

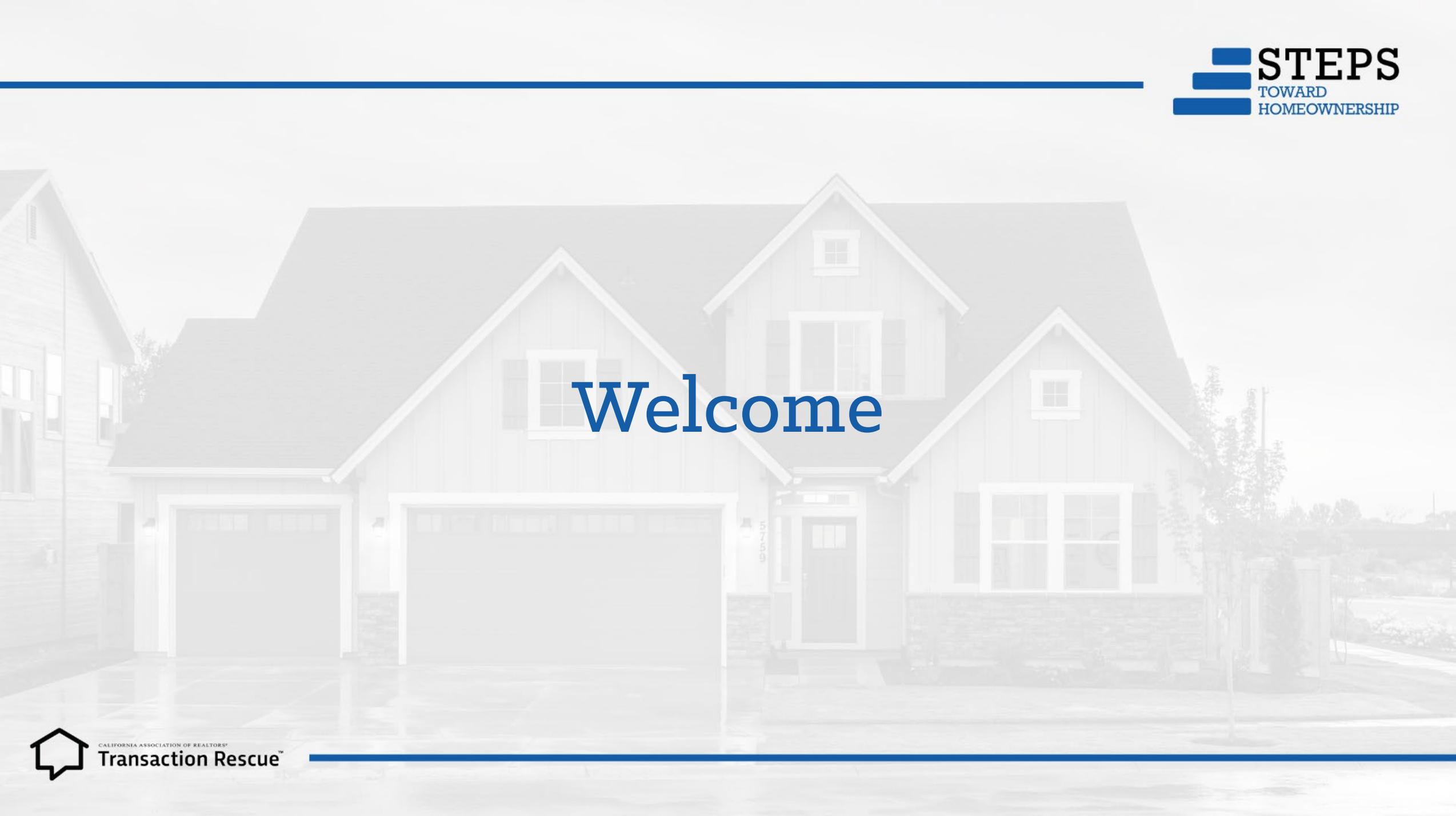


STEPS
TOWARD
HOMEOWNERSHIP

STEPS to Financing the Dream of Homeownership

Virtual Event

September 7th, 2023



Welcome





CALIFORNIA ASSOCIATION OF REALTORS®

Transaction Rescue™

The CALIFORNIA ASSOCIATION OF REALTORS® Transaction Rescue™ is a FREE C.A.R. member benefit providing you with invaluable one-on-one assistance for any of your mortgage related questions or issues.

 (213) 739-8383



TransactionRescue@car.org



mortgage.car.org

Your direct line to all finance and mortgage related questions

What can Transaction Rescue™ help you with?

- Issue with a Lender
- Finding a Lender
- Loan Qualifications
- Financing Assistance
- Down Payment Assistance
- Closing Delays
- Title and Escrow
- Short Sale
- Forbearance
- Foreclosure
- Lending Discrimination
- Appraisals
- SBA Loans, PUA

Thank You to Our STEPS Sponsors!



STEPS to Financing the Dream of Homeownership – Lending Arena Speakers



Samuel Luna

Sr. Director, Single Family Affordable Lending Mission & Community Engagement

Freddie Mac Single-Family



Cynthia Leal

Branch Manager

Guild Mortgage



Yong Choi

Regional Manager

Barrett Financial Services



Faramarz Moeen-Ziai

VP Loan Originator

CrossCountry Mortgage



Abel Fregoso Jr.

V.P. Loan Originator

CMB Home Loans

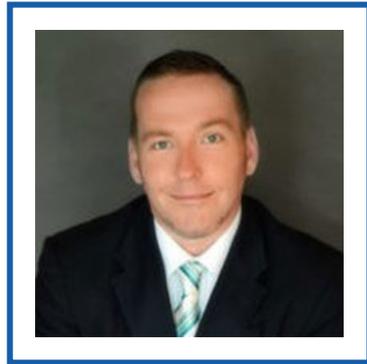
STEPS to Financing the Dream of Homeownership – REALTOR® Advisor / DPA Arena Speakers



Sabrina Brown

**2023 Women's
Counsel of
REALTORS®
President**

**Broker Owner –
Brown Realty Team**



Sean Moss

**EVP Customer
Service & Operations**

**Down Payment
Resource**



Rolanda Wilson

**REALTOR® & HUD
Counselor & Board
Member**

***NID HUD
Counseling Services***



Molly Ellis

**Housing Finance
Officer**

***California Housing
Finance Agency
(CalHFA)***



Meagan Harris

**Business
Development**

***Golden State
Finance Authority
(GSFA)***

STEPS to Financing the Dream of Homeownership – REALTOR® & Advisor Arena Speakers



DeAnthony Nelson

**Program Manager
Fair Housing,
Diversity, Equity &
Inclusion.**

**California Association
of REALTORS®**



Katie Kuang

**Research & Industry
Relations Coordinator**

**California Association
of REALTORS®**



Marc Farfel

**Transaction Rescue
Mgr./Lender Liaison**

**California Association
of REALTORS®**



Jordan Levine

**S.V.P. & Chief
Economist**

**California Association
of REALTORS®**



Melanie McShane

**Director of Industry
Relations**

**California Association
of REALTORS®**

Did you know?

63% of consumers would start searching for a home if they knew they could qualify for a low-down payment



If you knew you could qualify for a mortgage with a much lower down payment, would you start to look for a house?

(n=1,008)

Source: 2019 C.A.R. Consumer Survey



Transaction Rescue™

C.A.R.'s Down Payment Resource Directory

<http://FindDownPayment.car.org>

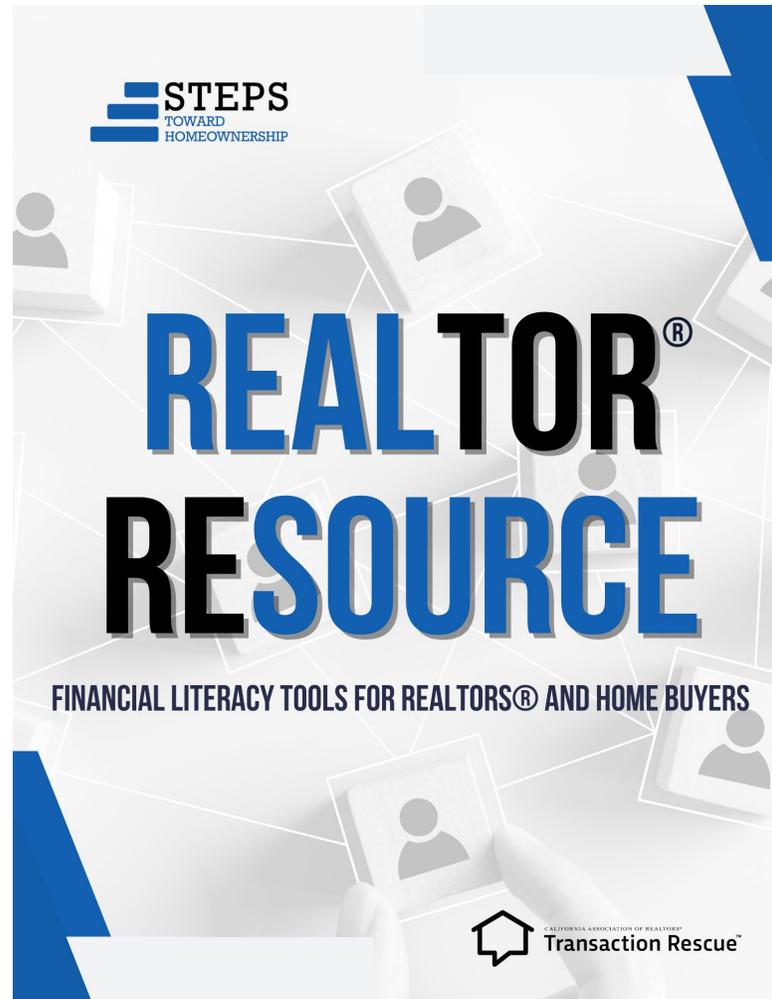
Within the C.A.R Tool, you can find:

- Participating Lenders
- Program Guide/Flyer
- Filters/Guidelines:
 - Special Groups (Teachers, Protectors, etc.)
 - Eligible Properties
 - Maximum Sales Price
 - Eligible Borrowers
 - Maximum Household Income
 - Loan Terms
- Benefits
- Latest Updates



Get Down Payment Assistance

REALTOR® Resource: Financial Literacy Tool





Today's Agenda:

10:00 am – Welcome

10:05 am - Why Homeownership Matters – Jordan Levine

10:20 am – Updated Resource Guide – Marc & Team

10:30 am - Understanding Homeowner Needs, Setting Expectations, and True Cost of Homeownership

10:45 am - Financing the Deal – Putting it All Together

11:30 am - Leveraging DPA

11:45 am - Addressing Homebuyer Education Program (REALTOR® & Your Client)

12:00 pm - Taking the Next STEPS & Take-Aways / Questions Breakouts

- Meet the Speakers
- Ask Your Questions



Breakout: Q&A Sessions

Golden State Finance Authority (GSFA) DPA – Meagan Harris

Guild Mortgage – Cynthia Leal

California Housing Finance Agency (CalHFA) DPA – Molly Ellis

Freddie Mac – Monica LaCruce

Down Payment Connect – Sean Moss

Homebuyer Education Program – Melanie McShane / Rolanda Wilson / Abel Fregoso / Faramarz Moeen Ziai / Sabrina Brown



Please be advised that you aren't required to seek services from any of the speakers in the presentation

They were chosen because we believe they'll be helpful in providing education without requiring you to give them business. Having said that, we're not making any representations or warranties regarding the quality of their services.

We understand that you may have your own preferred companies and ultimately, it's your decision as to whose services you will seek.

Inclusivity Statement

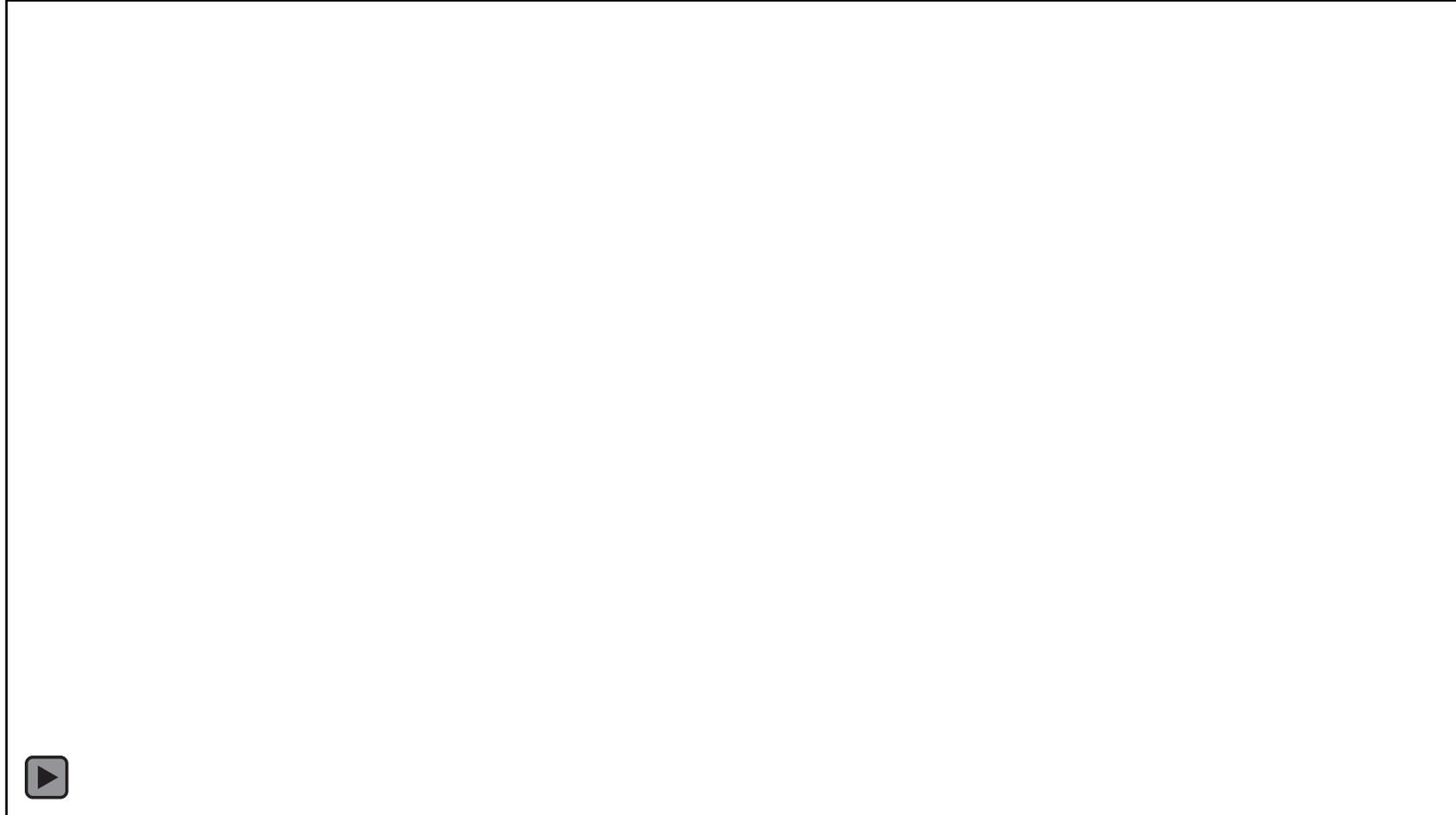
We ask that each of you support C.A.R.'s diversity efforts by committing to treating each other with dignity and respect. Please:

- Keep statements focused on the topic or question before the group.
- Avoid mention of irrelevant demographic information like age or unrelated leadership experience.
- Refrain from saying or doing anything that could lead anyone to feel excluded or belittled.

C.A.R.'s Transaction Rescue Leadership may interject, as needed, to promote full and respectful dialogue.



Why Homeownership Matters Video



Thank You

Why Homeownership Matters

Jordan Levine

Jordan Levine
Chief Economist

CALIFORNIA ASSOCIATION OF REALTORS®



Homeownership in California & Its Benefits

STEPS Toward Homeownership

September 7, 2023

Jordan Levine

Sr. Vice President & Chief Economist

California Association of REALTORS®



Mortgage rates reach 20-year high

Average 30-Yr. FRM



SERIES: Average 30 Yr. Fixed Rate Mortgage
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

Step 1: Define Buyer's Profile

Select County of Residence

Los Angeles

Select Annual Household Income

\$80,000

Select Desired Downpayment (% of Purchase Price)

3.5%

5.0%

10.0%

20.0%

Select Desired Monthly Payment (% of Income)

Low (30%)

Medium (35%)

High (40%)

Step 2: Toggle Interest Rate for Buyer Impacts

Select Rate for Purchasing Power & Inventory Below Cutoff

3.0%

3.5%

4.0%

4.5%

5.0%

5.5%

6.0%

6.5%

7.0%

7.5%

8.0%

8.5%

9.0%

9.5%

10.0%

Impact on Homebuyer's Purchasing Power

\$2,000

Target Monthly Payment (PITI)

\$442,201

Price Cutoff At Selected Rate

\$88,440

Downpayment Amount

Impact on Number of Listings Below Cutoff

Jul-23

Listings As Of Month

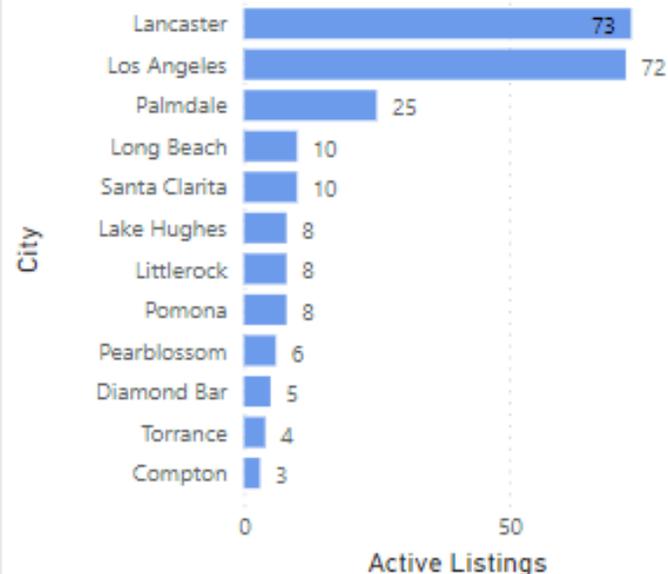
269

Listings At/Below Price Cutoff

4%

Share At/Below Price Cutoff

Active Listings by City



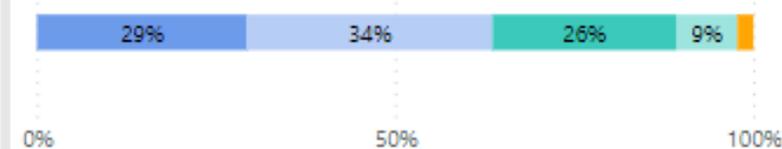
Share of Active Listings by Property Type

Property Type ● Condo ● Single-Family



Share of Active Listings by # of Bedrooms

of Bedrooms ● 1 ● 2 ● 3 ● 4 ● 5



Step 1: Define Buyer's Profile

Select County of Residence

Los Angeles

Select Annual Household Income

\$80,000

Select Desired Downpayment (% of Purchase Price)

3.5%

5.0%

10.0%

20.0%

Select Desired Monthly Payment (% of Income)

Low (30%)

Medium (35%)

High (40%)

Step 2: Toggle Interest Rate for Buyer Impacts

Select Rate for Purchasing Power & Inventory Below Cutoff

3.0%

3.5%

4.0%

4.5%

5.0%

5.5%

6.0%

6.5%

7.0%

7.5%

8.0%

8.5%

9.0%

9.5%

10.0%

Impact on Homebuyer's Purchasing Power

\$2,000

Target Monthly Payment (PITI)

