 580 or higher, which is true. At M&T, we have programs that can actually go down to a 580 score. And lastly, borrowers with higher credit scores can typically take advantage of more financing option and better interest rate. But don't be discouraged if your scores are lower. There's a mortgage product nearly for everyone. If you look at the pie chart here, this gives you a good example of how the scores work, the different categories and how they break down. So what I would ask of you guys to do is to look into your own scores to see where it is you may fit within these brackets.
And then lastly, I'm going to be handing it over to Regina to take over the next slides from here.

Regina McArthur: Thank you, Saleem. I really appreciate this. All righty. This is also part of the credit scores. And I just want to thank you guys for attending tonight. We are so excited about this. Let me carry on.

What influences your credit score here as well? So if you're new to credit, 10% is used for that. If the amounts owed are 30%. Payment history is 35%, so the longer you have an account, it builds your credit history. 10% is your credit usage. And then length of your credit history, again, is here with the 15%. So those all go into your credit score, but as Saleem has already indicated, please do not focus on your credit score. We try to have a product for everyone at every need.

Next we want to go to the cost associated with home purchases. Down payments will vary. It depends on who you are, what your credit score and everything is. That's a good loan officer's job is to help you through that. Each loan product will depend on which program you choose. So for first-time homebuyers, it can be as low as 3%. And one to two family owner occupied -- and that's very important -- can be as low as 5%.
Closing cost assistance is available with certain programs, and again, work with your loan officer. Pre-paid expenses include first year's taxes and insurance for the first year, as well as pre-paid interest. Those make up that bucket that goes along with the cost to get that house.

Cash reserves. This is where you are actually saving because you have to show that you are interested in the homebuying purchase. It's what we call the skin in the game. So part of your skin has to be placed in the game. Save your money. Keep it in a bank account that you can report as part of what you saved for your down payment and closing cost assistance.

Also, it is typical to pay for your own personal attorney and a home inspection. And we encourage home inspections only because you want to make sure what you're getting into, you're comfortable with it. So if you're not one of those people who go under a house and look at a house, pay for a home inspection. It's really worth the cost.
Down payment assistance resources. The seller concessions can allow a seller to help pay your closing costs, and that the amount varies depending on the down payment and loan product. Again, your loan officer will help you to understand this portion of a seller concession. It is a benefit to you. It becomes a benefit to the seller because they want to sell. So the easier they can get you into that home and transfer their name off it, it's a good thing.

Many non-profit organizations and government agencies offer assistance to first-time homebuyers. These are mostly in the form of a grant. So there are grants out there. M&T and every loan officer here does a good job pairing you with a grant that you can use. Families and/or employers may provide homebuyers monetary gifts. A close family relative can give you money to buy your home and bless you with a gift. It is a gift. You can't say it's payable back because then it's not a gift. It's a loan. And that helps with closing costs and down payment.

M&T has an exclusive $5,000 grant that may be available to help with closing costs on certain loan products. Again, your loan officer will explain which products we can put you in, and use a portion of that $5,000 -- up to $5,000 as a grant. Government grants can often be combined with that M&T grant. So that is another benefit to you. Combining that government grant along with that $5,000 grant gets you less money out of pocket, then we can get you in that home.

State and local housing financial agencies are chartered to meet the affordable housing needs of the residents. So we do work with those agencies as well.
City and county administrators are -- the administrator of the homeownership program and revitalization program, which is very good as well. And we can explain those to you and make sure if you fit within those parameters, we can always put you in those type of vehicles as well.
Employers sometimes -- and this is something that a lot of people don't look at. Based on your employer, make sure you're actually engaging with that employer, either by their website to look at what employees are entitled to, to make sure that they don't have an assistance program. Something to assist you to get into that house, less out of your pocket. And we also have nonprofits that fund down payment and assistance programs. So there's a variety of things that we look to do as loan officers to help you with less skin in the game, but save that skin in the game. Do not spend all your money.

All right. Milestones and timeframes, this is something that really -- if I could pass out a squishy ball to everyone, I would, because you've got to hang in there, okay? Hang in there. Your first step is to engage with M&T, get pre-approved. We're going to do it as a maximum. Or if you decide to do, I don't want that much payment a month. Can you reduce it? We will make it fit for you up to your maximum.

The next step after you get pre-approved is you're going to go shopping. You're going to go looking. You're going to get a realtor and you're going to go looking. You have that pre-approved document in your hand. You're going to go and get a realtor and start looking for your home of your choice.

