



# STEPS to Financing the American Dream

Virtual Event

September 29<sup>th</sup>, 2021

10 am – 12 pm



# Why Homeownership Matters

Jennifer Branchini  
2020-2021 Treasurer  
2022 President-Elect

CALIFORNIA ASSOCIATION OF REALTORS®



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Transaction Rescue™



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# Why Home Homeownership: What The Academics Say

- Harvard Joint Center for Housing Studies\*:
  - Kids of homeowners are more likely to graduate high school
  - Kids of homeowners are more likely to attend college
  - Kids of homeowners generally have less significant health issues
  - Kids of homeowners are more likely to own their own home
  - Kids less likely to rely on government or social assistance
  - Homeownership is a significant source of household wealth
  - Particularly important for lower income and minority households



# Why Home Homeownership: What Experience Tells Us

- Typical Renter:
  - Has less wealth than the typical high school drop-out
  - Faces ever increasing rents, where as Mortgage payments are typically fixed
- Homeownership increases investing/purchasing power:
  - Fractional down payment (3%, 5%, 10%, 20%, etc.)
  - Full equity when the home appreciates—leveraging down payment
- Other Benefits for Society:
  - Critical component for economic growth, preventing out migration, promoting social cohesion, creating vested interest in the community, more political engagement, etc.

# Homeownership provides more than just a roof and a shelter

## Benefits of homeownership:

- Homeownership builds wealth
- Homeownership leads to better health
- Homeownership results in higher educational achievement
- Homeownership lowers crime rates
- Homeownership helps narrow the racial wealth gap
- Homeownership contributes to economic growth

## Spill-over Benefits of Homeownership

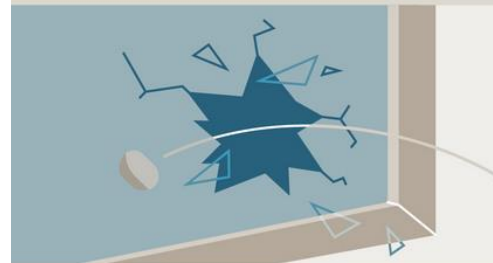
### HEALTH

Homeowners and their children tend to be happier and healthier than nonowners. One reason may be the wealth-building effect of homeownership and the sense of control it brings.



### CRIME

Research has confirmed homeowners have a lower instance of involvement in crime than nonowners.



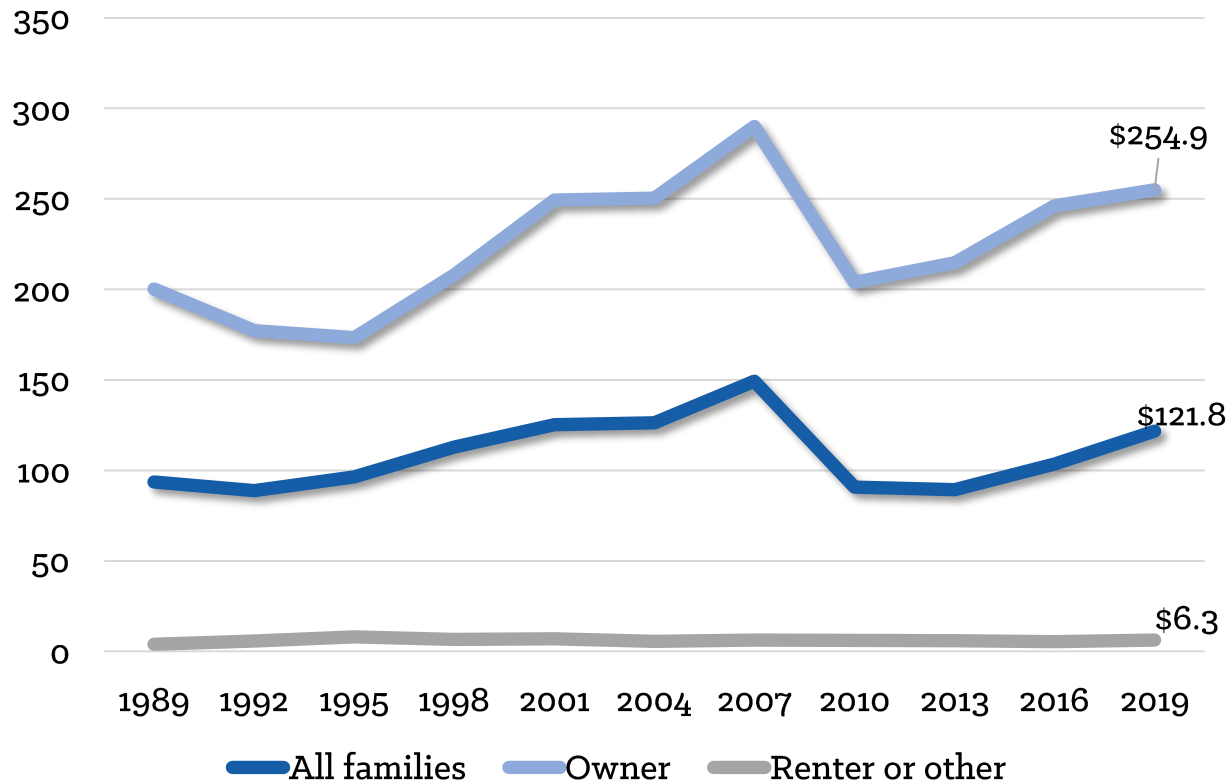
### EDUCATION

Homeowners tend to accrue more wealth and save more money – such financial practices are associated with lower rates of homeowners' children dropping out of school.