\$296,572

Price Cutoff At Selected Rate

\$59,314

Downpayment Amount

Impact on Number of Listings Below Cutoff

Jul-23

Listings As Of Month

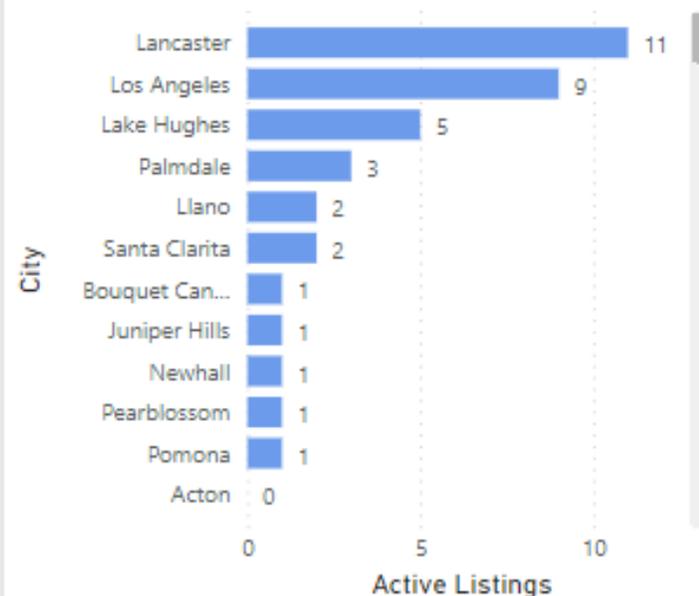
37

Listings At/Below Price Cutoff

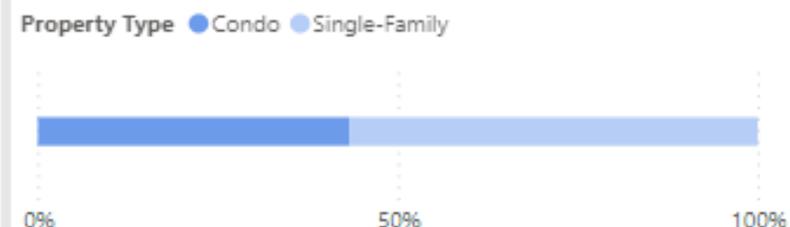
1%

Share At/Below Price Cutoff

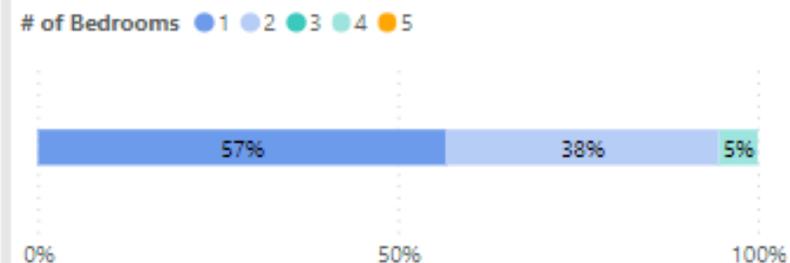
Active Listings by City



Share of Active Listings by Property Type

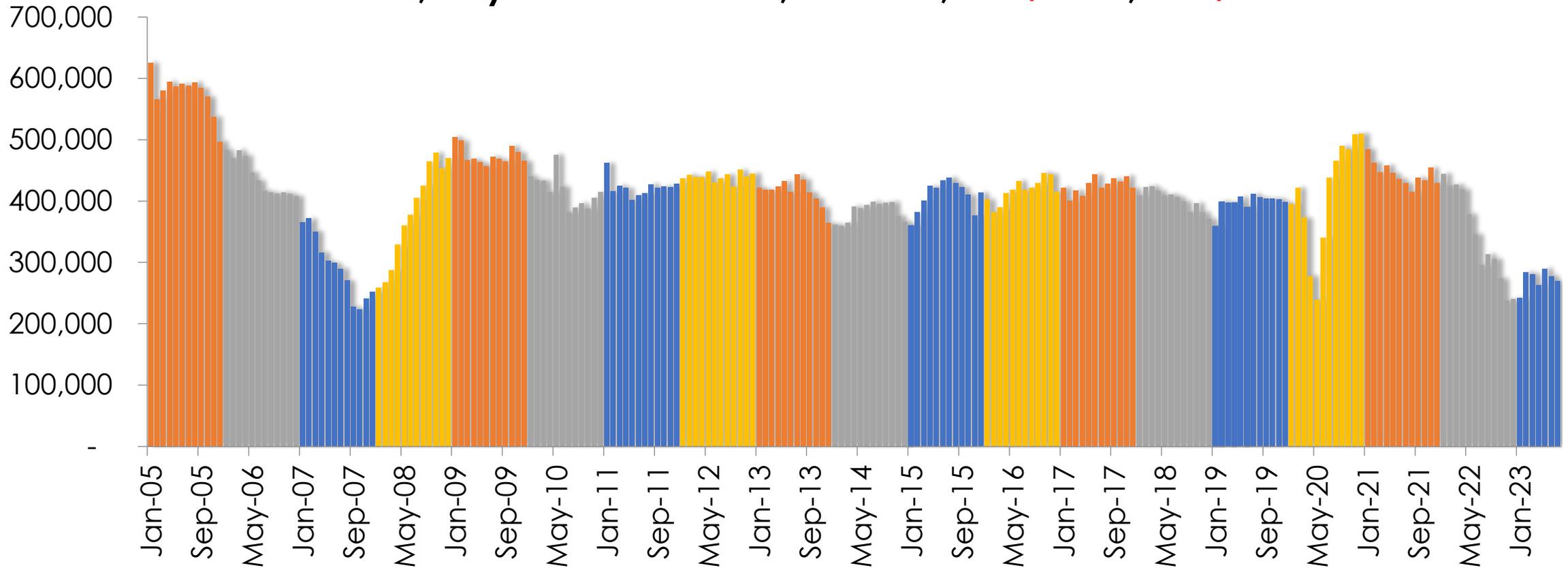


Share of Active Listings by # of Bedrooms



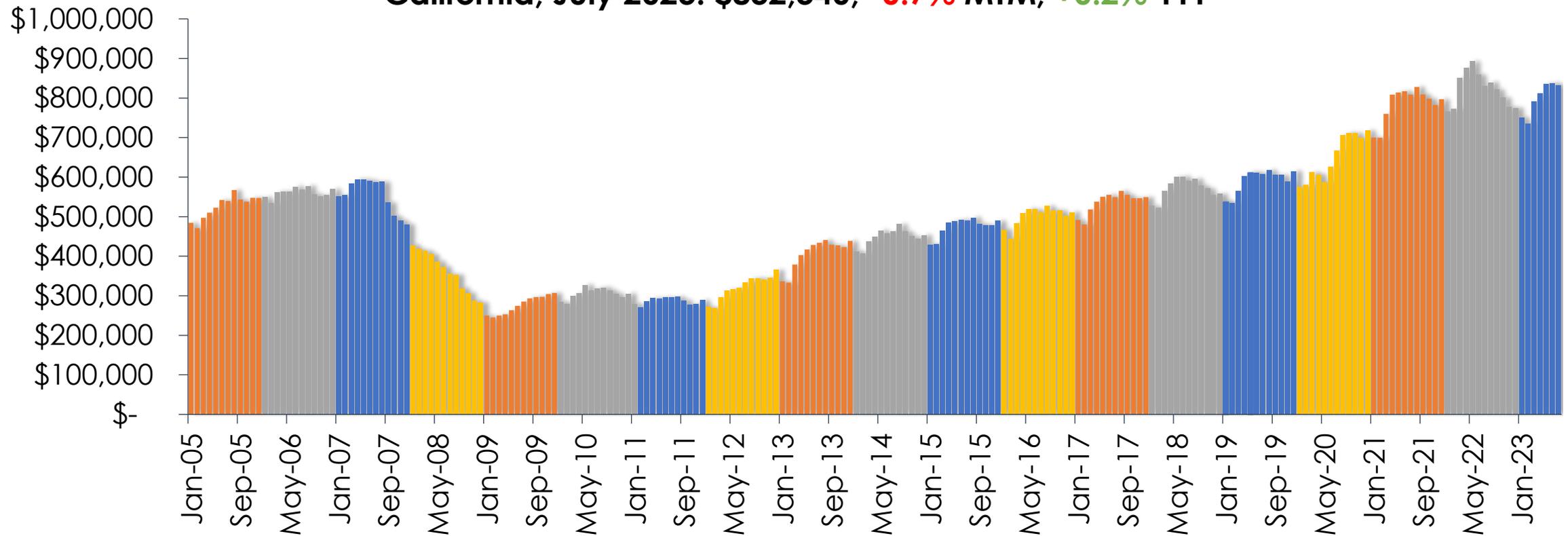
Sales dipped again as mortgage rates remained elevated

California, July 2023 Sales: 269,180 Units, -9.0% YTY, -3.0% MTM

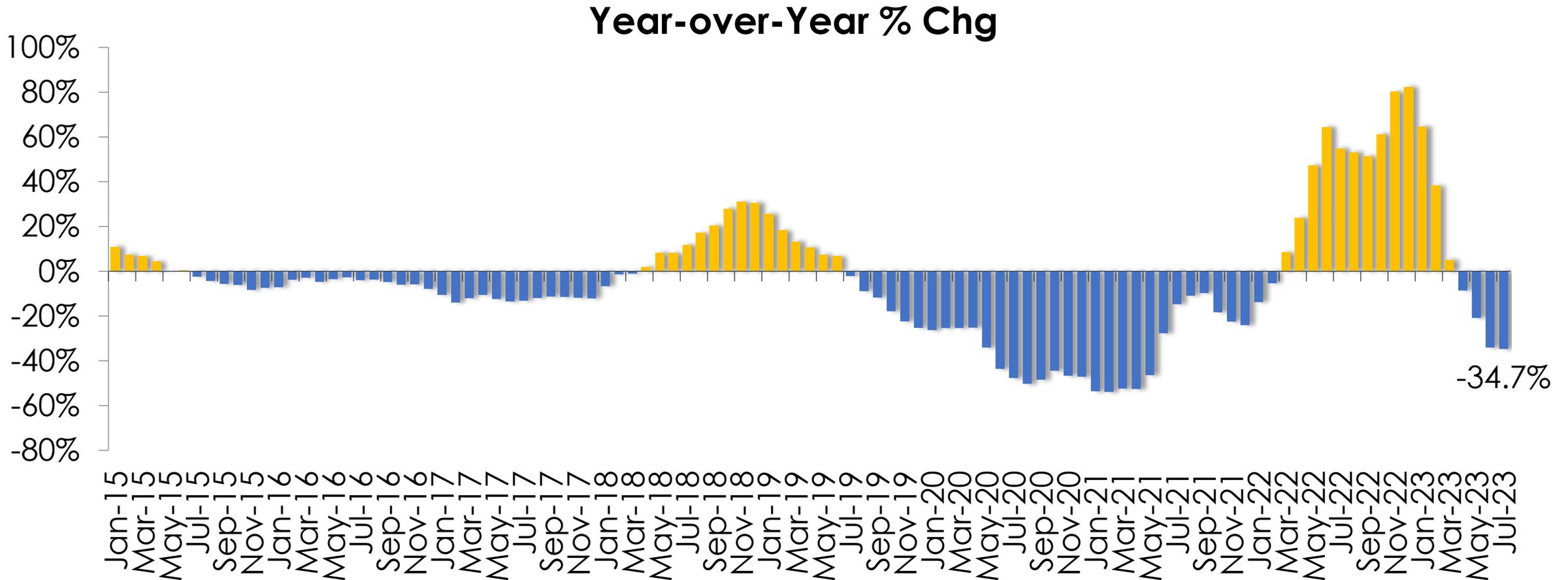


California median home price holds above \$800K for 4th consecutive month

California, July 2023: \$832,340, -0.7% MTM, +0.2% YTY

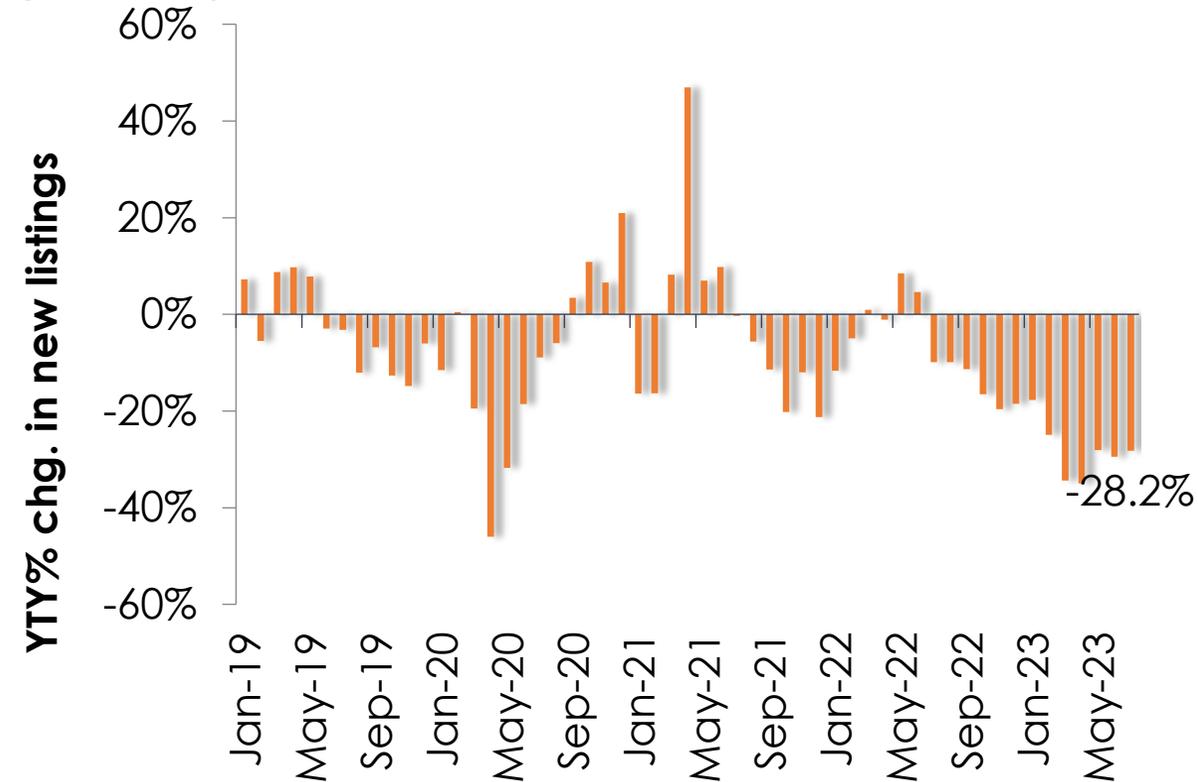
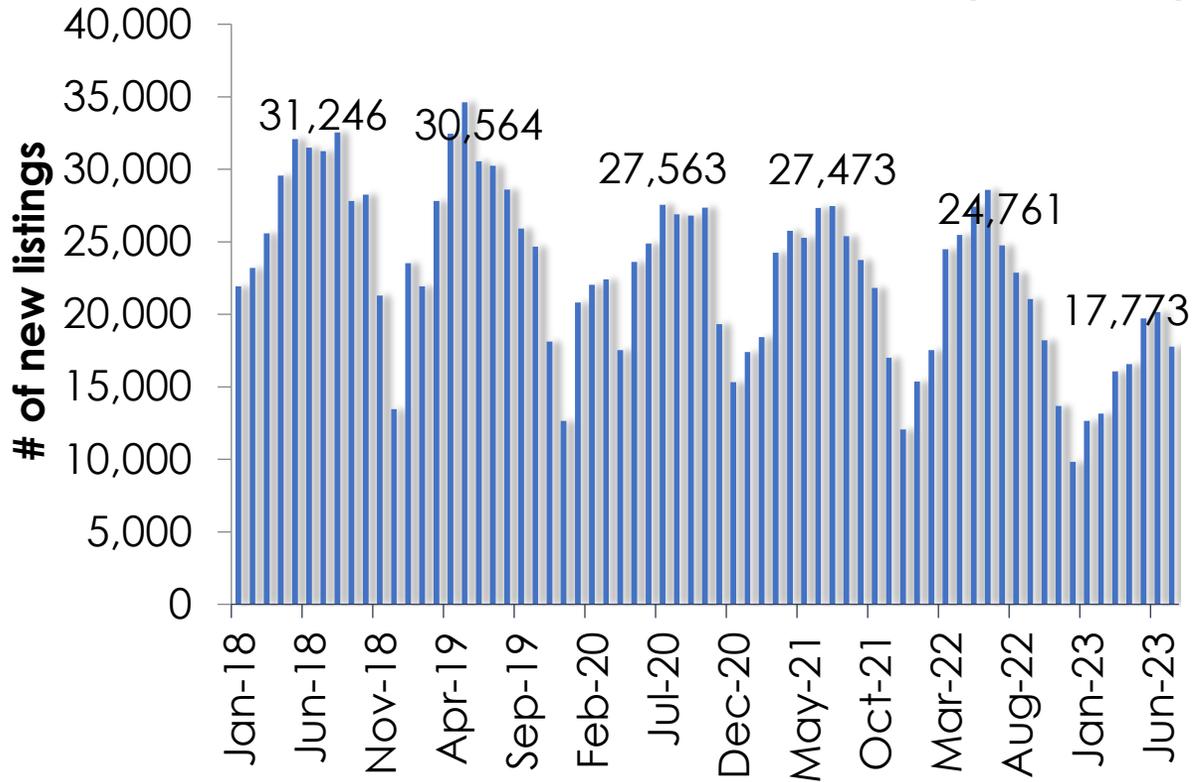


Active listings have the biggest decline since May '21

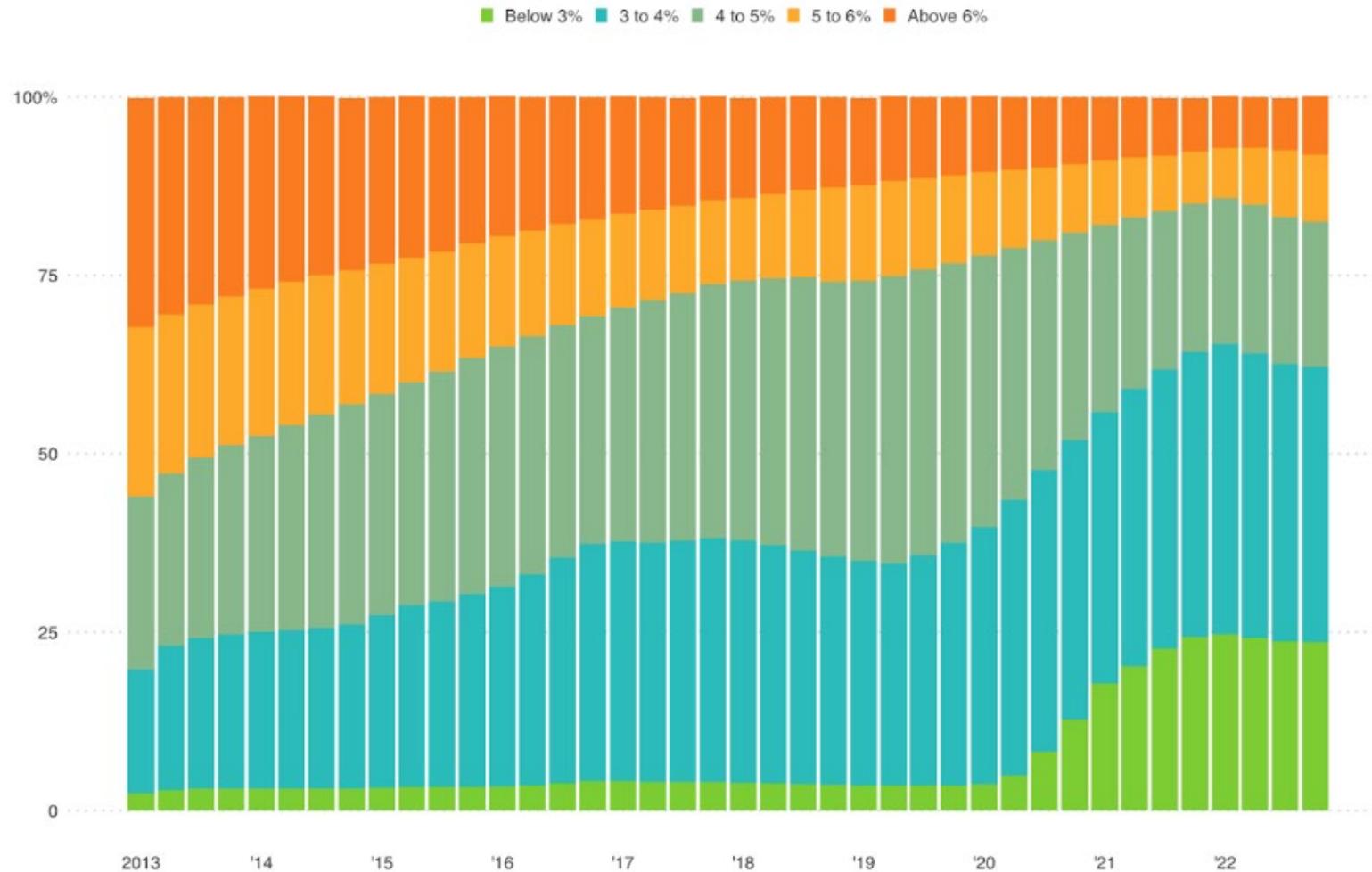


New listings begin to trend down as seasonality kicks in

New Listings (Existing Single-Family Homes)

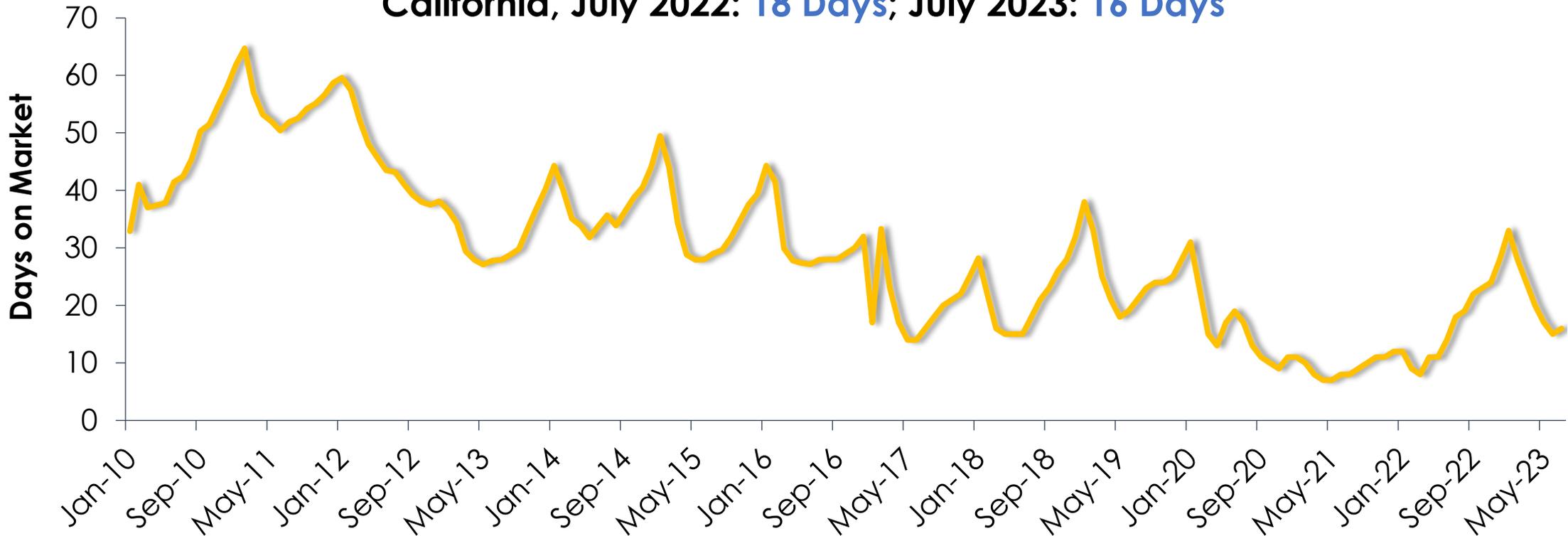


Share of loans outstanding by mortgage rate: Lock-in effect keeps properties from being listed