After that, you're going to bring back that sales contract that shows the house, the address, the sellers, whatever you have as concessions, if the stove or refrigerator or everything is enclosed in that sales contract. That has to come back to your loan officer. From there, we take it. We start the process of processing you to get into that house.
The attorney has to approve that contract. So normally that realtor will take care of that piece where the attorney is involved upfront. Their names will be on that document as well. Then you're going to get an approval from M&T, and it's called -- the commitment letter is later on. But the approval gives you that home after the attorney has done his duty, due diligence within the process. Home inspection is ordered at that moment. So if you're going to go ahead with that house, everything looks fine to you, you should order a home inspection. It's up to you, but we do encourage a home inspection on all your purchases. After that, your file is turned into an actual application. The full documentation, everything goes to our back office for processing. At that point, you have an appraisal ordered, the property is appraised, the value comes back. That is a good thing.

The next step is the approval by the underwriting team, and that will produce the commitment letter. With that commitment letter, sellers are obligated to stay within that loan because they have that commitment from M&T. You have the commitment. You know where you're going in life. You know now it's just a waiting game.

Final conditions. That is if anything else is needed. Maybe we need an updated pay stub. There may be other items that may be addressed at that point. Once those final conditions are cleared, then you're in what we call cleared to close mode. That means all we're doing is scheduling everybody for that final signing.

That final signing, then you're going to get to what we call the closing. That is the actual closing with the attorneys. Keys are handed to you, and we say thank you for doing business with M&T.

Okay. Now I'm going to pass it off to Karina, my partner in Rochester. Hi, Karina.

Karina Hernandez: Hi, everybody. Thank you for joining us. Let's talk about the bread and butter, mortgage products. Mortgage is just the name of having a debt on a house. That's just what it's called. But there are different loan products that you can be qualified for depending on three major things: your credit, your income and your assets. So it will define everything.

Conventional products, as you can see, conventional mortgages are not guaranteed by the federal government, so they are private investors. Typically they will range. Those are the ones that you hear they are between the 3%, the 5%, the 20%. These are the ones that are sort of dominating the market. Whenever you hear with a 20%, that will be a conventional mortgage.

But that is not it. There's plenty fish in the sea. When it comes to government loans, you have FHA, and M&T offers various FHA products. So great loan to explore, lower rates. They are government loans, so there's going to be specific guidelines and specific things according to that product, just like the VA and the USDA, and we offer all those.
Then you look into one of my favorites, which is the SONYMA state bond program by the state of New York. If you're a New Yorker and you work here and you want to buy here, this is definitely a loan program that should you look into. There are very intricate parts of that program with the credit piece. So we would definitely scrutinize your credit profile, get you ready, what's your credit say about you. But it's a beautiful loan program.

A lot of our programs, as a first-time homebuyer, give you the options for closing costs and for lower down payment. So basically, what you have to decide is what is important to you. Based on what you know about this conventional, this government loan, this state bond program, what is the loan that I want for me and how can my loan officer help me get approved for this loan? Those are questions you should be asking yourself.
Part of this conventional umbrella, we have the Fannie Mae's HomeReady. This is a great program for the first-time homebuyers. Your down payment is as little as 3%. So again, you don't have to fall into the 5%, 10%, 20% down. As a first-time homebuyer, you can look into getting to a conventional mortgage with as little as 3% down. And the beautiful thing, if your parents want to help you or any family member, they can gift you 100% of those funds, which is a beautiful thing if we have a family member that can give us a little bit of assistance.

And maybe not so in this market, but if markets to come, you're lucky enough to get any seller concessions. So the seller that's selling you the home is able to give you some type of credit, it allows up to 6%, which is quite a bit. So that is a really great loan program for those with a more favorable FICO score. But again, this is something for you to discuss with your loan officer if you are interested in this loan program.

Then we have the M&T's Get Started. This program is unique to M&T Bank. It is one of our Treasury products, and it is specifically for first-time homebuyers. Again, it is very comparable to the conventional loans, 3% down. And a very special thing about this product is it allows for biweekly payments. So maybe for those people that are in that specific bracket where you're biweekly payments from your job, you're not so much in a fixed income, this is a great program that actually helps you pay for your mortgage a little bit sooner because we are making those payments on your behalf a little bit faster. Again, there are certain lenders that have it. We definitely offer. A lot of people come to us for a biweekly program. So if this is something that sounds interesting to you, you should absolutely consult with an M&T loan officer and inquire, what would it take for me to be qualified for your biweekly product?

