



 **STEPS**
TOWARD
HOMEOWNERSHIP

STEPS to Financing the Dream of Homeownership

Virtual Event

June 11th, 2024



Welcome



STEPS Toward Homeownership Financial Literacy Program

Sara Sutachan
S.V.P. & Chief Strategy Officer
CALIFORNIA ASSOCIATION OF REALTORS®






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



MORTGAGE.CAR.ORG



FINDDOWNPAYMENT.CAR.ORG



Transaction Rescue™

CALIFORNIA ASSOCIATION OF REALTORS®

Your lifeline to the lending community is a free member benefit! We provide assistance with finding a lender, loan qualifications, underwriting, short sales and more. Give us a call on the FREE helpline at (213) 739-8383, email us at TransactionRescue@car.org

DOWN PAYMENT RESOURCE DIRECTORY

Quickly search and identify over 400+ available down payment assistance programs in your client's target area with our Down Payment Resource Directory.



Thank You to our SPONSORS!



STEPS to Financing the Dream of Homeownership – Lending Arena Speakers



Ryan Sison

Loan Originator

Chase



Cynthia Leal

Managing Originator

Guild Mortgage



Yong Choi

Loan Originator

*United American
Mortgage Corp*



Faramarz Moeen-Ziai

Loan Originator

CrossCountry Mortgage



Abel Fregoso Jr.

Sr. Loan Originator

PRMG

STEPS to Financing the Dream of Homeownership – Lending / DPA Arena Speakers



Anthony Navarro

Loan Production
Manager

Golden1 Credit Union
Home Loans



Angel Romero

HFA Relationship
Manager

Down Payment
Resource



Rolanda Wilson

Sr. Housing
Counselor & Board
Member, REALTOR®

*NID Housing
Counseling Agency*



Molly Ellis

Housing Finance
Officer

*California Housing
Finance Agency
(CalHFA)*



Meagan Harris

Program
Administrator

*Golden State
Finance Authority
(GSFA)*

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



Sara Sutachan

S.V.P. & Chief Strategy
Officer

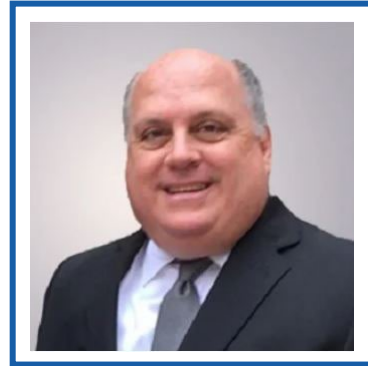
California Association of
REALTORS®



Melanie Barker

2024 President

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®



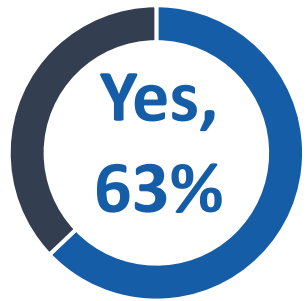
David Mendez

Affordable Lending
Manager

Freddie Mac Single-
Family

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



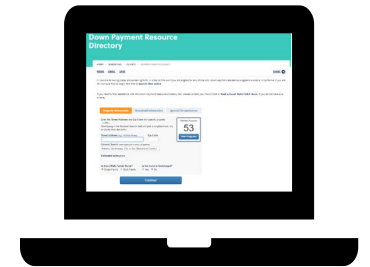
CALIFORNIA ASSOCIATION OF REALTORS®
Transaction Rescue™

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



Today's Agenda:

10:00 am – Welcome to STEPS Towards Homeownership – Marc & Sara

10:05 am - Why Homeownership Matters – Jordan Levine

10:20 am - Showing Your Value as a REALTOR® – Faramarz

10:30 am – Understanding Homeowner Needs, Setting Expectations, True Cost of Homeownership, and REALTOR® Resource Guide

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

11:45 am - Leveraging DPA

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

- Meet the Speakers
- Ask Your Questions

12:10 pm – Breakout rooms



Breakout: Q&A Sessions

California Housing Finance Agency (CalHFA) – Molly Ellis

Cross Country Mortgage – Faramarz Moeen-Ziai

Down Payment Connect – Angel Romero

Freddie Mac – David Mendez

Golden1 Credit Union Home Loans – Anthony Navarro

Golden State Finance Authority (GSFA) DPA – Meagan Harris

Guild Mortgage – Cynthia Leal

PRMG – Abel Fregoso



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.

C.A.R. Policies



Anti-trust Compliance: As a reminder, C.A.R. is committed to conducting all meetings and events in a professional, ethical, and lawful manner, including adherence to all antitrust laws. To that end, the topics for this meeting will focus on advancing the interests of real estate professionals and consumers of real estate services, increasing competition, reducing risk for all parties involved in real estate transactions, and sharing insights on business best practices. The following discussion topics are always prohibited: commission or compensation levels, agreements to fix prices or compensation, agreements to limit product or service offerings, allocation of geographical territory or customers, and agreements to refuse to deal. Any discussion inconsistent with this policy will not be tolerated.