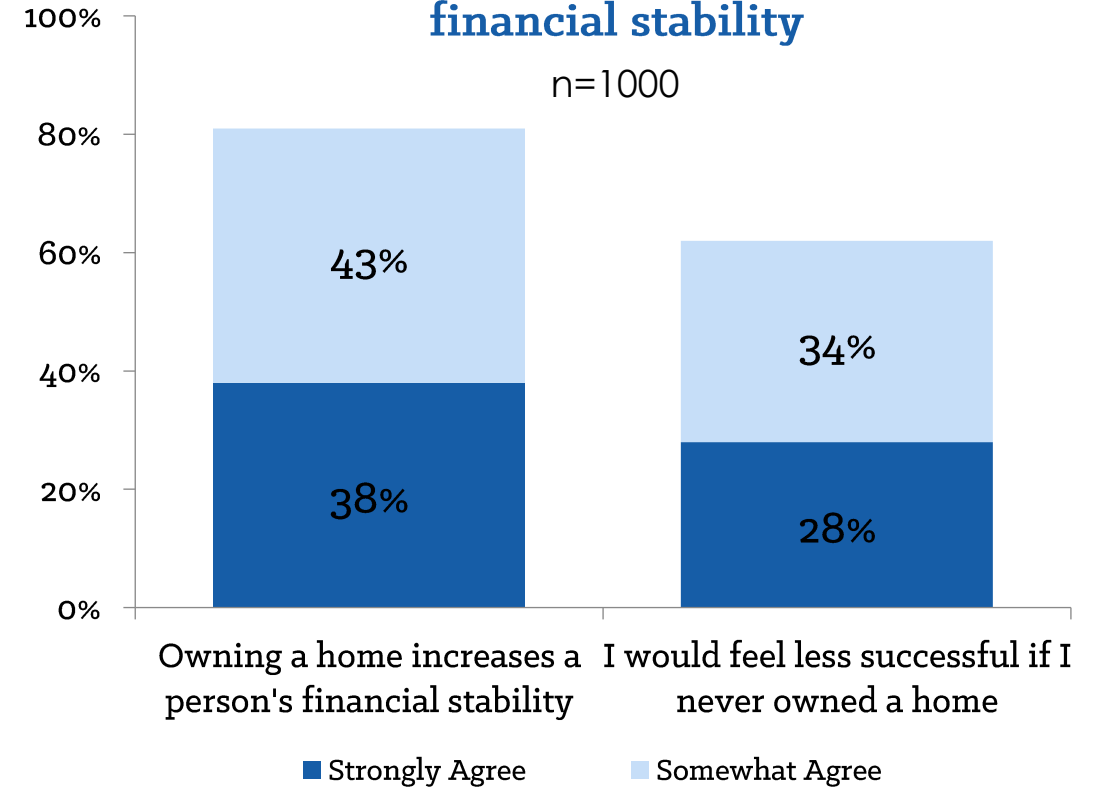


# Homeownership and wealth accumulation

Real Household Net Worth Per Capita



Owning a home contributes to financial stability

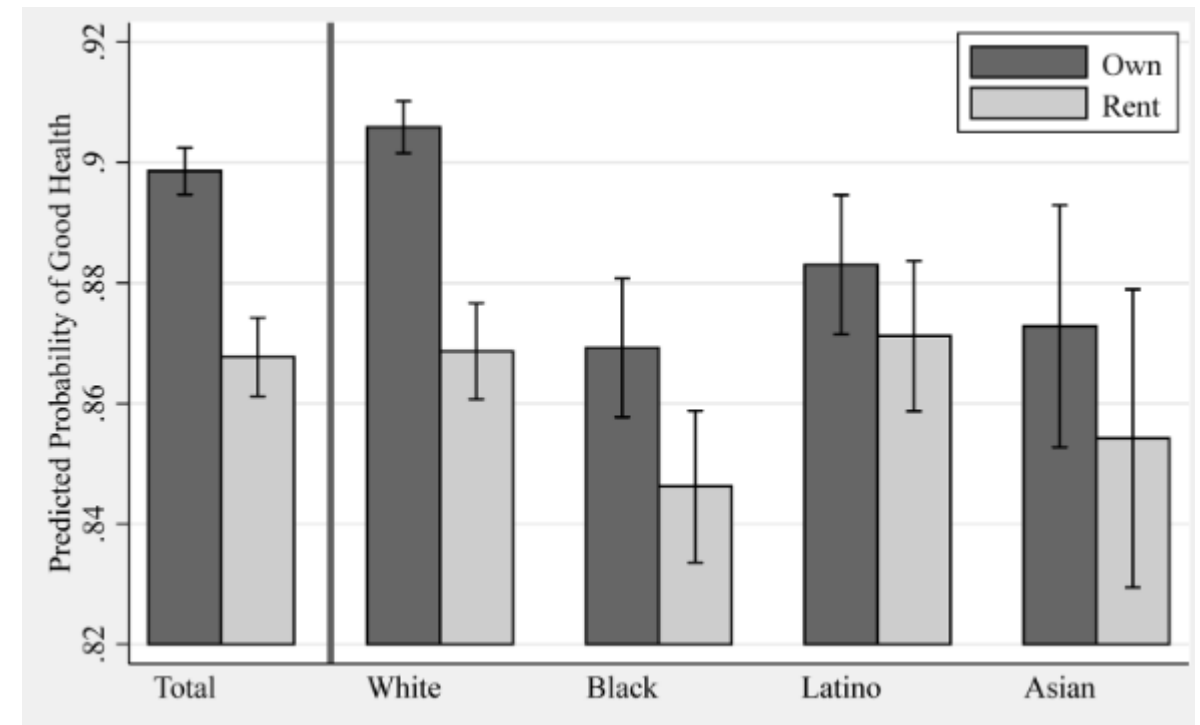


SOURCE: Neighbor Works America

# Homeownership and better health

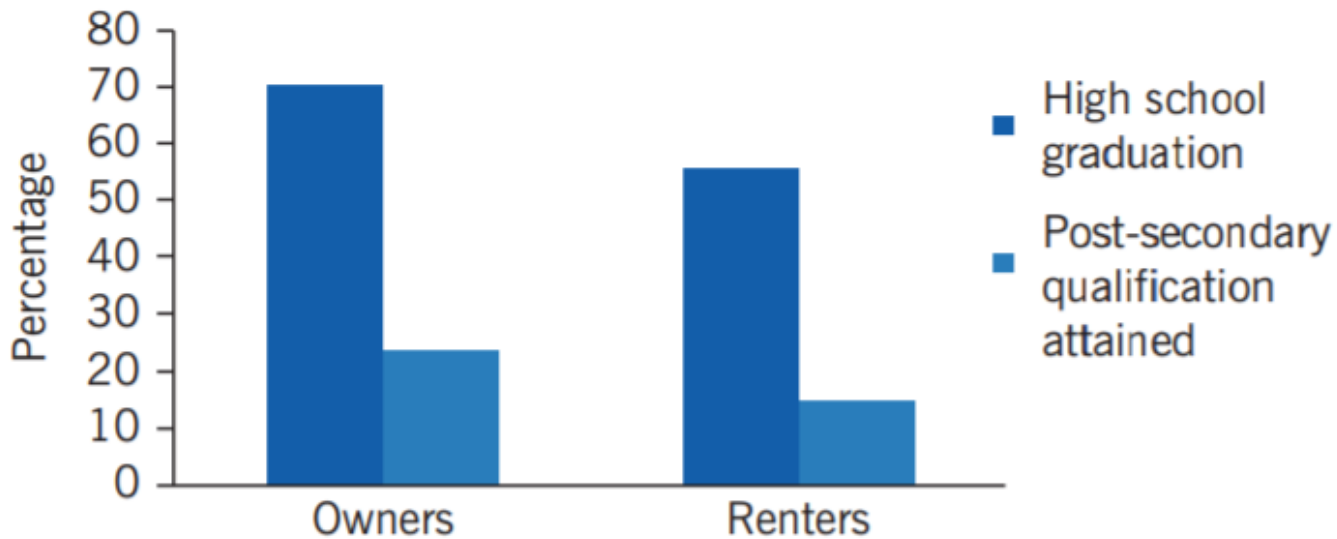
- Homeowners have a significant health advantage over renters, on average. Homeowners are 2.5 percent more likely to have good health.
- Homeownership provides greater residential stability, and by doing so reduce stress and related adverse health outcomes
- Increases in housing wealth were associated with better health outcomes for homeowners.
- Homeowners have fewer physical problems as they invest more in future health
- Homeowners have higher self-esteem and happiness than renters

Predicted Probability of Good Health by Race/Ethnicity and Homeownership



# Homeownership and educational attainment

US children's educational attainment is higher in owner-occupied households



Note: Children's education attainment at age 20 by parents' homeowner status when children were 15, as a percentage of children in each type of housing tenure

- Study shows that children of homeowners are more likely to remain in school than children of renters
- Owning produce better educational achievement for children than renting partly because owners generally move less frequently
- Wealth accumulation - another benefit of homeownership, could be another reason for children's academic success