FHA, that's a big umbrella, Federal Housing Administration. We have various -- of course, we have some of those rehab loans. We have our CRA type of mortgage loan product that if you're within a certain income criteria, it's a beautiful thing. We can give you some credit back. Low, low rates. Always 3.5%. One, two, three, four units. So whether it's individual housing unit, a duplex or a three to four-unit, 3.5% for our first-time homebuyer. Why not? Let's go. If that is the type of property that you are looking to buy or just have questions about what it would take for you to buy -- to be a homeowner and a landlord, because that's what you will be. And this is a program that you think you want to go after because you don't have too many funds to put down, and maybe your credit, it's not at par of what you think it should be, this is a great program to talk to us about. We can get you in a home based on your criteria specifically. And again, it allows 6% seller concessions. So if you don't have too much cash on hand, we can find ways to help you build a profile to get you those closing costs.

And then we have VA. So any of you out there that are veterans or know anyone that is a veteran, please advise that we offer loans for veterans. We have a CRA type of lower credit for VA, and we do underwrite all of these loans. So if you know anyone that is interested in this type of product and any of the government loans, SONYMA or any other conventional ones, or M&T's unique Get Started, please reach out to us. Let us know what is important to you so we can help you, and we can customize the ideal pre-approval for the ideal individual or the ideal home.

And now we have Shelly, who is going to talk a little to us about distressed properties.

Shelly Freier: Hi there. Thank you. Let me skip forward. Did you not want to speak about SONYMA?

Karina Hernandez: Oh, it wasn't on my slide. I'm sorry.

Shelly Freier: Okay. All right. Well, I can speak about SONYMA. SONYMA is a program that the state offers. As she had mentioned before, the State of New York Mortgage Agency has the most incredible assortment of mortgage programs. It's a little bit challenging to convince our realtor to accept your bid for a SONYMA mortgage, but they are so fantastic that it's always worth trying. Sometimes you can convince them, your realtor can speak with the listing agent. Sometimes your loan officer can speak with the agent. I've spoken with a couple of listing agents and explained to them how amazing some of these things are, and they have changed their mind and accepted our buyer's offer.

Communication is really always the most important thing. But the reason why it's worth considering this is because these first-time homebuyer programs have so much variety that you don't have to have perfect credit anymore. You don't have to have a lengthy credit history anymore. But you can buy a house with 1% out of pocket, which is amazing. You can get a grant for closing costs. You can get a closing cost loan from M&T, all kinds of options. The interest rates are really low.

There is a renovation program, and I will revert back to that later when we talk about distressed properties. But the rehab loan, you can actually get not only these grant funds, but you can get grant money for necessary improvements to a property. So if you're looking at a house and it definitely needs a new roof, you could literally get a free new roof from New York State through this program if you can't afford to pay for the new roof yourself.

So SONYMA is amazing and definitely worth asking your loan officer to explain to you why you might or might not qualify for that and what you can do to attain that, because it's a really great program and a goal to have. If you can win your bid, it's the best.

Here's an example. And I'm not going to belabor this because this wasn't my slide, but it's for a $150,000 house. And you can see here with grants between -- down at the bottom, you get a down payment grant from New York State and a grant from M&T, and you could buy a house with less than -- right here it says $5,400. But we also offer a closing cost loan from M&T Bank that has no closing costs associated with it. There's no pre-payment penalty. Literally nothing to lose by taking it out. And then you can take whatever extra of that $5,400 that you don't want to spend, you can use that closing cost loan with and actually buy the house with $1,500 or 1% or that $150,000 house.
So that's just an example of what we're able to do. It's really remarkable. People are so afraid of buying a house because they think that they're not going to qualify, that they're going to have to save money for the next year or two or three, that they have to pay off every debt they have first. All these things are the myths that Saleem spoke about earlier. You can see it right here in black and white that that's not going to be a requirement. So don't be afraid to try.

All right. The changing landscape for a homebuyer. A little birdie might have told you, or maybe you've turned on the news or read a newspaper or heard from your friends or your family or you've experienced it yourself, everything is different this year. So being prepared is more important than it's ever been before. In years' past, it was a buyer's market. You could literally call us up and [audio gap] -- not telling them what you know about your mortgage or how much you can afford. Everything is different.
So now, you need to be able to take advantage of whatever kind of variety is possible to win a bid on a house. So in this case, one of the things that we can help you with is the fact that there's so little affordable housing available that some of what is still available that's affordable is not in great shape. The good news is we have renovation lending that will help you out with that. Right here, if you see we have -- there are a lot of distressed properties on the market, especially in New York State, in our cities. The housing stock is old. People haven't had money to renovate them the way they would like, or if they did, they sold it for a gazillion dollars already. So that leaves us first-time homebuyers with distressed properties a lot of the time.

