



 **STEPS**
TOWARD
HOMEOWNERSHIP

STEPS to Financing the Dream of Homeownership

Virtual Event

September 5th, 2024




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



MORTGAGE.CAR.ORG



FINDDOWNPAYMENT.CAR.ORG



Transaction Rescue™

CALIFORNIA ASSOCIATION OF REALTORS®

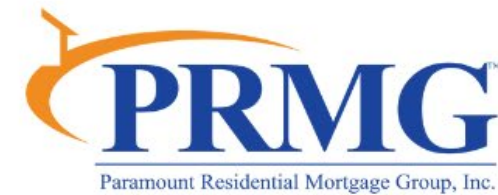
Your lifeline to the lending community is a free member benefit! We provide assistance with finding a lender, loan qualifications, underwriting, short sales and more. Give us a call on the FREE helpline at (213) 739-8383, email us at TransactionRescue@car.org

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



Suchada Lerknant

V.P. Regional Manager,
Loan Originator

Chase



Cynthia Leal

Managing Originator

Guild Mortgage



David Mendez

Affordable Lending
Manager

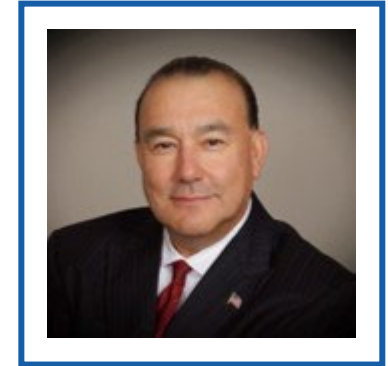
Freddie Mac



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



Javier Rolon

Loan Production
Manager

Golden1 Credit Union
Home Loans



Sean Moss

Executive Vice
President

Down Payment
Resource



Rolanda Wilson

Sr. Housing
Counselor & Board
Member, REALTOR®

*NID Housing
Counseling Agency*



Molly Ellis

Housing Finance
Officer, Lending
Services Manager

*California Housing
Finance Agency
(CalHFA)*



Carolyn Sunseri

Director of
Marketing &
Stakeholder
Relations

*Golden State
Finance Authority
(GSFA)*

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



Sara Sutachan

S.V.P. & Chief Strategy
Officer

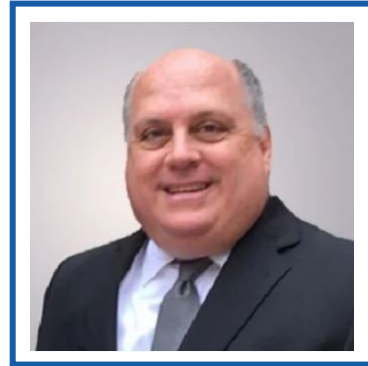
California Association of
REALTORS®



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®



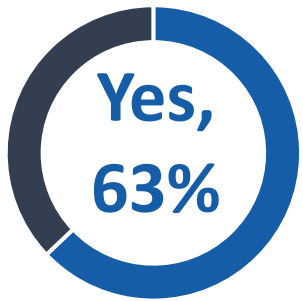
**Yvette Gilliam-
Mcullough**

V.P. Community
Relations, Business
Development

City National Bank

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



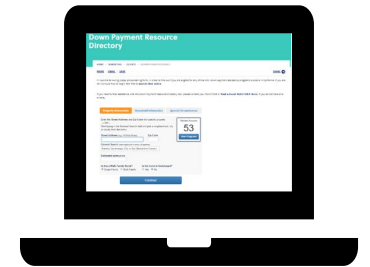
Transaction Rescue™

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



Today's Agenda:

- 10:00 am – Welcome to STEPS Towards Homeownership – Marc & Sara
- 10:05 am - Why Homeownership Matters – Sara Sutachan
- 10:20 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 – Showing Your Value as a REALTOR®
- 12:10 pm – Breakout rooms
 - Questions Breakouts
 - Meet the Speakers
 - Ask Your Questions



Breakout: Q&A Sessions

California Housing Finance Agency (CalHFA) – Molly Ellis

Cross Country Mortgage – Faramarz Moeen-Ziai

Down Payment Connect – Sean Moss

Golden1 Credit Union Home Loans – Javier Rolon

Golden State Finance Authority (GSFA) DPA – Carolyn Sunseri

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



STEPS Toward Homeownership Financial Literacy Program

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

Why Homeownership Matters – An Economic View

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

Why Homeownership Matters?

STEPS Toward Homeownership

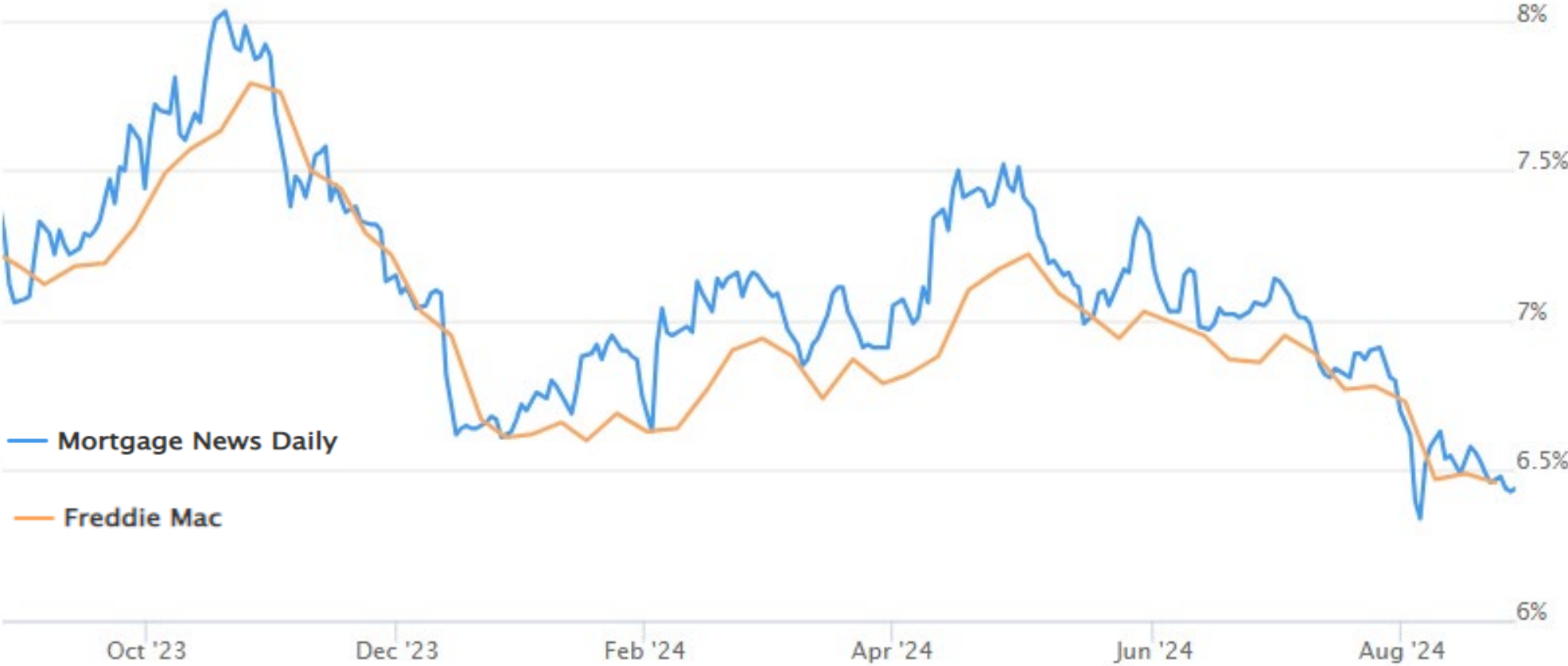
September 5, 2024

California Association of REALTORS®



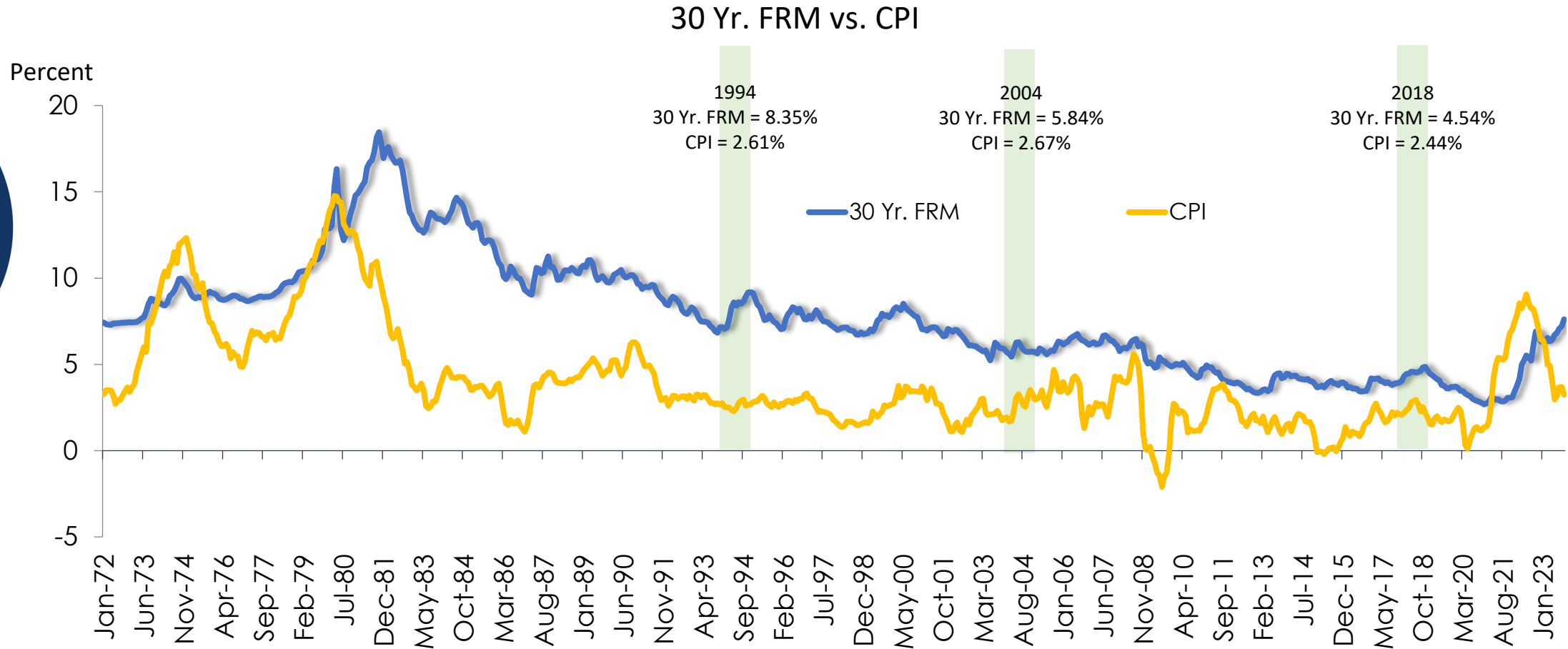
Mortgage rates on a declining trend since early May

Average 30-Yr. FRM



SERIES: Average 30 Yr. Fixed Rate Mortgage
SOURCE: Mortgage News Daily, Freddie Mac