# Homeownership lowers crime rates

## Impact of House Ownership on Crime (Regression Analysis)

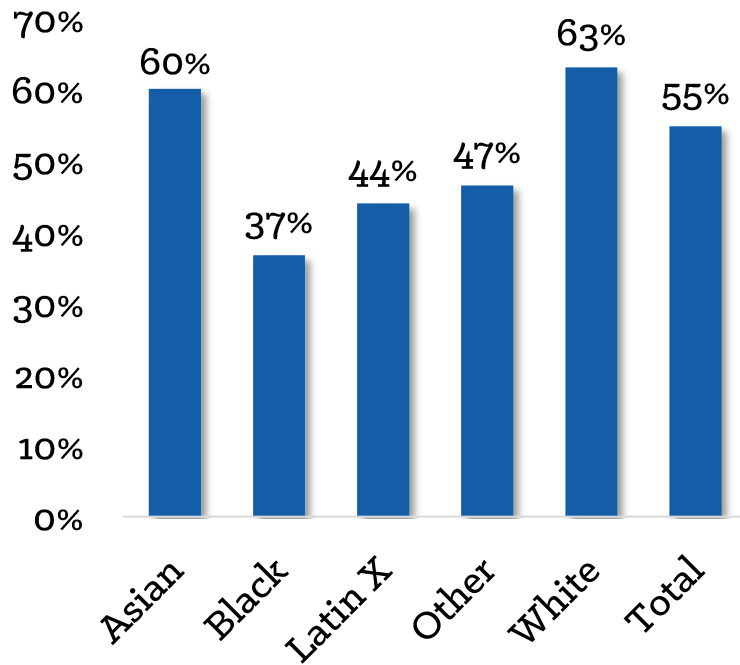
	Property Crime		Violent Crime	
	1991	1992	1991	1992
Log of Homeownership Residual	-1.253	-1.516	-1.041	-1.127
Log of the Unemployment Rate	0.320	0.315	0.311	0.0191
Log of Poverty Rate	-0.004	-0.034	0.393	0.419
	2001	2002	2001	2002
Log of Homeownership Residual	-1.191	-1.049	-0.792	-0.769
Log of the Unemployment Rate	0.232	0.241	0.187	0.312
Log of Poverty Rate	0.143	0.217	0.549	0.574

- Studies show that homeownership has a strong negative effect on both violent and property crime rates
- Studies also suggest that the rate of increase in criminal activity is slower in areas with higher homeownership rate

SOURCE: University of Nebraska at Omaha

# Homeownership helps narrow the racial wealth gap

2019 CA Homeownership Rates by Race/Ethnicity



Changes in the racial wealth gap if returns on homeownership were equalized

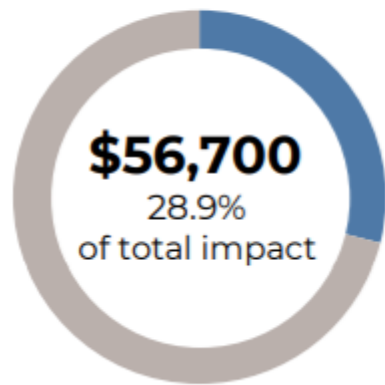
	Wealth Gap with White Families Before Equalizing Homeownership Returns	Wealth Gap with White Families After Equalizing Homeownership Returns	Change in the Racial Wealth Gap	Percent Change in the Racial Wealth Gap
Black families	\$104,033	\$86,920	-\$17,113	-16%
Latino families (any race)	\$102,798	\$61,146	-\$41,652	-41%

SOURCE: Survey of Income and Program Participation (SIPP), 2008 Panel Wave 10, 2011

# Homeownership and the economy

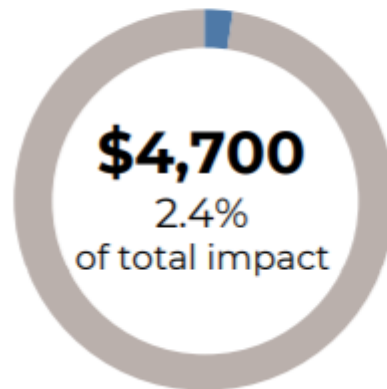
Economic impact of a typical home sale (in California) = \$196,000

Income generated from  
real estate industries



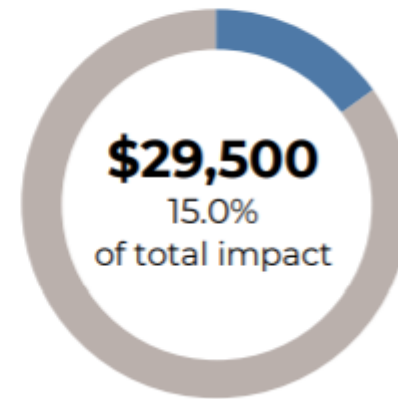
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Expenditures related  
to home purchase



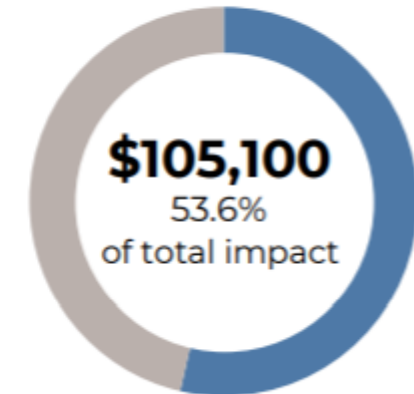
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Multiplier of housing  
related expenditures