The good news is that you can win a bid that somebody else might not be able to win a bid by taking advantage of a rehab loan. Most lenders don't offer rehab loans, and we have at least three different varieties of them. And a lot of them include money, down payment assistance money, like that SONYMA we were speaking about earlier. FHA that Karina was telling you about, we have a discounted interest rate and closing cost assistance for that. It's called a 203(k) rehab loan. And then there's a conventional one that's backed by Fannie Mae that most sellers really like a conventional pre-approval letter, and at the same time, it's for a rehab loan. They know that their house might not pass an appraisal when it comes time to finance it.

And so what better way to alleviate their fears by saying, look, if it comes up, I'll just do a rehab loan. I can just do a rehab loan instead. Then you don't have to worry about it, and then you stand out against all of the other folks that are putting their bids in. You can say, yeah, I'll buy it as-is. That's okay, because I'll finance whatever I need to fix. After we do the home inspection, we'll do a rehab loan for all of those things instead of coming back to you and asking you to make all these changes before I will buy it. It really gives you a lot of options. And as you can see, it pretty much covers anything that you need that's not extravagant. So roofing, siding, windows, doors, all that sort of thing.

I just wanted you to be aware that that is an option. And especially because of the challenges that we face these days with winning a bid on a property, it's a really great opportunity for you to take advantage of that. And with that SONYMA rehab loan, they are offering up to $20,000 of free necessary renovations. If you can't afford to pay for those renovations, and if they're needed in order for the house to be functional and safe, then you can actually get that money through the state of New York with this grant. So a lot of really great opportunities for you to be aware of, so just bear that in mind.

I keep going two slides at a time. Push too hard. All right. So what you need to do is get prepared to take the next step. We've talked about everything basically that you want to know. It's the tip of the iceberg, but this is a great start. An overview of what you need to know when it's time for you to think about buying a house.

This is a list of documentation that you would like to get together. It's really smart if you can do that before you start shaking us down for a pre-approval letter. This is an extensive list. You don't need all of these things. These are not all going to be relevant to you. If you're not divorced, don't go chasing down a divorce decree. We don't want that. But if you're just a regular wage earner, you just need a couple of paystubs, last year's W2s and bank statements if you don't bank with M&T. So that's simple. You can do that.

If you are self-employed, it's hugely important that you start the conversation with the loan officer well in advance of wanting to put in an offer for a house, because it is more challenging since the pandemic to be successful at buying a house as a self-employed person than it's really ever been in a long, long time. Make sure you track down your tax return, and get started talking with us sooner rather than later so that you're going to be better prepared. But you can see that's a nice list you can refer to at any time. But if you have any of these things, if you've got an IRA or a 401(k), whatever, get a statement, too.

So then you're going to contact us and get pre-approved. You want to reach out to a lender that is -- a local lender is always the best, because we're the boots on the ground in your community. And you're going to want to speak with someone that specializes in first-time homebuyer mortgage programs more often than not, just because that's where you're going to find out -- you're going to be speaking with people that know about all of these programs and grants.

So it's important to get pre-approved first. You have to know how much you can afford before you start looking. I tell you what's the worst is what -- when somebody contacts me and they need a pre-approval letter by tomorrow. And they give me the address and I look it up, and it's the most beautiful house, $425,000, whatever. And then I have to have this house. I have to put in this offer tomorrow. My family loves it. And then I start getting their income documentation, and they don't qualify for even half of that. But the whole family, the little kids are like, please, Mommy! I want that house. Don't do that, please. Don't do that to anybody. That's just not fun. So you need to know how much you can afford first.

And especially now, what's really even more significant about that is that say you're pre-approved for a $150,000 house, and so you're trying to bid on a house that's listed for $149,900. And there's 20 other offers coming in. Or even just six other offers, which is a low amount in today's environment. How are you going to win a bid on a $149,900 house with a $150,000 pre-approval? You need to get like $175,000 probably for your pre-approval in order to bid to win. So you don't really want to start looking at the very top of what is affordable for you. You need a bidding buffer. So plan on a bidding buffer. Don't go out there and shop for the most expensive thing that's wildly unaffordable for you. That's just not fun for anybody.

So, get pre-approved because it puts you in a stronger position to make an offer. In my opinion, it puts you in an only position to make an offer. There's no realtor today worth their salt that's going to accept an offer that doesn't have a pre-approval letter coming along with it. And then most real estate agents require the pre-approval before they'll even start shopping for houses with you. So that's extremely important.