Why Homeownership Matters Video



Why Homeownership Matters



Why Homeownership Matters – An Economic View

Jordan Levine
2024 President

CALIFORNIA ASSOCIATION OF REALTORS®

Survey for STEPS Toward Homeownership 6-11-24



Your Feedback is Critical

https://car.qualtrics.com/jfe/form/SV_86XvXAMXypVhIBk





Thank You



Showing your Value as a REALTORS®

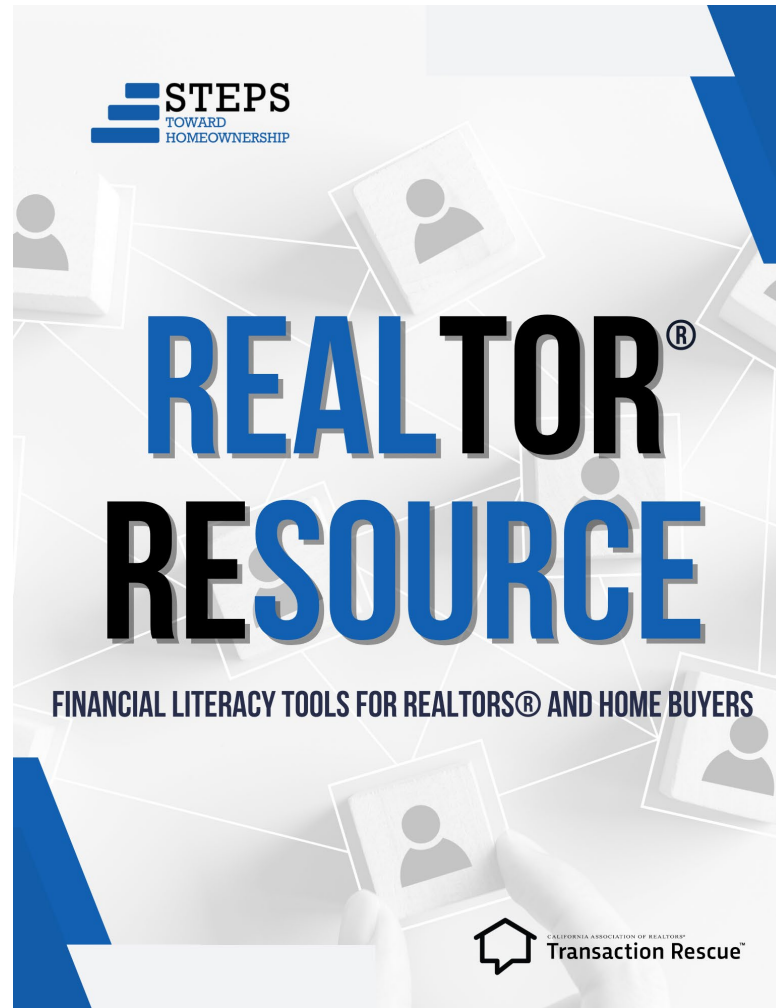


Understanding Client Needs and Setting Expectations

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**

REALTOR® Resource: Financial Literacy Tool



REALTOR® Resource: Financial Literacy Tool

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?		
2. Has it been at least two years since you discharged debts in bankruptcy or three years since a home you owned was foreclosed?		
3. Do you have access to down payment money from sources that can be verified and documented?		
4. Do you have at least two or three open credit accounts in good standing?		
5. 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.

REALTOR® Resource: Financial Literacy Tool

A Checklist of Serious Buyer Financing Challenges



Buyers with one or more of these issues will find it very difficult to obtain the best available terms for a conventional or government-insured loan. REALTORS® should proceed with caution before submitting purchase offers for buyers with these issues:

- ✎ 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
- ✎ The buyer is self-employed with minimal net business income reported in recent tax years
- ✎ The buyer plans to settle judgements and tax liens during escrow as a condition for final loan approval
- ✎ The buyer's assets are all cash and can't be sourced
- ✎ The buyer discharged a 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



REALTOR® Resource: Financial Literacy Tool

Checklist - Documents Required For Loan Approval



Here is a list of documents lenders will typically require from your buyers. REALTORS® can help their clients prepare for the loan application and approval process by reviewing this list with them early in the process and encouraging them to gather these documents as quickly as possible.

- Federal income tax returns for the past two years
- W2s for the past two years
- Paycheck stubs for the past two months
- Statements for all asset accounts (checking, savings, retirement) for past two months
- Other income documents such as Social Security award letters
- Names and contact information for all employers over the last two years
- All addresses used over the past two years
- Government ID and Social Security card
- Copy of finalized divorce decree, child support order, bankruptcy filings and discharge papers
- Non citizens must provide copy of resident alien (“green”) card or valid work authorization card
- Letters of explanation regarding past derogatory credit, name and address variations, recent credit inquiries, and other issues required by the underwriter
- Others as needed or requested



REALTOR® Resource: Financial Literacy Tool

A Down Payment Worksheet

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	\$	
Pending proceeds from the sale of buyer's existing real estate	\$	
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



REALTOR® Resource: Financial Literacy Tool

C.A.R.'s Down Payment Resources 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)
Rancho Cucamonga (City in San Bernardino County)

Estimated sales price

Is this a Multi-Family Home? Single-Family Multi-Family

Is the home in foreclosure? Yes No

Continue

Matched Programs

53

[View Programs](#)

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

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

FILTERS AVAILABLE	Actual Property	Law Enforcement
Property Information	Sales Price	Firefighter
Household Information	Currently Own a Home	Healthcare
Special Circumstances	Household Income	Disability
General Search - City, County, Town, etc.	Veteran	Military
	Educator	Energy Efficient

Steps with CalHFA

Step 1 – See If You Are Eligible.
[Eligibility Calculator](#)

Step 2 – Get Pre-Qualified
Find a Preferred Loan Officer
[Preferred Loan Officers](#)

Step 3 – Take Homebuyer Education
[ONLINE eHome's eight-hour Home-buyer Education](#)
[IN-PERSON NeighborWorks America](#) or [HUD-Approved Housing Counseling Agency](#)

Step 4 – Start looking for a home
Talk to a local Realtor to guide you through this process

Info with GSFA

We Allow:

- Condos
- PUDS
- 1-4 unit
- Manufactured Home Primary Residences

Minimum credit score of 620

Find a Participating Lender:
<http://gsfahome.org/programs/platinum/lenders.aspx>



REALTOR® Resource: Financial Literacy Tool

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.*

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



HELPFUL REFERRAL RESOURCE:

[Credit.org](https://www.credit.org) is a non-profit organization that offers a wide range of free credit counseling and financial management services

CreditSmart®

CreditSmart is a suite of free financial capability and homeownership education resources designed to empower consumers with the skills and knowledge to support them through every stage of their homeownership journey.

Every person has a unique homeownership journey which is why CreditSmart offers different paths to education and financial wellness.



CreditSmart® Essentials



CreditSmart® Military



CreditSmart® Homebuyer U



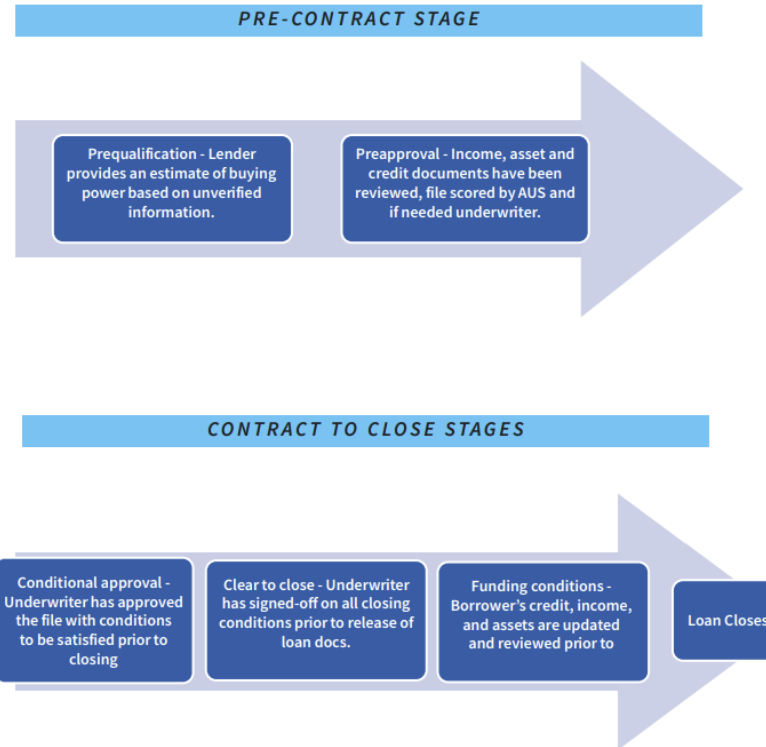
CreditSmart® Coach



CreditSmart® Multilingual

REALTOR® Resource: Financial Literacy Tool

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!

REALTOR® Resource: Financial Literacy Tool

Working with Nonprofit Housing Agencies

REALTORS® can benefit by supporting and working with non-profit housing agencies. These organizations provide valuable services to your buyers and can become important referral partners.