+

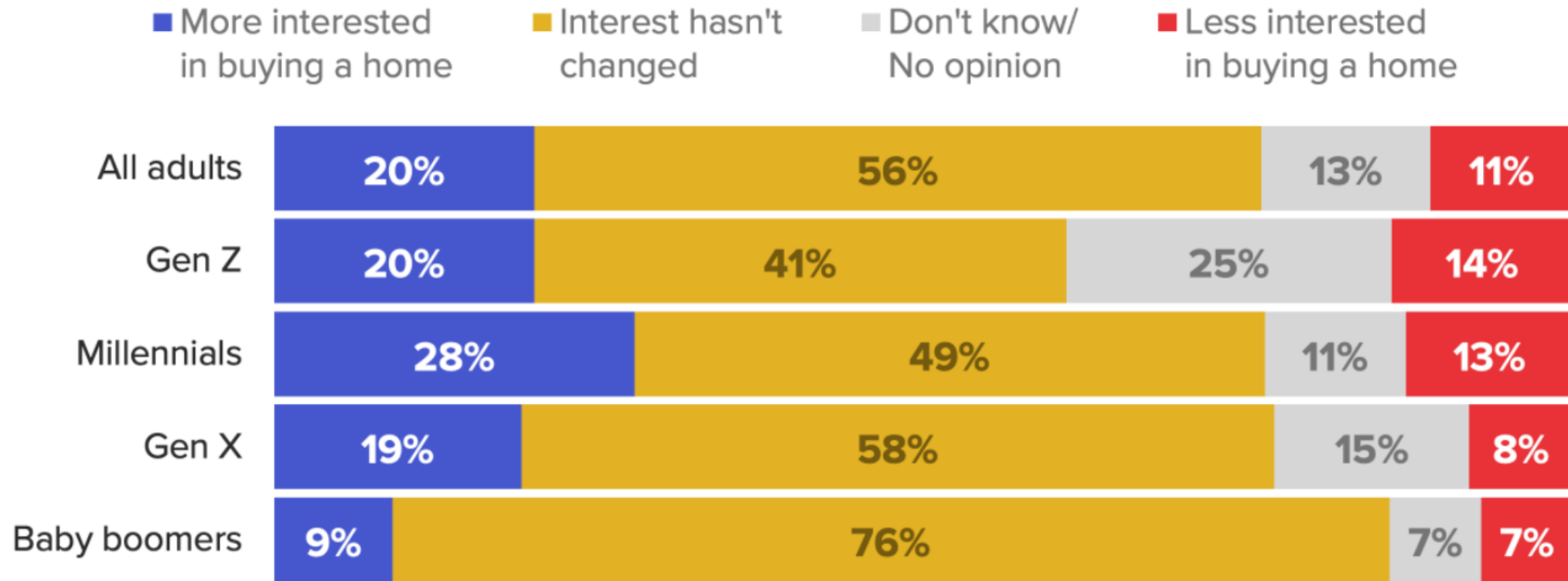
New home  
construction



- Home buying contributes to economic growth and job creation.
- With each home sale, there are expenditures related to lawn care, home remodeling, new furniture, mortgage origination, moving, and an inducement to build new homes.
- Portions of these earned incomes subsequently get spent in the local economy in the form of eating at restaurants, going to a ballgame, or buying a car.
- One new job is supported from every two home sales, according to NAR calculations.

# The pandemic affects views on homeownership

% of non-homeowners who said the pandemic has impacted their interest in owning a home in the following way



SOURCE: Morning Consult

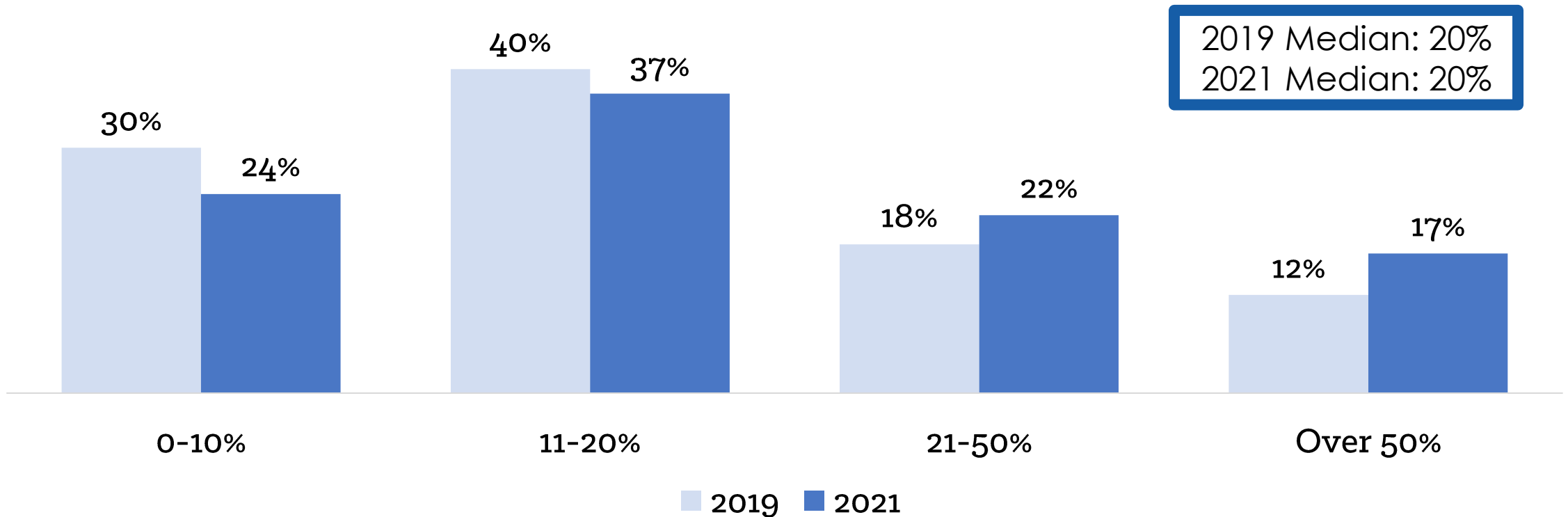


# C.A.R. Consumer Survey - Renters

**SOURCE: CALIFORNIA  
ASSOCIATION OF REALTORS®**

# Many renters do not know how much down payment is required

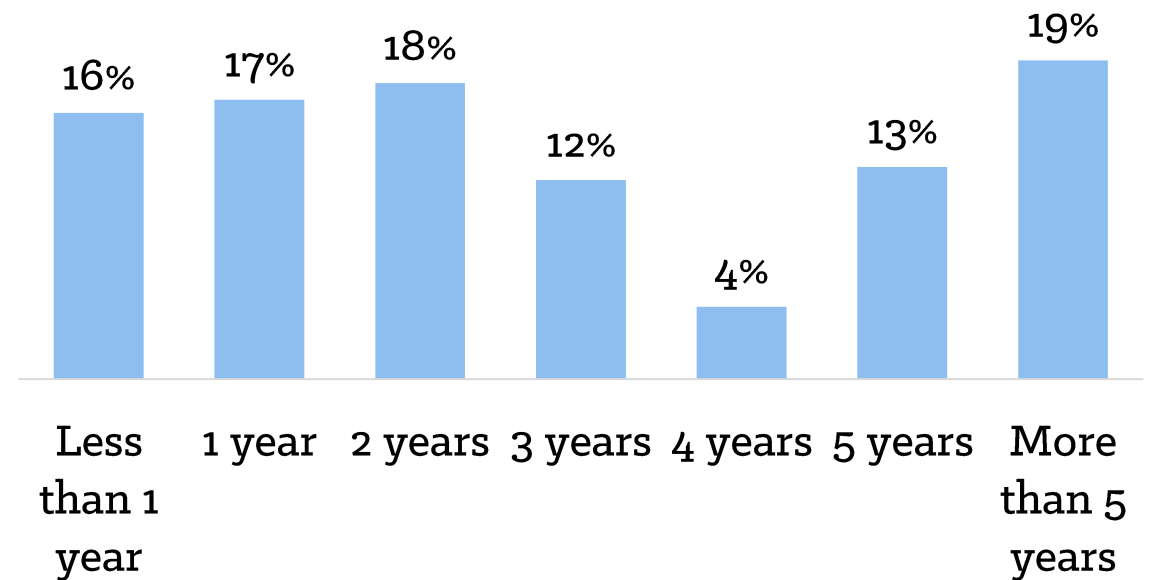
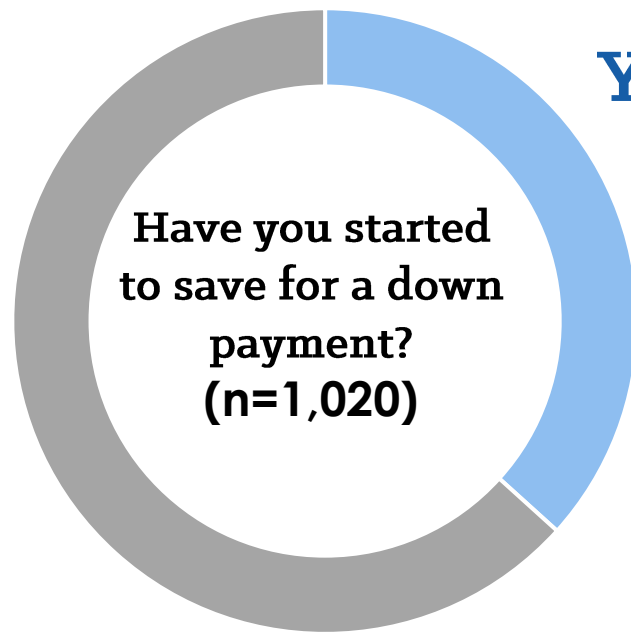
In your estimation, how much down payment is required to purchase a home?  
(n=998 for 2019; n=1,000 for 2021)