And one of the things that you want to talk to your realtors about is where you're buying a house. Back when you talked -- when Saleem was talking about what breaks down your monthly payment, the taxes and insurance, the property taxes was a significant section of that pie. Well, say you were going to buy a house -- you maxed out your pre-approval for a house in the city of Buffalo for $180,000, because you had to win that bid, but you lost it. So then you find a house, and it's not that far away, but it's in Cheektowaga. And you take that same letter and you give it to your realtor and you say, look, let's do this one. This one's great. I love it. This one's even better. I'm so glad that other one didn't work out. And then come to discover the property taxes are three to four times higher than what that pre-approval was that you had. You're not going to qualify for that payment because it might have just gone up $300 a month without even batting an eyelash and nobody thought about it.

So this is super important. When you talk to your realtor, loop them in about where you're buying and why, and make sure that you have that conversation about the taxes and how that worked with your pre-approval.

Once you're pre-approved, you can also consider attending workshops that we're going to have in the future on various projects and programs and all that sort of thing. But I got to tell you, we partner with homebuyer -- or housing

agencies, and they're excellent partners. We all are very close with the housing agencies in our communities, and they offer homebuyer education. And they do homebuyer education that might be on a Saturday for several hours or over a series of weeks. Right now they're mostly via Zoom, something similar to this, but where you get a lot more specific information.
And so if you are coming out of this and you're feeling like that was the tip of the iceberg and that you do have a lot more you want to talk about, reach out to your local housing agencies. Or we can point you in their direction and take a first-time homebuyer education class. You're going to need one anyways if you're going to get a grant. Almost every grant requires you have one. So do us all a favor. Take that class first, and then you're going to be so well positioned to buy that house that the whole process is going to be much more relaxing and fun.

So that wraps up all we wanted to cover, but I'm expecting that we're going to have some questions. So if you guys want to go over some questions, that would be lovely. Thanks everybody for listening.

Unidentified Speaker: Great. Thanks so much, Shelly. For many of you asking, I'd like to let you know that a copy of this presentation may be found in the resource widget at the bottom of your page. You just click on that and you can download the presentation. Now, I know this is a lot of great information coming to all of our attendees, but let's get to some of your individual questions. As a reminder, to submit a question, just type it into the Q&A section on your console and hit submit. But let's get to our first one here.

Saleem, I'm going to send this one to you. We had one of our attendees ask, they just wanted to double check. Is it okay that he has been at his job for six months, but he's been working consistently for the last six years? Could you just double back on that information again?

Saleem Shabazz: Yes, yes. Absolutely. One of the things I've noticed definitely during the COVID experience, I've had a lot of first-time homebuyers change careers, change jobs, just a change of lifestyle, let's say. But circling back to what I was talking about before, most of the things that the banks are looking for is consistency of employment; not so much consistency of the job. So basically, if you have a six-month work history, but you have produced tax returns for the last two years, pay stubs for the last 60 days, and we can see there's a consistent theme of employment, then you will have no problem getting qualified for a mortgage now. That doesn't mean every type of mortgage will work for you if you've only been at the job for six months. But again, the job of the loan officer, we will sit down with you, see which programs are going to work for your scenario. But yes, having a six-month work history will not disqualify you from potentially being qualified for buying a home.

Unidentified Speaker: That's fantastic. Thanks so much, Saleem. Miggie, I'm going to come to you with this next question. We have one of our attendees who she has a credit score of 745, but her husband's credit score is a little bit lower. So she's wondering if you would recommend that she just be the only one to apply for the loan for a better rate, or what things do they need to consider there?

Miggie Concepcion: The things to consider, personally, I would like to review both credit report and see why his FICO scorings are so low. I see scenarios in the past that a person with a lower FICO score is making the income, more money compared with the

other person that maybe she only had one credit card or very limited trade line, and the person have like a 700 FICO scoring.
So at that moment, I start analyzing the credit report to see, what can I do to make this credit report a little bit stronger? In some instances, if the person -- if both client are making equal income, I will use one person, as long they qualify for that dream house. Because sometimes, like Saleem and the other presenters spoke, this market is very, very different from previous years, and a house that would cost $150,000 now is $200,000, so one income is not going to be enough. So personally, what I do, I will analyze their credit report and the income and the bank statements and all those variables, and then I will make the decision which one to go. Because we offer FHA, which is very flexible with the credit and flexible with the ratio compared with some other conventional or SONYMA mortgage.