TYPICAL SERVICES THEY PROVIDE	5 WAYS YOU CAN PARTNER WITH NONPROFIT HOUSING AGENCIES
Pre-purchase home buyer education	1. Volunteer as a subject matter expert at their first-time buyer workshops
Financial and debt management counseling	2. Become a board member
Default and foreclosure prevention and counseling	3. Help with fund raising activities and events
Build or rehab affordable homes for sale to first-time buyers	4. Volunteer at special events and neighborhood clean-up days
Administer first-time buyer programs	5. Refer clients who need their services

HOW TO FIND HOUSING ORGANIZATIONS IN YOUR AREA

HUD-approved agencies can be found at: www.hud.gov/findacounselor

NeighborWorks organizations can be found at:
www.neighborworks.org/Our-Network/Network-Directory

Credit counseling organizations can be found at: www.nfcc.org

2024 Conforming & High Balance Loan Limits by County for Freddie & Fannie

(As of 1/01/2024)

The Federal Housing Finance Agency's (FHFA) announcement to increase the 2024 conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac to **\$766,550** on one-unit properties and a cap of **\$1,149,825** in high-cost areas. The previous loan limits were \$726,200 and \$1,089,300, respectively. Higher Loan Limits = More Properties Available to Entry Level Buyers

Loan Limit Counties

\$1,149,825 –	Alameda, Contra Costa, Los Angeles, Marin, Orange San Benito, Santa Clara, Santa Cruz, San Mateo
\$766,550 > < 1,149,825	San Diego, Ventura, Santa Barbara, San Luis Obispo, Monterey Napa, Sonoma, Yolo
\$766,550 –	All Remaining Counties for FHLMC/FNMA, FHA are less.

Link to Freddie Mac (FHLMC) / Fannie Mae (FNMA) 2024 Loan Limits

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

Link to FHA Loan Limits just changed on the 15th of November for **2024 Limits – Conforming \$1,149,825 max, (for single unit) less in many areas**

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

2024 Fannie / Freddie / FHA Loan Limits



	Standard FHA*	Standard GSE*	FHA and GSE, High Cost Areas
1-unit	\$498,587	\$766,550	\$1,149,825
2-unit	\$637,950	\$981,500	\$1,472,250
3-unit	\$771,125	\$1,186,350	\$1,779,525
4-unit	\$958,350	\$1,474,400	\$2,211,600

*Continuous States, DC, and Puerto Rico

Fannie/Freddie Mac Loan Limit: Loan Limit [Look-Up Table 2024.xlsx](#) (live.com)

FHA Mortgage Limits by County: (hud.gov) [FHA Mortgage Limits](#) (hud.gov)



Thank you!!

Survey for STEPS Toward Homeownership 6-11-24



Your Feedback is Critical

https://car.qualtrics.com/jfe/form/SV_86XvXAMXypVhIBk





Shared Materials - Lending & Down Payment Assistance



Programs



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	7.25%

P & I \$4,301

Buy down 5.25%

P & I \$3,481 - \$4,301 = \$819 x 12 = \$9,833

2nd yr. 6.25%

P & I \$3,882 - \$4,301 = \$419 x 12 = \$5,028

Total seller concession is \$14,862, which is = to 2.36 points in this example.

The \$14,862 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

Lending Update - Bridge Loans

Use: A bridge loan is a loan that is used to leverage the equity in your departing residence to purchase a new home prior to selling. The options and the cost vary greatly depending on borrower qualifications and the speed with which the bridge loan is needed.

Bridge Loan Options –

1. Least expensive – HELOC (Home Equity Line of Credit) on departing residence and conventional loan on the purchase. Ideal for borrowers with good to high documentable income who are not in a rush to do an immediate transaction.
 - a. Advantages – Very low cost
 - b. Disadvantages
 - i. HELOC takes 30-60 days to put in place
 - ii. Borrower must qualify with both departing residence debt and purchase money debt
2. HELOC + Non-QM loan - For borrowers who have time, but only qualify for the financing on the new property. Rather than using a conventional loan, we would use a non-traditional loan that allows us to exempt the departing residence debt from the borrower's debt to income calculations.
 - a. Advantages – relatively low cost
 - b. Disadvantages
 - i. HELOC takes 30-60 days to put in place
 - ii. Higher interest rate on Non-QM purchase loan.

Lending Update - Bridge Loans

Bridge Loan Options (Cont'd) –

3. Bridge + Non-QM loan – We would simultaneously get two loans at once. The first would be a bridge loan on the departing residence in the amount needed for the down payment on the purchase of the new residence. The second would be the purchase money needed to acquire the new home.
 - a. Advantages – can close in 21 days
 - b. Disadvantages
 - i. Higher cost – points are charged on both loans
 - ii. Higher interest rate than conventional on the purchase money transaction
4. Cross Collateralized Bridge Loan – A single loan for the amount needed to purchase the new property. The combined value of the departing residence and the new property is used to determine the maximum loan to value ratio needed. There is no income qualification for this loan – only the property values are considered. The loan would be paid off or refinanced when the departing residence is sold.
 - a. Advantages
 - i. Can close in 10 days
 - ii. Asset based loan – no income qualification
 - iii. No monthly payments – the interest is added to the payoff at the time of sale of the departing residence
 - b. Disadvantages
 - i. High cost – 3 points on the purchase price and 10.5% interest while the loan is outstanding
 - ii. If loan is not completely paid off by the sale of the departing residence, a refinance would have to be done.

Lending Update – 5% Down (Multi-unit)

5% down multi unit

New guideline change from Fannie Mae as of 11/18/2023. Fannie now allows 5% down on 2-4 unit properties. Previous guideline was 15% down on 2 unit and 25% down on 3-4 unit. Limitations and features –

1. Borrowers can use 75% of collected rents on the units they are not occupying to help qualify for higher loan amounts.
2. Must be owner occupied
3. Only available to national conventional limits – no high balance.
 - a. 2 unit – 981,500
 - b. 3 unit – 1,186,350
 - c. 4 unit – 1,474,400

New Conventional Limits Announced

FHFA has announced the new lending limits for 2024 –

Units	National Limit	High Balance Limit
1	\$766,550	\$1,149,825
2	\$981,500	\$1,472,250
3	\$1,186,350	\$1,779,525
4	\$1,474,400	\$2,211,600

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: \$1,149,825 Varies by Each County Limit
- <https://entp.hud.gov/idapp/html/hicost1.cfm>
- 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% & 50% with 700+ FICO
- High balance fee on FHA ranges from .352% to 1.302%
- Income limits varies by each county
- No maximum sales price
- 2024 max loan limits: low-cost areas \$644,000 & high-cost areas \$1,149,825 varies by each county
- <https://entp.hud.gov/idapp/html/hicost1.cfm>

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 \$766,550; 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 - <https://entp.hud.gov/idapp/html/hicost1.cfm>
- 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: \$1,149,825 Varies by Each County Limit
- <https://entp.hud.gov/idapp/html/hicost1.cfm>
- 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, GSFA only. Cal HFA SFR + ADU. 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/>
- Loan Limits: <https://www.fhfa.gov/DataTools/Tools/Pages/Conforming-Loan-Limit-Map.aspx>