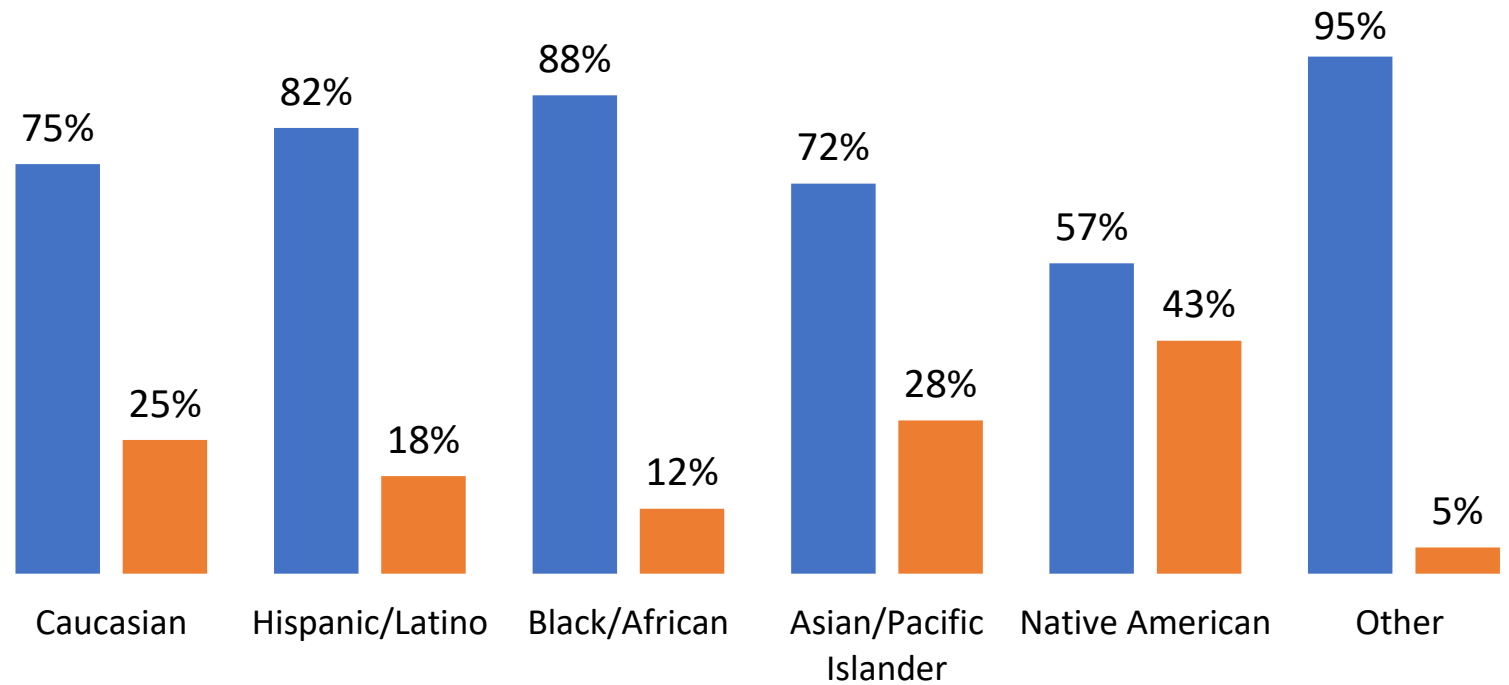
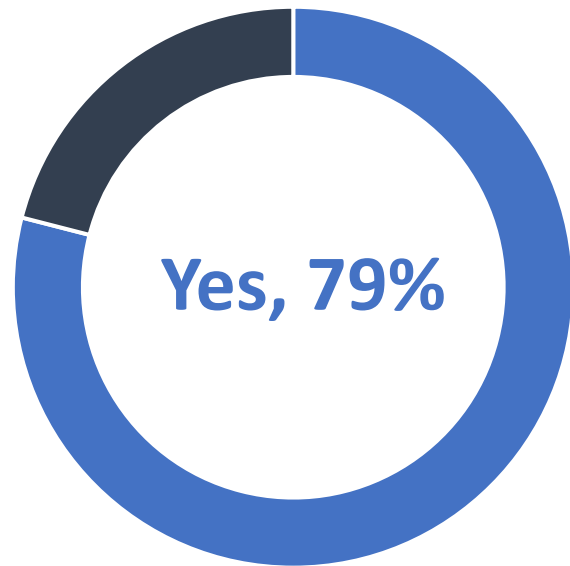
What should rate look like with inflation remaining above 2.5%?



SOURCE: Federal Reserve of St. Louis

Most renters want to own a home at some point in the future

Do you want to own at some point in the future?
(n = 1,004)



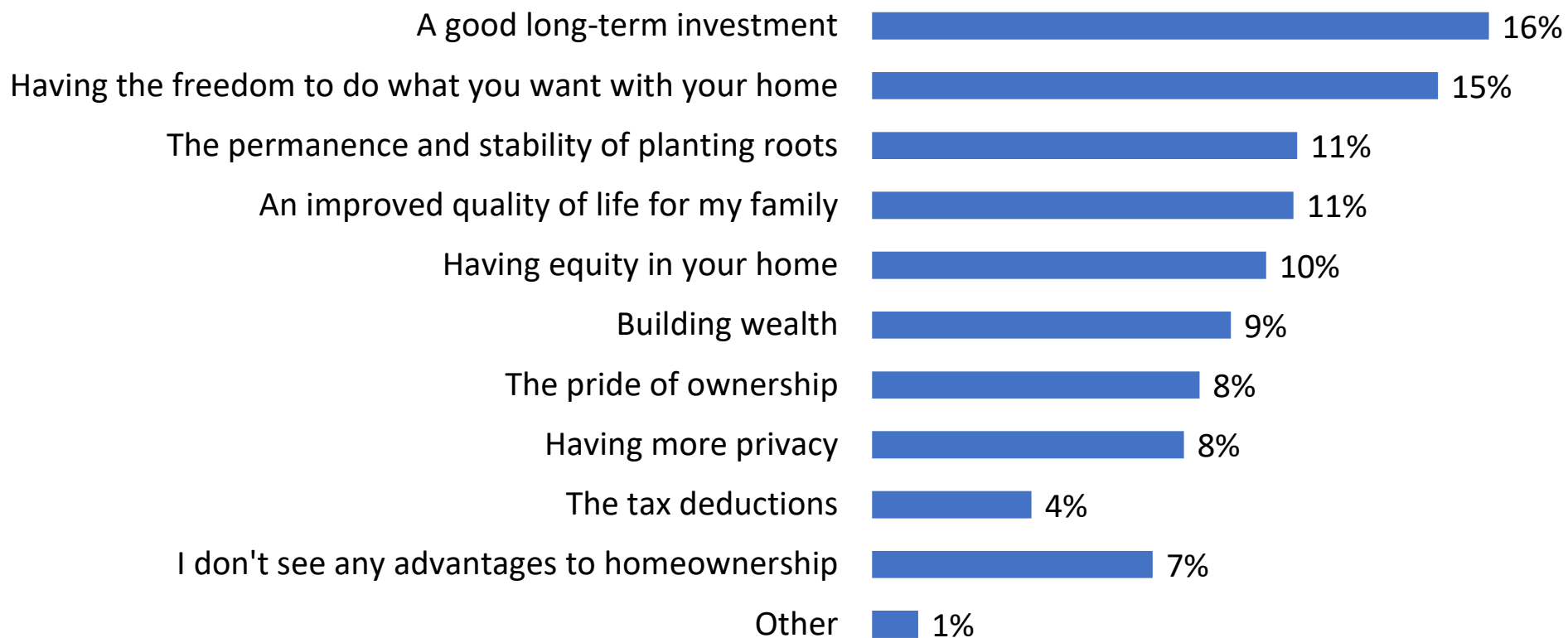
■ Yes ■ No

SERIES: 2024 Consumer Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



Over 90% of renters see advantages to homeownership compared to renting

In your opinion, what is the greatest advantage, if any, of homeownership compared to renting?
(n=1,004)