# Nearly 2 in 5 have been saving for a home

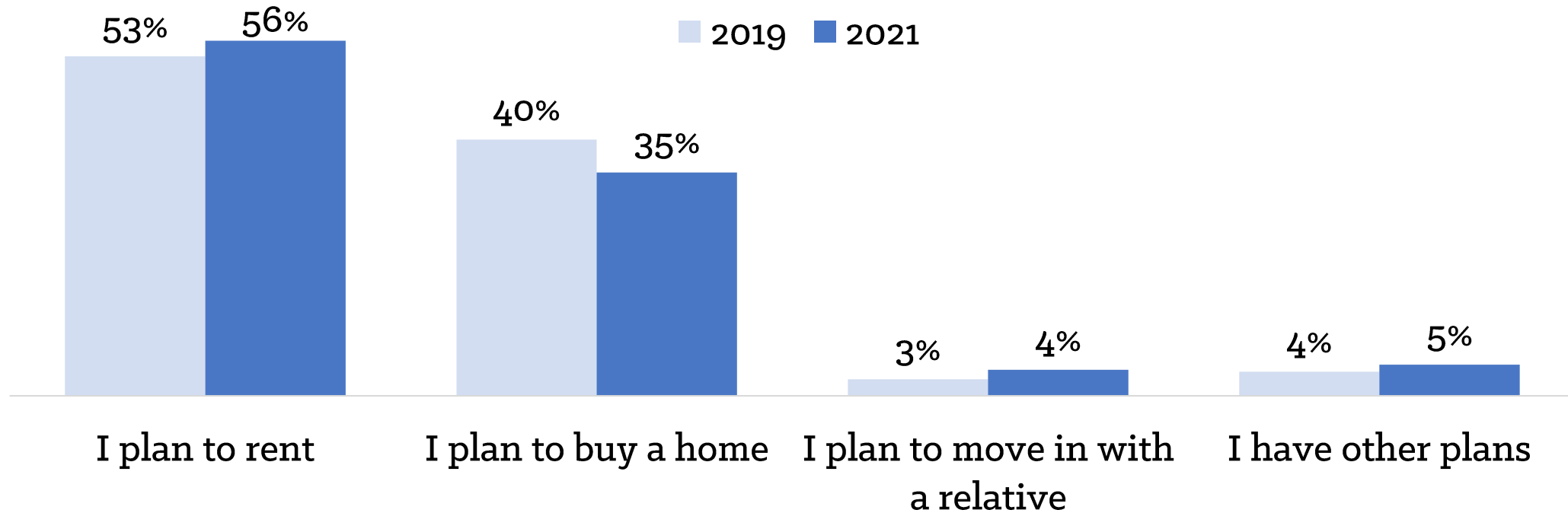
How many years have you been saving for?  
(n=371)

Median: 2 years



# More than a third of all renters plan to buy after moving from current residence

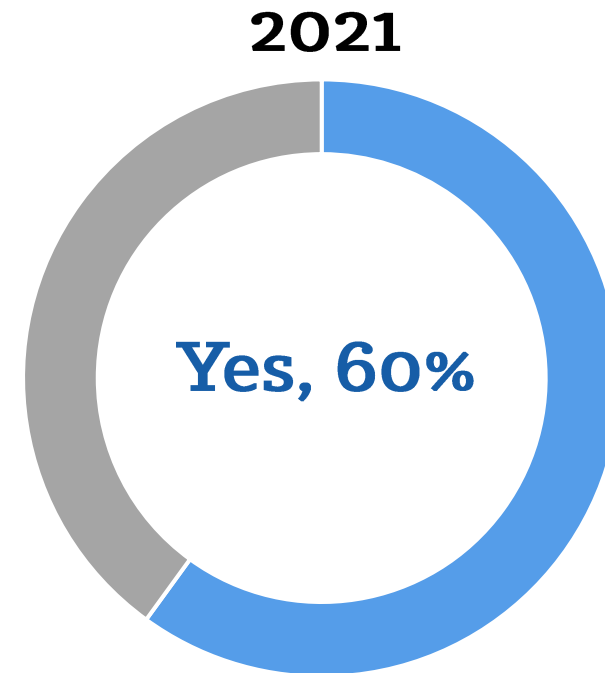
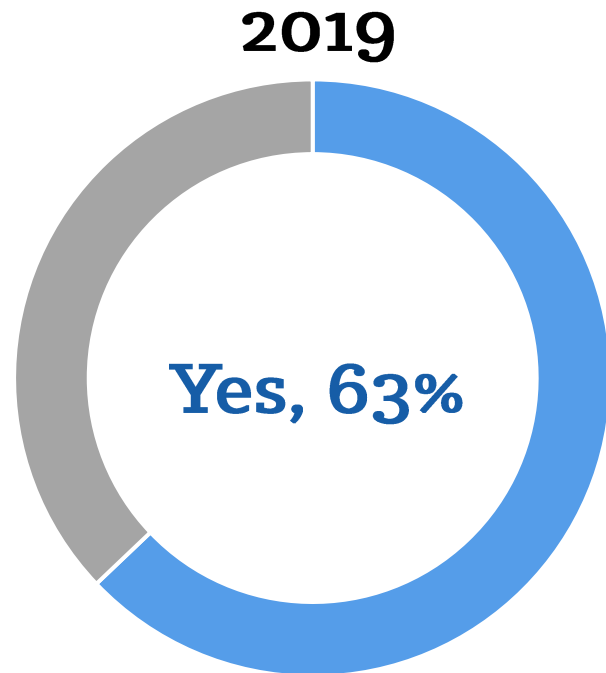
Do you plan to rent again after you move from your current residence?  
(n=1,001 for 2019, n=1,014 for 2021)