Unidentified Speaker: Great information there, too. Thanks, Miggie. Regina, you gave us so much good information on programs and grants. I think if you can just give us a quick overview, what are some of the best places for people to research those options again? Could you review that for us?

Regina McArthur: Sure. And thank you for that question, because a lot of times we don't know where to start. Often a good place to start is individualizing and actually googling some of those different programs. Now with that being said, it's very wordy. It's very non-descriptive of what you may be qualified for. So the best starting point is not just to google, but make sure you get a loan officer and you engage with that loan officer.

Part of our job and what we do best is making sure that we address every portion of every borrower. Just as Miggie was just talking about, maybe one of the scores are better fitted for one of the other grants than the other. The reason why you want to work closely with your loan officer, we're doing the best we can to get less out of you than what is required.

Normally, you go in and you engage with a loan officer, as any place else, and they're going to give you what they offer. Here at M&T, we have so many programs that we design around you. It's not a standard cookie cutter. We actually put these different grants and models together to stack them, if they have that stackability, to make sure it's less out of pocket for you. The grants that we like here in the Syracuse area that the other loan officers don't have access to, but I do, is the $5,000 grant. That is a proportional grant up to $100,000. You can get the $5,000, full $5,000, but it's dependent upon the income and the area. So if it's in Onondaga County, along with your income, if it fits in those parameters, the HUD low to moderate incomes, you will be able to take advantage of that. Now, if a grant can be paired with other programs, then that's what we do as well.

So grants are really based on where they're coming from and their stackability. And they're quite often stackable, but the other thing is quite often, depending on the program, we can do more than what you can think that we can do.

Unidentified Speaker: Thanks so much, Regina. We have tons of great questions coming in here, so we're going to keep moving right along. The next question's going to come to you, Karina. What if you have collections on your credit report, but you've settled accounts, but they're still showing on your credit report? Any suggestions on how they should handle that?

Karina Hernandez: Credit, my favorite. My favorite because people don't realize how important credit is, not just for the mortgage process, but in America. America does not run on coffee or Dunkin. It runs on credit, people. Please, please get to know your credit report. Get to be best friends with it. Continuously check on it, babysit it.

Collections, yes, very important. We would pull your credit and we would take a look at what is that collection? When did you pay it off? How much was it? What does that look like? How many derogatory accounts show on your credits report? So we will pull what is called a tri-merge, all three agencies, and recompile that whole report. That gives us a lot of information. Information that is needed to make a very risk-based decision to see if you are worthy of this loan or not.

So in a nutshell, yes, it's always good for you to pay your -- anything that you owe, pay it. You always pay it. It just depends how long ago was it, what happened. So that is definitely a conversation to have with us. And each loan program will have their own guidelines as to what do they allow, whether it's because of bankruptcy, whether it's because of this certain amount of debt that you have, maybe overusing your credit. Maybe you have too many student loans, and there's a certain calculation that we need to throw in there. This is the very first conversation I have with my clients. We are going to talk about your credit.

Unidentified Speaker: That is such great news and so important for people to remember, Karina. I have another question here. Shelly, I'm going to come to you with this. How far in advance should somebody start the pre-approval process and how long will it last? How long will the pre-approval last? Sorry about that, Shelly.

Shelly Freier: Sure. A pre-approval is good for longer than it needs to be, and it's because if you want to put in an offer for a house and you're competing against others, you really don't want to go in there with a letter that's more than maybe a few weeks old. So generally speaking, they're four months because that's how long a credit report is good. But you don't constantly have to be refreshing the pre-approval letter. What you want to do is let us know if any changes have been made. If you changed jobs, if you just bought a car. Anything like that that is important, you want to let us know so we can update your pre-approval. But the expiration date is not something that really concerns you. What you need to do is just get started on this whole journey, and then we'll stay in touch.

Unidentified Speaker: And Shelly, how long does it typically take to get pre-qualified?

Shelly Freier: Well, it depends a lot on the borrower. Some people I'll spend a few minutes with over the phone or in an office, and we can churn it out in no time at all. But other times, peoples' lives are a lot more complex. So you have bankruptcies. You've got child support, but we don't know exactly how much that's going to be yet. All kinds of things like that that can make things drag out a little bit until you have the proper documentation that we need so that we can be certain that we're pre-approving you correctly. So it's really -- it depends on the complexity of your situation and how quickly you get us information.

Unidentified Speaker: Great to know. Saleem, I have another one for you. Can you talk to us a little bit about how high of a debt load is too high? Give us a little bit information going back to debt-to-income ratio and things that people should consider what goes into that.