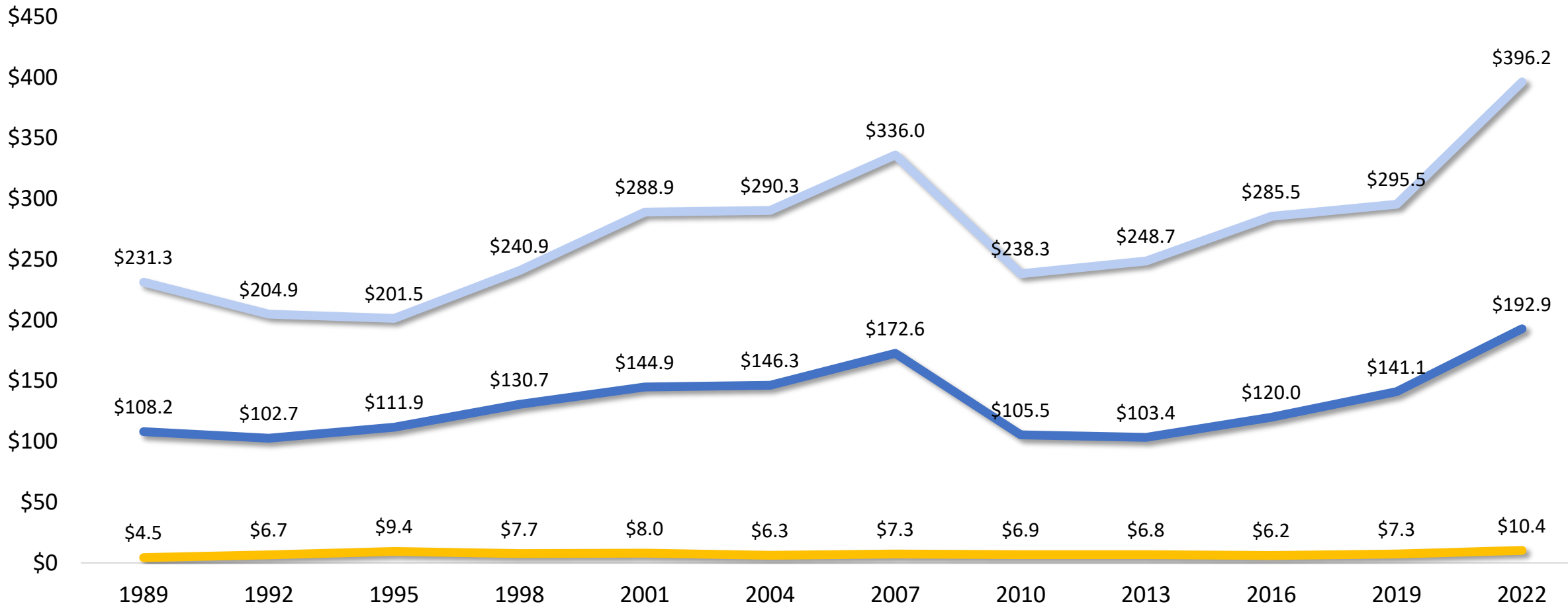
SERIES: 2024 Consumer Survey

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

The benefits of homeownership are well documented

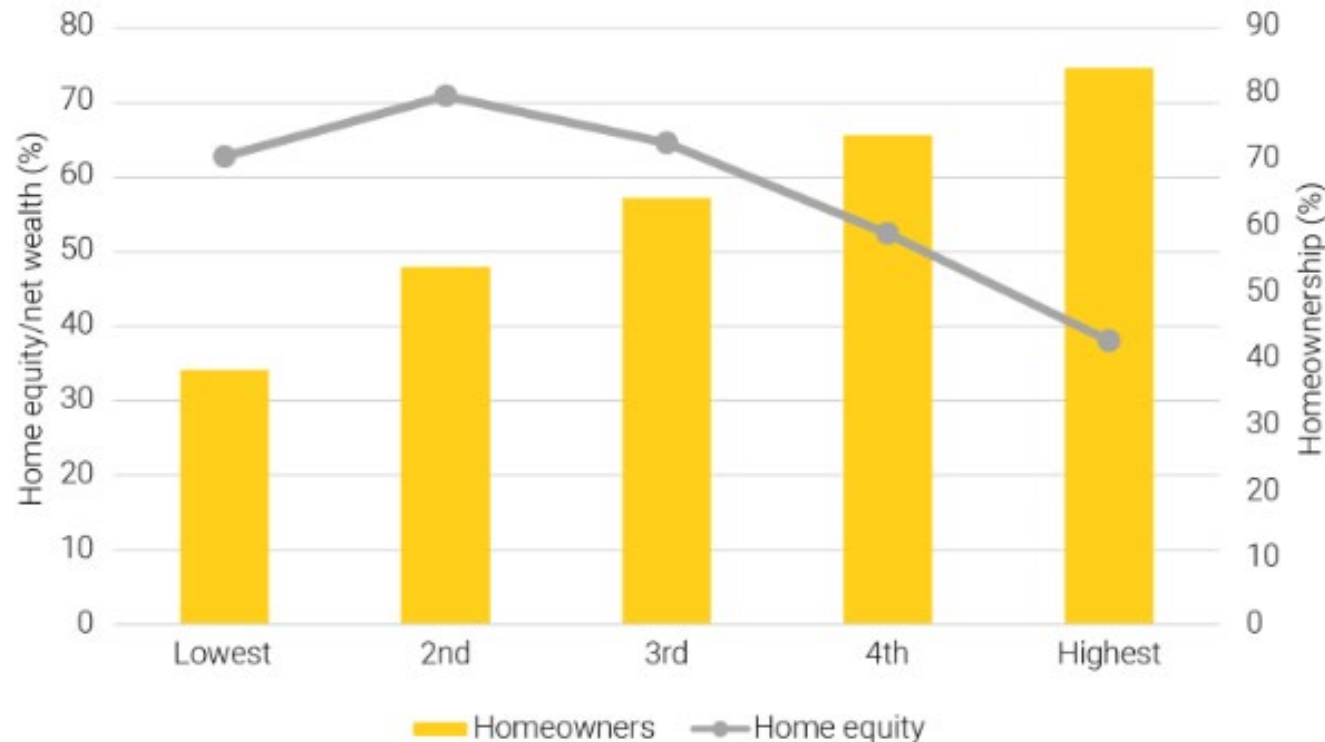
Real Household Net Worth Per Capita

— All families — Owner — Renter/Other



Home equity is largest financial asset for middle-income households

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

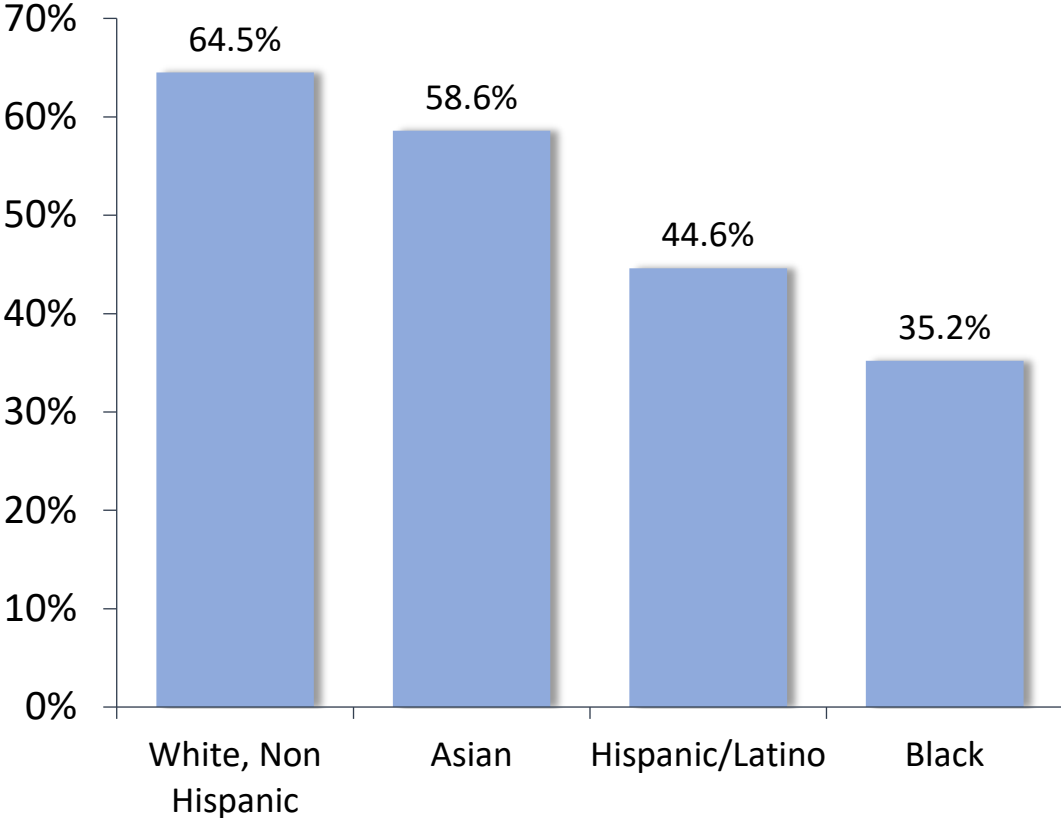


Even after the tremendous decline in housing prices and the rising wave of foreclosures that began in 2007, homeownership continues to be a significant source of household wealth and remains particularly important for lower-income and minority households.

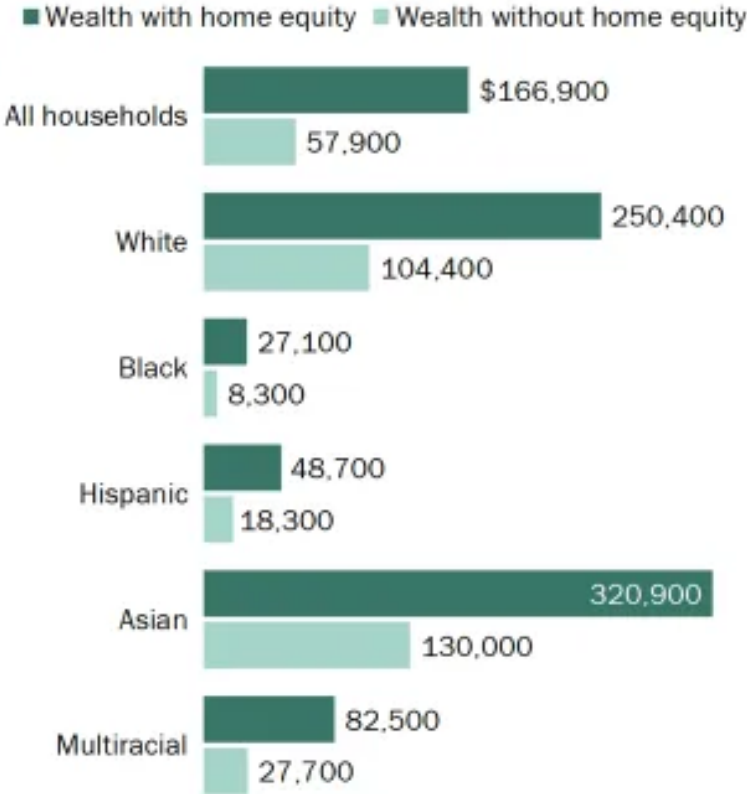
Harvard Joint Center for Housing Studies, 2013
Is Homeownership Still an Effective Means of Building Wealth for Low-income and Minority Households? (Was it Ever?)

Homeownership and wealth accumulation

2022 Homeownership by Race/Ethnicity



Median Wealth of U.S. Households with or without Home Equity



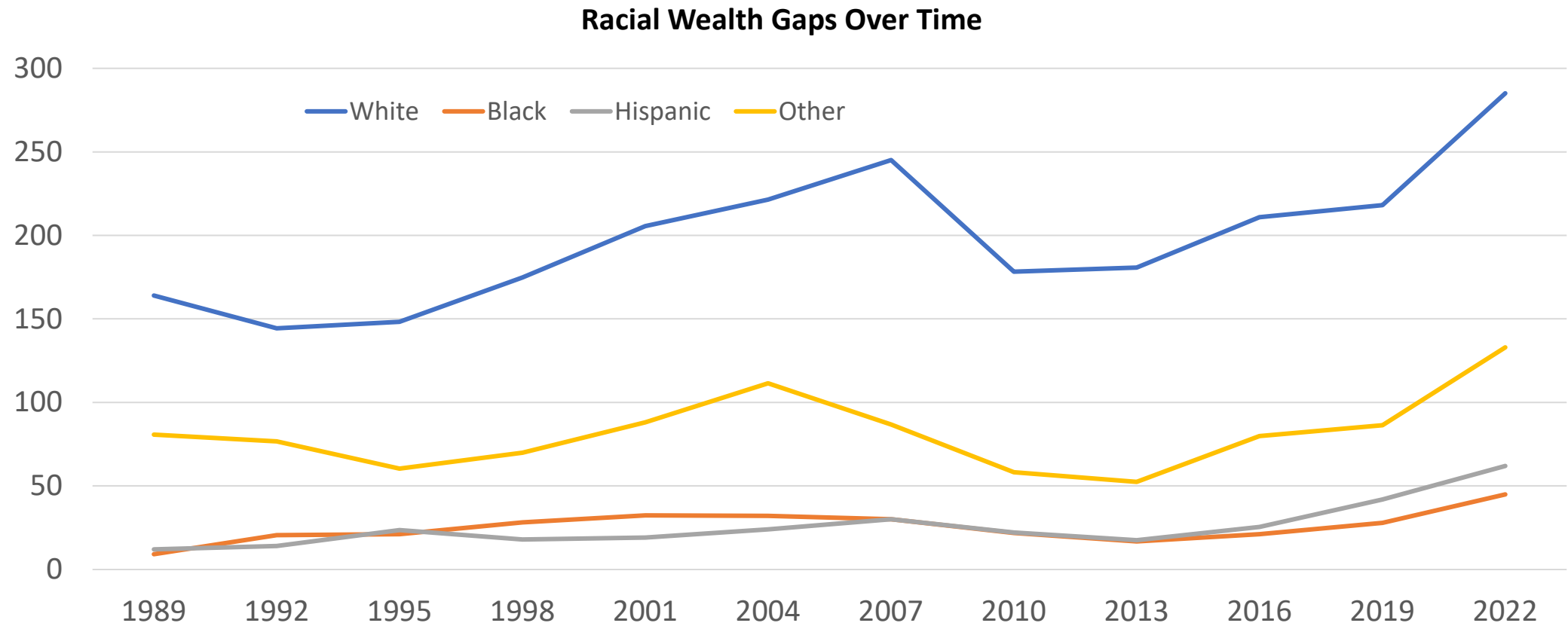
SOURCE: C.A.R., Census Bureau's 2022 Survey of Income and Program Participation, Pew Research Center

Black and Hispanic homeowners derive 2/3 of their wealth from home equity

	Median value of an asset's share in household wealth (in %) – Dec 2021				
	All	White	Asian	Hispanic	Black
Financial accounts	5	5	8	6	4
Vehicles	5	5	4	10	8
Primary residence	45	41	45	66	63
Retirement accounts	27	29	23	20	25
Bonds, stocks and mutual funds	5	6	8	3	3
Business equity	3	3	23	7	2
Rental properties	20	18	--	--	--
Other real estate	10	10	--	--	--
Other assets	4	4	3	3	7

SOURCE: Census Bureau's 2022 Survey of Income and Program Participation, Pew Research Center

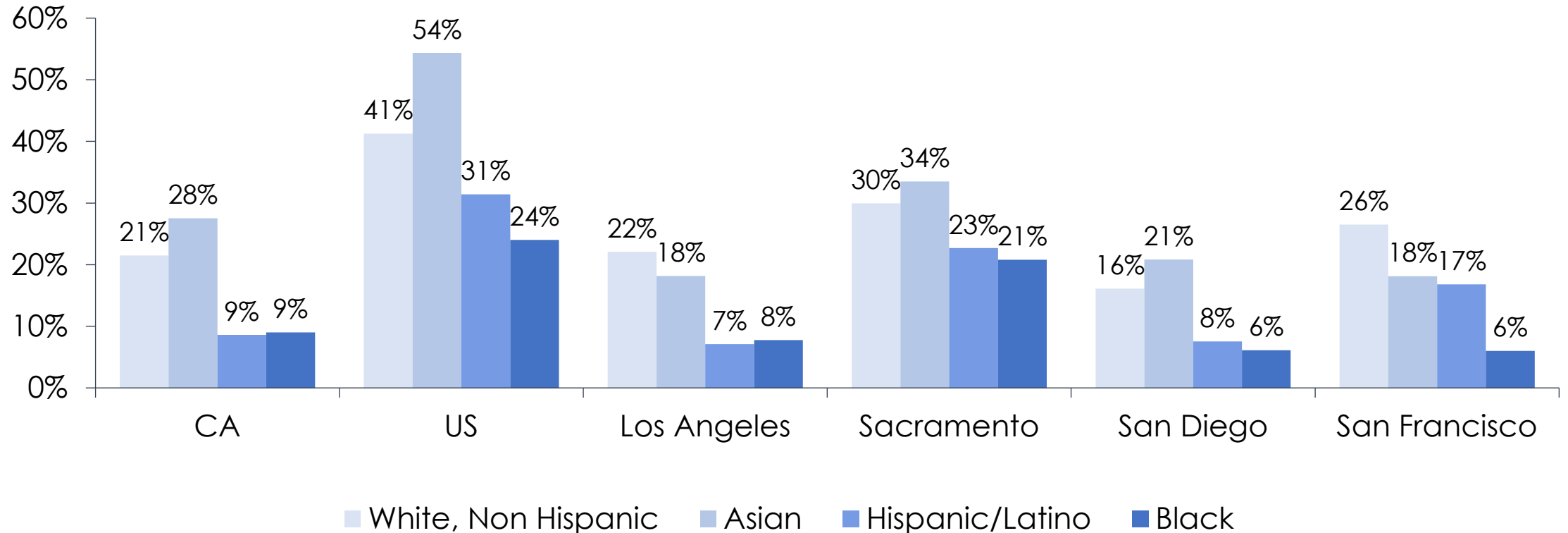
Disparity in housing affordability widens wealth gap