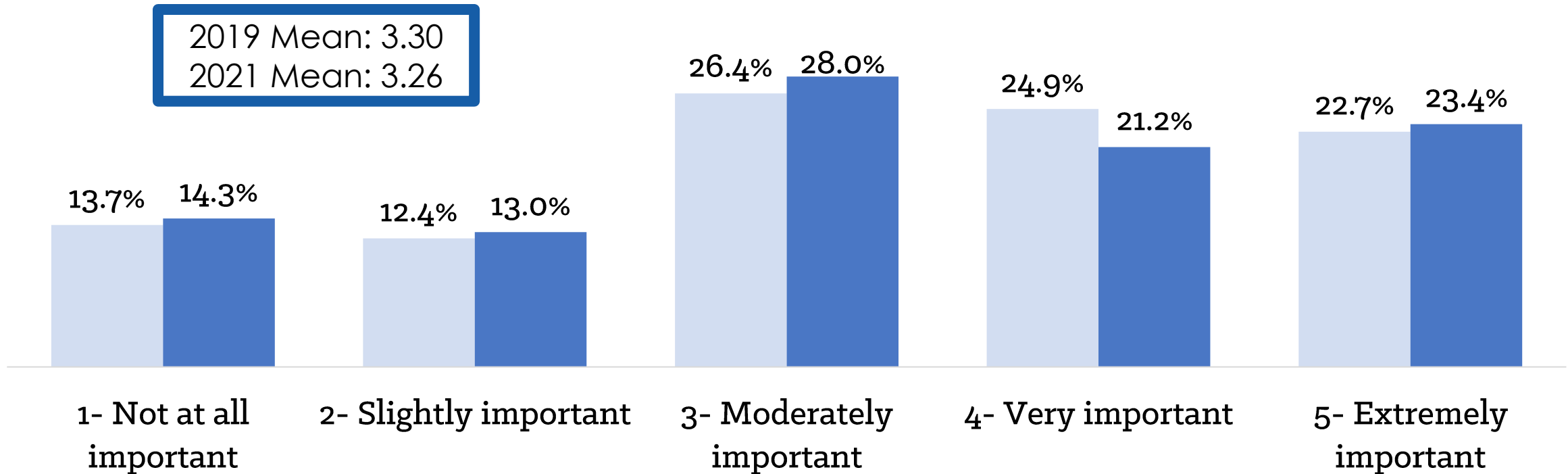
# Two of five renters would look for a house if they knew they could qualify with a lower down payment

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 for 2019, n=1019 for 2021 )



# Nearly half of renters rate homeownership as very or extremely important

How important is homeownership to you?  
(n=1,001 for 2019; n=1013 for 2021)



# Prop 19 can help alleviate the supply issue

## Win-Win for the Housing Market, Seniors, Families & Communities

- Allows homeowners who are 55 years and older, people with severe disabilities, or victims of natural disasters and wildfires to transfer their property tax base to a replacement home that better meets their needs - such as closer to family or medical care, etc.
- Opens housing inventory for first-time homebuyers, families, and Californians throughout the state.
- Protects the right of families to pass the family home to their children, ensuring that property tax savings work as intended.
- Generates hundreds of millions in revenue for fire protection, schools and local government.
- Provides added tax relief for California's family owned farms and ranches to help protect generational farming.
- SB 539 (Hertzberg) is a CAR Supported Bill , awaiting the Governor's signature which will help smooth implementation of the initiative.



# SB 9 (ATKINS)

EFFECTIVE DATE JAN 1, 2022



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Prior to SB 9 – State law permitted 3 units per parcel (single-family home, ADU and junior ADU) in a residential neighborhood.

**SB 9 is the first bill in - at least 20 years - to increase the production of market rate housing – without any requirement to subsidize deed restricted affordable housing.**

# SB 9 (Atkins) Ministerial Approval of Simple Lot Splits

- Creates a streamlined lot split approval process beginning **HOMEOWNERS** who commit to live in a unit on either parcel for 3 years from application
- **DEVELOPERS** are prohibited from using the streamlined lot split procedure

# SB 9 Constraints

Streamlined approval for 2<sup>nd</sup> unit on lots zoned for single family residential use;

- **MAXIMUM** of 2 units (limit includes ADUs, jr. ADUs, and equal sized unit)

“Urban lot splits” permitted on lots zoned for single family residential use;

- Must divide the lot 60/40 (min. lot size = 1,200 sq. ft.)
- May not divide a parcel that was previously split or is adjoined to a parcel previously split by the same property owner
- **MAXIMUM** of 2 units per parcel (limit includes ADUs, jr. ADUs, and equal sized unit)

# SB 9 Constraints

Parcels are NOT eligible for a streamlined “urban lot split” if the:

- 1) Parcel is historic property;
- 2) Split would displace a tenant OR was rented to a tenant within 3 year of an owner’s application;
- 3) Owner performed an Ellis Act eviction within the last 15 years;
- 4) Lot split requires the demolition OR alteration to a home subject to rent OR price controls OR is a deed restricted rental unit;
- 5) Parcel is in an unmitigated high fire severity zone; or,
- 6) Parcel is not located in an urbanized area (population over 50k) or urban cluster (population 2,500 to 50k), as designated by the U.S. Census Bureau.



# SB 9 Constraints

Local governments retain the ability deny an application if it threatens public health, safety, or the physical environment, if there is no way mitigate or avoid the adverse impact.

Homes must fit the look and feel of the community.

Local governments retain the ability to enact ordinances to clarify the implementation of SB 9 in a manner that works for their community.

# C.A.R.'s Unlocking California Politics Podcast -

## Episode 2: “Unlocking the CA Legislature: An Inside Look at How Housing Policy is Built,”

In this episode, our colleagues Sanjay Wagle, Jennifer Svec, and Karim Drissi:

- give an inside look at the passage of SB 9
- the upcoming expiration of the state eviction moratorium, and other topics.
- You may listen to the episode here:

Apple: <https://podcasts.apple.com/us/podcast/unlocking-california-politics/id1582664488?i=1000536929958>

Spotify: [https://open.spotify.com/episode/5LSwTImzNquq8kzi8aHz3t?si=4ouDt3TPQ-OJk1onNnaxeQ&dl\\_branch=1](https://open.spotify.com/episode/5LSwTImzNquq8kzi8aHz3t?si=4ouDt3TPQ-OJk1onNnaxeQ&dl_branch=1)

# REALTOR® Resource: Market Data



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YOUR C.A.R. ▾



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LEGAL

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Be trendy -- stay current with our latest market forecasts and data analyses.



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Catch up with the latest outreaches and webinars by the Research and Economics team.

### Surveys & Reports

Californians are surveyed annually to gain insights on the housing market from their perspective.

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Stay connected with the latest releases by subscribing to the products and services that interest you.



**Thank You**





# STEPS to Financing the American Dream

Virtual Event

September 29<sup>th</sup>, 2021

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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](mailto:TransactionRescue@car.org)

 [mortgage.car.org](http://mortgage.car.org)

# Your direct line to all finance and mortgage related questions

What can Transaction Rescue™ help you with?

