



# Homebuyer's Mortgage Guide

March 2025



# Steps to Getting a Mortgage

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Whether you are a first-time or seasoned homebuyer, you're probably excited and overwhelmed at the prospect of shopping for a new home. There are a lot of details involved in applying for and obtaining a mortgage, and it can be a lot to take in. During this presentation we will help ease the way by guiding you through the steps of getting a mortgage.

- Check your credit
- Know your debt-to-income ratio and pay down debt
- Determine your down payment
- Start gathering documents
- Talk to a mortgage professional



# Check Your Credit



When you apply for a mortgage, one of the factors your lender will be most interested in is your personal credit. If you plan on applying for a mortgage in the near future, taking steps to improve your credit score can go a long way. You can obtain a free copy of your credit report once a year from each major credit reporting agency (Equifax, Experian and TransUnion) by visiting **AnnualCreditReport.com**.

- **Review all the information carefully**, starting with your personally identifiable information like your name, address and Social Security number.
- **Review all of the loans and accounts** listed on the report to make sure they are accurate.
- If there are any errors, contact the credit reporting agency directly to get them corrected before you apply for a mortgage.



**EQUIFAX**  
Credit Information Services, LLC  
P.O. Box 740256  
Atlanta, GA 30374-0256  
To dispute credit report items,  
call (866) 349-5191



**EXPERIAN**  
National Consumer Assistance Center  
P.O. Box 4500  
Allen, TX 75013  
To dispute credit report items,  
call (888) 397-3742



**TRANSUNION**  
Consumer Solutions  
P.O. Box 2000  
Chester, PA 19016-2000  
To dispute credit report items,  
call (800) 916-8800



Mortgages are subject to approval. Interest rates are subject to change without notice and are dependent on credit score. Certain conditions apply. This is not a commitment to lend or rate guarantee.  
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# Your Credit Score



While there is no specific credit score needed to buy a house, your credit plays a significant role in what type of mortgage loan you may qualify for. Your credit score affects whether or not you are approved for a mortgage, as well as the maximum amount of the loan and the interest rate you will pay.

Different lenders have different minimum credit score requirements for approving a loan. To increase your chances of securing a favorable loan offer, consider the following tips for boosting your credit:

- Pay all bills on time
- Limit the number of credit cards you use
- Manage your debt-to-income ratio
- Be consistent in your use of credit
- Keep old credit accounts open





# Know Your Debt-to-Income Ratio and Pay Down Debt



In addition to your credit score, your lender will also examine your personal debt-to-income ratio, which is the proportion of debt you owe compared to your gross monthly income. Lenders prefer to see a low debt-to-income ratio because it shows you are more likely to be able to meet your monthly debt payments, including a mortgage payment.

- Concentrate on paying off as much of your debt as you can before applying for a mortgage. The less debt you have, the lower your debt-to-income ratio will be, which could increase your chances of obtaining a mortgage.
- Cadence Bank Credit Card Calculator. Use this calculator to see how different debt payment options would affect your total interest paid and the number of months it would take you to pay off your balance.



# Determine Your Down Payment



Next, determine how much money you can apply toward a down payment on your new home. The more money you can put down, the lower your total mortgage and monthly payments will be.

- Your bank may require a minimum down payment—this can be anywhere from 0% to 20% of your new home's sale price and depends on such factors as your income and your credit score. If you put down less than 20% of the home's price, the lender may ask you to pay private mortgage insurance (PMI).
- Search for any down payment assistance programs you may qualify for in your state.
- There are several types of home loans that require low or no down payments. However, you should keep in mind that taking advantage of these programs limits the types of loans and homes you can get.



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# Start Gathering Documents

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When you submit an application with a lender, you may be asked to provide a wide range of financial documents. These typically include the following:

- **Copies of your most recent pay stubs**
- **The names and addresses of your employer(s)**
- **W-2 forms**
- **1099 forms**
- **Tax returns**
- **Bank account, brokerage and credit card statements**
- **Statements for any other current debt**

**At Cadence Bank we are proud to simplify the mortgage process by providing the opportunity for you to electronically import income and asset documents directly from your financial institutions and employer into your mortgage loan application.**



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# Talk to a Mortgage Professional



Now it's time to find a lender and submit your loan application. While it's important to compare rates from several lenders, don't just automatically go for the lowest rate without doing some additional research. You should ask potential lenders:

- **How much experience do you and your team have?**
- **What does your application process look like?**
- **How much support do you give me through the process?**
- **Are there any costs involved beyond the principal and interest payments?**



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# Fixed-Rate vs. Adjustable-Rate Mortgages



Once you choose a lender, meet or talk with the loan officer to review the different mortgage options available to you. All mortgages fall into one of two categories: fixed-rate mortgages and adjustable-rate mortgages (also referred to as ARMs). Deciding whether a fixed-rate mortgage or an adjustable-rate mortgage is better for you depends on your risk tolerance and your homeownership time frame.

- **Fixed-Rate Mortgages** - the interest rate remains the same for the entire term of the loan. Mortgage loan terms are usually 10, 15, 20 or 30 years. A fixed-rate mortgage eliminates interest rate risk because the rate stays the same over the entire loan term. You'll never have to worry about your mortgage payment rising if interest rates rise—but your payment will never go down if interest rates fall.
- **Adjustable-rate mortgages** - the interest rate will fluctuate based on current market rates after an initial fixed-rate period. If you plan to be in the home for a short period of time, such as three to five years, you could benefit from an ARM that locks in the initial rate for this period of time (initial ARM rates are usually lower than fixed mortgage rates). However, if you plan to be in the home long term and want to keep your mortgage payments consistent over time, you're probably better off with a fixed-rate mortgage.





# Home Loan Products at Cadence Bank

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## Conventional

- Up to 97% financing
- Private mortgage insurance (PMI) can be removed when loan to value is 80% or lower
- More sensitive to down payment and credit score

## FHA

- 3.5% down payment
- Assumable
- No income limit

## Rural Housing

- \$0 down payment
- Household income limits apply
- Only rural properties are eligible

## VA

- \$0 down payment
- Only veterans and eligible spouses are eligible
- 100% financing
- No monthly PMI required

## Specialty Products

- Medical Professional
- Professional
- Right@Home
- Right@Home Emerging Communities



# Questions?



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Buying a home can be a stressful process. It's important that you're working with a mortgage officer who understands the Memphis, Tennessee market. Ruth Phillips is a mortgage lender in the Memphis area. With her years of financing experience, Ruth and Cadence Bank can help you find the mortgage loan that's just right for you.



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# Helping Opportunity Take Shape