SOURCE: Board of Governors of the Federal Reserve System

Affordability by race/ethnicity

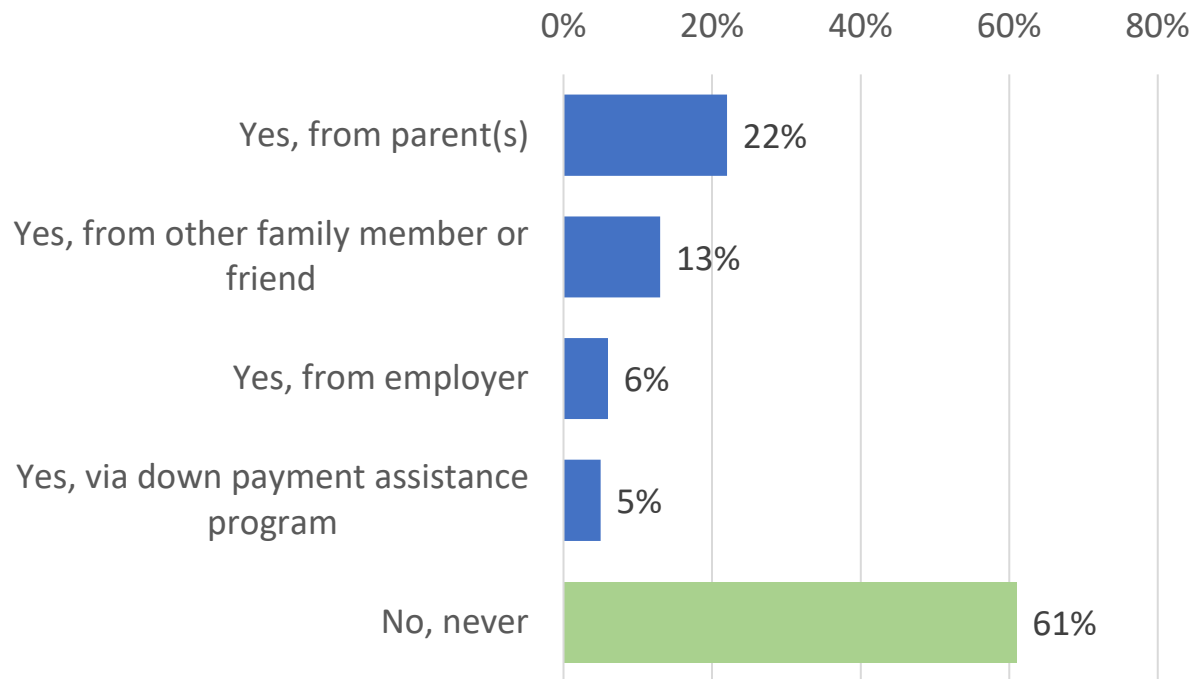
2023 Housing Affordability Index



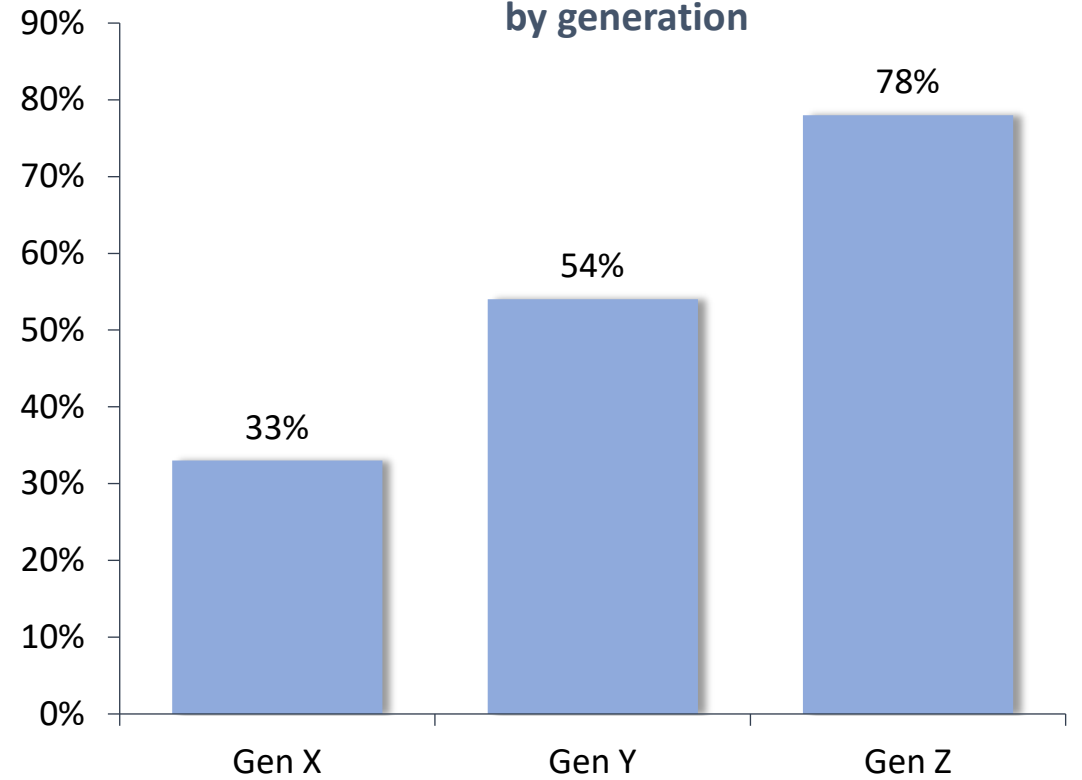
SERIES: Housing Affordability Index by Ethnicity
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

Nearly 2 in 5 homeowners have received down payment assistance

% who received financial help for a down payment on a home



% of homeowners who received financial help by generation



SOURCE: Lending Tree

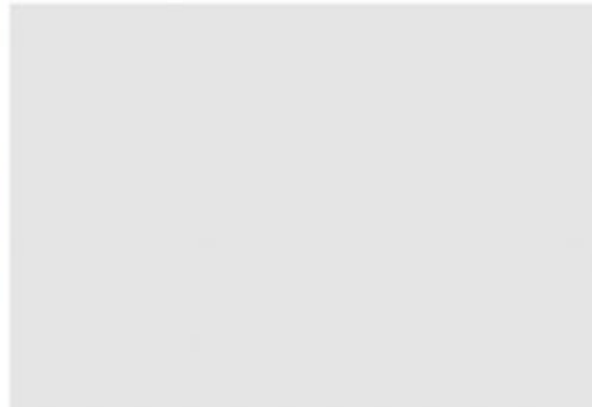
CALIFORNIA ASSOCIATION OF REALTORS®

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.

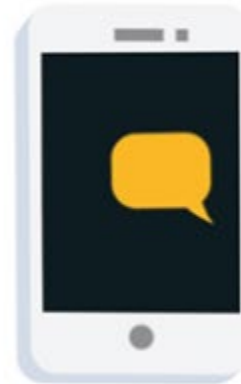


Civic Engagement



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

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

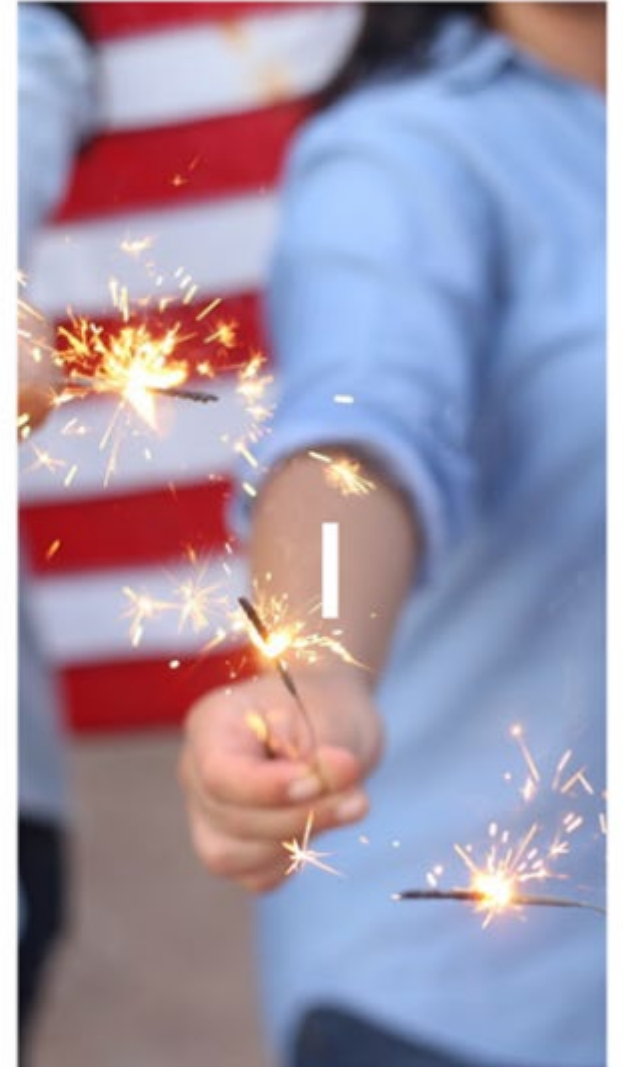


Crime



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.





Thank You

Survey for STEPS Toward Homeownership 9-5-24



Your Feedback is Critical

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





Thank You



Showing your Value as a REALTORS[®]

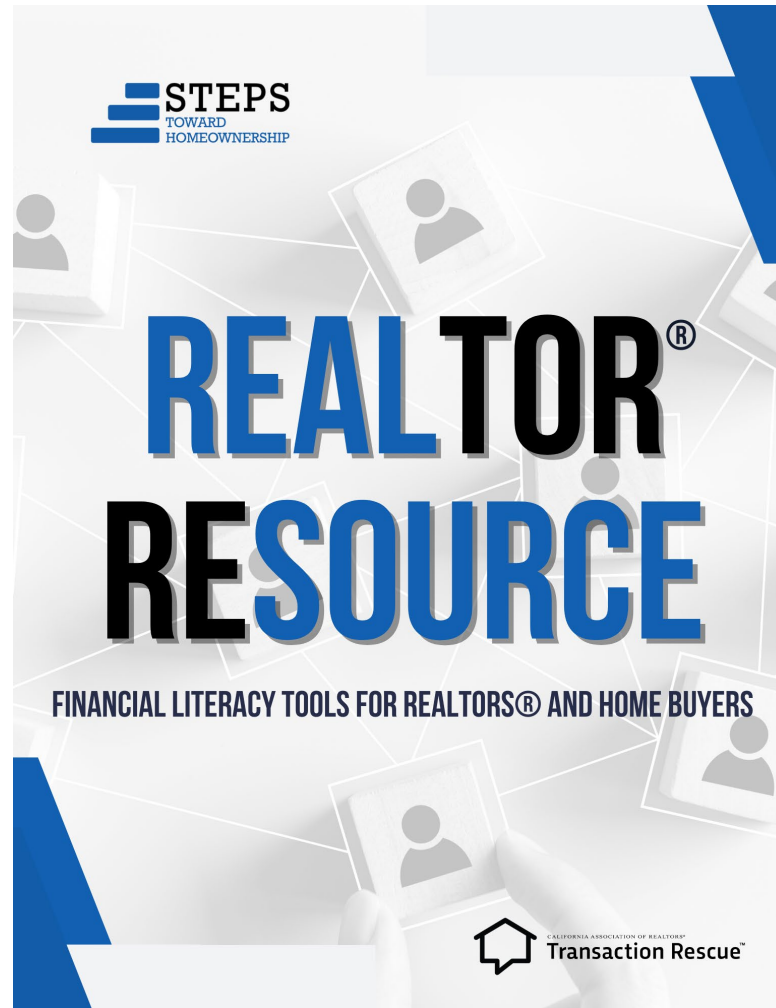


Understanding Client Needs and Setting Expectations

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

Matched Programs: **53** [View Programs](#)

[Continue](#)

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



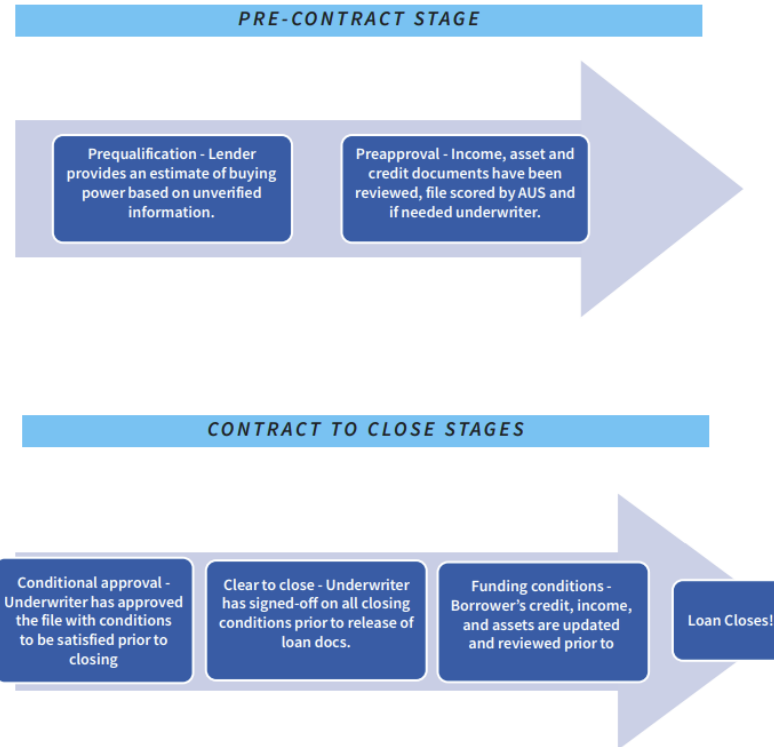
CreditSmart® Coach



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

REALTOR® Resource: Financial Literacy Partner

Housing Counseling Services

1. Work with a HUD Housing Counselor to help your client:
 - a) Understand the sales process
 - b) Understand the Buyer's Broker Agreement and what it means to them and their options
 - c) Create a budget
 - d) Set a realistic timeline expectations
 - e) Review their credit (soft pull) and create a personalized housing plan
 - f) Support during the process
2. Clients can review their credit at [Annualcreditreport.com](https://www.annualcreditreport.com)
3. Go to [HUD.gov](https://www.hud.gov) to find a HUD Housing Counselor

Working with a HUD housing counselor provides valuable support for navigating the housing market, managing finances, and protecting their home post purchase.