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

# Thank You to Our Sponsors!



FMZ TEAM

CROSSCOUNTRY MORTGAGE™



# STEPS to Financing the American Dream

## DPA & Investor Speakers



**Sean Moss**

**Senior Vice  
President**

**Down Payment  
Resource**



**David Mendez**

**Affordable Lending  
Manager**

**Freddie Mac  
Single-Family**



**Carolyn Sunseri**

**Business  
Development**

**Golden State  
Finance Authority  
(GSFA)**



**Molly Ellis**

**REALTOR® &  
Lender Training  
Manager**

**California Housing  
Finance Agency  
(CalHFA)**



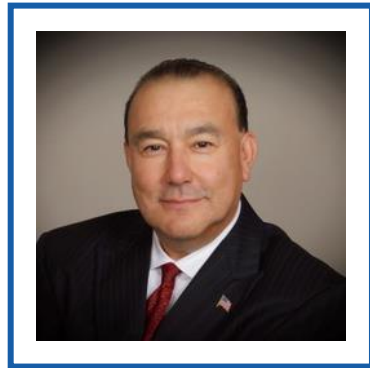
# STEPS to Financing the American Dream – Lending Arena Speakers



**Yong Choi**

Regional Sales  
Director

*Guild Mortgage*



**Abel Fregoso, Jr.**

Branch Manager

*Homebridge  
Financial*



**Kerwin Esperias**

SVP Area Lending  
Manager

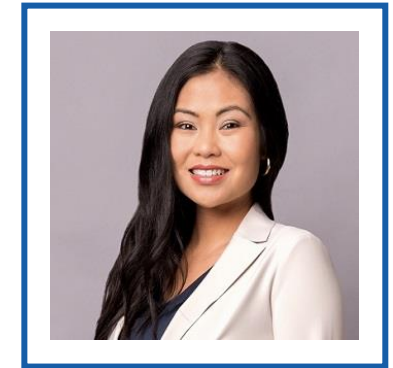
*Bank of America*



**Faramarz Moeen-  
Ziai**

VP Loan Originator

*CrossCountry  
Mortgage*



**Samantha Baig**

Area Lending  
Manager

*Chase Home Loans*

# STEPS to Financing the American Dream

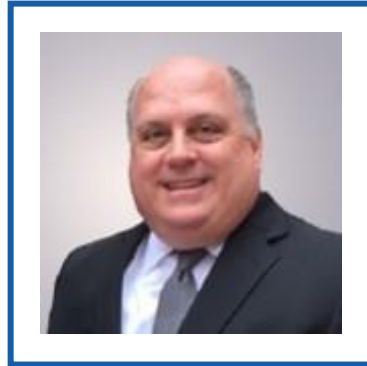
## REALTOR® Arena Speakers



**Jennifer Branchini**

2022 CAR  
President-Elect  
2020-2022  
Treasurer

*California  
Association of  
REALTORS®*



**Marc Farfel**

Moderator:  
Lender Liaison

*California  
Association of  
REALTORS®*



**Rolanda Wilson**

HUD Counselor /  
Board Member

*NID Housing  
Counseling Agency  
& REALTOR®*

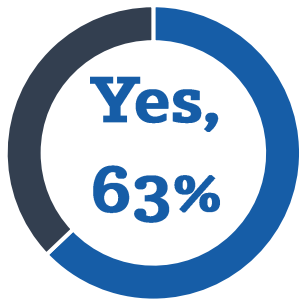


**Sabrina Brown**

REALTOR® &  
Broker Owner  
Brown Realty Team

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

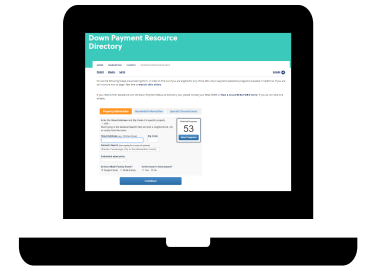


## C.A.R.'s Down Payment Resource Directory

<http://FindDownPayment.car.org>

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

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



**Get Down Payment Assistance**

# REALTOR® Resource: Financial Literacy Tool





# Today's Agenda:

**10:00 am - Why Homeownership Matters – Jennifer Branchini**

**10:10 am - Overview, Sponsors & Panel Introductions**

**10:15 am - Understanding Homeowner Needs & Setting Expectations**

**10:30 am - Building the Winning Team & Reviewing the Playbook**

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

**11:30 am - Leveraging Down Payment Assistance (DPA)**

**11:50 am - Taking the Next STEPS & Take-Aways**

**12:00 pm - Moving to the Breakouts**

**12:10 pm – Dedicated Sponsored Breakout Sessions**

- **Meet the Sponsors**
- **Meet the Speakers**
- **Ask Your Questions**



## **Sponsored: Q&A Sessions**

**Room 1 – Golden State Finance Authority (GSFA) Down Payment Assistance**

**Room 2 - Down Payment Connect – Lead Gen**

**Room 3 - CrossCountry Mortgage**

**Room 4 – Chase Home Loans – Lending & 1<sup>st</sup> Time homebuyer Programs**

**Room 5 - Guild Mortgage / Homebridge – General Lending & Best Practices**

**Main Room – REALTOR® to REALTOR® Tricks of the Trade & RPA Changes**



# Supporting Materials - Lending & Down Payment Assistance

STEPS to Financing the American Dream - Virtual Event

September 29<sup>th</sup>, 2021

10 am – 12 pm



# Key Elements of Discussion

## California Housing Finance System: REALTORS® Often the 1<sup>st</sup> Contact for Questions Related to Mortgage Finance

- The State's housing finance system is a sophisticated network of private entities and public agencies that work together to connect buyers of residential real estate to the world-wide capital markets
- This efficient system expands access to low-cost mortgage credit, increases home ownership rates, and improves and stabilizes neighborhoods and the economy as a whole
- Realtors who understand the housing finance system and the roles and responsibilities of the various players will be in a stronger position to help their clients access its benefits



# Key Participants in CALIFORNIA's Housing Finance System

## Working Together to Expand Access to Low-Cost Mortgage Credit

- **Loan Originators** who source, qualify and assist borrowers through the loan approval and closing process. Loan originators include retail loan officers employed by lenders and independent mortgage brokers
- **Lenders** who underwrite and fund mortgage loans and hold them in their investment portfolio or sell them to the secondary mortgage market. Lenders include commercial banks, mortgage companies and credit unions
- **Secondary Mortgage Market** establishes underwriting standards, purchases loans from lenders and guarantees them for capital market investors. The secondary market includes Freddie Mac, Fannie Mae, Ginnie Mae & Private Investors
- **State and Local Housing Agencies** incorporate public and private subsidies to increase affordability for low-and moderate-income borrowers and improve conditions in distressed neighborhoods

# Mortgage Planner for Your Clients

- **Tell Prospective Homeowners to Create a Budget**
  - Need to know what the client can afford in terms of payment
  - If RENO in their Future, being that it may be either an older home area, or they want their own touch on the remodel, start with a contractor they like & trust
- **Identify the amount of money you have coming in –(Net Income –after taxes)**
  - Easy to overestimate what you can afford, so identifying your monthly net income will help make it easier to figure out, even though calculations for DTI are based on Gross.
  - If you get tips/commission income or Overtime/Bonus Income, average out over a year or two. Remember that lenders use 2-year average.
- **Track your spending**
  - List fixed expenses such as car payments, student loans, etc.
  - List your variable expenses such as groceries, utilities, gas & entertainment.
- **Set your long term and short-term financial goals.**
  - Long term goal could be child's education, retirement, etc.
  - Short term goal could be reducing your credit card debt, getting a car, etc.