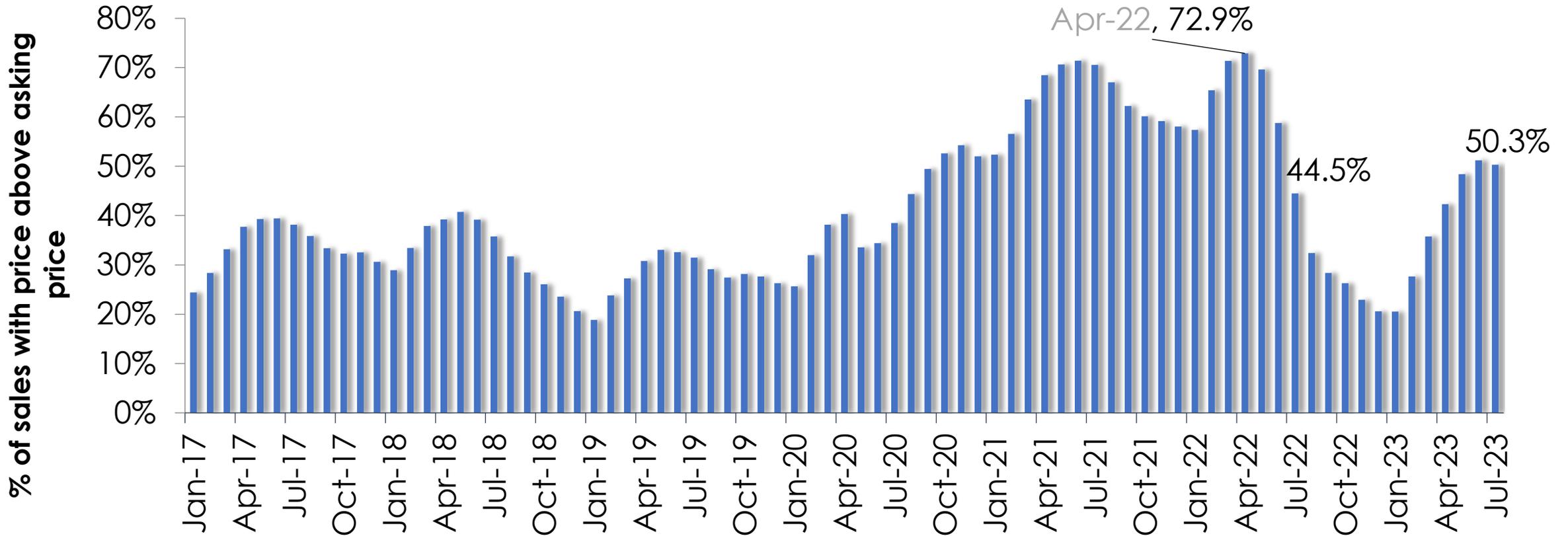


Time on market inched up from last month, but homes still sold faster than last year

California, July 2022: 18 Days; July 2023: 16 Days

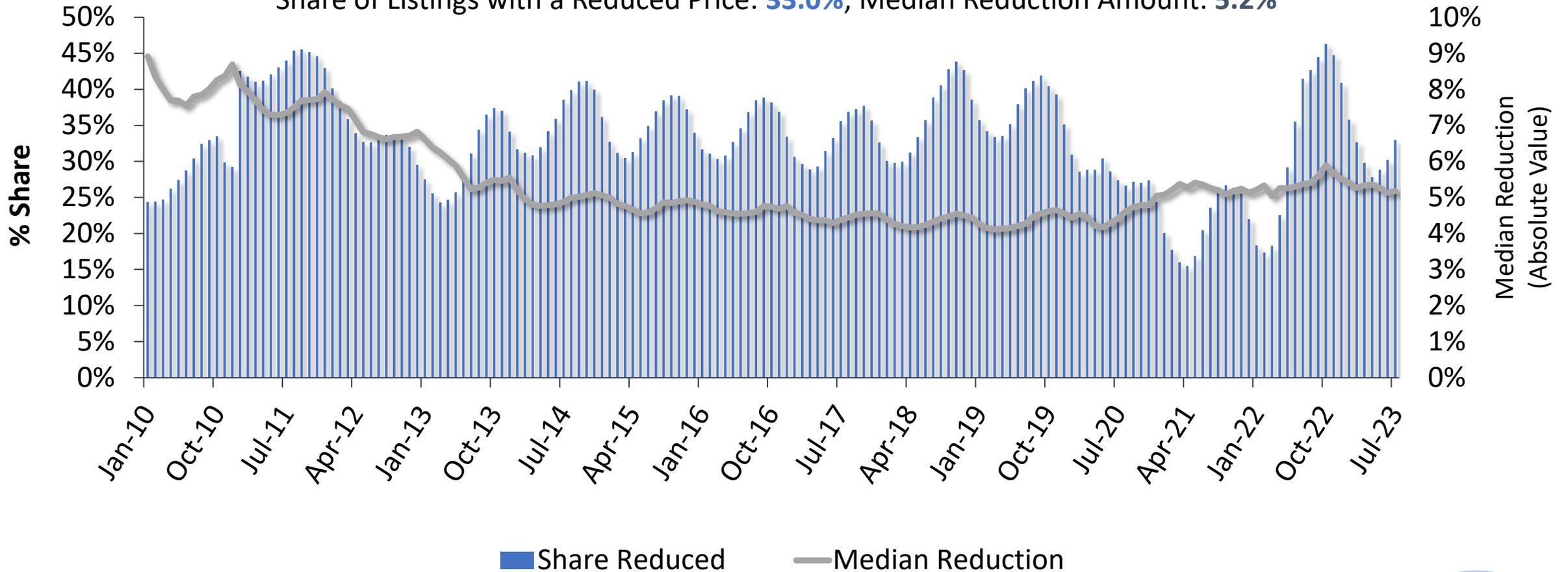


Share of homes sold above asking price dipped but remained above 50% for 2nd consecutive month



Reduced-Price Listings

Share of Listings with a Reduced Price: **33.0%**; Median Reduction Amount: **5.2%**



monthly
market
report
July
2023

Burbank, California

Median Price



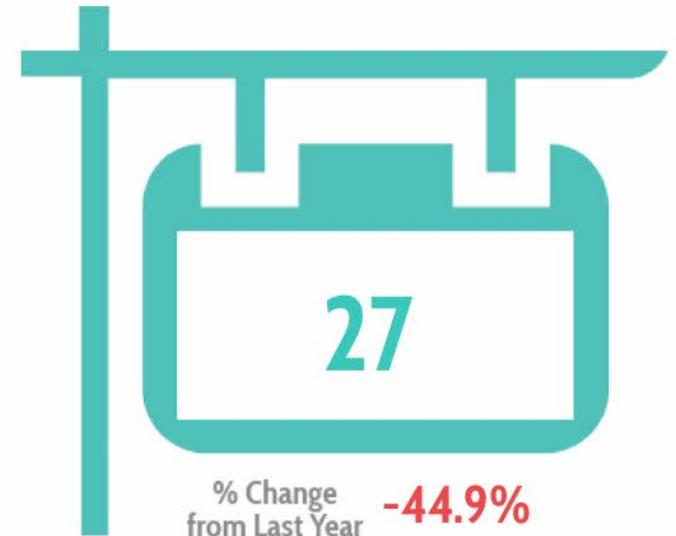
% Change
from Last Year **+13.6%**

Home Sales



% Change
from Last Year **-35.5%**

Active Listings



% Change
from Last Year **-44.9%**

Market Competition

Median
Days on
Market

13

Sales to
List Price %

105.4%

% of Active
Listings with
Reduced Prices

25.9%



monthly
market
report
July
2023

Calabasas, California

Median Price



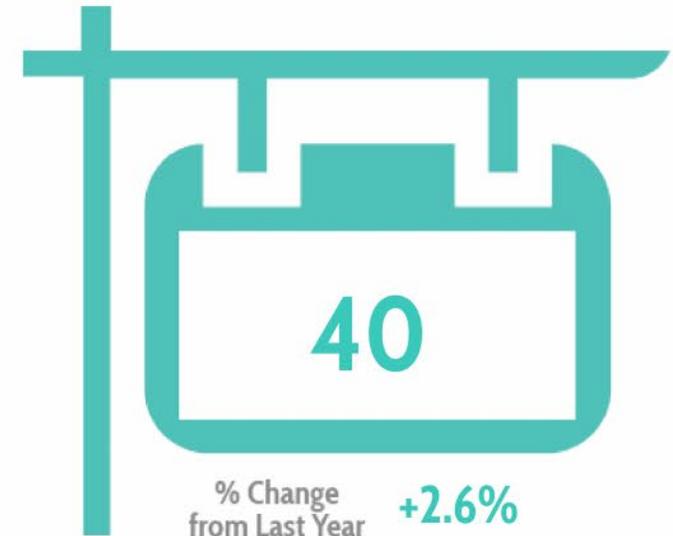
% Change
from Last Year **+31.7%**

Home Sales



% Change
from Last Year **+0.0%**

Active Listings



% Change
from Last Year **+2.6%**

Market Competition

Median
Days on
Market

17

Sales to
List Price %

96.7%

% of Active
Listings with
Reduced Prices

37.5%



monthly
market
report
July
2023

Santa Clarita, California

Median Price



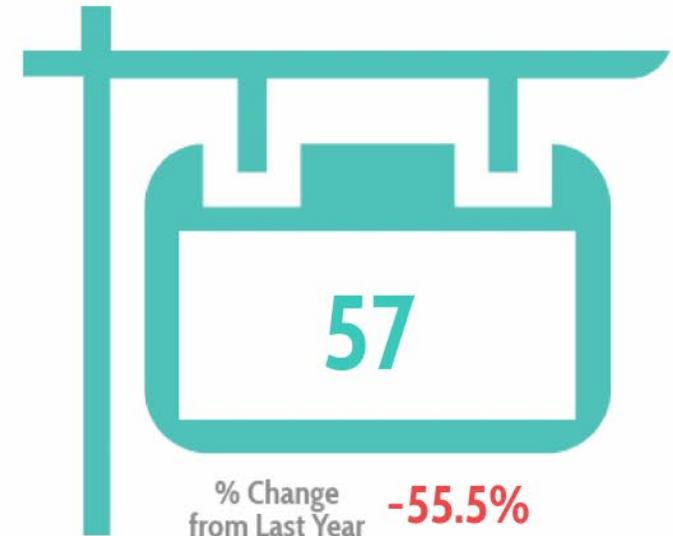
% Change
from Last Year **+4.6%**

Home Sales



% Change
from Last Year **-35.3%**

Active Listings



% Change
from Last Year **-55.5%**

Market Competition

Median
Days on
Market

12

Sales to
List Price %

101.6%

% of Active
Listings with
Reduced Prices

38.6%



monthly
market
report
July
2023

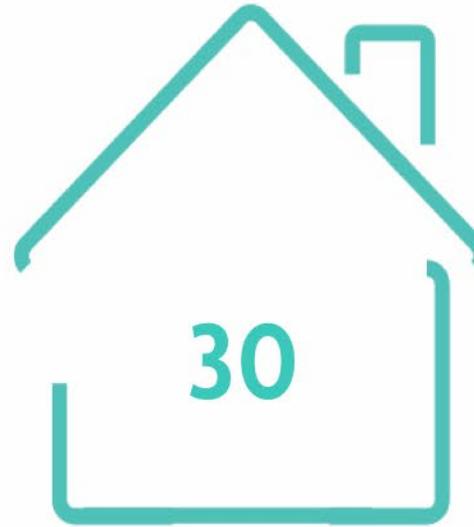
Saugus, California

Median Price



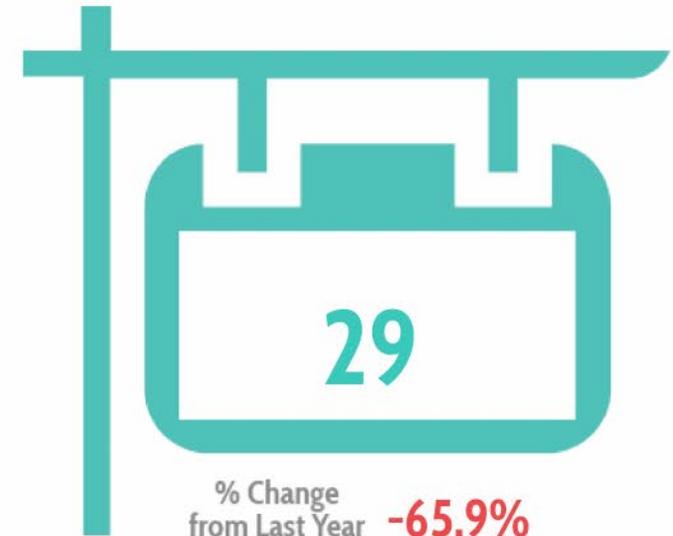
% Change
from Last Year **+6.1%**

Home Sales



% Change
from Last Year **-40.0%**

Active Listings



% Change
from Last Year **-65.9%**

Market Competition

Median
Days on
Market

10

Sales to
List Price %

100.0%

% of Active
Listings with
Reduced Prices

24.1%



monthly
market
report
July
2023

Valencia, California

Median Price



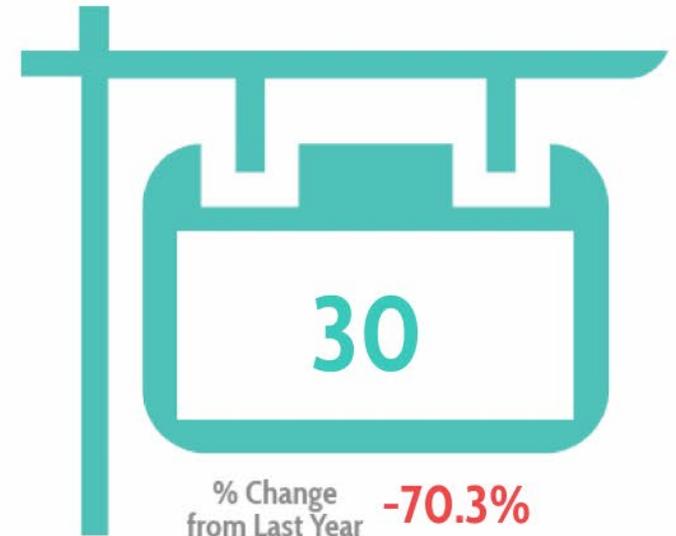
% Change
from Last Year **+0.6%**

Home Sales



% Change
from Last Year **-21.8%**

Active Listings



% Change
from Last Year **-70.3%**

Market Competition

Median
Days on
Market

13

Sales to
List Price %

100.2%

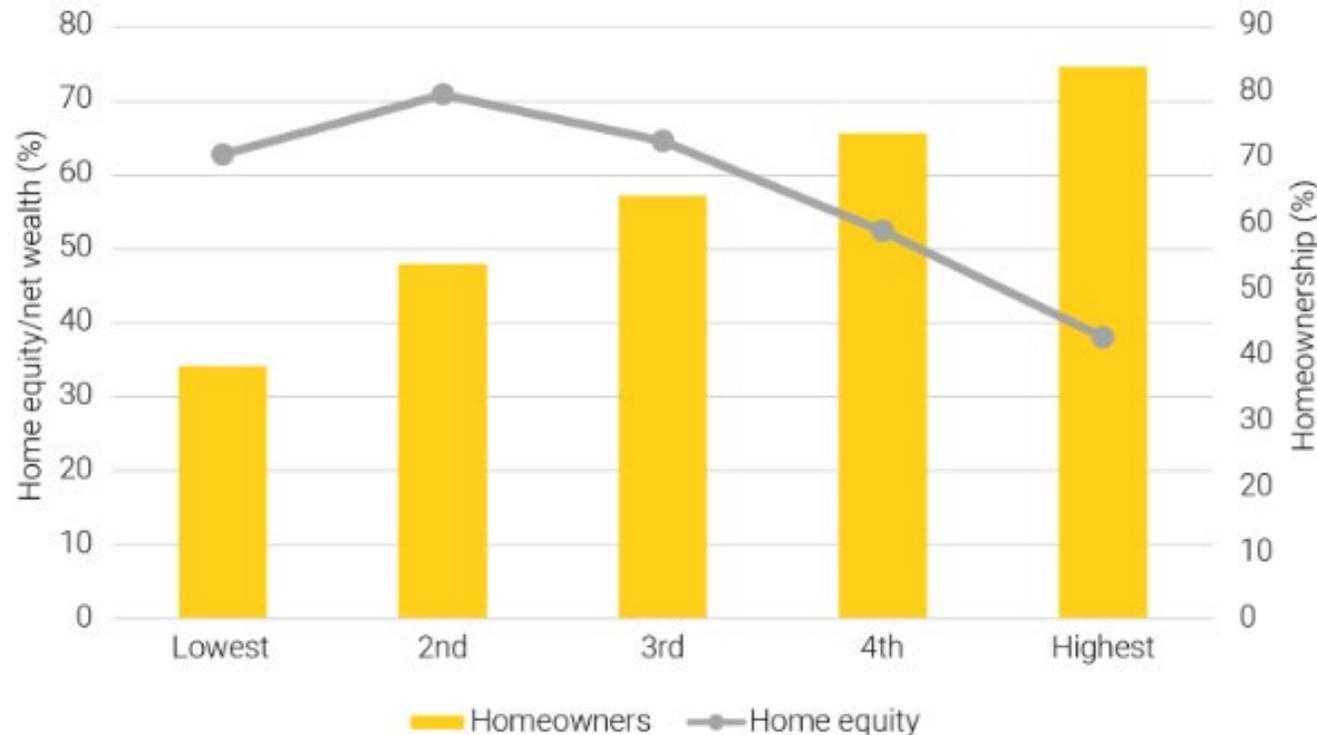
% of Active
Listings with
Reduced Prices

20.0%



Home equity is largest financial asset for middle-income households

Homeownership rates and home equity as % of wealth, by income quintile



Even after the tremendous decline in housing prices and the rising wave of foreclosures that began in 2007, homeownership continues to be a significant source of household wealth and remains particularly important for lower-income and minority households.

Harvard Joint Center for Housing Studies, 2013
Is Homeownership Still an Effective Means of Building Wealth for Low-income and Minority Households? (Was it Ever?)



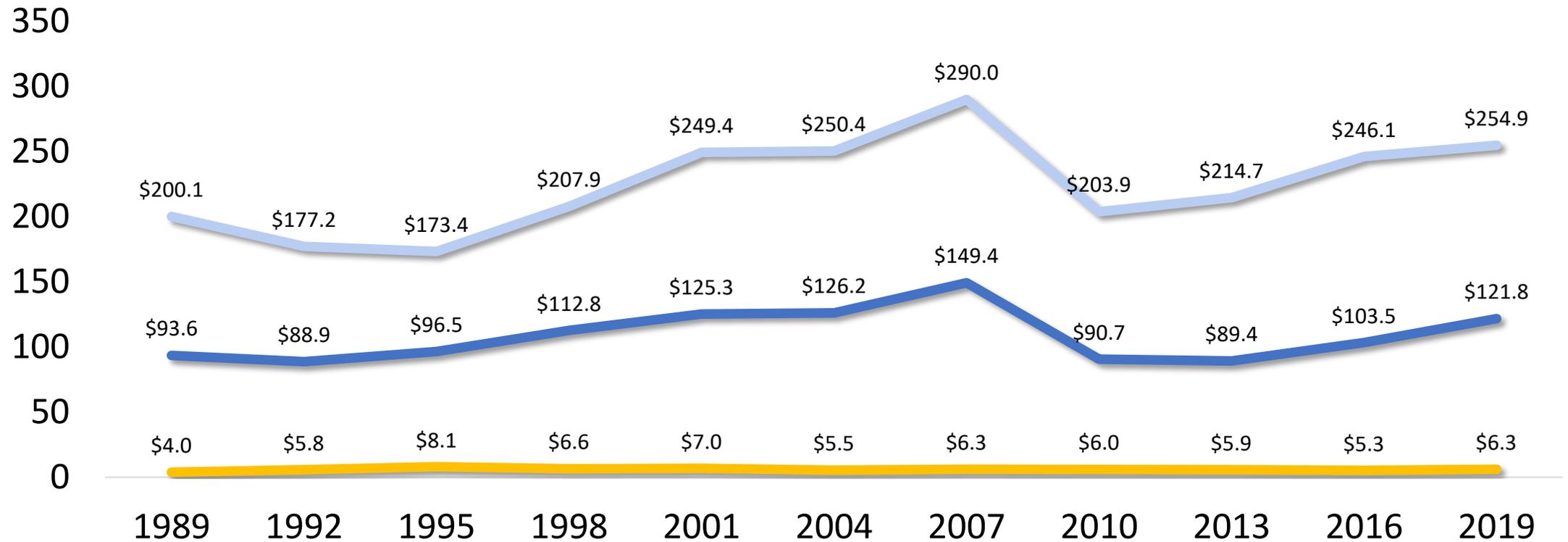
While it may still be the case, as suggested by the simulation studies, that under the right condition's renters would come out ahead of owners, in practice we do not observe these outcomes.