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 2-4 units 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.
- <https://www.fhfa.gov/DataTools/Tools/Pages/Conforming-Loan-Limit-Map.aspx>

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

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% & 50% with FICO 700+
- 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: \$766,550 max. Starting in January 2024
- <https://www.fhfa.gov/DataTools/Tools/Pages/Conforming-Loan-Limit-Map.aspx>
- Property Condition: C4 Appraiser Condition Rating or Better (C1-C4)
- Occupancy can be as Primary Residence.
- 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
- 2024 Max Loan Limit: Conforming \$766,550 & High Balance \$1,149,825 Varies by Each County Limit
- <https://www.fhfa.gov/DataTools/Tools/Pages/Conforming-Loan-Limit-Map.aspx>
- 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% & 50% with FICO 700+
- High balance fee on conventional ranges from 1.051% to 1.577%
- Income limits varies by each county and no maximum sales price
- 2024 max loan limits: conforming \$766,550 & high balance \$1,149,825 varies by each county
- <https://www.fhfa.gov/DataTools/Tools/Pages/Conforming-Loan-Limit-Map.aspx>

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.

Pathway to Homeownership Closing Cost Assistance Grant Program

C.A.R. HAF's Pathway to Homeownership Closing Cost Assistance Grant Program helps first-time homebuyers who are members of an "Underserved Community*" bridge the affordability gap by providing up to \$10,000 in closing cost assistance. Each grant is provided to low-to-moderate income (120% AMI and below) first-time homebuyers who utilize the services of a CA REALTOR.®

Pathway Info:



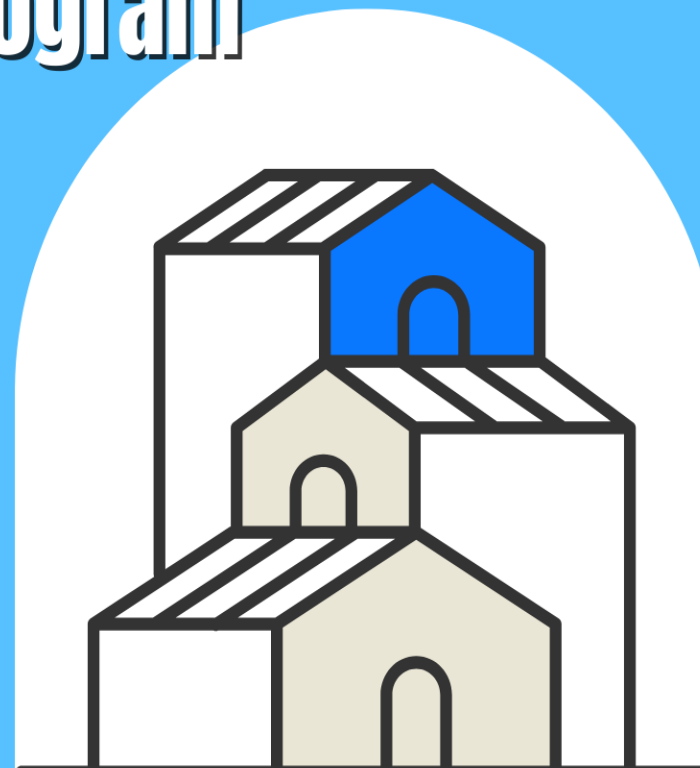
on.car.org/hafclose

Donate:



on.car.org/hafdonate

Contact us at
haf@car.org



carhaf.org

*"Underserved Community" includes: (i) people of color; (ii) persons with disabilities (physical, cognitive, or mental); or (iii) lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons.(ii) An individual with a disability is defined as a person who has a physical or mental impairment that substantially limits one or more major life activities.

Other Information





STEPPIN' Toward Down Payment Assistance (DPA)



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](#)

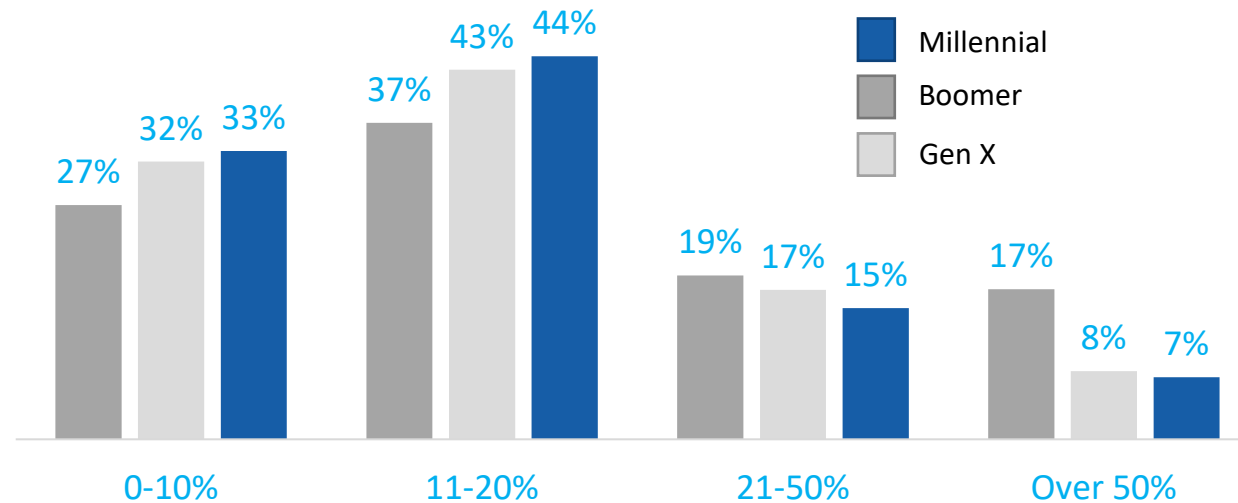
Continue

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](#)