Saleem Shabazz: Yes, that's a very good question. A simple calculation I guess for the people listening in terms of knowing if you have too much debt, loan officers, we calculate everything off of what's called a debt-to-income ratio. But when you do your homebuying classes through the agencies, one of the key components to the process is they will actually help you with a budget. So you don't have to feel overwhelmed in terms of trying to become a mathematician to solve your own mortgage payment.

But the basic calculation we use is basically 38% to 40% of your net income is left over for housing expense. So just to give you guys some raw numbers, if you're bringing home $1,000 a month, well, your max mortgage payment, including taxes, insurance, would be about $400. But as you and I know, that's if you have no debt. So what we find is that, especially in this current market where the prices are sky high, a lot of you are going to have to eliminate and lower your personal debt loads to make the mortgage payment fit within that ratio. You're not going to able to carry the heavy student loan debt, the heavy credit card debt, the heavy car loan debt, plus the new emerging high mortgage payment.

But again, I would implore you to get signed up, get your homebuyer education done, get your budget done so that this way you can effectively sit down and determine what your debt-to-income ratio is. But again, the fail-safe number is that 40% to 43% maximum of your net income, again. But there is a budget (inaudible) in the classes that can help you obtain that information.

Unidentified Speaker: And Saleem, that is considering the person's minimum monthly payment on each of those bills. Not their overall payment, correct?

Saleem Shabazz: That is correct. And also, which we would need another hour to discuss, because student loans right now are deferred because of COVID, one of the things we're seeing is on the credit reports, we are seeing a lot of deferment, forbearance. Some programs allow for that, some don't. But again, to answer your question, yes, that is accurate.

Unidentified Speaker: Okay. Great information. Karina, since you love credit so much, I am coming back to you with another question regarding bankruptcy filings. How does that affect the process, and what do people need to consider if they have filed bankruptcies in the past, whether or not it's recently or five or seven years ago?

Karina Hernandez: Yes. So two major things. So you filed bankruptcy. Oops, everybody makes a mistake. That was your way out to help yourself in that situation. You were in a financial struggle. Great. Now you're on the mends.
So basically, again, going back to each loan program, they have their own requirements. How long can you be out of that bankruptcy after it's been discharged? How long is it long enough? Is it two years like FHA? Is it three, four years? And then after it's been discharged and it's been settled, how have you reestablished your credit? Did you go crazy opening new credit cards? Do you have two car loans? Do you have late payments?

So it's all -- we are going to look at it a little bit more, but it's all about how have you handled your credit after you came out of the bankruptcy, and how have you reestablished it? That's really the biggest question. But it all ties up with credit. So bankruptcy is just really a small part of it and the waiting period. But most important, how have you treated your credit after the bankruptcy?

Unidentified Speaker: Great, great information. Regina, I have a question for you. What is the difference between a loan officer, a realtor, a housing program? What are the differences between all of your roles?

Regina McArthur: Yes. And that is a very good question, because we all play a very significant role in the homebuying process. Your realtor is the one who's licensed to actually take that pre-approval and you and go through that house. They have access to the homes. There's normally a lock box. Realtors are required to make sure they're up to date with their licensing, just as us. And that's their job is to actually get you into the house and find the house that you're looking for. So they'll take the things that you want, a two, three-bedroom, pool in the back, two-car garage, whatever you're looking for, and it's their job to find that house.

The loan officer's job is to make sure that once you find that house, that the bank will stand by you with that commitment letter to get you from start to finish in the closing department. So that is our job as loan officers to make sure that we walk you through the process on the other end after the house is found and that sales contract comes back. But upfront, again, you want to be pre-approved, because you want to know what you're asking your realtor to look for with you. It makes the journey a lot more easier, less frustrating.

And the actual community-based organizations is what they're called, they have the opportunity to offer to the community, based on things like your income, where you're buying, that sort of thing, they offer different types of help with that down payment and closing costs. That is their job. They also offer home counseling. So again, like we were just talking about, that budget factor is so important. And that's where you want to go with those community-based organizations that are going to help you make sure that within your budget, you can afford this house, so that you're not looking for a home that's out of your actual ability to purchase.
So we have to make sure that all three of us work together, and that is our goal here at M&T. We're very engaging with our realtors as well as our community-based organizations. They know us by name. We normally do a presentation with them, in conjunction with our community-based organizations, and we do that because we want the consumer to understand the roles and the responsibilities of everyone within that group.