Harvard Joint Center for Housing Studies, 2013
Is Homeownership Still an Effective Means of Building Wealth for Low-income and Minority Households? (Was it Ever?)

The benefits of homeownership are well documented

Real Household Net Worth Per Capita

— All families — Owner — Renter or other

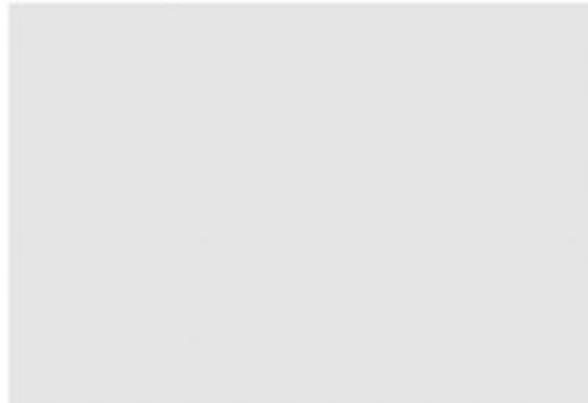


Education



Findings show that homeownership has a significant positive impact on educational achievement.

Children of homeowners tend to have higher levels of achievement in math and reading, and lower drop-out rates.





Homeowners and children of homeowners are generally happier and healthier than non-owners.

The wealth building effect of homeownership and the sense of control it provides to homeowners in a stable housing market positively affect homeowners' mental and physical health.

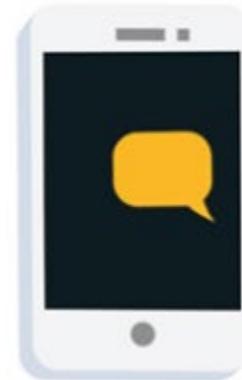


Civic Engagement



Homeowners tend to be more involved in their communities than renters.

Homeowners are likely to participate in local elections, civic groups and neighborhood groups.

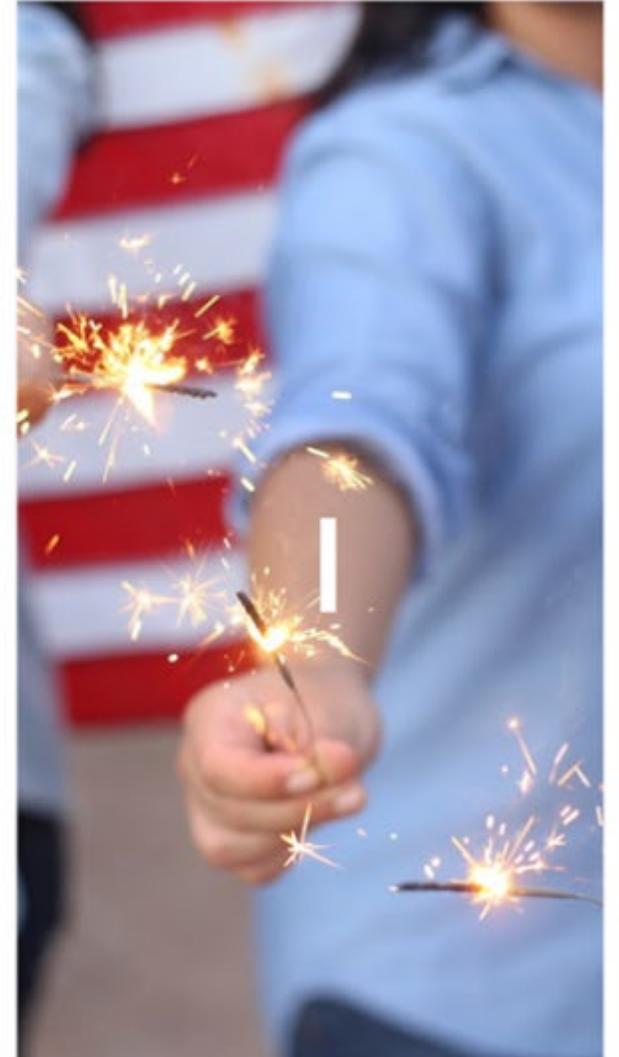


Crime



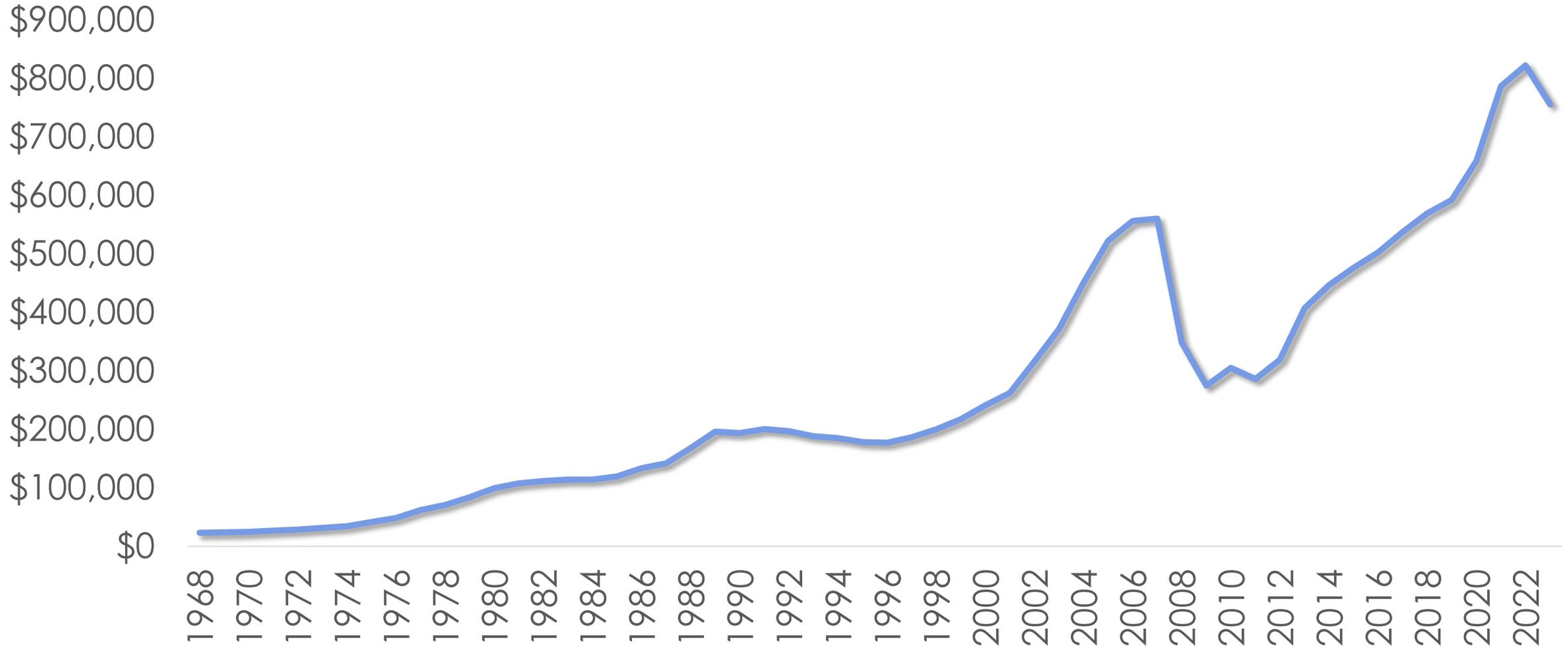
There is a lower crime rate among homeowners and people living in a stable housing environment.

A stable neighborhood, independent of ownership structure, is also likely to reduce crime.



Over the long run, prices in CA only go 1 way

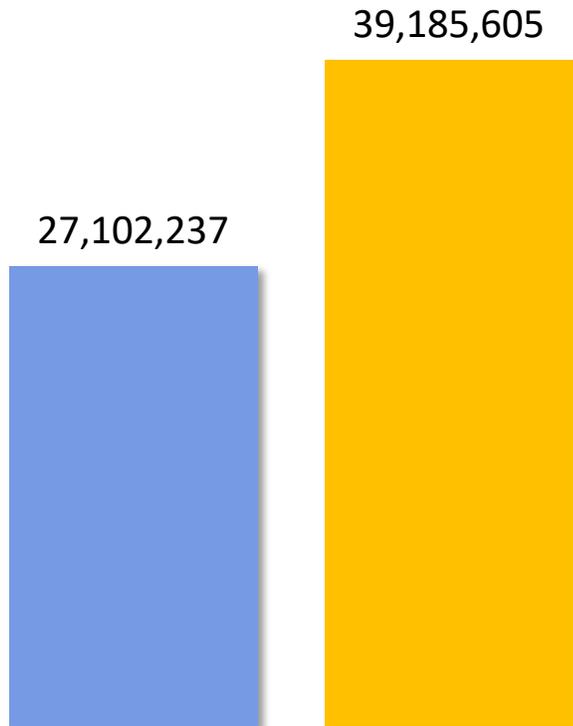
California Existing SFR Median Price



Basic laws of supply and demand ensure that...

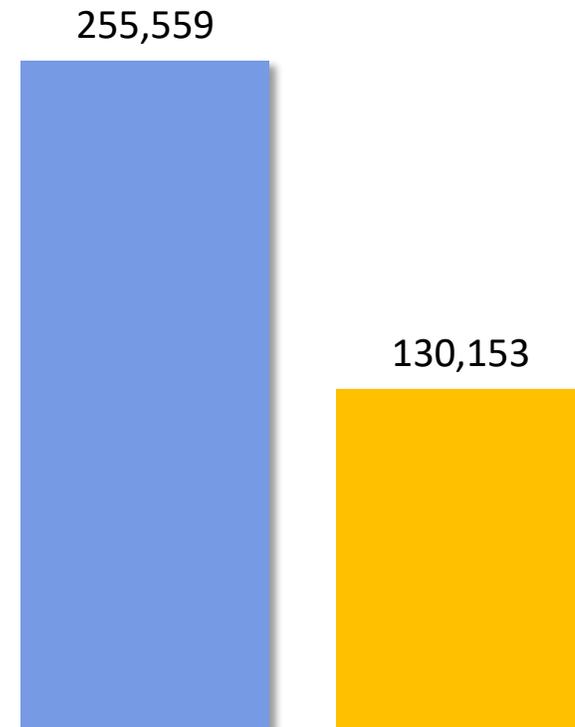
California Population

■ 1986 ■ 2022



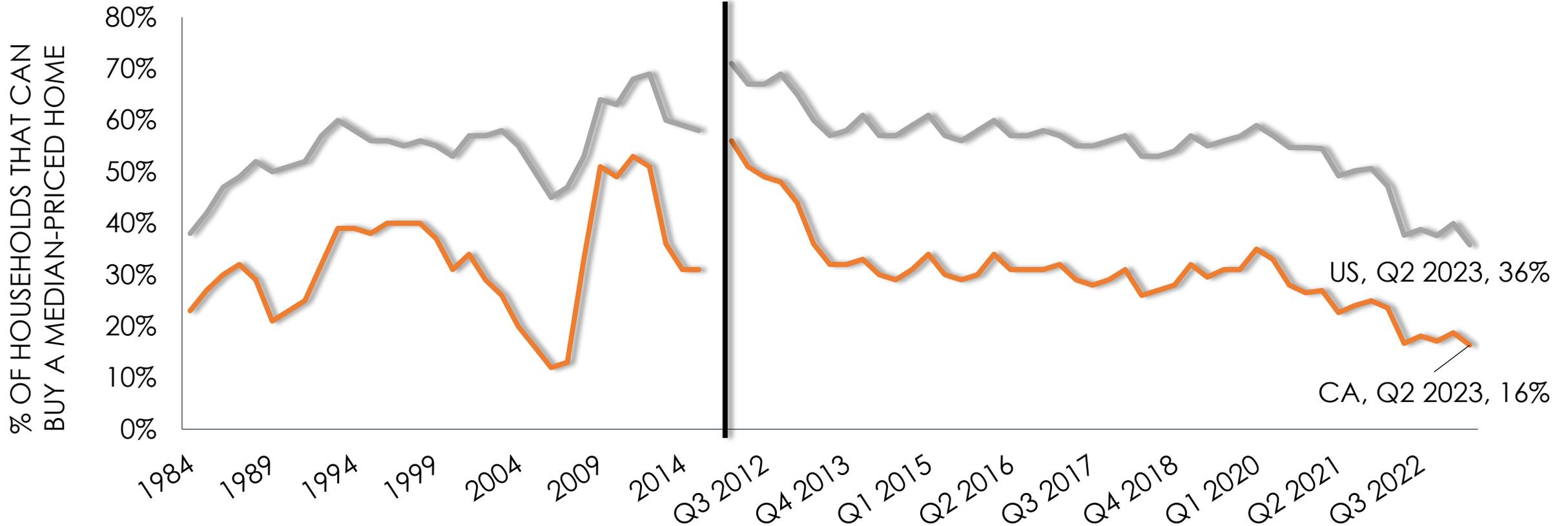
California Permits

■ 1988* ■ 2022



Housing affordability remains near the lowest level since 2007

California, 1984-2023





Stay Up to Date w/Research & Economics Resources

Weekly Market Minute

<https://www.car.org/marketdata/marketminute>

Housing Matters Podcast

<https://www.car.org/marketdata/podcast>

Real Quick Videos

<https://www.car.org/marketdata/realquick>

Purchasing Power Calculator

<https://www.car.org/marketdata/interactive/interestrategyaffordability>



Thank You



Shared Materials - Lending & Down Payment Assistance

Basic Credit Requirements

- **CREDIT SCORES MATTER!**
- Credit is Dynamic
 - Score Changes Possible with Proper Planning
 - Tradelines (or Credit Depth) is an important characteristic to be aware of
 - Possible Removal of Derogatory Credit (if done in advance)
- Credit Hardships & Life Events Can Change the Rules
- Non-Traditional Credit May Help When Lack of History
 - Rental history
 - Insurance payment history
 - Cell phone payment history
 - Child Care payment history

REALTOR® Resource:

Tips for Credit-Challenged Buyers

Help your credit-challenged buyers with the **Stop-Start-Fix** credit improvement system

Stop adding new derogatory credit by bringing past-due balances on open accounts current, avoiding new late payments, and reducing revolving credit card balances.

Start building positive credit by having two to three credit accounts using secured credit cards if necessary, keep the balances low and maintain an on-time payment history.

Fix prior derogatory credit by selectively paying off or settling collection and charged-off account, judgements, and liens *as required by the underwriter*.

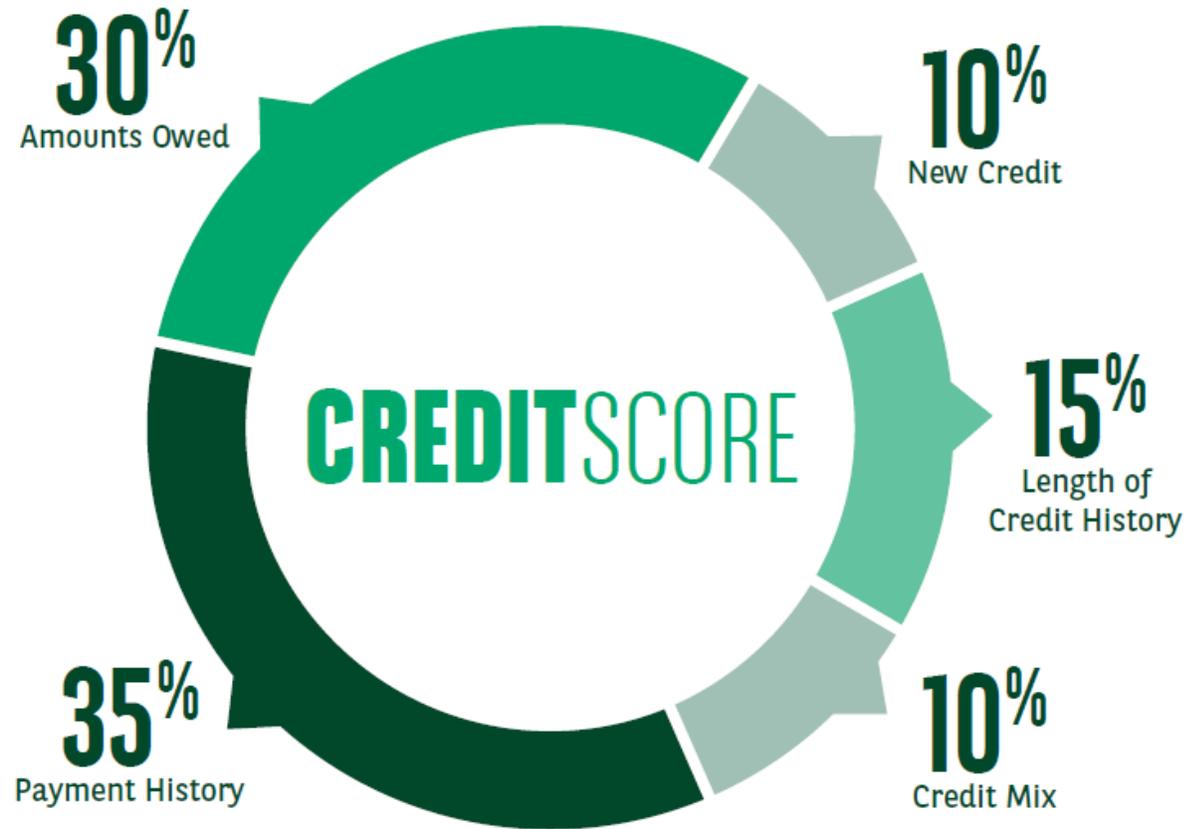
Helpful referral resource: Credit.org is a non-profit organization that offers a wide range of free credit counseling and financial management services

Credit Repair Options

- **If you choose to utilize a Credit Repair Company, please be aware of the following potential Scams:**
 - Company wants payment before they provide service.
 - Company claims they can remove negative credit
 - If it sounds too good to be true, it probably is
- **Consult the following for additional education & resources:**
 - Non-profit housing counseling agencies
 - Local credit unions or banks
 - Local housing authority
 - Consumer protection office
 - Regional HUD office

Credit Building

When trying to Build credit, note that the FICO® score is calculated using data from these 5 categories :



2023 Conforming & High Balance Loan Limits by County for Freddie & Fannie (As of 1/01/2023)

The Federal Housing Finance Agency's (FHFA) announcement to increase the 2023 conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac to **\$726,200** on one-unit properties and a cap of **\$1,089,300** in high-cost areas. The previous loan limits were \$647,200 and \$970,800, respectively. Higher Loan Limits = More Properties Available to Entry Level Buyers

Loan Limit Counties

\$970,800 –	Alameda, Contra Costa, Los Angeles, Marin, Orange San Benito, Santa Clara, Santa Cruz, San Mateo
\$647,200 > < 970,800	San Diego, Ventura, Santa Barbara, San Luis Obispo, Monterey Napa, Sonoma, Yolo, Sacramento, Placer, El Dorado
\$647,200 –	All Remaining Counties for FHLMC/FNMA, FHA are less.

Link to Freddie Mac (FHLMC) / Fannie Mae (FNMA) 2023 Loan Limits

- <https://www.fhfa.gov/DataTools/Tools/Pages/Conforming-Loan-Limit-Map.aspx>

Link to FHA Loan Limits just changed on the 7th of December for 2023 Limits – Conforming \$726,200 max, (for single unit) less in many areas

<https://entp.hud.gov/idapp/html/hicost1.cfm>

REALTOR® Resource: A field guide to identifying “Mortgage-Ready” buyers

Get answers to these questions from your buyers:		Yes	No
1	Do you have income sources that can be documented with current pay checks, bank statements, W2s and tax returns?		
3	Has it been at least two years since you discharged debts in bankruptcy or three years since a home you owned was foreclosed?		
4	Do you have access to down payment money from sources that can be verified and documented?		
5	Do you have at least two or three open credit accounts in good standing?		
6	Are you a US citizen, permanent resident or do you have a current work authorization card?		

If the response to these question is “yes”, send your buyer to your lender partner for pre-approval. If the answer is “no”, send them to a trusted housing or credit counselor referral partner and stay in touch with them as they resolve their issues.