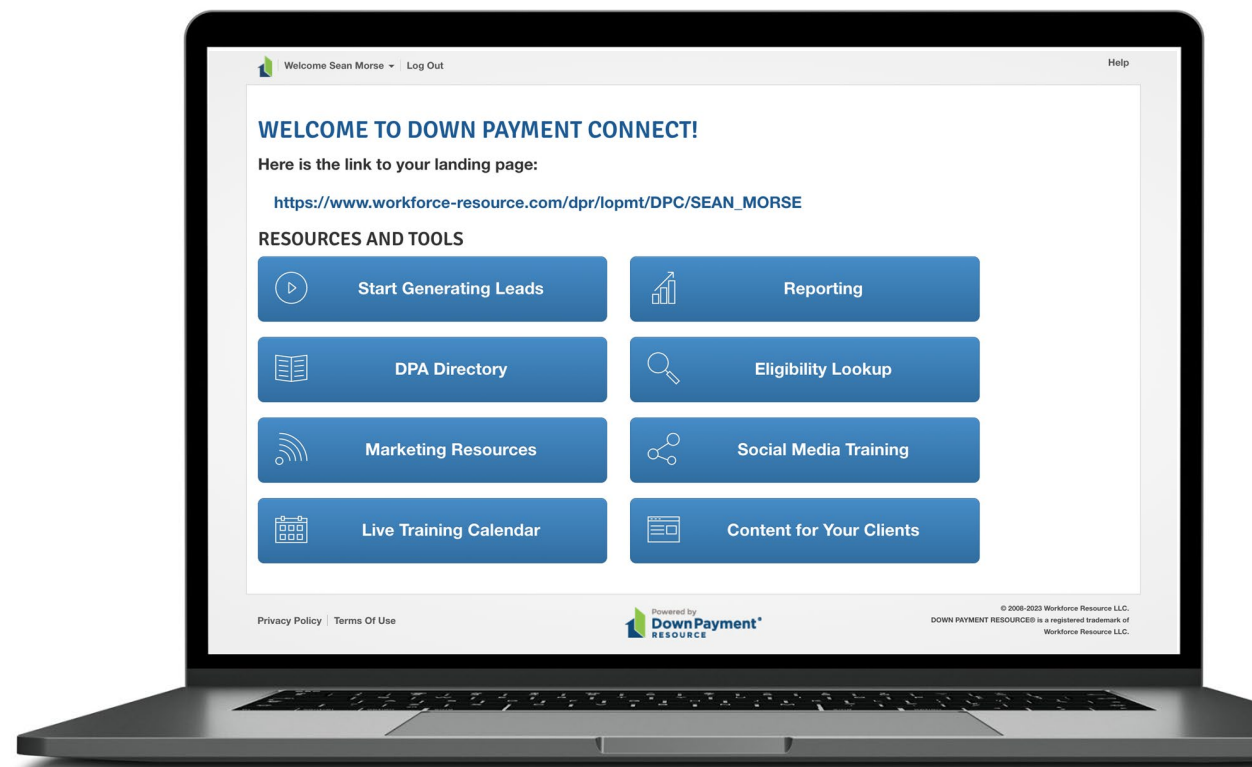
[Privacy Policy](#) | [Terms of Use](#)



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)





PROGRAM TRAINING

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

Main: 916.326.8000
Single Family: 916.326.8033

CalPLUS CalWithSM 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



CalHFA VA Loan Program

- 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

The logo for Cal BEA features a stylized orange house icon above the letters 'BEA' in blue. The word 'Cal' is in blue to the left, and 'Borrower Eligibility' is in orange to the right.

Cal BEA 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.htm>

The logo for CalHEFA (California Home Equity Finance Association) features a stylized orange house icon above the text "CalHEFA" in blue. The word "HEFA" is in a larger, bold font, and a small "SM" trademark symbol is visible to the right of "HEFA".

Property Requirements

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



CalHFA 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

Housing Finance Officer, CalHFA

O: 916.326.8680

mellis@calhfa.ca.gov

Golden State Finance Authority (GSFA)





Leverage DPA Programs to Expand Your Business

Down Payment Assistance (DPA) Programs

Sponsored and/or Managed by Golden State Finance Authority



Supporting California Homebuyers for More than 31 Years

- » Public Entity and Agency in California
- » Organized in 1993
- » Affordable Housing Programs
 - Provide a source of financing
 - Network of Lenders to originate loans
 - Ensure borrower ability to pay



FHA, VA, USDA and Conventional Mortgages



\$664.1 Million in Down Payment Assistance Provided



85,700+ Homebuyers Assisted to-date



Disclaimer: This presentation 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 policies, eligibility requirements, loan applications, interest rates and annual percentage rates (APRs) are available through GSFA Participating Lenders.

Connect Buyers with GSFA Down Payment Assistance

- » Solution Orientated Programs
- » Easy, Flexible and Affordable
- » Available throughout California
- » NOT Limited to First-time Homebuyers
- » Less-than-Perfect credit Allowed
- » Increase Purchasing Power
- » More Closed Loans = More Business



GSFA Homebuyer Assistance

1st Mortgage Loans

combined with

Down Payment Assistance

Programs:

1. Platinum
2. Golden Opportunities

Disclaimer: This presentation 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.



See the Impact of DPA (Example #1)



\$794,352
Purchase Price

For example purposes only.

**Scenario is based on an FHA 1st Mortgage at 96.5% Loan-to-Value combined with DPA Assistance from GSFA, sized at 5% of the Total Loan Amount. Max Loan Amount for an FHA Loan through GSFA DPA Programs: (\$766,550 + \$13,415 Upfront MI (UFMI)) = \$779,964*

\$779,964*
FHA 1st Mortgage
Loan (96.5% LTV) + UFMI

\$38,998
GSFA DPA
(5% of the Total 1st Mortgage
Loan Amount)



\$27,802
to Cover 3.5%
Down Payment Requirement

\$11,196
Remaining to put towards
Closing Costs

GSFA DPA Programs – General Guidelines

» 30-Yr Fixed-Rate 1st Mortgages

- FHA, VA, USDA
 - Purchase transactions only
 - *Now Includes HUD184 product (tribal lands)*
- Conventional Freddie Mac HFA Advantage
 - Purchase or refinance transactions

» 1st Mortgage Loan Amount

- \$766,550 max loan amount
- No purchase price limits

» Eligible Properties

- Owner-occupied, primary residences
- 1-4 units, townhomes, condos and manufactured homes
- No second homes or rentals

» Eligible Uses of DPA Funds

- Down Payment
- Closing Costs
- Applied toward the 1st Mortgage

Income Limits & Homebuyer Education



» Income Limits Based on:

- Credit qualifying income in most cases
 - *Except: USDA loans and ReCoverCA HBA Program*
- 1st Mortgage type
- County of Property being purchased

» FHA, VA and USDA Loans:

- Follow loan agency guidelines

» Conventional Loans

- GSFA Income Limits published on website
 - *Except: ReCoverCA HBA Program*
- County Examples:
 - Contra Costa \$284,760
 - Riverside, San Bernardino, Kern \$196,560
 - Sacramento, Yolo \$205,020

» Homebuyer Counseling

- No Requirement from GSFA
 - *Except: ReCoverCA HBA Program*
- FHA/VA/USDA:
 - Follow agency guidelines
- Freddie Mac HFA Advantage:
 - Required if all borrowers are first-time homebuyers
 - Refer to loan agency for specifics



GSFA Platinum® Program

Eligible Mortgages	FHA, VA, USDA and Conventional
Maximum Debt-to-Income (DTI)*	<ul style="list-style-type: none">• 45% max for FICOs below 680• Up to 50% for FICOs 680 and higher
FICO Score Requirement*	<ul style="list-style-type: none">• 640 minimum FICO• Manufactured Homes require a 660 FICO (and max DTI of 45%)
Assistance Available	Up to 5.5% of the Total 1 st Mortgage Loan Amount



1. Platinum “Standard” DPA (Up to 5% Total)

- » Eligibility
 - Applies to the vast majority of borrowers
 - No specific type of employment necessary
- » Terms for DPA 2nd Mortgage
 - Size = Up to 5% of the Total 1st Mortgage
 - 15-Year Fully Amortizing (monthly payments)
 - Note Rate same as 1st Mortgage
 - No Subordination Allowed