<https://www.hud.gov/counseling>

<https://www.hud.gov/>

<https://www.hud.gov/sites/dfiles/OCHCO/documents/4000.1hsgh.pdf>

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)

Buying Power Is Increasing As Rates Drop



Interest Rate		8.000%	7.750%	7.500%	7.250%	7.000%	6.750%	6.500%	6.250%	6.000%
Purchase Price	Loan Amount									
\$ 750,000.00	\$ 600,000.00	\$4,402.59	\$4,298.47	\$4,195.29	\$4,093.06	\$3,991.81	\$3,891.59	\$3,792.41	\$3,694.30	\$3,597.30
\$ 768,750.00	\$ 615,000.00	\$4,512.65	\$4,405.94	\$4,300.17	\$4,195.38	\$4,091.61	\$3,988.88	\$3,887.22	\$3,786.66	\$3,687.24
\$ 787,500.00	\$ 630,000.00	\$4,622.72	\$4,513.40	\$4,405.05	\$4,297.71	\$4,191.41	\$4,086.17	\$3,982.03	\$3,879.02	\$3,777.17
\$ 806,875.00	\$ 645,500.00	\$4,736.45	\$4,624.44	\$4,513.43	\$4,403.45	\$4,294.53	\$4,186.70	\$4,080.00	\$3,974.45	\$3,870.10
\$ 827,500.00	\$ 662,000.00	\$4,857.52	\$4,742.65	\$4,628.80	\$4,516.01	\$4,404.30	\$4,293.72	\$4,184.29	\$4,076.05	\$3,969.02
\$ 849,375.00	\$ 679,500.00	\$4,985.93	\$4,868.02	\$4,751.16	\$4,635.39	\$4,520.73	\$4,407.22	\$4,294.90	\$4,183.80	\$4,073.95
\$ 871,250.00	\$ 697,000.00	\$5,114.34	\$4,993.39	\$4,873.53	\$4,754.77	\$4,637.16	\$4,520.73	\$4,405.51	\$4,291.55	\$4,178.87
\$ 895,000.00	\$ 716,000.00	\$5,253.75	\$5,129.51	\$5,006.38	\$4,884.38	\$4,763.57	\$4,643.96	\$4,525.61	\$4,408.54	\$4,292.78
\$ 918,750.00	\$ 735,000.00	\$5,393.17	\$5,265.63	\$5,139.23	\$5,014.00	\$4,889.97	\$4,767.20	\$4,645.70	\$4,525.52	\$4,406.70

MBS Highway



Tools to get your clients off the fence and buy now!

- Real Estate Report Card... Market conditions and trends
- Cost of waiting, buy now the numbers are real
- Bid over ask. If your client need to offer more then list price.
- Rent vs buy is we have time.





Thank you!!

Survey for STEPS Toward Homeownership 9-5-24



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:



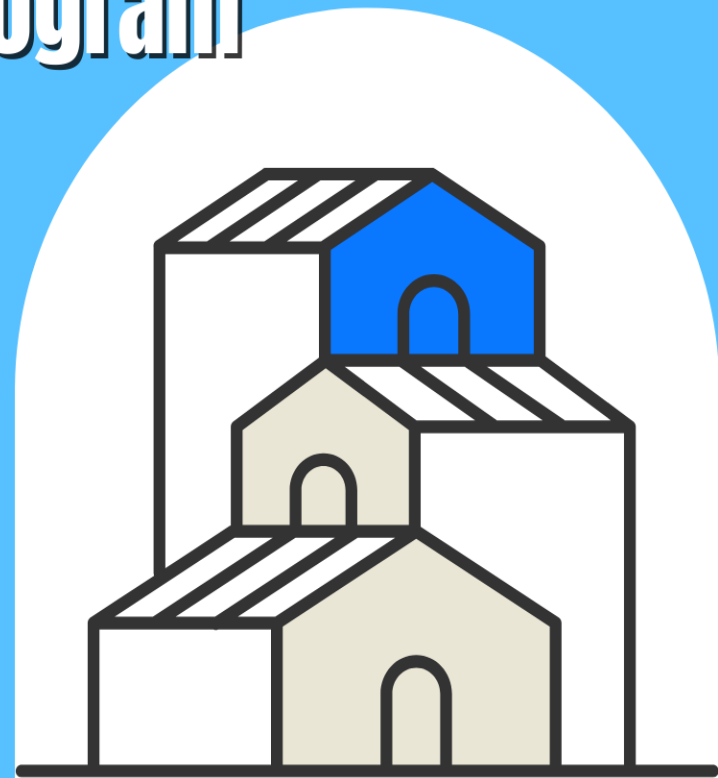
on.car.org/hafclose

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](#)

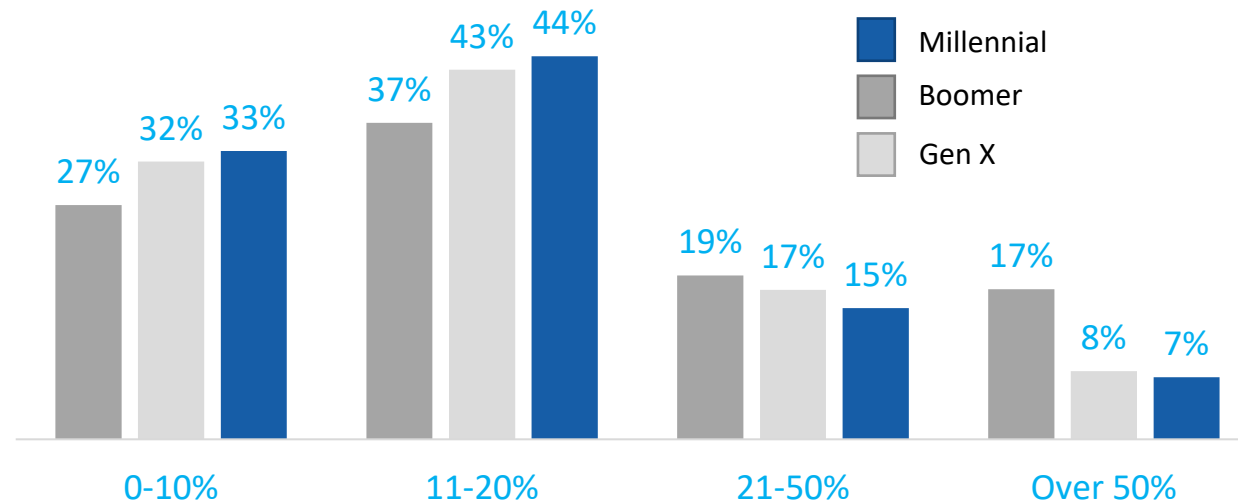
Continue

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)

Sacramento (City in Sacramento County)

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

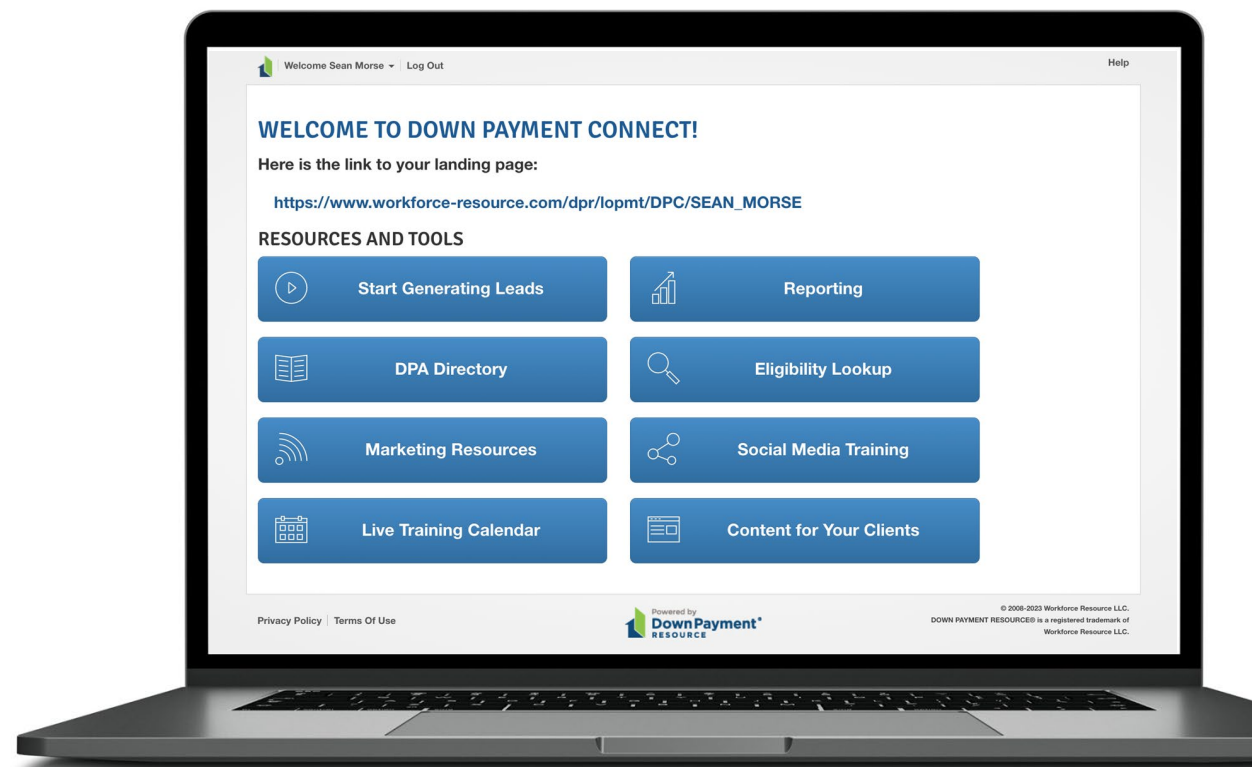
[Privacy Policy](#) | [Terms of Use](#)

Powered by
DownPayment
RESOURCE

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 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



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



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>



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

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



\$667.3 Million in Down Payment Assistance Provided



85,900+ 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
3. ReCoverCA HBA

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



FREE Lender/Realtor Training Webinars – Visit our Website



GSFA Platinum® Program

FICO Score Requirement*	<ul style="list-style-type: none">• 640 minimum FICO• Manufactured Homes require a 660 FICO (and max DTI of 45%)
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
Assistance Available	Up to 5.5% of the Total 1 st Mortgage Loan Amount



1a. 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

1b. 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

1c. 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



Updated 3/08/2023



2. GSFA Golden Opportunities

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



Golden Opportunities – (DPA up to 5% Total)

- » Eligibility
 - Open / No specific type of employment necessary
- » 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

Income Limits / Homebuyer Education

Income Limits

- » Based on:
 - 1st Mortgage type
 - County of Property being purchased
 - Credit qualifying income (*Except: USDA*)
- » FHA, VA and USDA Loans:
 - Follow loan agency guidelines
- » Conventional Loans
 - [GSFA Income Limits on website](#)
 - County Examples:
 - Contra Costa \$284,760
 - Riverside, San Bernardino, Kern \$196,560
 - Sacramento, Yolo \$205,020

Homebuyer Education

- » No Requirement from GSFA
- » 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 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

The Value of DPA (aka HBA)

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?

Start Building Financial Security Now!

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.



3. ReCoverCA Homebuyer Assistance Program

Homebuyer Assistance (HBA)

- Up to \$350,000/household

Households Impacted by Wildfires

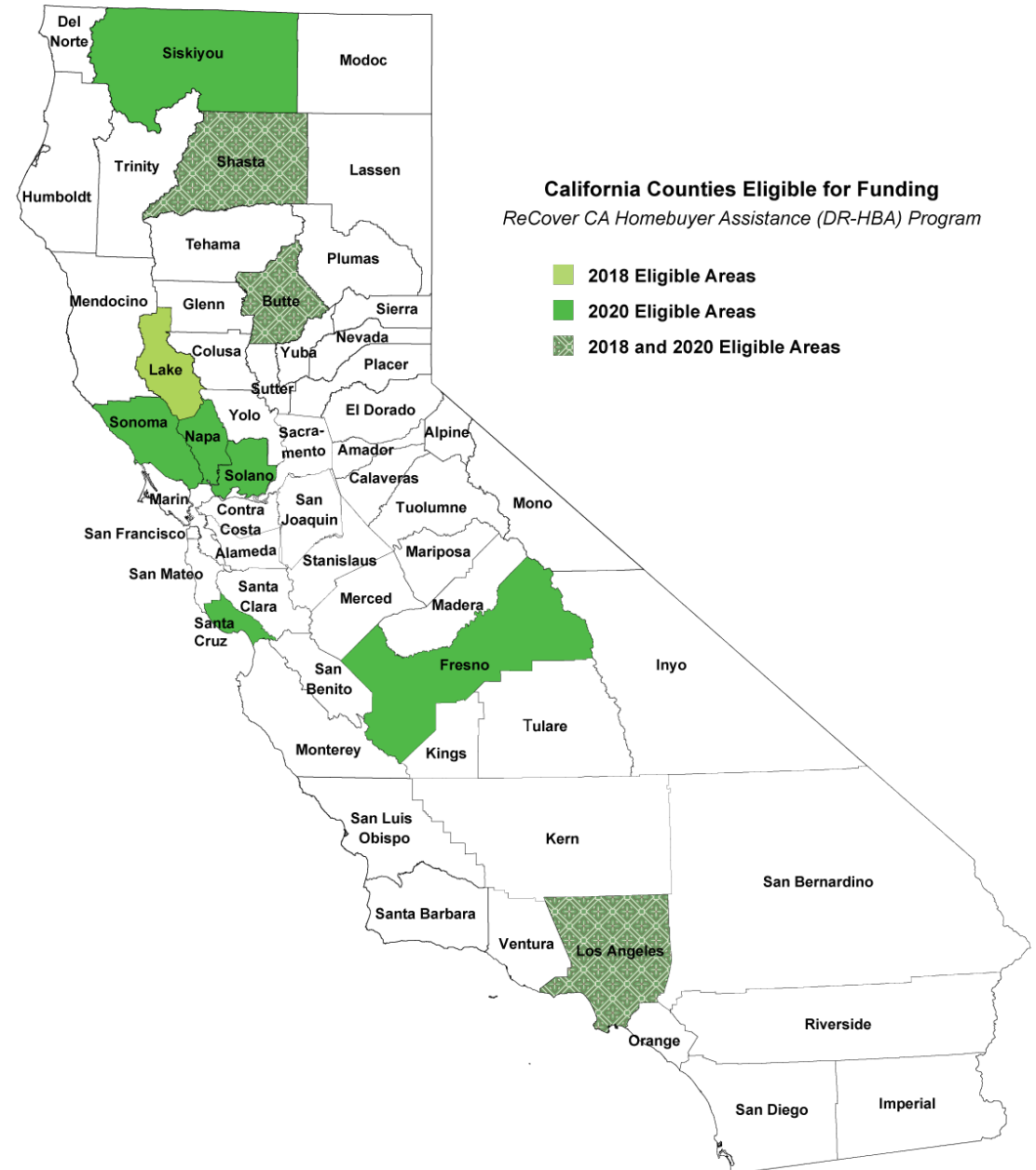
- Households $\leq 80\%$ AMI ([LMI per HUD](#))
- Who lived in High or Very High [Fire Hazard Severity Zones](#) during qualifying disaster year
- Renters or Homeowners