Unidentified Speaker: Thanks so much, Regina. And I want to thank everybody, because we're getting so many phenomenal questions in. So my apologies, but we're going to actually go over a couple minutes because I want to make sure that we continue to get to a couple of these. So I encourage you to stay on. We're going to try to get to a couple more of these. We might not be able to get to all of them. But I know that a lot of you have so many great questions. Shelly, do you mind explaining the difference between a fixed rate and an adjustable rate mortgage?

Shelly Freier: Sure. Most first-time homebuyers will take a fixed rate because it's just a general 30-year mortgage. If you were going to live in a property for not that long of a time, say you knew that your long-term plan was to -- or your short-term plan, really, was to move to a different area to relocate for a job or something like that, then an adjustable rate mortgage is a great idea. Because an adjustable rate mortgage will have you locked in to a lower rate for a specific amount of years. It could be three years, five years, seven years, ten years, you lock in the rate for that. And then once that period is over, then the rate will adjust. And depending on what kind of an adjustable rate mortgage you get, it will adjust every six months or so thereafter.

There's a cap for how high it could go, so you do have not that much risk. But if you're going to be a first-time homebuyer, and you're thinking this is my starter home, but I might stay here 15 years, not 10, and you're not sure that you're going to be rich in 10 years, you might want to just stick with the 30-year mortgage for now and pay extra on the loan when you can. You're getting a discounted interest rate anyways probably with the first-time homebuyer program. Adjustable rate mortgages are sometimes for folks that have a bunch of money in investments or a backup plan so that if the rate adjusted up, they'd have some other options.

Unidentified Speaker: Okay. Great. Shelly, I have one more. Since you were talking about rehab loans earlier, when can one apply for a rehab loan? An also, can it be used for updated heating and cooling or roofing upgrades?

Shelly Freier: Yes, all of those things. So anything that isn't an extravagance. You can't put in a spa in your backyard with all of this crazy landscaping or something. But yeah, all of those things are necessary for a property to be functional and safe, so they absolutely can be financed and are also eligible to maybe be covered with some grant money.
This is something that you don't necessarily want to pursue. You're not going to apply for a rehab loan unless you need one. So don't go out there and just think I'm only going to look at crappy houses that are a mess. Because that's probably -- it's a big hassle, for one thing, to be constantly only looking at really troubled properties. But it's just important that you know that the option is available to you whenever you need it, and that you can obviously finance those renovations/repairs so that the property will be functional and safe when you take ownership of it. The work will be done, but you can actually wait to move in until the work is finished. So if there's lead-based paint and you have young children, you certainly want that stuff removed before you move in. So those are all things that we bear in mind, but just you don't apply for rehab loan unless you win the bid for a house that requires -- or that you need a rehab loan for.

Unidentified Speaker: Thanks, Shelly. Miggie, I have one for you here. How much do you think somebody should typically save for a down payment and closing costs? Miggie, I think you might be on mute.

Miggie Concepcion: I apologize. I've been working here for 20-something years, and I have created this formula. Normally, depending on the area and the taxes, I calculated that you might need 10% of the purchase price. Between 10% to 15% for the down payment, the closing costs, the taxes, the insurance and the attorneys' fees. So overall, if the property taxes are not extreme high, that formula would work for you. But again, make the appointment with your loan originator, bring all your documentation, get ready, prepare, and then each of us can answer that question for you. Also, be sure where do you see yourself buying a house. Pay attention about the school, the region, the churches, the things that are very important to you, so when you sit down with your loan officer, it's going to be a clear picture, and we will be able to answer those questions.

Unidentified Speaker: Thanks so much, Miggie. And honestly, we have so, so many questions here that, unfortunately, we can't possibly get through all of them. But I do want to let you know that we will do our best to reach out to anybody who did submit a question and it wasn't addressed today. I also want to let you know that on your console, you should see a bio section over on the right-hand side of your page. So there's links to each one of these fantastic loan officers' web pages in that bio section. So you can reach out to them directly through there as well. We really encourage you to reach out if you need assistance with your unique situation, because everybody obviously is so, so different.

We want to thank you all for attending today's webinar, and we hope that you found this information helpful. I know I found it helpful for myself as well. And in a moment, you'll actually see a pop-up survey on your screen. We'd appreciate if you'd let us know your feedback so we can improve future webinars. But again, thank you so much, and we hope that M&T can be of service to you. Again, feel free to reach out to us directly, and we'll do our best to follow up after this webinar as well. Thank you so much for your great questions, and this webinar is now ended. Thank you again for joining us.