2. Platinum “Select” DPA (Up to 5% Total)

- » Eligible Occupations
- » Eligible Types of 1st Mortgages
 - FHA Energy Efficient Mortgage (EEM)
 - USDA Financing
- » Primary DPA: 2nd Mortgage
 - Size = 3.5% of the Total 1st Mortgage
 - 15-Year Fully Amortizing (monthly payments)
 - Note Rate same as 1st Mortgage
 - No Subordination Allowed
- » Optional Additional DPA: Gift
 - Size = Up to 1.5% | Forgiven immediately after close

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

3. Platinum “Assist-to-Own” DPA (Up to 5.5% Total)

- » For Employees of GSFA Member Counties
- » Purchase/Refinance Anywhere in CA
- » Primary DPA: Deferred 2nd Mortgage
 - Size = 3.5% of the Total 1st Mortgage
 - 30-Year Non-Amortizing (No monthly payments)
 - 0% Note Rate (No interest accrual)
 - Due/payable upon sale, refi or payoff of 1st Mortgage
 - No subordination allowed
- » Optional Additional DPA: Gift
 - Up to 2.0%, subject to market availability | Forgiven immediately after close





2. GSFA Golden Opportunities

Eligible Mortgage Loans	FHA, VA and USDA only	
Maximum Debt-to-Income (DTI)*	<ul style="list-style-type: none"> FHA/VA (AUS approval) = 55% 	USDA (GUS approval) = 55%
	Manual underwriting guidelines:	<ul style="list-style-type: none"> FHA Not allowed; VA/USDA = 41% max DTI
FICO Score Requirement*	<ul style="list-style-type: none"> FHA, VA = 620 	<ul style="list-style-type: none"> USDA = 640
Assistance Available	Up to 5% of the Total 1 st Mortgage Loan Amount	



Golden Opportunities – DPA Terms

- » Primary Assistance = DPA 2nd Mortgage
 - Size = Up to 3.5% of the Total 1st Mortgage
 - 15-Year Fully Amortizing (monthly payments)
 - Interest Rate same as 1st Mortgage
 - No Subordination Allowed
- » Additional DPA Gift
 - Size = Up to 1.5% of the Total 1st Mortgage
 - Subject to market availability/pricing
 - Forgiven immediately at close

Start Building Financial Security Now

Does Waiting Make Sense?

- » 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 (Base on Example #1)

Purchase Price	\$794,352
----------------	-----------

DPA Provided by GSFA	\$38,998
-----------------------------	-----------------

If you saved \$500 per month... it would take =	6+ Years
---	----------

Estimated Equity Increase of 5% Annually⁽¹⁾ for 6 years	\$238,305
---	------------------

(1) According to the California Association of REALTORS®, California's median home price is forecasted to rise 6.2 percent to \$860,300 in 2024.

ReCoverCA Homebuyer Assistance Program

NEW

- » Homebuyer Assistance (HBA)
 - Up to \$350,000/household
- » Households Impacted by Wildfires
 - Renters or Homeowners
 - Households $\leq 80\%$ AMI (LMI)
 - Who lived in High/Very High Fire Hazard Severity Zones during qualifying disaster year
- » Home Purchase
 - Outside High Fire Hazard Severity Zones

ReCoverCA Homebuyer Assistance

Up to **\$350,000**

Available to qualifying renters or previous homeowners impacted by CA fires in 2018 and 2020

For more details

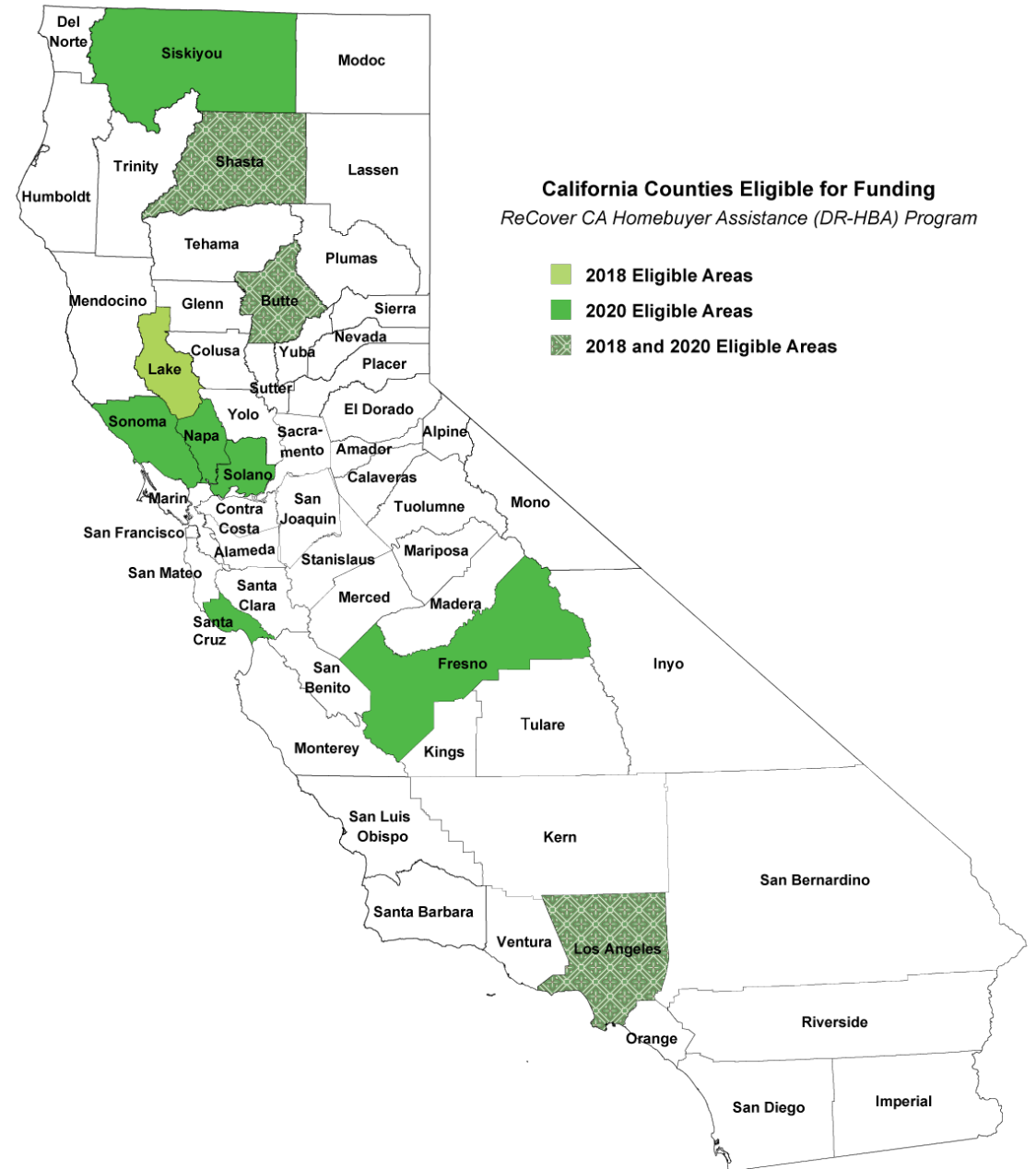
SCAN HERE!