Home Purchase

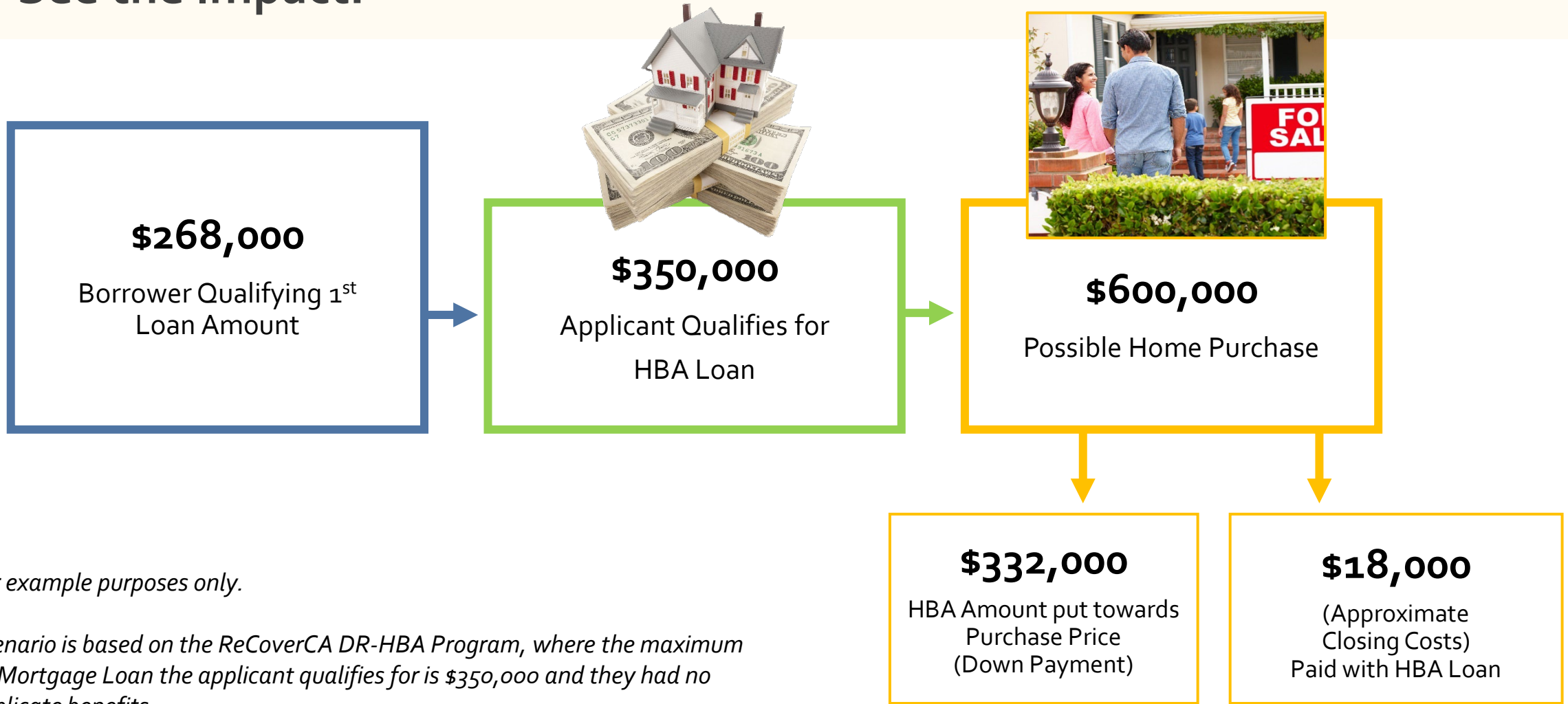
- Outside High or Very High [Fire Hazard Severity Zones](#)

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](#))



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.

Program Policies



Sign-up for a
**FREE Realtor
Training Webinar**

- » Minimum FICO = 640
- » DTI Ratios
 - Must be between 42%-45%
- » Eligible Properties
 - 1-4 units, townhomes, condos and manufactured homes
 - Bedroom Size:
 - Follows HUD guidelines
 - Based on Family Size
- » Homebuyer Assistance (HBA)
 - 2nd Mortgage up to \$350K
 - No payments, no interest
 - Forgiven after 5 years of ownership and occupancy
- » Homebuyer Education
 - [Provided by eHome](#) ONLY
 - 8-hr online course + 1:1 Consult

DPA Clients Become Clients for Life!



How to Get Started



Lenders listed on the
GSFA website

www.gsfahome.org

GSFA Client

Relations

(855) 740-8422

M-F 8am – 5pm PST

info@gsfahome.org

- » 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
 - Process loan(s)

GSFA – Key Resources

» GSFA Affordable Housing Programs

- <http://gsfahome.org/programs/index.shtml>

» GSFA Approved Lenders

- General DPA Programs: <https://gsfahome.org/programs/dpa/lenders.aspx>
- ReCoverCA HBA: <https://www.gsfahome.org/programs/dpa/hba-lenders.aspx>

» Training and Education

- <https://www.gsfahome.org/lender/learning-center.shtml>
- <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>

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


The image displays three examples of customizable marketing literature for the Golden State Finance Authority (GSFA) Platinum Program. The top flyer, titled "Get Down Payment Assistance to Help You Buy a Home," features a smiling couple and the text "Thousands of people get your dream of...". The middle brochure, titled "Believe," includes a photo of a family and a realtor, with the sub-header "Dream" and text stating "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." It also mentions "GSFA has helped more than 84,590 people purchase homes and provided over \$649.7 million in down payment assistance." and includes a testimonial from Patricia Waggoner. The bottom flyer, titled "GSFA Platinum® Down Payment Assistance Up to 5.5% of Loan Amount," features a house on a stack of money and the text "Let us help you achieve the dream of owning your own home." It also includes a photo of a family moving boxes. The GSFA logo and a disclaimer are visible at the bottom of the brochure.

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

Sept 5, 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.

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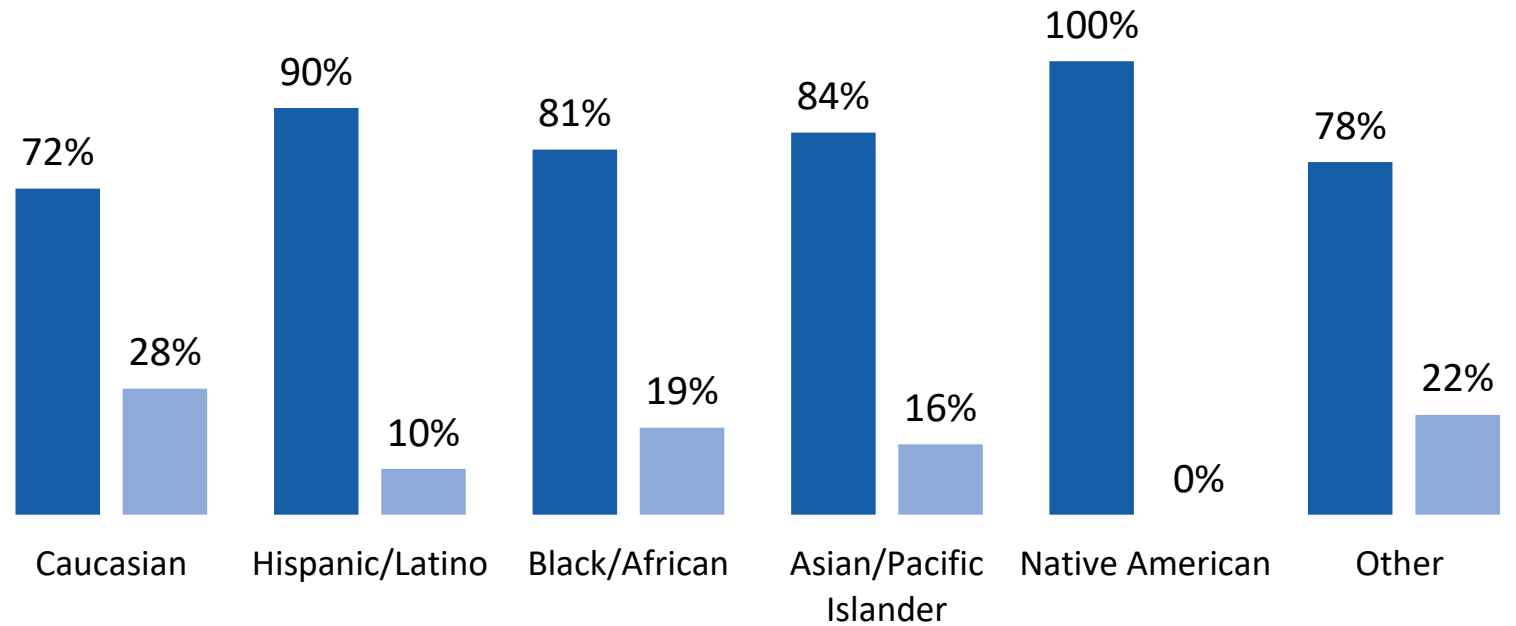
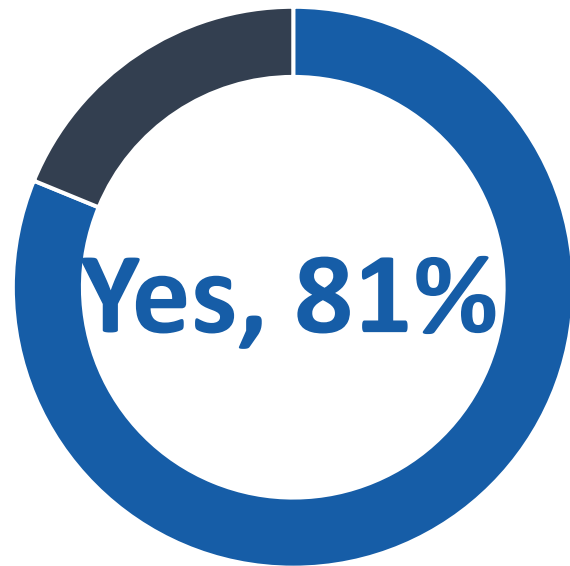
Additional Economic Update Materials



Most renters want to own a home at some point in the future

Do you want to own at some point in the future?