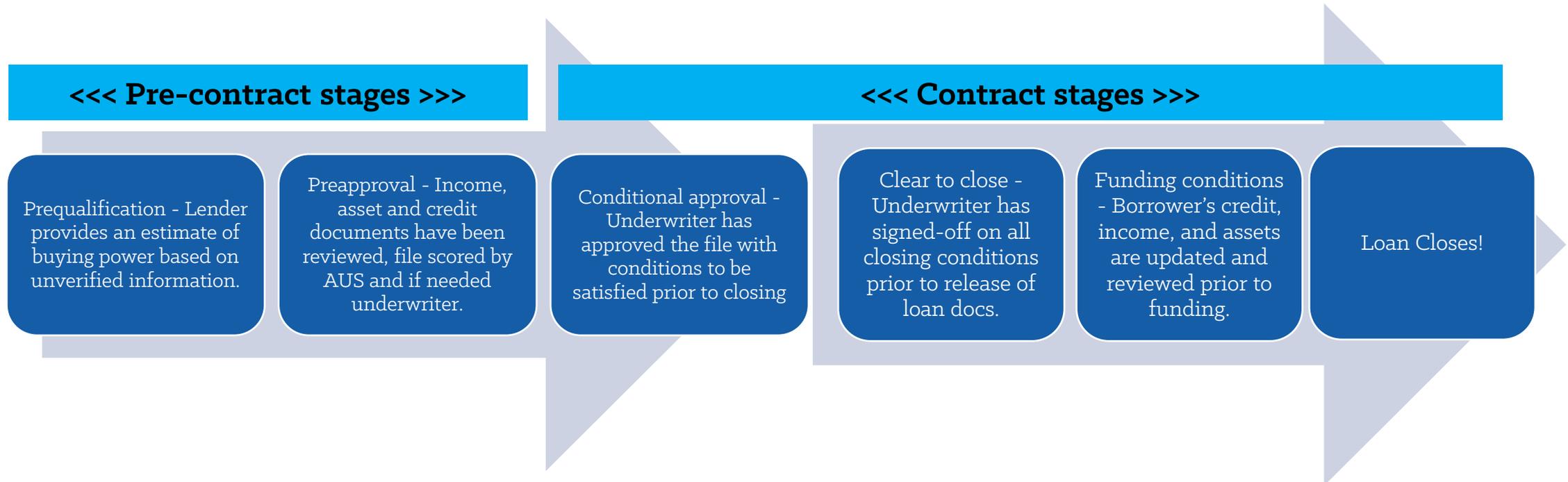
Homebuying Team

- **REALTOR®**
- **Lender w/Appraiser**
- **Housing Inspector**
- **Escrow Officer**
- **Title Insurance Officer**
- Attorney
- Surveyor
- **Insurance Agent**
- **Housing Counselor**

What Constitutes a Valid Loan Application?

1. Name
2. Income
3. Social Security Number
4. Property Address or (TBD)
5. Estimated Value of Property
6. Mortgage Loan Amount Sought
 - Once these 6 items of information are submitted, Lender MUST supply a Loan Estimate (LE) within 3 business days.

Loan Approval and Closing Steps



Remember, loan approval is a dynamic, ongoing process that takes place up to and including the closing date! Help your buyer stay mortgage-ready through the entire process!

Programs

Lending Terms /Abbreviations

- **AUS – Automated Underwriting System**
- **LPA – Loan Prospect Advisor (previously – Loan Prospector LP) (Freddie)**
- **DU – Desktop Underwriter (Fannie)**
- **GUS – Government Underwriting System**
- **FICO – Fair Isaac Company (Loan Scoring Model Used By a Majority of Lenders / Investors)**
- **DPA – Down Payment Assistance**
- **MI – Mortgage Insurance**
 - **UFMIP - Up-Front Mortgage Insurance (FHA Loans)**
 - **MMI – Monthly Mortgage Insurance (FHA Loans)**
 - **PMI – Private Mortgage Insurance (Conventional Loans) - LPMI – Lender Paid Mortgage Insurance**
- **OO - Owner Occupied Borrower / Co-Borrower**
- **NOO – Non-Owner-Occupied Borrower / Co-Borrower**
- **FTHB – First Time Home Buyer**
- **CalHFA – California Housing Finance Agency**
- **GSFA – Golden State Finance Authority (Platinum)**
- **Flipping – Selling within 3 months, with large value increase, may trigger Lender RED Flags**
- **Calculations**
 - **DTI – Debt to Income LTV – Loan to Value and Combined Loan to Value (CLTV)**
 - **PITIA w/MI – Principal, Interest, Taxes, (Hazard) Insurance, Association Fees, and Mortgage Insurance**

Key Elements Changing on New RPA Lender Limits Relating to Seller Credits

FHLMC:

Maximum Interested Party Financing Concessions Updated – 10-28-21

Financing Concessions: Financing concessions are funds that originate from an interested party to the transaction that are used to:–Reduce permanently the interest rate on the Mortgage–Fund a buydown plan to temporarily subsidize the Borrower’s monthly payment on the Mortgage–Make contributions in any way related to the Borrower’s Closing Costs, including up to twelve (12) months of HOA dues

Fannie Mae (FNMA)

Occupancy	LTV/TLTV > 90%	LTV/TLTV 75.01 – 90%	LTV/TLTV ≤ 75%
Primary Residences & Second Homes	3%	6%	9%
Investment Properties	2%	2%	2%

Freddie Mac (FHLMC)

Occupancy	LTV/TLTV > 90%	LTV/TLTV 75.01 – 90%	LTV/TLTV ≤ 75%
Primary Residences & Second Homes	3%	6%	9%
Investment Properties	2%	2%	2%

VA: (note that VA is the only one that allows seller to payoff borrowers credit balances)

FHA:

Interested Party Contributions	
	<ul style="list-style-type: none"> ➤ Interested parties refer to Sellers, Real Estate Agents, Builders, Developers or other parties with an interest in the transaction. ➤ Interested Party Contribution refers to a payment by an Interest Party, or combination of parties, toward the Borrower’s origination fees, other closing costs and discount points. ➤ Interested Parties may contribute up to 6% of the lesser of the property’s sales price or appraised value towards the buyer’s closing costs, prepaid expenses, discount points and other financing concessions. ➤ The 6% limit also includes; <ul style="list-style-type: none"> » Interested Party payment for permanent or temporary interest rate buydowns and other payment supplements, » Payments of mortgage interest for fixed rate mortgages, » Mortgage payment protection insurance; and, » Payment of UFMIP. ➤ Interested Party Contributions that exceed actual origination fees, other closing costs and discount points are considered an inducement to purchase. ➤ Interested Party Contributions exceeding six (6%) percent are considered an inducement to purchase. ➤ Interested Party Contributions may not be used for the Borrower’s MRI. ➤ Payment of real estate commissions or fees, typically paid by the seller under local or state law or local custom, is not considered an Interested Party Contribution. ➤ HBFS must document the total Interested Party Contributions on Form HUD-92900-LT, Settlement Statement or similar legal documentation, and the sales contract.

Seller Contributions	
	<ul style="list-style-type: none"> » For the purpose of this topic, a seller concession is anything of value added to the transaction by the builder or seller for which the buyer pays nothing additional and which the seller is not customarily expected or required to pay or provide. » Seller concession include; but are not limited to, the following; <ul style="list-style-type: none"> – Payment of buyer’s VA funding fee, – Prepayment of the buyer’s property taxes and insurance, – Gifts such as a television set or microwave oven, – Payment of extra points to provide permanent interest rate buydowns, – Provision of escrowed funds to provide temporary interest rate buydowns; and, – Payoff of credit balances or judgments on behalf of the buyer. » Seller concessions do not include payment of the buyer’s closing costs or payment of points as appropriate to the market. Example: If the market dictates an interest rate of 7½% with 2 discount points, the seller’s payment of 2 discount points would not be a seller concession. If the seller paid 5 discount points, 3 of these would be considered as a seller concession. » The problem – In some localities, builders or sellers offer concessions as a competitive tool. In extreme cases, the concessions may entice unwary and unqualified veterans into home mortgages they cannot afford. The concessions may disguise the Veteran’s inability to qualify for the loan. » Four Percent (4%) Limit <ul style="list-style-type: none"> – Any seller concession in combination of concessions which exceeds four percent (4%) or the established reasonable value of the property is considered excessive and unacceptable for VA-guaranteed loans. – Do not include normal discount points and payment of the buyer’s closing costs in total concession for determining whether concession exceed the four percent (4%) limit.



Calculating a Temporary Buydown

The most common question in Lending was asking about How the 2/1 buy down works.

Here is how a 2/1 temporary buy down work. 3/1 is also available.

Example: 2/1 buy down

Purchase	\$650,000
3% down	<u>\$ 19,500</u>
Loan Amount	\$630,500
Interest rate	6.25%

P & I \$3,882

Buy down 4.25%

P & I \$3,101 - \$3,882 = \$781 x 12 = \$9,372

2nd yr. 5.25%

P & I \$3,481 - \$3,882 = \$401 x 12 = \$4,812

Total seller concession is \$14,184, which is = to 2.18 points in this example.

The \$14,184 goes into an escrow account and that pays for the reduction in payments for year one & two.

QUESTIONS?

Pillars of Qualifying – 4 C's

- **Credit**
 - Score, Tradelines, Depth
 - Derogatory Items (collections, charge offs, judgements, BK, Foreclosure)
- **Capital**
 - Checking, Savings, Retirement, Gifts
- **Capacity**
 - Wages, Self Employment, Rental Income
 - Social Security, Disability, Pension
 - Asset Depletion
- **Collateral**
 - Value/Price, Property Condition, Occupancy

Qualified Mortgage (QM) Loans

- Government Loans
 - FHA – 3.5% down
 - VA – 0% down
 - USDA – 0% down
- Conventional Loans
 - Conforming Loans (Fannie Mae & Freddie Mac)
 - Low Down Payment Loans (3% & 5% Down)
 - Fannie Mae Home Ready
 - Freddie Mac Home Possible & Home One
 - Down Payment Assistance 1st TD Loans – Backed by State & Local Housing Finance Groups (w/CalHFA & GSFA 2nd TD's)
- High Balance & Jumbo Loans

Qualified Mortgage (QM) Loans - Guidelines

FHA Loan

- Designed for Purchase only on primary residence
- Max LTV 96.5% Value
- FICO – Minimum 580
- DTI – Maximum 56%
- Income: W-2 or Self-Employed, No Less than 2 Years
- Down Payment Sources: Savings, Gifts from Family Member, Non-Profit or Employer
- Max Loan Limit: \$970,800 Varies by Each County Limit
- Property Condition: FHA guideline must be met. No health & safety issues
- Owner Occupied (Non- occupied Co-Borrower allowed)
- General Notes
 - Property Types 1 -4 units, FHA Approved Condos, Mixed Use, Manufactured
 - No Cash-Out Possible

Qualified Mortgage (QM) Loans - Guidelines

FHA High Balance with CalHFA DPA

- Purchase only, must be a first-time home buyer or have not owned a property in over 3 years
- FHA max LTV 96.5% with CLTV 105%
- FICO – minimum 660, DTI – max 45%
- High balance fee on FHA ranges from .352% to 1.302%
- Income limits varies by each county
- No maximum sales price
- 2023 max loan limits: low-cost areas \$472,030 & high-cost areas \$1,089,300 varies by each county

Qualified Mortgage (QM) Loans - Guidelines

USDA Loan

- 100% financing, borrowers without savings or who wish to retain their savings qualify
- Generous income limits based on 115% AMI and deductions are available for dependents, daycare, elderly households, etc. to help qualify
- Minimum credit score 580 and max DTI 41%
- No max loan amount or purchase price
- No cash contribution or cash reserves required
- Primary residence only and not limited to first-time homebuyers
- Properties are typically in rural areas
- Must be property eligible: <http://eligibility.sc.egov.usda.gov>
- Income limits search: <http://eligibility.sc.egov.usda.gov>

Qualified Mortgage (QM) Loans – Guidelines VA Loans

- Purchase or Refinance
- Max LTV 100%
- FICO – Minimum 580 up to \$726,200; 620 up to \$1.2 million; 680 up to \$2.0 mil. ; 720 up to \$3.0 mil. and finally, 760+ up to \$5.0 million.
- DTI – Maximum 45% or per AUS / DU with Acceptable Reserves (really based on Residual Income)
- Income: W-2 or Self-Employed, No Less than 2 Years
- Down Payment Sources: Savings, Gifts from Family Member, Non-Profit or Employer
- Max Loan Limit: Conforming Limit @100%LTV; \$1,500,000 Max; 25% DP Over Conforming limits
- Property Condition: VA appraisal guidelines
- Owner Occupied Only
- General Notes
 - Property Types 1 -4 units, PUDs, VA Approved Condos
 - No Cash-Out Possible

Qualified Mortgage (QM) Loans – Guidelines FHA 203K Loan

- Designed for Purchase or Refinance and Renovation of Older, Distressed or Homes in Need of Cosmetic Repairs.
- Purchase or Refinance
- Max LTV 96.5% purchase and 97.75% no cash out refinance/80% cash out refinance
- FICO – Minimum 580
- DTI – Maximum 56.9% or per AUS / DU Findings
- Income: W-2 or Self-Employed, No Less than 2 Years
- Down Payment Sources: Savings, Gifts from Family Member, Non-Profit or Employer
- Max Loan Limit: Varies by Each County Limit
- Property Condition: Below Average or in Poor (No Structural Damage)
- Owner Occupied Only (Non-occupied Co-Borrower, okay)
- General Notes
 - No Minimum Repair Budget with a 35k Maximum Including Soft Costs
 - Property Types 1 -4 units, FHA Approved Condos, Mixed Use, Manufactured
 - Loan based on LTV of Value at Completion
 - 6 months Max Renovation Period
 - No Cash-Out Possible

Qualified Mortgage (QM) Loans - Guidelines

FHA Loan with DPA

- Designed for Purchase only on primary residence
- Max LTV 96.5% Value
- FICO – Minimum 660 Cal HFA / 640 GSFA
- DTI – Maximum 45% Cal HFA & GSFA, rises to 50% if Credit score > 700
- Income: W-2 or Self-Employed, No Less than 2 Years
- Down Payment Sources: Savings, Gifts from Family Member, Non-Profit or Employer
- Max Loan Limit: \$970,800 Varies by Each County Limit
- Property Condition: FHA guideline must be met. No health & safety issues
- Owner Occupied Only (Non- occupied Co-Borrower not allowed)
- General Notes
 - Property Types 1 -4 units, FHA Approved Condos, Mixed Use, Manufactured
 - No Cash-Out Possible

Qualified Mortgage (QM) Loans – Guidelines Fannie Mae HomeReady

- FNMA HomeReady is designed for creditworthy, low to moderate income borrowers with expanded eligibility in designated low-income communities
- 1 unit 97% LTV purchase and limited cash out refinance
- Primary residence only
- Total annual qualifying income may not exceed 80% of the AMI for the property's location
- 25% MI coverage for LTV's 90.01 – 97%
- No income limits in low-income census tracts, defined as those census tracts where the median tract income is no greater than 80% AMI
- » FNMA Income Limits: <https://homeready-eligibility.fanniemae.com/homeready/>

NOTE: Homeownership education & housing counseling is required

Qualified Mortgage (QM) Loans – Guidelines Freddie Mac Home Possible

- Freddie Mac's Home Possible mortgage offer outstanding flexibility and options to meet variety of borrower's needs in low- and moderate-income borrowers looking for low down payments and flexible source of funds
- Primary Residence only
- At Conforming loan limit 1 unit 97% LTV and Duplexes 95% LTV with reduced coverage on Mortgage Insurance
- Purchase and no cash out refinance transactions
- Super conforming Max LTV 1 unit 95% LTV, 2 unit 85% LTV, 3-4-unit 80%LTV
- Non-occupying co-borrowers are permitted at 95% LTV
- The borrower(s) must meet income limits. Loan Product Advisor (LPA) will determine the income eligibility of the Mortgage and will indicate the eligibility in its findings.
 - To determine whether the Borrower's income exceeds the income limits, HBFS must rely on the income used to qualify the borrower and submitted to LPA.
 - There is no income limit if the Mortgaged Premises is located in an underserved area or properties located in federally declared disaster areas.

NOTE: First time homebuyers requires at least one qualifying borrower must participate in homeownership education program

Qualified Mortgage (QM) Loans – Guidelines Freddie Mac – Home One

- Home-One offers low down payment options with no specific income or geographic restrictions unlike those needed for Home Possible
- 1-unit Primary Residences Only (MFC Home & non-occupying co-borrowers not allowed)
- Up to 97% LTV/CLTV (CLTV can go up to 105% with affordable second)
- Purchase and no cash out refinances available
- MI standard rates LTV > 95% requires 35% coverage (LPMI is acceptable)
- Fixed rate only
- LPA accept only not manual UW allowed

Qualified Mortgage (QM) Loans - Guidelines

Freddie Mac with GSFA DPA

- Purchase or Refinance GSE's Government Sponsored Enterprises Provide a Secondary Market in Home Mortgage, The GSEs Purchase Mortgages from the Lender that Originates them.
- Max LTV 97% Value
- FICO – Minimum 640
- DTI – Maximum 45%
- Income: W-2 or Self-Employed, No Less than 2 Years (Full Documentation, Pay Stubs, etc.)
- Down Payment Sources: Savings, Gifts from Family Member, Non-Profit or Employer
- Max Loan Limit: \$647,200 max
- Property Condition: C₄ Appraiser Condition Rating or Better (C₁-C₄)
- Occupancy can be as Primary Residence, 2nd Home, and Investment Property
- General Notes
 - Fannie Mae (FNMA) & Freddie Mac (FHLMC) are the GSE's that make up our (Conforming & High Balance) Secondary Market.
 - Follow-up with Lender for More Specific Details

Qualified Mortgage (QM) Loans – Guidelines High Balance GSE

- Purchase or Refinance GSE's Government Sponsored Enterprises Provide a Secondary Market in Home Mortgage, The GSEs Purchase Mortgages from the Lender that Originates Them with Balances Over the Conforming Loan Limits
- Max LTV 95% Value
- FICO – Minimum 620 or per AUS
- DTI – Maximum 50% or per AUS / DU or LPA Findings
- Income: W-2 or Self-Employed, No Less than 2 Years (Full Documentation, Pay Stubs, etc.)
- Down Payment Sources: Savings, Gifts from Family Member, Non-Profit or Employer
- 2023 Max Loan Limit: Conforming \$726,200 & High Balance \$1,089,300, Varies by Each County Limit
- Property Condition: C4 Appraiser Condition Rating or Better (C1-C4)
- Occupancy can be as Primary Residence, 2nd Home, and Investment Property
- General Notes
 - Fannie Mae (FNMA) & Freddie Mac (FHLMC) are the GSE's that make up our (Conforming & High Balance) Secondary Market.
 - Follow-up with Lender for More Specific Details

Qualified Mortgage (QM) Loans - Guidelines Conventional High Balance with CalHFA DPA

- Purchase only, must be a first-time home buyer or have not owned a property in over 3 years
- Conventional max LTV 95% with CLTV 105%
- FICO – minimum 680, DTI – max 45%
- High balance fee on conventional ranges from 1.439% to 3.084%
- Income limits varies by each county and no maximum sales price
- 2023 max loan limits: conforming \$726,200 & high balance \$1,089,300 varies by each county

Qualified Mortgage (QM) Loans – Guidelines Jumbo Program

- Up to 89.9% LTV Jumbo loan w/no MI will provide loans to \$1.5m Purch only-W-2 Wage Earner only
- 1-unit primary residence purchase only
- 30 – year fixed rate only
- Min loan amount is \$1.00 more than current conforming/high balance limit set by FHFA
- Mortgage insurance is not required
- Subordinate financing and gift funds not allowed
- Escrow/impound account and residual income required
- Reserves requirements: <\$1,500,000 – 12mos PITIA; > \$1,500,000 – 24 mos. PITIA
- First time homebuyers are now eligible, with certain investors.

Non-Qualified Mortgage (Non-QM) or “Niche” Loans

- For self-employed borrowers
 - Tax Return Issues
 - Timing of Filing, Write-Offs, Income Inconsistencies (banner, up/down, etc.)
- Options for this type of issue
 - 12-month bank statement programs
 - 24-month bank statement programs (Business Name, Ownership interest & Expense Ratio)
 - 1 yr. Tax Return (rather than normal 2 years needed)
- Asset Allocation/Depletion/Qualifier Loans (utilizing cash assets)
- Land, Renovation & Other Portfolio Loans
- Credit Event Loans – Recent Foreclosure, BK, Credit Derogatory, etc.

Renovation Loan Options



Renovation Loan Programs

FHA 203 K

- Owner occupied only
- Single family and 2-4 units
- ADU can only be financed with a single-family home
- ADU must be attached to existing home
- Convert garage or other existing space to an ADU
- Add bedrooms, bathrooms and full home remodel

FNMA HomeStyle

- Owner occupied, 2nd/vacation home and investor options
- Single family and 2-4 unit
- ADU can only be financed with a single-family home
- ADU can be attached or detached, site built, modular or manufactured homes
- Convert garage or existing space to an ADU
- Add bedrooms, bathrooms and full home remodel

Renovation Loan Programs

FREDDIE MAC CHOICE

- Owner occupied, 2nd/vacation home and investor options
- Single family and 2-4 unit
- ADU can only be financed with a single-family home
- ADU can be attached or detached, site built, modular or manufactured homes
- Convert garage or existing space to an ADU
- Add bedrooms, bathrooms and full home remodel

All renovation programs use the “After-Renovated” value to calculate the loan to value. Be sure to run comps to see what the value might be with the renovation/ADU being completed

203k Loans, initially the only one we considered for RENOVATION

The FHA 203k loan program allows buyers to finance the purchase and rehabilitation (upgrade and repair) of homes through one loan.

For Realtors the FHA 203k loan program expands the inventory of homes they can list and sell by offering buyers the opportunity to purchase homes that would otherwise not qualify for a low-cost government insured loan.

Insider tip: find a loan officer that is experienced with FHA 203k loans because it requires special knowledge and training.

Feature	203k Standard	203k Streamlined
Occupancy	Owner-occupied	Owner-occupied
Property types	SFRs, PUDs, condos, town homes, 1-4 units, manufactured homes	SFRs, PUDs, condos, town homes, 1-4 units, manufactured home
Max repair amount	No Limit	\$35,000
Allowed repairs	Structural and non-structural	Non-structural
Building additions	Yes	No
Mold and lead paint abatement	Yes	Yes
Tear down / rebuild	Yes	No
Foundation work	Yes	No
Time to complete	6 months	6 months

Renovation Loan Purchase Scenario with ADU

FHA 203 K

Purchase	\$750,000
Renovation	\$150,000 (Garage or existing space converted to ADU)
Acquisition Cost	\$900,000
3.5% down	\$ 31,500
Loan Amount	\$868,500

Once the loan is closed, we deposit the \$150,000 into fund-controlled account and reimburse the contractor as they renovate/add the ADU

Approvals are Provided for Purchase Price + Renovation Funds = Acquisition Costs.