The graphic features three circular icons in a row: a wildfire, a small green plant growing from ash, and a smiling couple in front of a house. A QR code is located in the bottom right corner.

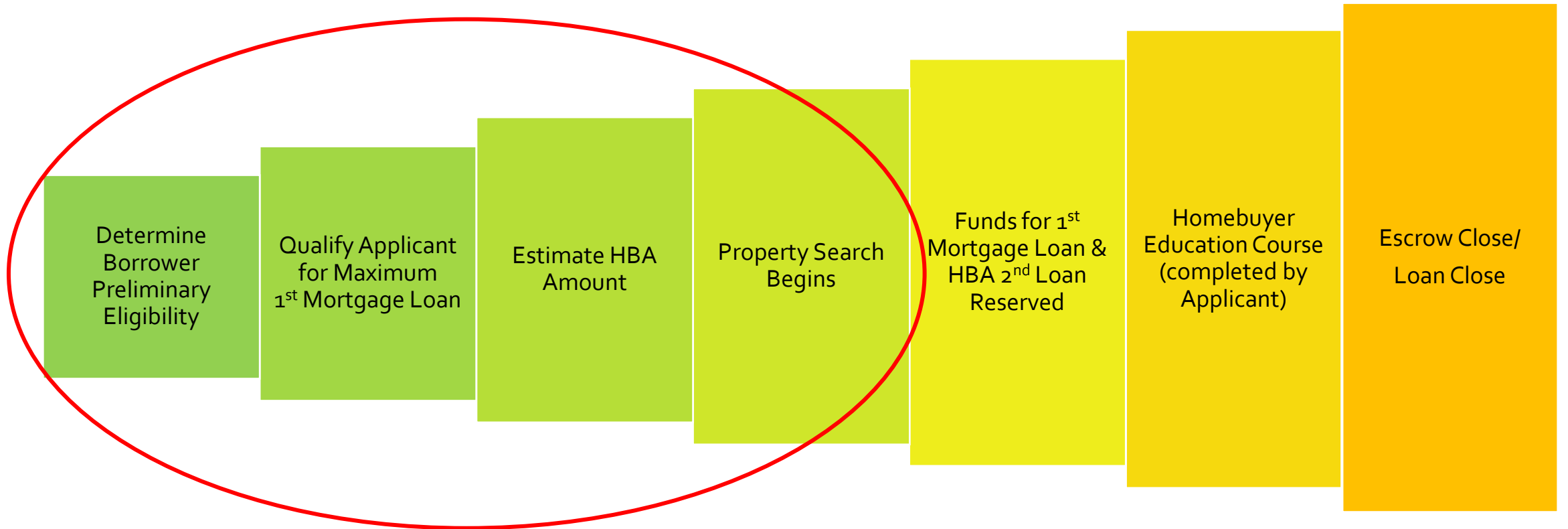


Applicant Eligibility

- » 2018 Qualifying Disaster Areas:
 - Butte, Lake, Los Angeles, and Shasta Counties
- » 2020 Qualifying Disaster Areas:
 - Butte, Fresno, Los Angeles, Napa, Santa Cruz, Shasta, Siskiyou, Solano, and Sonoma Counties
- » Household Income Limits
 - LMI \leq 80% AMI ([Defined by HUD](#))



How the Program Works



1st Mortgage Guidelines



» Eligible Mortgages

- Purchases only
- 30-Year fixed-rate loans
- FHA, VA, USDA and Conventional

» Minimum FICO = 640

- Manufactured Homes 660 FICO

» Debt-to-Income (DTI) Ratios

- Minimum DTI = 42%
- Maximum DTI = 45%

» Loan Limit is the Lesser of:

- \$766,550, or
- Loan limit for county/loan type

» Homebuyer Education

- 8-hr online course + 1:1 Consult

» Eligible Properties

- Single-family
- Townhomes, Condos, PUDS
- Manufactured Homes
- ADU's
 - Note: #of Bedrooms set by HUD. See website for details

HBA Structure and Terms

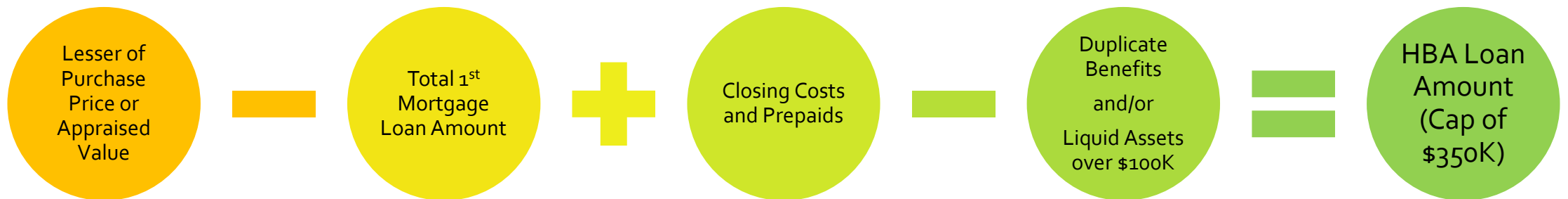
» HBA Structure/Terms:

- Forgivable 2nd Mortgage, 5-Year Term
- Note rate 0% percent, deferred
 - No monthly payments, no interest accrual