(n = 1,015)

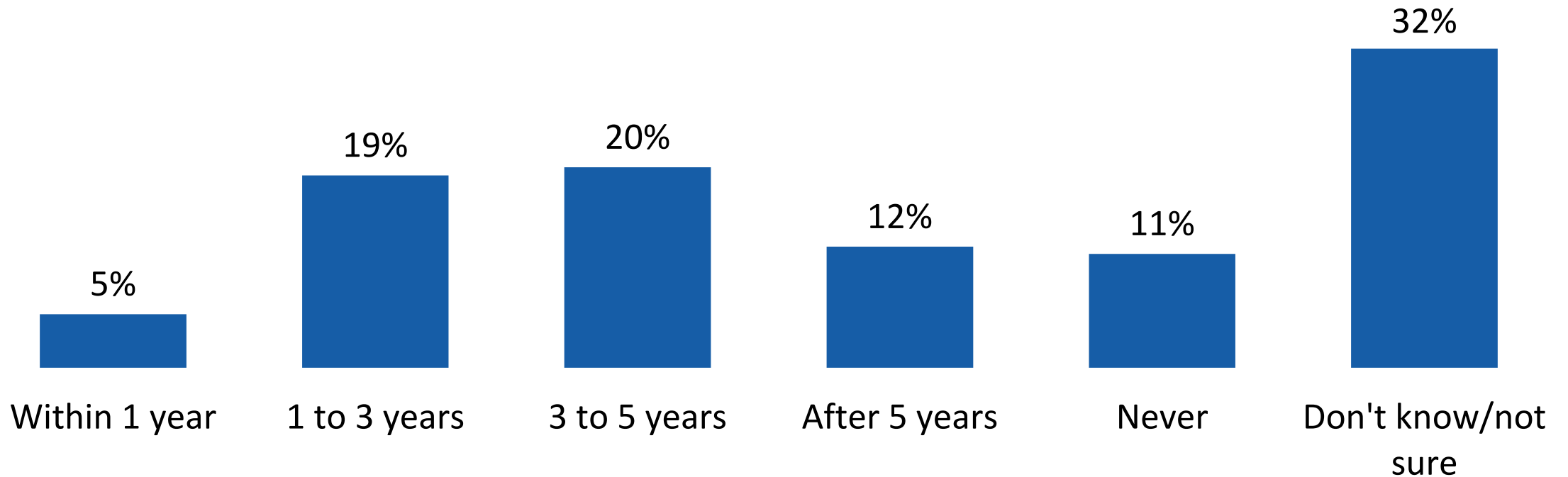


■ Yes ■ No

SERIES: 2023 Consumer Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

Many renters plan to purchase within the next 5 years

When do you plan to purchase your next house (either as a home or as an investment property)? (n=1,015)

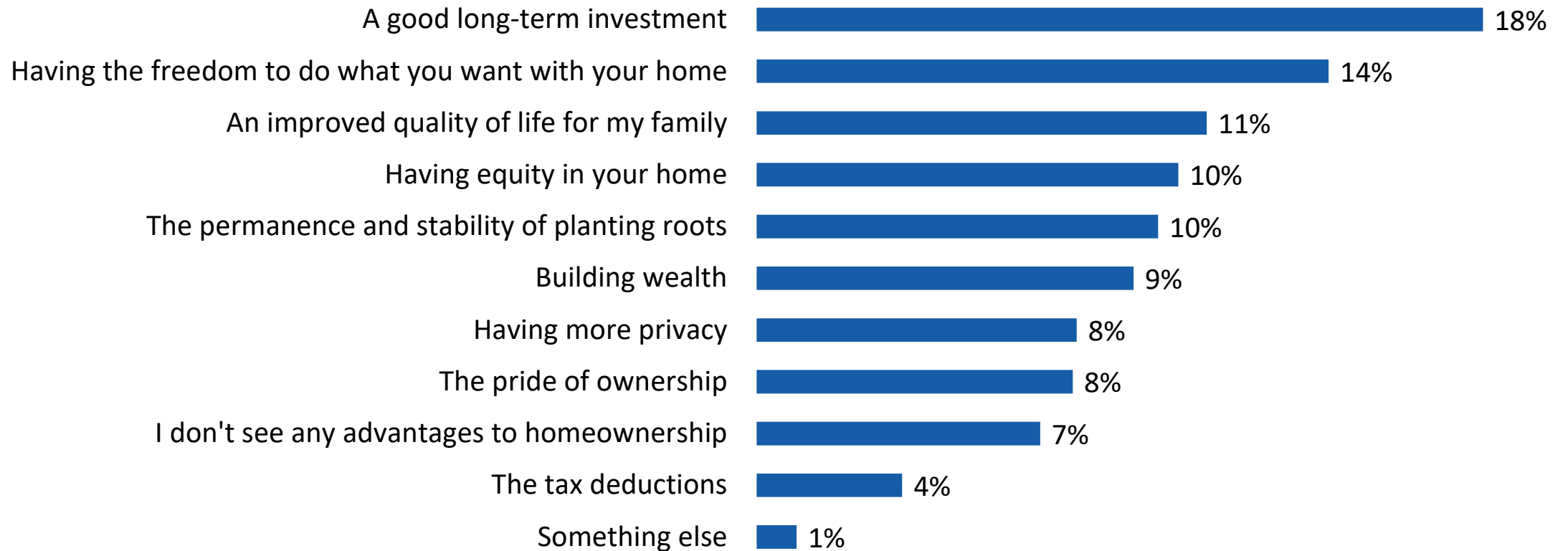


SERIES: 2023 Consumer Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

Over 90% of renters see advantages to homeownership compared to renting

In your opinion, what is the greatest advantage, if any, of homeownership compared to renting?

(n=1,014)



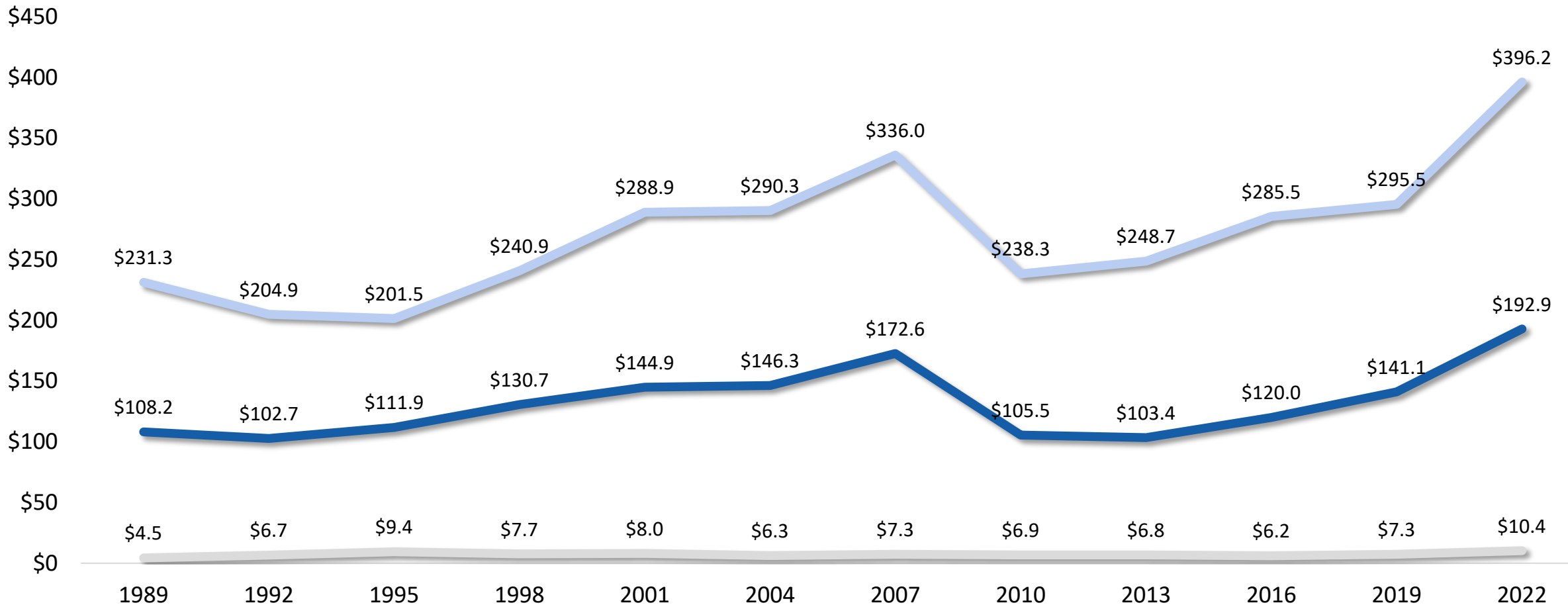
SERIES: 2023 Consumer Survey

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

The benefits of homeownership are well documented

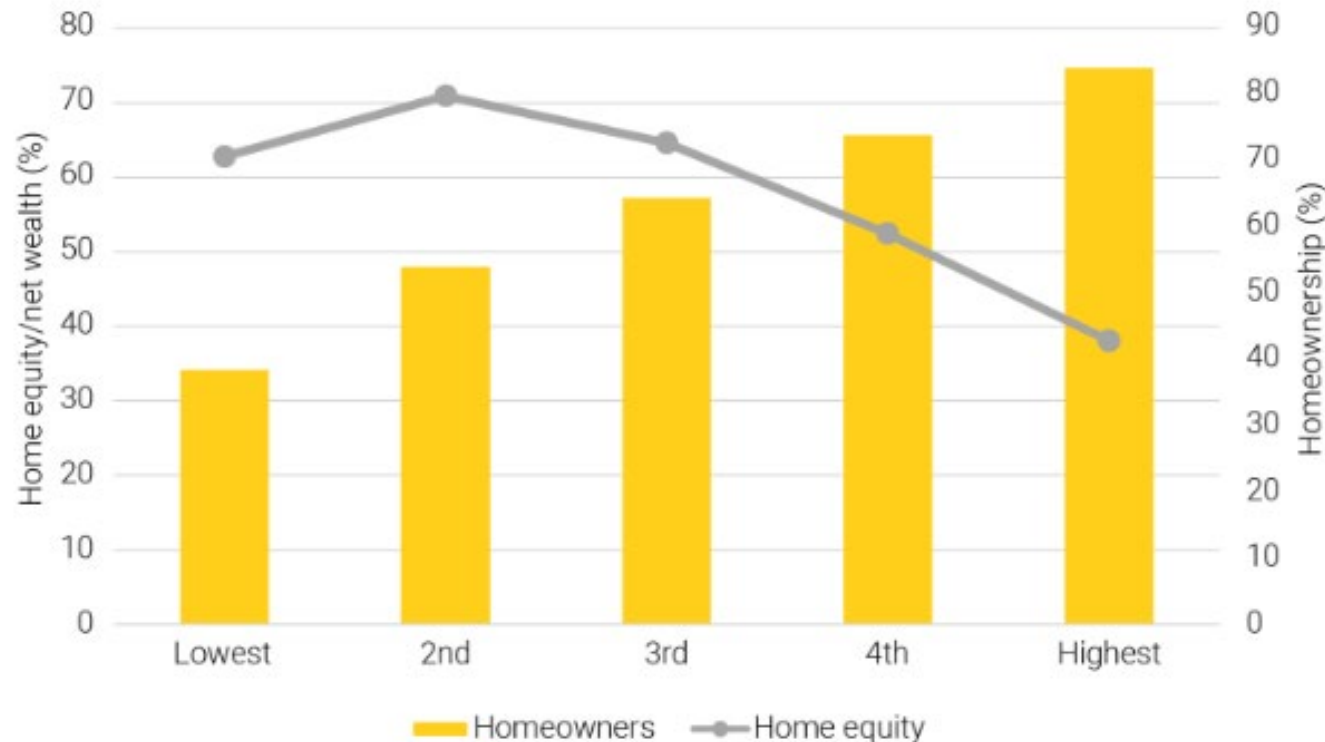
Real Household Net Worth Per Capita

— All families — Owner — Renter/Other



Home equity is largest financial asset for middle-income households

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

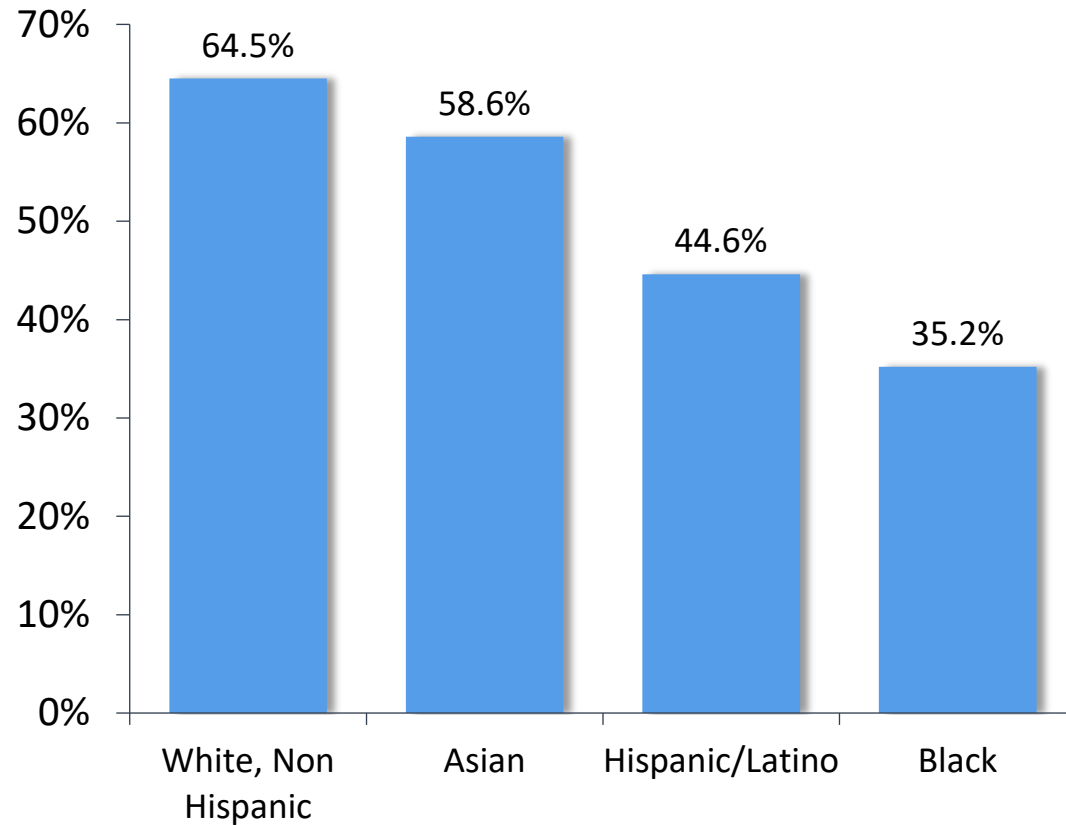


Even after the tremendous decline in housing prices and the rising wave of foreclosures that began in 2007, homeownership continues to be a significant source of household wealth and remains particularly important for lower-income and minority households.