** You must make a narrative note on the RPA as to the use of a Renovation loan for the Investor to Finance.



Freddie Mac Choice Renovation Purchase Scenario Adding an ADU

FREDDIE MAC

Purchase	\$600,000
Renovation	\$250,000
Acquisition Cost	\$850,000
5% down	\$ 42,500
Loan Amount	\$807,500

Once the loan is closed, we deposit the \$250,000 into fund-controlled account and reimburse the contractor as they renovate/add the ADU

Approvals are Provided for Purchase Price + Renovation Funds = Acquisition Costs

Quick Tips / Credit / DTI / LTV



California Association of REALTORS®

- Credit Break-Out Factors

1 - Payment History – 35%

- **How recent** is the most recent delinquency, collection or public record item?
- **How severe** was the worst delinquency—30 days, 90 days?
- **How many** credit obligations have been delinquent?

2 – Debt – 30%

- How much does the consumer owe creditors?
- What percentage of available credit card limits is the consumer using?
- What percentage is outstanding on open installment loans?

3 - Credit History – 15%

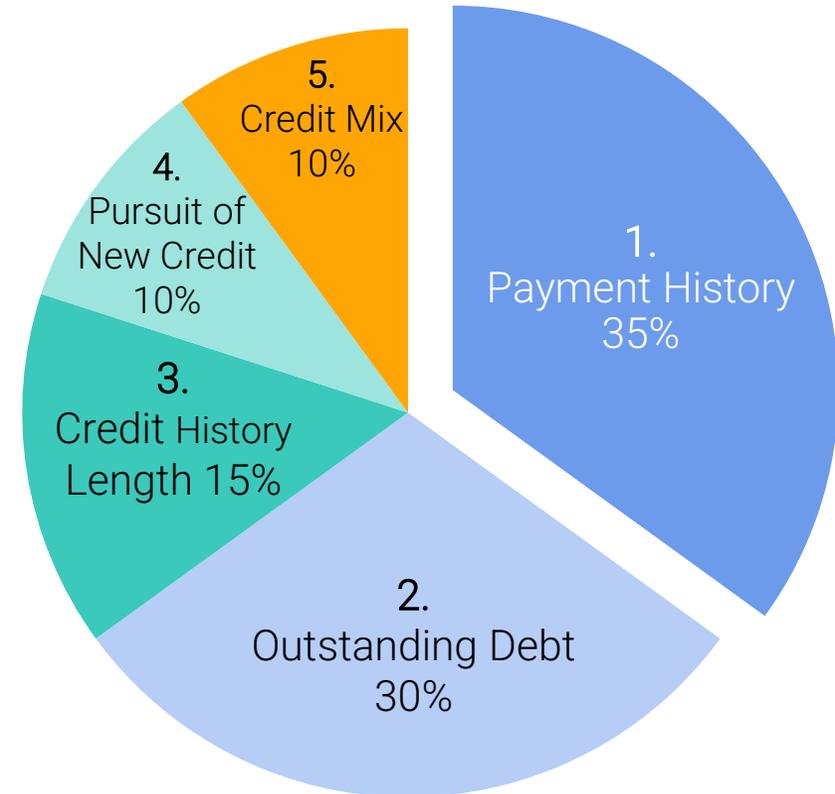
- How long have accounts been established—**average** number of months accounts have been open
- New accounts—number of months since most recent account opening

4 - Pursuit of New Credit – 10%

- Inquiries: Number of recent credit inquiries (12 months)
- New accounts—number of trade lines opened in last year

5 - Credit Mix – 10%

- What is the mix of credit product types?
- Revolving credit—number of bankcard trade lines
- Installment credit—percent of trade lines that are installment loans



Credit Do's & Don'ts

Top 10 Credit **Do's** and more importantly **Don'ts** during the loan process

1. **DON'T** apply for new credit
2. **DON'T** pay off collections or “Charge Offs”
3. **DON'T** close credit card accounts
4. **DON'T** max out or over charge credit card accounts
5. **DON'T** consolidate your debt
6. **DON'T** do anything that will cause a red flag to be raised by the scoring system
7. **DO** join a credit watch program
8. **DO** stay current on existing accounts
9. **DO** continue to use your credit as normal
10. **DO** call your Mortgage Loan Originator. A knowledgeable, professional Mortgage Loan Originator should be able to provide you with world-class service you need to choose the loan that's right for your client

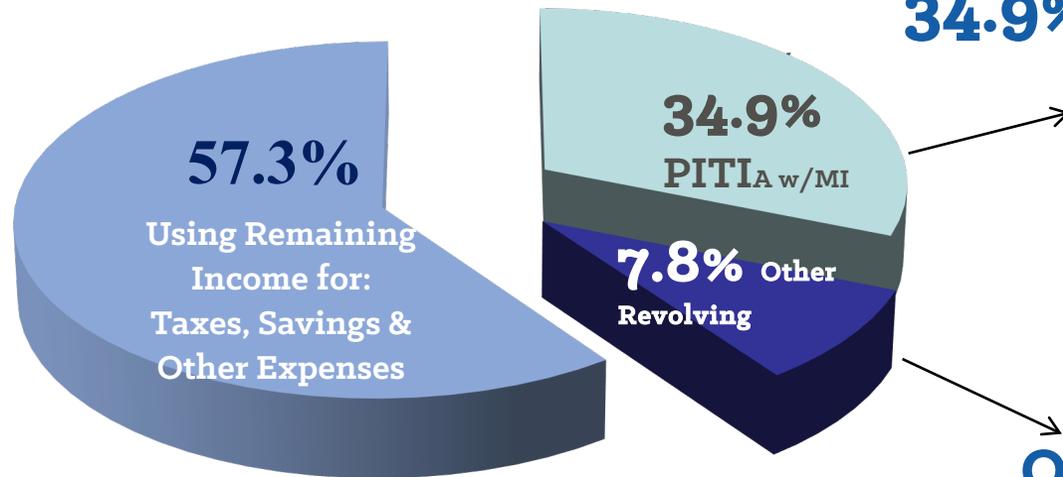
REALTOR® Resource: A checklist of serious buyer financing challenges (Red/Green Flags)

Buyers with one or more of these issues will find it very difficult to qualify for a conventional or government-insured loan. Green Alternative Lending may be available. Realtors should proceed with caution before submitting purchase offers for buyers with these issues:

- ✓ The buyer has one or more years of unfiled tax returns
- ✓ The buyer is married but the non-buying spouse is not available or unwilling to cooperate with the purchase
- ✓ All of the buyer's income sources are cash and have not been reported for income tax purposes
- ✓ The buyer is self-employed with minimal net business income reported in recent tax years
- ✓ One or more of the buyers will not occupy the property as their principal residence
- ✓ The buyer's assets are all cash and can't be sourced
- ✓ The buyer discharged bankruptcy within the last 24 months or had a foreclosure less than three years ago
- ✓ The buyer's Social Security number is not valid
- ✓ Buyer is a non-citizen and is not a permanent resident (green card holder) and they do not have a valid work authorization card
- ✓ The property the buyer wants to purchase has serious health and safety problems, sub-standard non-permitted improvements and can not be immediately occupied by the buyers

Key Concept: Debt-to-Income Ratios

Income \$ 11,550



Top (Front-End) Ratio

34.9% = \$4,035 (PITI_{A w/MI}) or House Payment
(Assumes \$200 in Homeowners Association fees)

Bottom (Back-End) Ratio

34.9% + 7.8% = 42.7% **42.7% = \$4,935**
Key DTI Ratio is under 43%

Other Monthly Installment & Revolving Payments 7.8% = \$900

Includes : Car Payments, Student loans, Credit Card payments

Total Income may include: W2, 1099, Hourly, Commission, Bonus, Alimony, based on IRS etc.
Example assumes Qualifying with Conventional Loan Debt to Income Ratios under FE 36/ BE 43

Negative Credit (or Life Events) & Corresponding Waiting Periods

Buying a House After	Conventional Fannie Mae Loan	Conventional Freddie Mac Loan	FHA Loan	VA Loan	USDA Rural Loan	Jumbo Loans
Foreclosure	7 Years from completion date 3 Years with extenuating circumstances – 90% Max LTV 4 Years if included in BK	7 Years from completion date	3 Years from completion date	2 Years from completion date	3 Years from completion date	5-7 Years from completion date
Short Sale	4 Years with no LTV restrictions 2 Years with extenuating circumstances and no LTV restrictions	4 Years from completion date	3 Years from completion date *Per FHA ML 09-52, FHA financing can be obtained in less than 3 years under certain conditions.*	2 Years from completion date *If no mortgage lates in the 12 months leading up to the short sale, a VA loan may be obtained in less than 2 years.*	3 Years from completion date	2-7 Years from completion date
Deed in Lieu	4 Years with no LTV restrictions 2 Years with extenuating circumstances and no LTV restrictions	4 Years from completion date	3 Years from completion date	2 Years from completion date	3 Years from completion date	2-7 Years from completion date
CH. 7 Bankruptcy	4 Years from discharge or dismissal date 2 Years with extenuating circumstances	4 Years from discharge or dismissal date	2 Years from discharge date	2 Years from discharge date	3 Years from discharge date	4-7 Years from completion date
CH. 13 Bankruptcy	2 Years from discharge date 4 Years from dismissal date 2 Years from dismissal date with extenuating circumstances	2 Years from discharge date	1 Year of the payout must elapse & payment performance must be satisfactory; buyer must receive permission from the court to enter into a mortgage	1 Year of the payout must elapse & payment performance must be satisfactory; buyer must receive permission from the court to enter into a mortgage	1 Year of the payout must elapse & payment performance must be satisfactory; buyer must receive permission from the court to enter into a mortgage	4-7 Years from completion date



When Looking for a Lender



California Association of REALTORS® - What to Look for in a Lender

Pre-Review Lender

- Reputation in Area
- Experience with similar working partners
- Knowledge of a Multitude of lending and DPA Programs in Area

Lending Entity

- Loan Product Alternatives
- Work with DPA Sources
- Either Direct Endorsed or Evidence of Performance.
- Pre-Approval with TBD Capability
- Loan Officer Access to Underwriter Pre-Approval
- Good Appraisal Network from Within the Area or Knowledgeable on the Area Appraisers

Partnership with C.A.R on Escalations or Sources

When Buyer Brings Their Own Lender – A How to Get Comfortable Checklist

- Start Early before House Selection
- Ensure They Will Provide a Conditional Approval Subject to TBD
- Direct Endorsed or Experienced
- Escalation Channels
- Timelines & Expectations Clearly Defined
- Turn-Around Times Clear
- You the REALTOR® are Included Throughout the Process
- The Only Fees They Charge Upfront, Appraisal & Credit (if any?)

What TRID Means for the REALTOR®

- What does TRID stand for?
 - TILA (Truth-in-Lending Act 1974)
 - RESPA (Real Estate Settlement Procedures Act)
 - Became TILA-RESPA Integrated Disclosure Rule (effective Oct. 3, 2015).
- From this Rule came 2 new disclosures forms:
 - Loan Estimate (LE)
 - Closing Disclosure (CD).

What is TRID & What Our REALTORS® Should Know

Lenders must comply with very strict consumer disclosure requirements mandated by the Truth-In Lending RESPA Integrated Disclosure rules. TRID imposes specific time frames for issuing the Loan Estimate and Closing Disclosures. Most loan changes will require re-disclosures and a new waiting period. Buyers often have questions about the TRID disclosure documents, REALTORS® can familiarize themselves with these documents at

www.consumerfinance.gov/owning-a-home/

FICUS BANK
4321 Random Boulevard • Somersy, ST 12340 Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED 2/15/2013
 APPLICANTS Michael Jones and Mary Stone
 123 Anywhere Street
 Anytown, ST 12345
 PROPERTY 456 Somewhere Avenue
 Anytown, ST 12345
 SALE PRICE \$180,000

LOAN TERM 30 years
 PURPOSE Purchase
 PRODUCT Fixed Rate
 LOAN TYPE Conventional FHA VA
 LOAN ID # 123456789
 RATE LOCK NO YES, until 4/16/2013 at 5:00 p.m. EDT
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 3/14/2013 at 5:00 p.m. EDT.

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78	NO
Prepayment Penalty	Does the loan have these features? YES • As high as \$3,240 if you pay off the loan during the first 2 years	
Balloon Payment	NO	

Projected Payments	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206	+ 206
Estimated Total Monthly Payment	\$1,050	\$968

Estimated Taxes, Insurance & Assessments
 Amount can increase over time \$206 a month

This estimate includes
 Property Taxes
 Homeowner's Insurance
 Other:
See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.

In escrow?
 YES
 YES
 NO

Costs at Closing		
Estimated Closing Costs	\$8,054	Includes \$5,672 in Loan Costs + \$2,382 in Other Costs - \$0 in Lender Credits. See page 2 for details.
Estimated Cash to Close	\$16,054	Includes Closing Costs. See Calculating Cash to Close on page 2 for details.

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.
 LOAN ESTIMATE PAGE 1 OF 3 • LOAN ID # 123456789

Closing Disclosure This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information	Transaction Information	Loan Information
Date Issued 4/15/2013 Closing Date 4/15/2013 Disbursement Date 4/15/2013 Settlement Agent Epsilon Title Co. File # 12-3456 Property 456 Somewhere Ave Anytown, ST 12345 Sale Price \$180,000	Borrower Michael Jones and Mary Stone 123 Anywhere Street Anytown, ST 12345 Seller Steve Cole and Amy Doe 321 Somewhere Drive Anytown, ST 12345 Lender Ficus Bank	Loan Term 30 years Purpose Purchase Product Fixed Rate Loan Type <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> Loan ID # 123456789 MIC # 000654321

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78	NO
Prepayment Penalty	Does the loan have these features? YES • As high as \$3,240 if you pay off the loan during the first 2 years	
Balloon Payment	NO	

Projected Payments	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91

Estimated Taxes, Insurance & Assessments
 Amount can increase over time \$356.13 a month

This estimate includes
 Property Taxes
 Homeowner's Insurance
 Other: Homeowner's Association Dues
See Escrow Account on page 4 for details. You must pay for other property costs separately.

In escrow?
 YES
 YES
 NO

Costs at Closing		
Closing Costs	\$9,712.10	Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs - \$0 in Lender Credits. See page 2 for details.
Cash to Close	\$14,147.26	Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

CLOSING DISCLOSURE PAGE 1 OF 5 • LOAN ID # 123456789



Closing & Title Insight

TIPS FOR A SMOOTH TRANSACTION:

- **Patience**-Expect that most things will take longer than “Normal”
- **Communication is the key**-don't be afraid to pick up the phone and talk to your Escrow Officer or Closer
- **Your Escrow Officer/Closer is a neutral 3rd party**-Make sure they are aware of any changes during the transaction....even the little things
- **Double and triple check everything**-This is the biggest investment of most people's lives, there is a lot at stake

Title Reports

- Property Profiles
- Preliminary Title Reports
- Supplemental Reports
- Title Date Downs
- Key Reporting Items:
 - Property Details
 - Loan Encumbrance
 - Taxes
 - Liens (IRS, Mechanics, Judgments, ETC.)

Other Title & Closing Items

- Default Concerns
 - Notifications
 - Timelines
- Escrow
 - Closing Role, Instructions & Expectations
 - Statement of Information
 - Vesting / Possession Types (Sole, Shared, Business, Trust, etc.)
 - Types of Transfers / Releases (Grant, Warranty, Special, Quit Claim, etc.)
 - Wires

Supplemental Taxes

- A supplemental tax bill is one you get for additional charges not covered by your annual tax bill. These tax bills are mailed directly to the homeowner and are not paid out to the impound account.
- Really never discussed or made aware of them
- After a change in ownership the property is reassessed
- The bill covers the difference between the previously assessed value taxes and the newly assessed value. Think of it as catch-up

Other Title Process Concerns

- Closing Protection Letter
 - The letter will only offer coverage to who is included explicitly in the document
- Quit Claim Deed
 - A document by which a grantor conveys his or her present interest in real property to a grantee without representing or warranting that the title is good.

Loss Mitigation Tools:

- Forbearance – Pause in time, usually proving Hardship
- Modification - Mutually agreed upon change in the terms and conditions of the Security Instruments (Rate, Term, Recapitalization of Outstanding Debt, or a combination of any or all of these)

Other Title Process Concerns

- PACE - Property Assessed Clean Energy
- HERO - Home Energy Renovation Opportunity
 - A Supplemental Item attached through Tax Lien for the potential improvements to the property, NOT ABLE TO BE FINANCED during Loan Refinance or Home Sale, MUST BE PAID OFF without potential Value Enhancement.
 - Exceptions may exist for Termination & Re-Attachment - Sale
 - Subordination, with the exception of FHA

Other Title Process Concerns

- HELOC / 2nd TD
 - Zero Balance Concern vs. Payoff Reconveyance
 - Lien Position and LTV/CLTV Concerns
 - Loan Type Limitations
- Reverse Mortgage
 - Taxes & Insurance Maintained
 - Primary Residence, Valuation Determination needed for Sales
 - Rules Upon Death of the Primary Borrower

Wire Fraud



Wire Fraud Concern

Caution:

Wire transfer fraud is on the rise. If you receive an email or text message containing wire instructions, call the closing agent or attorney at a verified phone number immediately to confirm the information prior to sending the funds. You will never receive wire instructions or changes to previously provided wire instructions from Guild Mortgage Company. Any such communications should be considered suspicious and reported to your Loan Officer. For more information, visit our wire fraud Webpage:

<https://www.guildmortgage.com/tips-protect-wire-fraud/>

Wire Fraud Concern

DON'T FALL VICTIM TO WIRE FRAUD

Scammers are stealing down payments via wire fraud and getting more clever every day. Be sure you don't fall victim to wire fraud by following these three steps.

-  1 Pay attention to how wire instructions are sent. It is best to only accept instructions that are secure and encrypted.
-  2 Before wiring funds to an individual or company, call to verify the wire instructions independently with the title company.
-  3 Be very watchful of any changes. Wire instructions rarely change. If you receive an email saying that any wiring instructions have changed, call your REALTOR® or title company immediately to confirm.

Source: REALTOR® Magazine, FBI, and Realty Executives International

 CALIFORNIA ASSOCIATION OF REALTORS®

Communications Wire Warnings

Language and general letter contact:

- **WIRE FRAUD IS ON THE RISE. PROTECT YOUR FUNDS.** Do not wire funds based on an email request, without verbal confirmation. *(Lender Name)* will NEVER request that borrowers wire funds in connection with their transaction.
- Any changes to wiring instructions or payoff instructions or amounts are red flags and should be verified.



Resources



Utilize Key C.A.R Transaction Lending and Legal Resources

TransactionRescue@car.org

<https://Mortgage.car.org>

Transaction Rescue Webinars

<https://www.car.org/FinWebinars>

STEPS Towards Homeownership

<https://on.car.org/steps>

Legal Disclosures & Resources Questions & Answers

<https://www.car.org/riskmanagement/qa>

California Association of REALTORS®

Loan & DPA Information

Loan Education:

- FHLMC – Freddie Mac - <http://www.freddiemac.com/creditsmart/>
- FNMA - Fannie Mae - <https://www.frameworkhomeownership.org/get-started/homebuyer-education>

Down Payment Assistance (DPA) programs

- GSFA Materials:
 - https://wholesale.lhfs.com/download/GSFA_Gov_FHA_Select.pdf
 - <https://www.eprmg.net/guidelines/NHF-GSFA%20Platinum%20FHA.pdf>
- CalHFA
 - <https://www.calhfa.ca.gov/homeownership/bulletins/index.htm>
 - <https://www.calhfa.ca.gov/homeownership/materials/index.htm>
 - <https://www.calhfa.ca.gov/homeownership/programs/myhome.pdf>

HUD Counselor Selection Options

Loan Limits:

Conventional Loan Limits

FHA Loan Limits

Area Median Income



California Association of REALTORS®

Free Member Benefit:

- **Transaction Rescue™** - Email TransactionRescue@car.org - Website <http://Mortgage.car.org>
 - Assist you with Communication & Escalations with Your Lender, & Insights to Down Payment Assistance, Valuations, Title, Vesting, and Loan Expectations.
 - **Hotline (213) 739-8383** - **Webinars** <http://car.org/FinWebinars>
<https://www.amortization-calc.com/> - amortization schedule for mortgages to show how much is going toward principal & interest.
<https://www.calculator.net/amortization-calculator.html> - another site that I use to show amortization schedule along with figuring out mortgage P&I

<http://FindDownPayment.car.org>
TransactionRescue@car.org
<http://Mortgage.car.org>

Other Information



Support Materials - Lending & Down Payment Assistance

STEPPIN' Toward Down Payment Assistance (DPA)



REALTOR® Resource: Down Payment Workbook

Use this worksheet with your clients to help them find sources of money for their down payment

ACCEPTABLE DOWN PAYMENT SOURCES	AMOUNT	WHEN AVAILABLE
Funds currently held in their checking, savings and investment accounts	\$	
Properly documented gift funds from family members	\$	
Verified proceeds from the sale of a buyer asset	\$	
Withdrawal or loan from retirement savings accounts	\$	
Income tax refund	\$	
Rental deposit refund	\$	
Down payment assistance grant from non-profit organization or qualified loan from public agency	\$	
TOTAL	\$	

REMEMBER:
Cash-on-hand ("mattress money") is generally not an eligible source of down payment funds



FindDownPayment.car.org

Down Payment Resource Directory

HOME > MARKETING > CLIENTS > DOWNPAYMENTRESOURCE

[PRINT](#) | [EMAIL](#) | [SAVE](#)

[SHARE](#)

Fill out the following 3-step pre-screening form, in order to find out if you are eligible for any of the 400+ down payment assistance programs available in California. If you are still not sure how to begin, feel free to [watch this video](#).