» HBA Forgiven

- After 5 years of ownership and occupancy
 - 20% forgiven each year, pro-rata

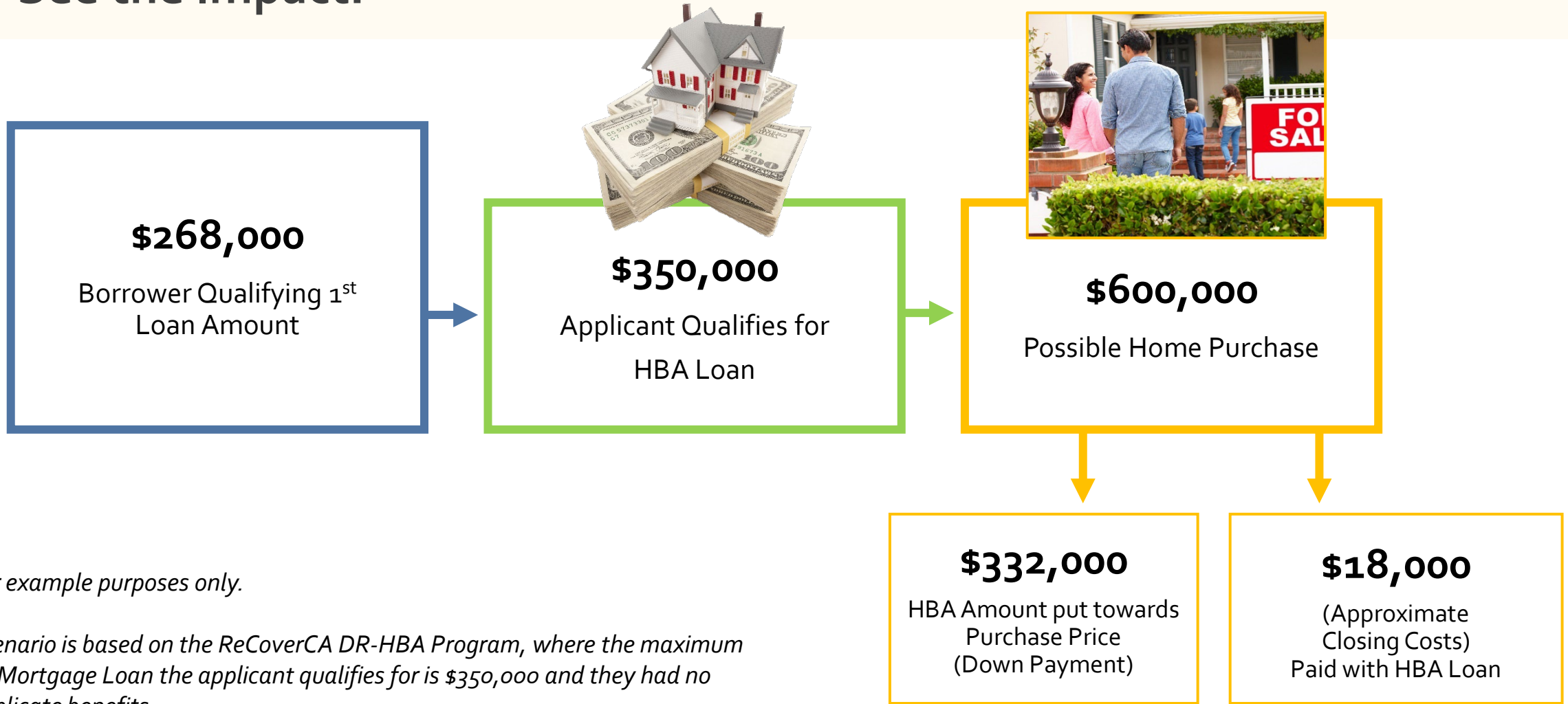
» Calculating the HBA Amount



» Use of HBA Funds

- Down payment
- Closing costs (including prepaids)
- Homebuyer education fees

See the Impact!



For example purposes only.

Scenario is based on the ReCoverCA DR-HBA Program, where the maximum 1st Mortgage Loan the applicant qualifies for is \$350,000 and they had no duplicate benefits.

GSFA DPA Programs – How to Apply



Lenders listed on the
GSFA website

www.gsfahome.org

GSFA Client

Relations

(855) 740-8422

M-F 8am – 5pm PST

info@gsfahome.org

Work with a GSFA Participating Lender

- » Approved by GSFA
- » Understand the ReCoverCA HBA Program
- » Furnish complete program policies and eligibility requirements, interest rates and APRs
- » Will calculate the HBA amount applicant qualifies for
- » Processes application and mortgage loan

Customizable Marketing Literature

- » Pre-designed for Lenders/Realtors
- » Flyers and brochures
 - English & Spanish
 - Adobe PDF format
 - Text fields to add contact info
- » Use Guidelines:
 - Must be with a GSFA Lender
 - OR able to refer to a GSFA Lender
 - Represent programs accurately

GSFA Platinum Program®

Get Down Payment Assistance to Help You Buy a Home

Thousands of people ask every day if...

Golden State Finance Authority

Believe

Homeownership may be just around the corner for you too. Speak with a GSFA Platinum Participating Lender about whether the GSFA Platinum Program is the right fit for you.

Dream

For more than 30 years, Golden State Finance Authority (GSFA) has offered homebuyers mortgage loan programs featuring low interest rates and down payment and/or closing cost assistance in a variety of forms.

GSFA has helped more than 84,590 people purchase homes and provided over \$649.7 million in down payment assistance.

"STABILITY AND SAFETY WERE A REALITY"

“Becoming a homeowner became extremely important in providing stability for myself, my children and my mother who was battling cancer. Receiving this assistance granted us an opportunity that was previously out of reach.”

— Patricia Waggoner, Jan 2022
Fresno County, CA

GOLDEN STATE Finance Authority®

*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. Golden State Finance Authority (GSFA) is a duly constituted public entity and agency. Copyright © 2023. 3029PLS JAN 2023

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

Let us help you achieve the dream of owning your own home

Call Today to Get Started

...ights*
...of the First Mortgage.
...limited to first-time
...with purchase or primary residence loss, townhomes and in manufactured homes).
...d towards down payment costs.
...Limits.
...ing Guidelines 640 | Maximum DTI 50%.)
...and Conventional Types available.

You don't have to be a first-time homebuyer.

DPA Clients Become Clients for Life!




Thank You for Attending



Golden State Finance Authority

1215 K Street, Suite 1650

Sacramento, CA 95814

 (855) 740-8422



 info@gsfahome.org

 www.gsfahome.org

June 11, 2024

3005RE2.2



This document 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 policies, eligibility requirements, loan applications, interest rates and annual percentage rates (APRs) are available through GSFA Participating Lenders.

The ReCoverCA Homebuyer Assistance (DR-HBA) Program is provided by the California Department of Housing and Community Development (HCD) in collaboration with Golden State Finance Authority (GSFA) as Program Manager. Funding for the Program is made possible through a Community Development Block Grant - Disaster Recovery (CDBG-DR) grant from HUD. GSFA is a duly constituted public entity and agency.

Copyright© 2024 Golden State Finance Authority (GSFA). All rights reserved.

Golden State Finance Authority (GSFA)



- » Meagan Harris – Program Administrator
 - Toll-free (855) 740-8422
 - mharris@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!



Contact List



California Association of REALTORS® - Panelist Contact List

Name	Email	Phone	Company
Abel Fregoso Jr	AFregosoJr@prmg.net	619-572-3316	PRMG
Angel Romero	Info@downpaymentresource.com	303-288-9395	Down Payment Resources
Cynthia Leal	cleal@guildmortgage.net	310-720-5309	Guild Mortgage
Faramarz (FM) Moeen-Ziai	fmz@ccm.com	415-377-1147	CrossCountry Mortgage
Anthony Navarro	ANavarro@golden1.com	916-823-7423	Golden1 Credit Union Home Loans
Jordan Levine	Jordanl@car.org	213-739-8305	California Association of REALTORS®
Marc Farfel	TransactionRescue@car.org	213-739-8383	California Association of REALTORS®
Meagan Harris	Info@GSFAHome.org	855-740-8422	Golden State Finance Authority (GSFA)
Molly Ellis	MEllis@CalHFA.ca.gov	916-326-8680	California Housing Finance Agency (CalHFA)
Rolanda Wilson	Rwilson@nidhousing.com	510-268-9792	NID Housing Counseling Agency
Ryan Sison	ryan.sison@chase.com	949-629-1589	Chase
David Mendez	David_Mendez@freddiemac.com	818-919-6241	Freddie Mac
Yong Choi	YChoi@uamco.com	909-376-5494	United American Mortgage Corporation





Questions