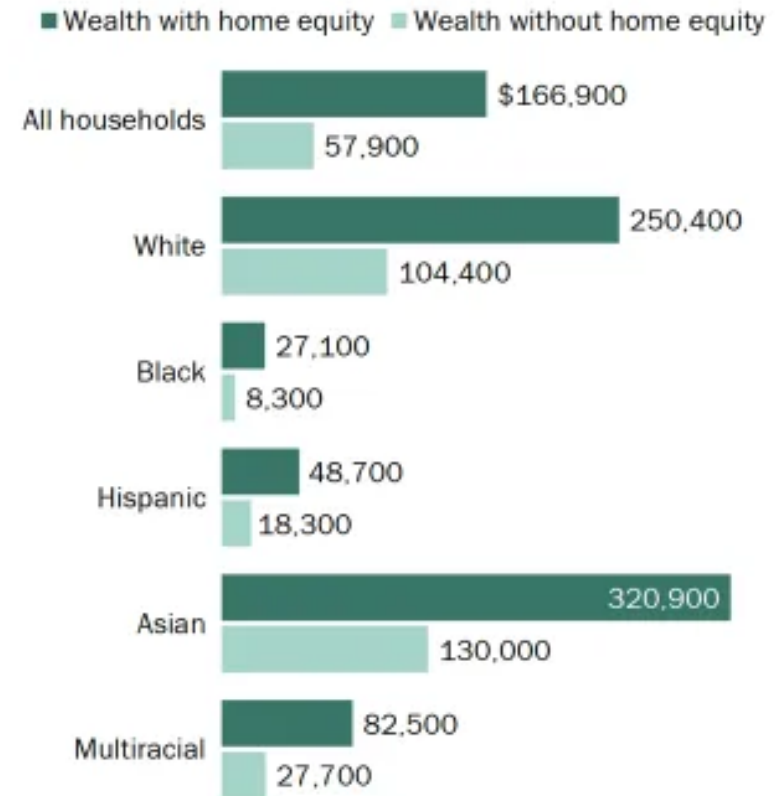
Harvard Joint Center for Housing Studies, 2013
Is Homeownership Still an Effective Means of Building Wealth for Low-income and Minority Households? (Was it Ever?)

Homeownership and wealth accumulation

2022 Homeownership by Race/Ethnicity



Median Wealth of U.S. Households with or without Home Equity



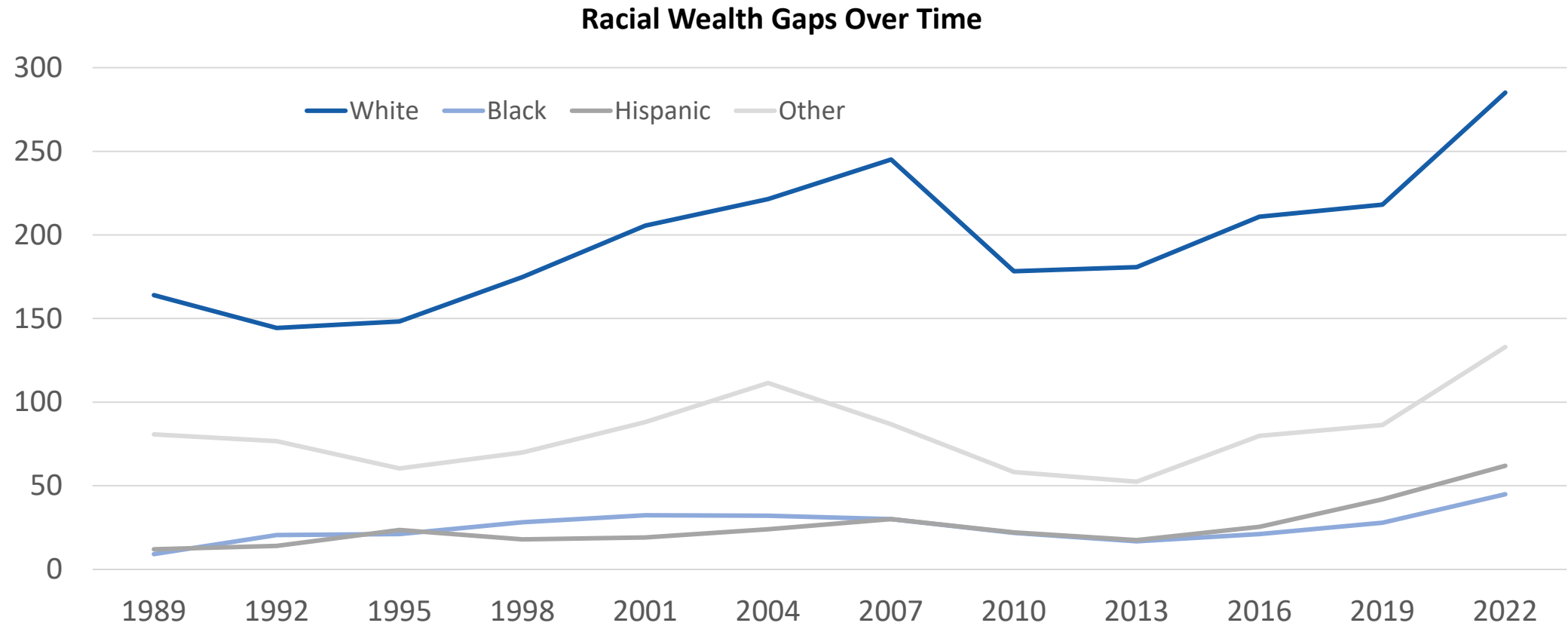
SOURCE: C.A.R., Census Bureau's 2022 Survey of Income and Program Participation, Pew Research Center

Black and Hispanic homeowners derive 2/3 of their wealth from home equity

	Median value of an asset's share in household wealth (in %) – Dec 2021				
	All	White	Asian	Hispanic	Black
Financial accounts	5	5	8	6	4
Vehicles	5	5	4	10	8
Primary residence	45	41	45	66	63
Retirement accounts	27	29	23	20	25
Bonds, stocks and mutual funds	5	6	8	3	3
Business equity	3	3	23	7	2
Rental properties	20	18	--	--	--
Other real estate	10	10	--	--	--
Other assets	4	4	3	3	7

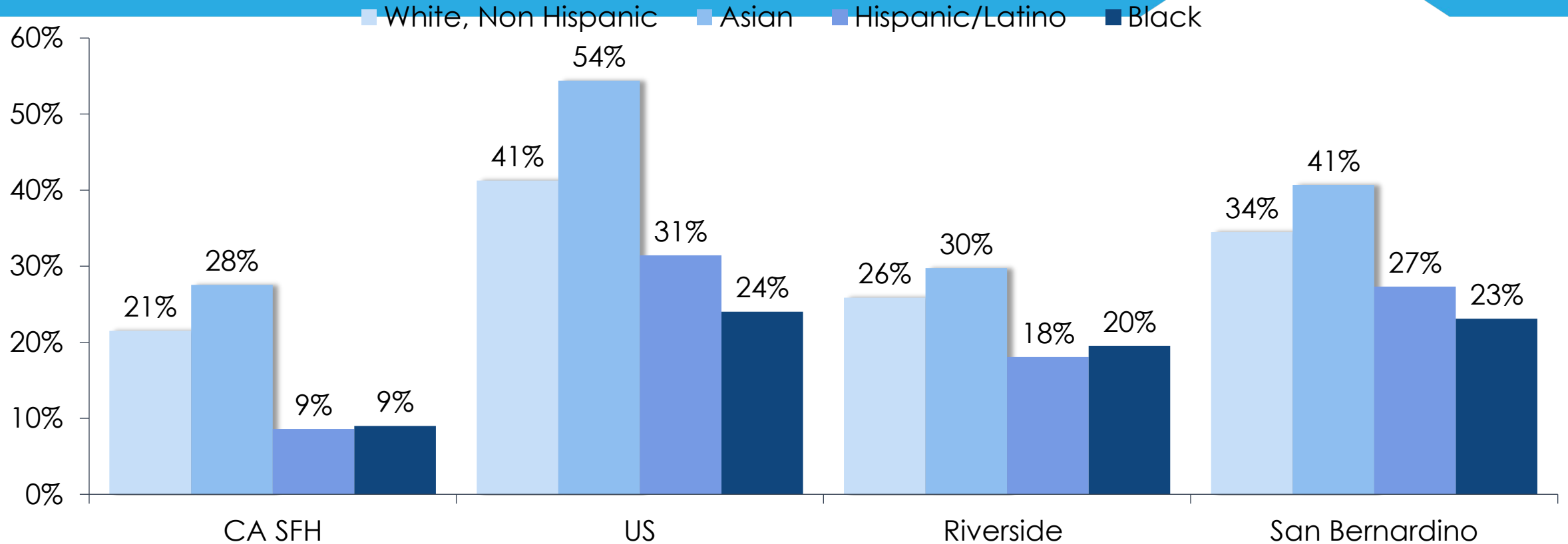
SOURCE: Census Bureau's 2022 Survey of Income and Program Participation, Pew Research Center

Disparity in housing affordability widens wealth gap



SOURCE: Board of Governors of the Federal Reserve System

Affordability by race/ethnicity



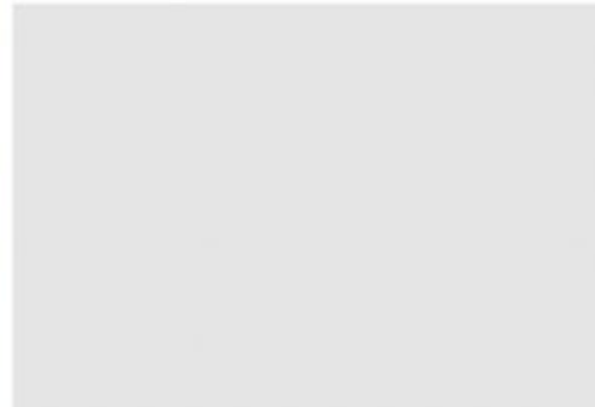
SERIES: Housing Affordability Index by Ethnicity
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

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.

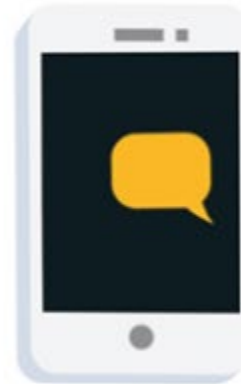
The wealth building effect of homeownership and the sense of control it provides to homeowners in a stable housing market positively affect homeowners' mental and physical health.

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.

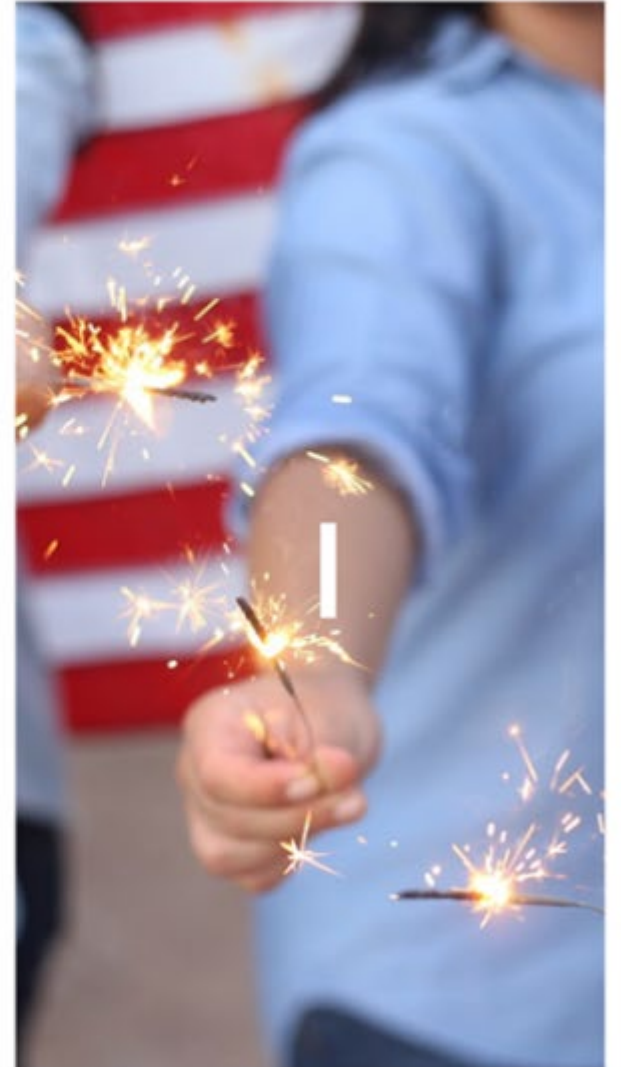


Crime



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.



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
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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®
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Molly Ellis	MEllis@CalHFA.ca.gov	916-326-8680	California Housing Finance Agency (CalHFA)
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David Mendez	David_Mendez@freddiemac.com	818-919-6241	Freddie Mac
Yong Choi	YChoi@uamco.com	909-376-5494	United American Mortgage Corporation





Questions