If you need further assistance with the Down Payment Resource Directory tool, please contact your REALTOR® or [find a local REALTOR® here](#), if you do not have one already.

Property Information | Household Information | Special Circumstances

Enter the Street Address and Zip Code of a specific property
– OR –
Start typing in the General Search field and pick a neighborhood, city or county from the menu.

Street Address (e.g. 123 Main Street) Zip Code

General Search (start typing for a menu of options)

Estimated sales price

Is this a Multi-Family Home? Single-Family Multi-Family
Is the home in foreclosure? Yes No

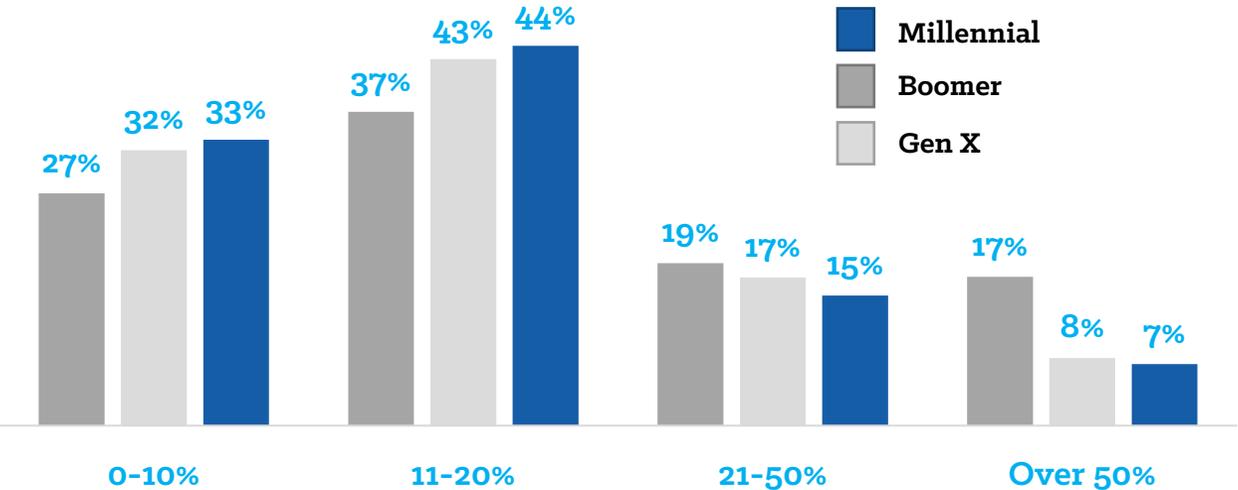
Matched Programs
53
[View Programs](#)

Within the C.A.R Tool, you can find:

- Participating Lenders
- Program Guide/Flyer
- Filters/Guidelines:
 - Special Groups (Teachers, Protectors, etc.)
 - Eligible Properties
 - Maximum Sales Price
 - Eligible Borrowers
 - Maximum Household Income
 - Loan Terms
- Benefits
- Latest Updates

Consumer Survey – By Generation - Down Payment Needed?

Many renters, especially Millennials, overestimate how much down payment is required



In your estimation, how much down payment is required to purchase a home?

(n=947)

Source: 2019 C.A.R. Consumer Survey

Down Payment Assistance:

What Every California REALTOR® Needs to Know

Presented By:



About Down Payment Resource

Our Mission

To help our business partners connect homebuyers with the down payment help they need.

Our Vision

Anyone aspiring to homeownership will know that down payment help is available and how to find it.

- We're a national database and matching engine of ~2,300 homeownership programs.
- Our technology is integrated into MLSs (i.e. CRMLS) and property listing data.
- Our Down Payment Connect tool helps agents connect buyers with DPA!

We help you connect homebuyers to the down payment help they need.



Who Offers These Programs?

Housing Authorities

CDFIs

Federal Home Loan Banks

Land Trusts

...and more



Market Snapshots

Let's see what's available:

- Statewide (CA)
- L.A. County
- Ventura County
- Fresno County

California

- 343 programs
- 242 agencies
- 215 active/funded
- 80 have no FTHB requirement

- 266 are DPAs
- 260 defer payments
- 71 are forgivable

- 136 cities have a DPA

Los Angeles County

- 80 programs from 55 agencies
- 59 active/funded
- 37 have no FTHB requirement

- 64 are DPAs
- 52 defer payments
- 29 are forgivable

- 11 cities have a DPA program

Ventura County

- 57 programs from 34 agencies
- 43 active/funded
- 29 have no FTHB requirement

- 43 are DPAs
- 34 defer payments
- 21 are forgivable

Fresno County

- 53 programs from 34 agencies
- 41 active/funded
- 28 have no FTHB requirement

- 42 are DPAs
- 32 defer payments
- 21 are forgivable

DPA 101

Let's Review Some DPA Fundamentals

Common Program Requirements

- Only for owner-occupant buyers
- Minimum buyer investment
- Homebuyer education
- Must qualify for 1st mortgage
- Income/Price limits
- Geographic Boundaries



Repayment Types Vary

✓ **GRANT PROGRAMS** 

Gifts provided by an eligible third party which do not have to be repaid by the homebuyer.

✓ **REPAYABLE SECOND MORTGAGE PROGRAMS** 

Down payment loan delivered at closing often as a 0% interest second loan, but some may accrue interest and some may be amortizing loans. Typically range from 5-year to 30-year loans with varying repayment terms.

 ✓ **DEFERRED OR SILENT SECOND PROGRAMS** 

Postpone repayment of the original down payment assistance until one of several events occurs — typically, when the borrower sells, refinances, rents or moves out of the original home purchased.

 ✓ **FORGIVABLE SECOND MORTGAGE PROGRAMS**

Some or all of the original down payment assistance amount is forgiven, often a percentage of the loan is forgiven each year for a predefined number of years.

What can DPA programs pay for?

Eligible Uses:

- Down Payment
- Closing Costs
- Prepaid Expenses
- Interest Rate Buydowns
- MI cost reductions
- Property repairs

What type of property can my clients purchase using DPA?

Eligible Properties:

- Single Family Detached
- Condo
- Townhome
- Manufactured Home
- 2-4 Unit Property

Down Payment Assistance Programs

Advantages:

- Lower LTV (Loan-to-Value)
- Lower DTI (Debt-to-Income)
- Improve mortgage insurance pricing
- Lower monthly payments
- Supplement cash to close
- Retain savings / liquidity
- Increase purchasing power



Accessing Down Payment Program Information

FindDownPayment.car.org



CALIFORNIA
ASSOCIATION
OF REALTORS®

Property Information

Household Information

Special Circumstances

Enter the **Street Address** and **Zip Code** of a specific property – **OR**
– Start typing in the **General Search** field and pick a neighborhood, city or county from the menu.

Street Address (e.g. 123 Main Street)

Zip Code

General Search (start typing for a menu of options)

Estimated sales price

Is this a Multi-Family Home?

Single-Family Multi-Family

Is the home in foreclosure?

Yes No

Matched Programs

24

View Programs

Continue

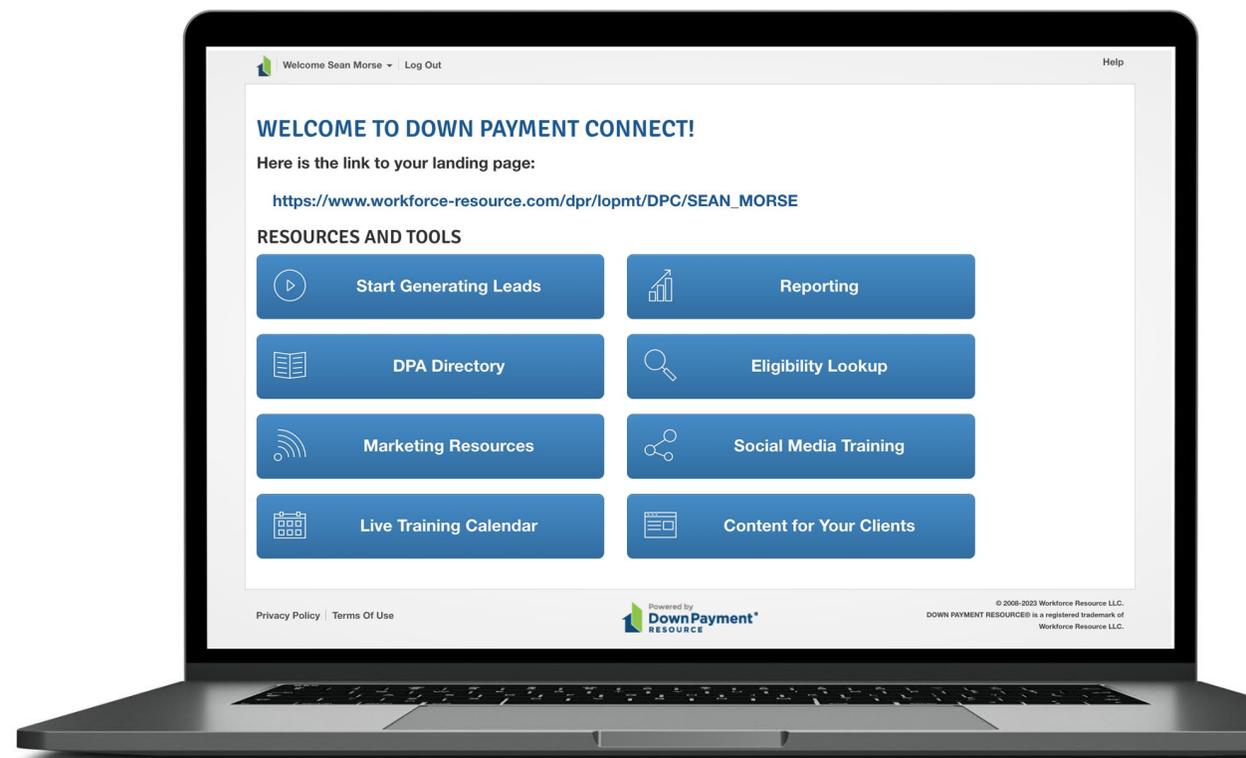
[Privacy Policy](#) | [Terms of Use](#)



DownPaymentResource.com/dpc-car/



- Engage new buyers
- Show them DPA is out there
- Generate leads
- Use on web, social, email





Contact Us

info@DownPaymentResource.com

DownPayment.car.org

A solid green horizontal bar is located at the bottom right corner of the slide.



California Housing Finance Agency (CalHFA)



California Housing Finance Agency - www.CalHFA.Ca.Gov

The screenshot shows the homepage of the California Housing Finance Agency (CalHFA). The header features the CalHFA logo, navigation links for Home, About, and Contact, and a language selection dropdown. The main banner is a video player showing a smiling couple holding keys, with the text: "Lenders/Real Estate Agents. Everything you need to know about originating, processing and marketing our loans to help build your business." Below the banner is a "Loan Scenario Calculator" button. The main content area states: "We create and finance progressive housing solutions so more Californians have a place to call home." Below this are two columns of links. The first column, "Homebuyers", includes links for "Available Mortgage Programs", "Steps to Homeownership", "CalHFA Homebuyer Education", and "How to Apply", with an "Am I Eligible?" button. The second column, "Lenders/Real Estate Agents", includes links for "Check Loan File Status", "Loan Program Handbooks", "Forms & Income/Sales Limits", and "Training Calendar", with a "MAS Login" button.

CalHFA
California Housing Finance Agency

Home About Contact Select Language

Lenders/Real Estate Agents
Everything you need to know about originating, processing and marketing our loans to help build your business.
[Loan Scenario Calculator](#)

We create and finance progressive housing solutions so more Californians have a place to call home.

Homebuyers
[Available Mortgage Programs](#)
[Steps to Homeownership](#)
[CalHFA Homebuyer Education](#)
[How to Apply](#)
[Am I Eligible?](#)

Lenders/Real Estate Agents
[Check Loan File Status](#)
[Loan Program Handbooks](#)
[Forms & Income/Sales Limits](#)
[Training Calendar](#)
[MAS Login](#)



PROGRAM TRAINING

LenderTraining@calhfa.ca.gov
www.calhfa.ca.gov

Main: 916.326.8000
Single Family: 916.326.8033



California Housing Finance Agency - www.CalHFA.Ca.Gov CalPLUS With Zero Interest Program (ZIP)

- 97% LTV Conventional First Mortgage
- OR
- 96.5% LTV FHA First Mortgage

- ZIP built in assistance for closing costs only
 - 2% - 3%
 - Zero Interest
 - Deferred Payments

- First Time Homebuyers Only

- VA guaranteed first mortgage up to 100% LTV
- Available for both first time homebuyers and repeat buyers
- Combine with MyHome if first time homebuyer



MyHome Assistance Program

- Loan amount
 - 3.5% for FHA
 - 3% for Conventional, VA and USDA
 - Based on the sales price or appraised value (whichever is less)
- 1.00% Simple Interest, Deferred Payment
- Can be used for down payment and/or closing costs
- First time homebuyers only
- Can be combined with ZIP



Borrower Eligibility

- 640 minimum credit score on FHA, VA and USDA
- 680 minimum credit score on conventional
- Max DTI is 50% for credit score 700 and up
- Max DTI is 45% for credit score under 700
- Homebuyer Education Required
- Income Limits Apply
 - <https://www.calhfa.ca.gov/homeownership/limits/index.ht>



Property Requirements

- Single Family One Unit Residence
 - Owner Occupied Only
- Manufactured homes – OK
- 1 Year Home Warranty Required



Resources/Contacts

CalHFA website:

www.calhfa.ca.gov

www.calhfa.ca.gov/buildingblackwealth

Real Estate Agent page – Including “Find A Loan Officer”

<https://www.calhfa.ca.gov/homeownership/realestate.htm>

Molly K. Ellis

Lender Services Manager

O: 916.326.8680

mellis@calhfa.ca.gov



Golden State Finance Authority (GSFA)





Be Your Client's Link to Down Payment Assistance (DPA)

What could your buyer do with \$10K, \$20K or even \$30K?



Supporting Affordable Housing in California for 30 Years



FHA, VA, USDA and
Conventional Mortgage Loan
Financing



\$654.5 Million in
Down Payment
Assistance Provided



84,900+ Homebuyers
Assisted To-Date

- » Public Entity and Agency in California
- » Organized in 1993
- » Our Primary Focus = Affordable Housing
 - Provide a source of financing
 - Rely on a vast network of Lenders to originate loans
 - Ensure responsible lending + borrower ability to pay



Presentation contains general program information only. Complete program guidelines, loan applications, interest rates and annual percentage rates (APRs) are available through Participating Lenders.



GSFA Down Payment Assistance Programs



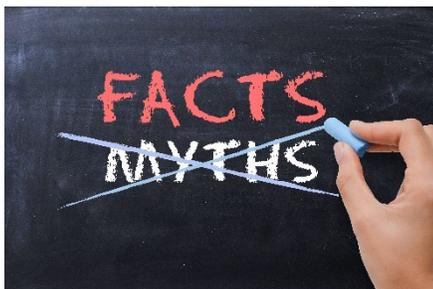
1st Mortgage Loans

combined with

Down Payment Assistance (DPA)

Presentation contains general program information only. Complete program guidelines, loan applications, interest rates and annual percentage rates (APRs) are available through Participating Lenders.

Common Myths about DPA



- » Only for first-time homebuyers
- » Harder to qualify
- » Only for low-income borrowers
- » Only for those with zero savings
- » Only for those with exceptional credit
- » Restricted use of borrower's own/other funds
- » Limited to certain areas
- » Create too much work for Lender/Realtor
- » Take longer to close

See the Impact of Down Payment Assistance



\$752,539
Purchase Price

\$738,909*
FHA 1st Mortgage
Loan (96.5% LTV) + UFMI

\$40,640
GSFA DPA
(5.5% of the Loan Amount)



\$26,339
To Cover 3.5%
Down Payment Requirement

\$14,301
Remaining to put towards
Closing Costs

For example purposes only.

Scenario is based on a GSFA FHA 1st Mortgage at 96.5% Loan-to-Value combined with DPA Assistance from GSFA, sized at 5.5% of the Total Loan Amount.

**Max Loan Amount for an FHA Loan under one of GSFA's Programs = (\$726,200 + 12,709 Upfront MI (UFMI)) = \$738,909*

GSFA – Where Affordability Meets Flexibility®



- » Variety of Financing Options
 - 30-year fixed-rate 1st Mortgage Loans
 - FHA, VA and USDA
 - Conventional Loan financing
- » Flexible DPA
 - Size = Up to 5.5%
 - Depending on Program
 - Funds can be used towards:
 - Down Payment
 - Closing Costs
 - Principal on 1st Mortgage
 - Can be combined with borrower's own funds
- » Qualifying is Easy
 - No first-time Homebuyer requirement
 - FICO scores as low as 620
 - Debt-to-income ratios $\leq 55\%$
- » Purchase or Refinance
 - Throughout California
 - Owner-occupied residences only
- » Variety of Eligible Properties
 - 1–4-unit dwellings
 - Townhomes
 - Condominiums
 - Manufactured homes

Presentation contains general program information only. Complete program guidelines, loan applications, interest rates and annual percentage rates (APRs) are available through Participating Lenders.

General Guidelines* – All GSFA DPA Programs

» Eligible 1st Mortgage Loans

- 30-Year fixed-rate only
- FHA, VA, and USDA Loans
 - Purchase transactions
- Conventional Loans
 - Purchase or Refinance transactions

» Loan Limits

- Lesser of \$726,200 **OR**
- Loan limit for the county and loan type
- Upfront MI can be included for FHA transactions

» Eligible Properties

- Owner Occupied, Single-Family, 1-4 Unit Residences only, including
 - Agency approved condominiums
 - Planned unit developments (PUDs)
 - Manufactured housing
- Properties NOT Allowed
 - NO co-ops
 - NO investment properties
 - NO recreational, vacation, nor second homes

Presentation contains general program information only. Complete program guidelines, loan applications, interest rates and annual percentage rates (APRs) are available through Participating Lenders.

GSFA DPA Programs – Flexible Income Limits

Mortgage Type	Limit/Info
FHA, VA loans	GSFA has no income limits
USDA Loans	GSFA follows Loan Agency guidelines
Conventional Loans Based on qualifying income only. Based on where the Property is located.	Income Limits are VERY flexible (Low-to-moderate income) Examples: Shasta, Tehama, Mendocino, San Joaquin, San Bernardino, Riverside, Los Angeles, Kern County = \$182,880 Note: Borrowers with income \leq 80% AMI <ul style="list-style-type: none">• More attractive pricing• More DPA Options• Charter-level coverage Mortgage Insurance (costs less)

1. GSFA Platinum[®] Program



GSFA Platinum[®]
Down Payment Assistance
Up to 5.5% of the Loan Amount

You could qualify for \$10,000 in down payment assistance*.

- DPA up to 5.5% of the First Mortgage.
- Borrower doesn't have to be a first-time homebuyer to qualify.
- DPA is available with purchase or refinancing of a primary residence.
- Eligible properties include 1-4 units, condos, townhomes and manufactured homes (with restrictions).
- Minimum FICO 640; Maximum DTI 50%.
- Variety of mortgage types are available.
- Flexible Income Limits.

We Want to Bring You One Step Closer to Owning Your Own Home

Thousands of people each year dream of becoming homeowners. Let us help that dream become reality.

The GSFA Platinum Program provides eligible borrowers with Down Payment Assistance (DPA), up to 5.5% of the total loan amount.

In general, the DPA provided is in the form of a 15-year Second Mortgage, with a note rate same as the First Mortgage and monthly payments. For certain occupations however, the DPA may not have to be repaid in its entirety or may not accrue interest*.

Many times the assistance can help a homebuyer purchase a home with little-to-no money out of pocket and/or much sooner than thought possible.

A GSFA Participating Lender can help determine which DPA Options within the Program you are eligible for and best fit your specific needs.

Call today to get started.

30th Anniversary
GOLDEN STATE
Finance Authority

1215 K Street, Suite 1650,
Sacramento, CA 95814
phone: (855) 740-8422
fax: (916) 444-3219
e-mail: info@gsfahome.org
web: www.gsfahome.org

* This flyer contains general program information. Visit www.gsfahome.org for additional information and to be subject to change without notice. Complete program guidelines, loan applications, interest rates and annual percentage rates (APRs) are available through GSFA Participating Lenders. Example of \$10,000 DPA is based on 20% of \$500,000 First Mortgage through the GSFA Platinum Program. Golden State Finance Authority (GSFA) is a state-sponsored public entity and agency. Copyright © 2023. 300912 August 2023

- » Eligible Mortgage Loans
 - FHA, VA, USDA and Conventional
- » GSFA Platinum “Standard Product”
 - Applies to most borrowers
- » DPA: 2nd Mortgage
 - Size= Up to 5% of Total 1st Mortgage Loan
 - 15-Year Fully Amortizing (monthly payments)
 - Interest Rate same as 1st Mortgage Loan

Platinum – “Select” Option

- » Highlight: Portion of DPA Forgiven
- » Eligible Occupations (see right)
- » Eligible 1st Mortgages
 - FHA Energy Efficient Mortgage (EEM)
 - USDA Financing
- » DPA: 2nd Mortgage
 - Size = 3.5% of the Total 1st Mortgage Loan amount
 - 15-Year Fully Amortizing (monthly payments)
 - Interest Rate same as 1st Mortgage Loan
- » Additional DPA available as a Gift
 - Size = Up to 1.5% of the Total 1st Mortgage Loan amount
 - Subject to market availability/pricing
 - Forgiven immediately at close of escrow

GSFA Platinum
“Select”

Down Payment Assistance
for “Select” Occupations



Law Enforcement | Fire Fighters and Support Staff |
Paramedics | Emergency Medical Technicians | Teachers |
School Administration and Staff (Public and Private) |
Medical and Health Care Workers

Platinum – “Assist-to-Own” Option

- » Highlight: **DPA Up to 5.5% and Deferred**
- » Eligible Borrowers
 - Anyone “employed by” a GSFA Member County (40 counties)
 - Borrower can purchase/refinance anywhere in CA
- » DPA: Deferred 2nd Mortgage
 - Size = 3.5% of the Total 1st Mortgage Loan amount
 - Zero interest accrued
 - Doesn’t have to be repaid until sale, refinance or 30 years
- » Additional DPA available as a Gift
 - Size = Up to 2.0% of the Total 1st Mortgage Loan amount
 - Subject to market availability/pricing
 - Forgiven immediately at close of escrow



1st Mortgage Guidelines (Per GSFA and/or USBank)

- » FICO Score Requirement
 - All Loan Types = 640 minimum
- » Maximum Debt-to-Income (DTI) Ratios
 - FHA/VA/USDA
 - 45% maximum for FICOs below 680
 - Up to 50% for FICOs 680 and higher
 - Conventional
 - 1-2 Unit Properties = 50% maximum
 - 3-4 Unit Properties
 - 45% maximum for FICOs below 680
 - Up to 50% for FICOs 680 and higher



Part 2 – Golden Opportunities DPA Program



- » Eligible Mortgage Loans
 - FHA, VA and USDA only currently
- » DPA: 2nd Mortgage
 - Size = Up to 3.5% of the Total 1st Mortgage Loan amount
 - 15-Year Fully Amortizing (monthly payments)
 - Interest Rate same as 1st Mortgage Loan
 - No Subordination Allowed
- » Additional DPA available as a Gift
 - Size = Up to 1.5% of the Total 1st Mortgage Loan amount
 - Subject to market availability/pricing
 - Forgiven immediately at close of escrow

1st Mortgage Guidelines (Per GSFA and/or USBank)

- » Minimum FICO*
 - FHA, VA = 620
 - USDA = 640
- » Max DTI*
 - FHA/VA (AUS approval) = 55%
 - USDA (GUS approval) = 55%
 - Manual underwriting guidelines:
 - FHA Not allowed
 - VA/USDA = 41% max DTI



**FICO 620-659 and/or DTI>45% (Subject to 50 bps LLPA)*

GSFA DPA Programs – Expectations AND Timeline



- ❖ FICO
- ❖ DTI
- ❖ Income Range
- ❖ Borrower Occupation or Employer (with documentation)

- ❖ 200+ Lenders Participating
- ❖ Lender locks First Mortgage and reserves DPA at same time

- ❖ No additional compliance review by GSFA
- ❖ Lender closes escrow on Lender's timeline

Everything You the REALTOR® Need to Know

- » GSFA DPA Program DOES NOT slow nor complicate escrow
 - No additional compliance review from GSFA
 - Lender can close loan on their timeline
- » Specific documentation for GSFA DPA Program?
 - GSFA provides all program specific documentation:
 - Note and deed
 - Commitment letter on DPA
 - Disclosures on DPA 2nd Mortgage
 - Proof of occupation documentation:
 - Only required for borrowers eligible for Platinum “Select” or “Assist-to-Own”

Don't Just Take Our Word...



"Journey To Homeownership" Video Series

Meet Christian Park, a Prosecutor for the County of Tulare District Attorney's Office, who just bought his first home with down payment and closing cost assistance from Golden State Finance Authority (GSFA).

"It means having the American Dream. To own a piece of property, have a backyard, something that you can call your own," Christian said of how this recent experience has impacted him.



Christian Park, new homeowner with the help of the GSFA "Assist-to-Own" Program, 2023

DPA – A Tool to “Buy Now”

- » Home prices continue to rise
- » Interest rates continue to rise
- » Rents continue to rise
- » How long will it take to save up for a cash down payment?

GSFA DPA Example (from slide 5)

Sales Price	\$752,539
3.5% Down Required on an FHA Loan	\$26,339
If you saved \$500 per month... length of time to save \$26,339	52 months or 4.3 Years
Estimated Equity Increase⁽¹⁾ for 4.3 years	\$161,795

(1) According to the California Association of REALTORS®, California’s median home price is forecasted to rise 5.2 percent to \$834,400 in 2022, following a projected 20.3 percent increase to \$793,100 in 2021.

How to Get Started



- » Find Available DPA Programs here:
 - www.FindDownPayment.car.org OR www.GSFAhome.org

- » Work with a GSFA Participating Lender!
 - Key to Smooth/Fast Transactions
 - Experienced in GSFA Programs
 - Determines three (3) main qualifiers: Income, DTI, FICO
 - Furnishes interest rates and APRs
 - Determines best DPA option for homebuyer or stacking with other programs

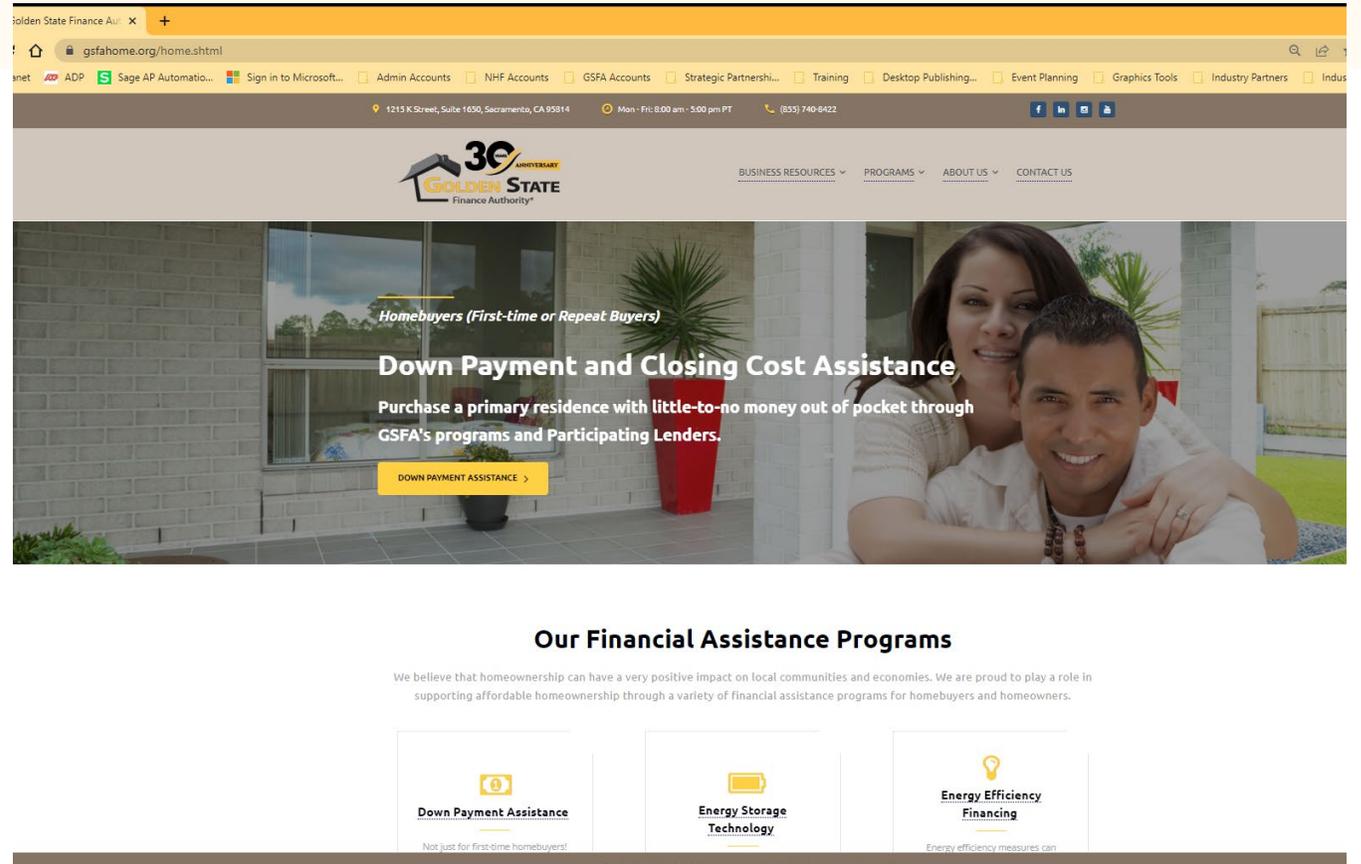
Bookmark Us

www.gsfahome.org



- » Learning Center
 - Training Webinars
 - Educational Videos
 - Customizable Literature
 - English and Spanish
- » GSFA Client Relations
 - (855) 740-8422
 - M-F 8:00 AM – 5:00 PM
 - info@gsfahome.org

» Subscribe / Follow Us



Customizable Marketing Literature

» Pre-designed Literature Templates

- For Lenders/Realtors to Utilize
- Flyers and brochures
- English & Spanish versions
- Adobe PDF format
- Embedded with text-fields to add contact info

» Social Media Templates

- *Coming Soon*

» Use Guidelines:

- Must be with a GSFA Participating Lender
- OR able to refer to a Participating Lender
- Represent programs accurately

GOLDEN OPPORTUNITIES

Down Payment Assistance Program

The Golden Opportunities Program from GSFA provides eligible borrowers with Down Payment Assistance (DPA) on the purchase of a primary residence in California. Now you may be able to purchase a home with little-to-no money out of pocket and possibly sooner than thought possible.

The Program provides DPA up to 5% with an FHA, VA or USDA Mortgage Loan. The assistance can be used towards down payment and/or closing costs. You do not have to be a first-time homebuyer



WHAT PEOPLE SAY

“ We began looking at homes in the area, but we were outbid by cash offers and increased pricing. At this point we began to get discouraged as our down payment savings limited our price range... It took us 20 years to purchase our home and it was all thanks to GSFA. ”

- Soralla Avila, May 2022

“ We could not believe this was happening. It was a dream come true. ”

- Dorothy Cooper, June 2023

Get Started Today

Homeownership may be just around the corner. Speak to a GSFA Participating Lender about whether this program is the right fit for you.

GOLDEN OPPORTUNITIES Down Payment Assistance Program



Find the Key to Your New Home Purchase Here.

Down Payment Assistance, up to 5% of the First Mortgage Loan Amount



WHO WE ARE

For more than 30 years, Golden State Finance Authority (GSFA) has provided affordable housing programs in California.

GSFA has helped more than 84,900 individuals and families purchase a home and provided over \$654.5 million in down payment assistance.



*This brochure contains general program information, is not an offer for extension of credit nor a commitment to lend and is subject to change without notice. Complete program guidelines, loan applications, interest rates and annual percentage rates (APRs) are available through GSFA Participating Lenders.

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qualify!

(up to 1.5%)
in the form of a
Gift Repaid.

Participating
lender if DPA is
for you.

Provide you with
clear guidelines,
stable APRs
and payment
with you.

GSFA – Key Resources

- » GSFA Affordable Housing Programs
 - <http://gsfahome.org/programs/index.shtml>
- » GSFA Approved Lenders
 - <https://gsfahome.org/programs/dpa/lenders.aspx>
- » Training and Education
 - <https://gsfahome.org/lender/training.shtml>
 - <https://gsfahome.org/lender/videos.shtml>
 - <https://gsfahome.org/programs/education.shtml>
- » Marketing Literature
 - <https://gsfahome.org/lender/marketing/literature.shtml>

Golden State Finance Authority (GSFA)



- » Carolyn Sunseri
 - Toll-free (855) 740-8422
 - csunseri@rcrcnet.org

- » Client Relations Dept
 - Available M-F 8:00 AM – 5:00 PM
 - Toll-free (855) 740-8422
 - Email: info@gsfahome.org
 - www.gsfahome.org



Thank You

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Thank you all for attending.

TOGETHER WE CAN MAKE A DIFFERENCE

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Presentation contains program highlights only. All guidelines are subject to change without notice.

Visit www.gsfahome.org for complete program guidelines.

The GSFA Platinum® Program is sponsored by GSFA, a duly constituted public entity and agency, and managed by National Homebuyers Fund, Inc., a non-profit public benefit corporation and Instrumentality of Government under Internal Revenue Service code section 115.

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3/22/2023



GSFA Client Relations Department

M-F 8:00 AM – 5:00 PM



Thank You!



Contact List



California Association of REALTORS® - Panelist Contact List

Name	Company	Email	Contact #
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Cynthia Leal	Guild Mortgage	cleal@guildmortgage.net	310-720-5309
Monica LaCrue (David/Sam)	Freddie Mac	Monica La Crue@freddiemac.com	619-887-6909
Sean Moss	DownPaymentConnect	Info@downpaymentresource.com	
Meagan Harris	GSFA	MHarris@rcrcnet.org	855-740-8422
Carolyn Sunseri	GSFA	CSunseri@rcrcnet.org	855-740-8422
Molly Ellis	CalHFA	MEllis@CalHFA.ca.gov	916-326-8680
Rolanda Wilson	NID HUD Counseling Services	rwilson@nidhousing.com	510-244-0085
Yong Choi	Barrett Financial Group	Yong@barrettfinancial.com	909-376-5494
Marc Farfel	C.A.R. Transaction Rescue	TransactionRescue@car.org	213-739-8383



Questions



STEPS Homebuyer Education Opportunity Workshop

Virtual Event

September 21st, 2023

Education Considerations

- Clientele
 - Obtaining New Clients
 - Maintaining Contacts with Existing Clients
 - Showing Continued Knowledge (Frontline) Source
 - Lending/Sales Together
- Type of Event You Want to Host
 - Location
 - Preference on Size or personal Attention
 - Food or Drinks
 - Working or After Hours
 - Formal Presentation / Drop By / Invitations, ETC.
 - Take-Aways or Resources



Major Stages in the Lending Process



<p>Initial – Start the Pre-Approval Process Early and Ensure an Underwriter has Reviewed the Process</p>	<p>Prepare to Look - Now that you are pre-approved, start your property search with your Realtor. Your Realtor will be equipped with a pre-approval letter, Underwriting finding and proof of funds. Ready to make an offer..</p>	<p>Close - Work with your loan officer to insure the closing disclosures are accurate and you understand cash to close. Be prepared to remove contingencies and communicate with Escrow so you can wire your funds.</p>
<p>Becoming their Trusted Advisor - Experiencing a smooth and on time closings is the best way to earn your client’s trust . A closing gift to show them you care goes a long way.</p>	<p>Referral - As their Trusted Advisor, you will create an annuity of business. Now Family, Friends and co-workers will see you as the expert in financing the purchase of a home.</p>	<p>Move Up (FTHB) / Move Down - Staying in touch with your clients over time will create more opportunities to work with your clients on a move up for more room. Maybe they are looking to downsize.</p>

Major Stages in REALTOR® Process



<p>Initial – Start the Pre-Approval Process Early and Ensure an Underwriter has Reviewed the Process</p>	<p>Prepare to Look - Now that you are pre-approved, start your property search with your Realtor. Your Realtor will be equipped with a pre-approval letter, Underwriting finding and proof of funds. Ready to make an offer..</p>	<p>Close - Work with your loan officer to insure the closing disclosures are accurate and you understand cash to close. Be prepared to remove contingencies and communicate with Escrow so you can wire your funds.</p>
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Major Parties in the Process



Realtor® - trusted advisor and guide on every part of the home buying process. Helps you locate and see properties, gathers information about the market and homes of interest, negotiates on your behalf, and connects you with other professionals.

Lender - financing professional that will arrange for you to secure a loan for the money to pay for the home.

Inspectors - help you understand the condition of the home. Some inspectors review the home generally and others are specialists.

Title/Escrow Officer - the title company provides information about liens, rules or requirements attached to the property that you'll want to understand before committing to purchase the home. It will record the deed with the county in your name after all papers are signed and funds transferred. Escrow manages the transfer of money from you and your lender to parties entitled to payment.

Appraiser - assess's the home's value and condition. The lender reviews the appraiser's report (appraisal) to make sure the property condition meets the requirements of your loan and that the value is high enough for amount of your loan.

Insurance Agent - this professional provides insurance to cover you and your lender in the event that your home is damaged. Lenders often require that the property is insured. Understanding whether there are insurability issues and knowing the cost of insuring the home is a part of your due diligence that an insurance agent can help with.

Financial House in Order



- Meet with HUD Counselor – if needed
- Complete any Outstanding Tax Tasks
- Save for Down Payment/Closing Costs/Repairs
 - ✓ Determine how much you'll need
 - ✓ Make a plan for where your funds will come from (savings, programs, family, etc)
 - ✓ Keep in mind the cost of inspections you may wish to have (must be paid out of pocket, during escrow period and generally are not refundable)
- Address Credit Issues (with Lender or Counselors Instructions)
- Tips
 - ✓ Review C.A.R.'s down payment assistance website: <https://FindDownPayment.car.org>
 - ✓ Consider Easy Ways to Boost Savings
 - ✓ automatic transfers to savings
 - ✓ high interest savings accounts

Working with a REALTOR®



- Reasons to work with a REALTOR®
 - Knowledge about Market, Properties and Home Buying Process
 - REALTOR® Code of Ethics
 - Lender Partners
 - Lending/Down Payment Assistance Information
- Discuss Expectations
 - Timeliness/continuation of communication
 - Does the REALTOR® work as an individual or with a team
 - Working hours
 - How will the REALTOR® be paid
 - Minimum pay expectations
 - Does the REALTOR® use a buyer-broker agreement

What does a REALTOR® do?



- Agency – represents you/fiduciary
- Connect you with listings
- Communicates with the listing agent
- Manages the process
- Coordinates with other parties, including home inspectors, lender, insurance agents, title/escrow, etc
- Does not make decisions for you
- Does not discover information for you
- Can not provide tax or legal advice
- [179 Ways a REALTOR® Assists](#) their Clients

Buyer tasks/decisions v. REALTOR® tasks/decisions

- Resource for Information (REALTOR®)
- Negotiator (REALTOR®)
- Communication with Listing Agent (REALTOR®)
- Scheduling Inspections (REALTOR® /Buyer)
- What neighborhoods to consider (Buyer)
- How Much to Offer (Buyer)
- Offer terms (Buyer)
- What to inspect (Buyer)
- Whether to make an offer (Buyer)
- Whether to cancel based on contingencies (Buyer)
- *If you aren't sure if you or your REALTOR® should perform a task - ask*

First Meeting with your REALTOR®



- Go over expectations - for both client and REALTOR®
- Review sample contracts and other common documents (i.e. purchase agreement, agency, buyer broker, and contingency removal forms)
- Discuss the home buying process
- REALTOR® should explain current customs in your market
 - Who pays for specific fees and costs
 - Home Inspection process and requesting repairs, credits or price reduction
 - Common Contingencies
 - Typical Time Periods
 - Point of Sale Ordinances *if applicable*
 - City inspections
 - Sewer lateral requirements
 - Sidewalks
 - Underground tanks
 - Etc



Finding a Lender

- Who do you know/trust?
- Things to Consider
 - Experience Level
 - Local Market Knowledge is Important
 - Point of sale ordinances
 - Speed of market
 - Transfer/property taxes may work differently by city or county
 - "Bedside manner" - will they walk you through each step?
 - Your specific needs, ie
 - Need to close escrow quickly
 - Connection/relationship with other real estate professionals
 - Loan programs you may want to or need to use
- Interview multiple lenders



True Cost of Homeownership



- Principle Interest Taxes Insurance (PITI)
- Mello Roos/Special Assessments
- Insurance – Including (Ins. Co.&/or CA Fair Plan) Initial Estimates & Actual Policy Options
- HOA dues *if applicable
- Private Mortgage Insurance (PMI)
- Supplemental Taxes
- Utilities
- Home Maintenance

- Note: It's critical to know the fully monthly payment and cash required to close at your desired price range. You may wish to search for homes that cost less than you are fully preapproved for if the maximum feels too high for your budget.



Pre-Approval Documentation



- ✓ Paystubs
- ✓ Tax Returns
- ✓ Retirement statements
- ✓ Bank Statements
- ✓ Gift fund letters

Typical Buyer Inspections

- General
- Pest

Other investigations might include:

- Foundation
- Electrical
- Plumbing
- Roof
- Sewer lateral (in some jurisdictions)
- Contractor bids/assessment
- Title (for liens or other “encumbrances”)
- Survey
- City-required Inspections

Other due diligence:

- Crime
- Schools
- Permit history
- HOA Documents
- *Anything else needed to determine if you would like to move forward

Possible Seller Responses

- Acceptance with no negotiation
- Seller counters only your offer
- Seller counters more than one offer, including yours
- Seller declines your offer

**If you don't hear anything...your REALTOR® should follow up with the listing agent*



Post-Closing Considerations



- Supplemental Tax Bill
- Refinancing too fast - talk to lender before refinancing
- Moving in
- Transfer of Utilities
- Budgeting for repairs/maintenance
- Foreclosure prevention resources
- Tax considerations
- Estate Planning and Trusts

Don't forget to look at tax deductions and credits for homeowners, including energy efficiency credits and home improvement credits.



Questions