# Mortgage Planner for Your Clients (Cont'd)

- **Make a Financial Plan**
  - Use the variable & fixed expenses you compiled to help you get a sense of what you'll spend in the coming months. This can help you predict fairly accurately how much you'll have to budget for in terms of a monthly mortgage payment.
- **Adjust your habits if necessary**
  - Sometimes expenses can change, so you would need to adjust your spending habits.
  - Remember that small savings can add up to a lot of money, so don't overlook the little stuff.
- **Keep checking in**
  - Review your budget on a regular basis to make sure that you're staying on track.
  - Make sure that Issues, Credit and DPA Checklists are Routinely Reviewed.
    - (Income Limits by County, & Owner Occupancy Status, may influence DPA opportunities)
  - Once you get evaluated or a get pre-qualification details, be aware of FICO Changes, anticipated Rate adjustments, and continually monitor available programs with your Lenders to ensure "You and your Clients have the Big Picture, Grasp the Expectations and Overall, they "Know the Numbers"



# Basic Credit Requirements

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

# REALTOR® Resource: Tips for Credit-Challenged Buyers

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

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

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

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

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

# Closing & Title Insight

## THINGS TO LOOK OUT FOR:

- **Cash Transactions**-Especially in San Diego, Los Angeles, San Francisco, San Mateo, and Santa Clara Counties (Treasury Department FinCEN Geographic Targeting Order effective November 4, 2020)
- **Properties derived through foreclosure**-Pursuant to moratoriums on federally backed mortgages, effective March 18<sup>th</sup>, 2020
- **Changes in wire instructions**- “the biggest single detriment going on right now with regard to real estate transactions” according to ALTA
- **Sellers that are under or have recently exited a forbearance agreement**-Record levels of forbearance agreements and loan mods may cause delays in getting an accurate payoff statement

# Closing & Title Insight

## TIPS FOR A SMOOTH TRANSACTION:

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



# California Association of REALTORS®

## Loan Education:

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

## Down Payment Assistance (DPA) programs

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

HUD Counselor Selection Options

Loan Limits: Conventional Loan Limits

FHA Loan Limits







**STEPPIN' Toward Down  
Payment Assistance (DPA)**

# REALTOR® Resource: Financial Literacy Tool



# 2021 Conforming & High Balance Loan Limits by County for Freddie & Fannie (As of 1/01/2021)

The Federal Housing Finance Agency's (FHFA) announcement to increase the 2020 conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac to **\$548,250** on one-unit properties and a cap of **\$822,375** in high-cost areas. The previous loan limits were \$510,400 and \$765,600, respectively. Higher Loan Limits = More Properties Available to Entry Level Buyers

## Loan Limit   Counties

\$822,375 –	Alameda, Contra Costa, Los Angeles, Marin, Orange San Benito, Santa Clara, Santa Cruz, San Mateo
\$548,250 > < 822,375	San Diego, Ventura, Santa Barbara, San Luis Obispo, Monterey Napa, Sonoma, Yolo, Sacramento, Placer, El Dorado
\$548,250 –	All Remaining Counties for FHLMC/FNMA, FHA are less.

Link to Freddie Mac (FHLMC) / Fannie Mae (FNMA) 2021 Loan Limits

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

Link to FHA Loan Limits just changed on the 24<sup>th</sup> of November for 2021 Limits – Conforming \$548,250 max, less in many areas

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

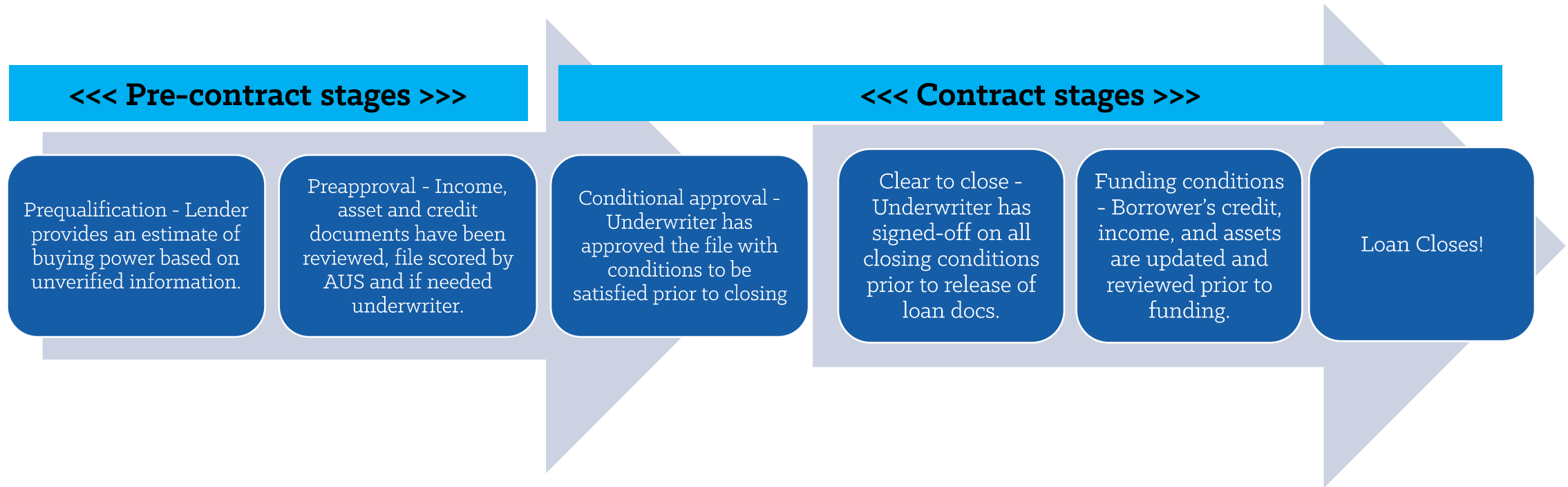
# REALTOR® Resource: A field guide to identifying “mortgage-ready” buyers

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

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



# 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!**

# What TRID Means for the REALTOR®

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



# What is TRID & What Our REALTORS® Should Know

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

[www.consumerfinance.gov/owning-a-home/](http://www.consumerfinance.gov/owning-a-home/)

**FICUS BANK**  
4321 Random Boulevard • Somerville, ST 12340

Save this Loan Estimate to compare with your Closing Disclosure.

### Loan Estimate

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

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

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78	NO

Does the loan have these features?

Prepayment Penalty **YES** • As high as \$3,240 if you pay off the loan during the first 2 years

Balloon Payment **NO**

### Projected Payments

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

Estimated Taxes, Insurance & Assessments  
*Amount can increase over time*

\$206 a month

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

In escrow?  
 YES  
 YES  
 NO

### Costs at Closing

Estimated Closing Costs	\$8,054	Includes \$5,672 in Loan Costs + \$2,382 in Other Costs - \$0 in Lender Credits. See page 2 for details.
Estimated Cash to Close	\$16,054	Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

Visit [www.consumerfinance.gov/mortgage-estimate](http://www.consumerfinance.gov/mortgage-estimate) for general information and tools.

LOAN ESTIMATE PAGE 1 OF 3 • LOAN ID # 123456789

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

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

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78	NO

Does the loan have these features?

Prepayment Penalty **YES** • As high as \$3,240 if you pay off the loan during the first 2 years

Balloon Payment **NO**

### Projected Payments

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

Estimated Taxes, Insurance & Assessments  
*Amount can increase over time*

\$356.13 a month

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

In escrow?  
 YES  
 YES  
 NO

### Costs at Closing

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

CLOSING DISCLOSURE PAGE 1 OF 5 • LOAN ID # 123456789

# Qualified Mortgage (QM) Loans

- **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 1<sup>st</sup> TD Loans – Backed by State & Local Housing Finance Groups (w/CalHFA & GSFA 2<sup>nd</sup> TD's)
- **Government Loans**
  - FHA – 3.5% down
  - VA – 0% down
  - USDA – 0% down
- **High Balance & Jumbo Loans**





# 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.

# Credit Do's & Don'ts

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

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



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

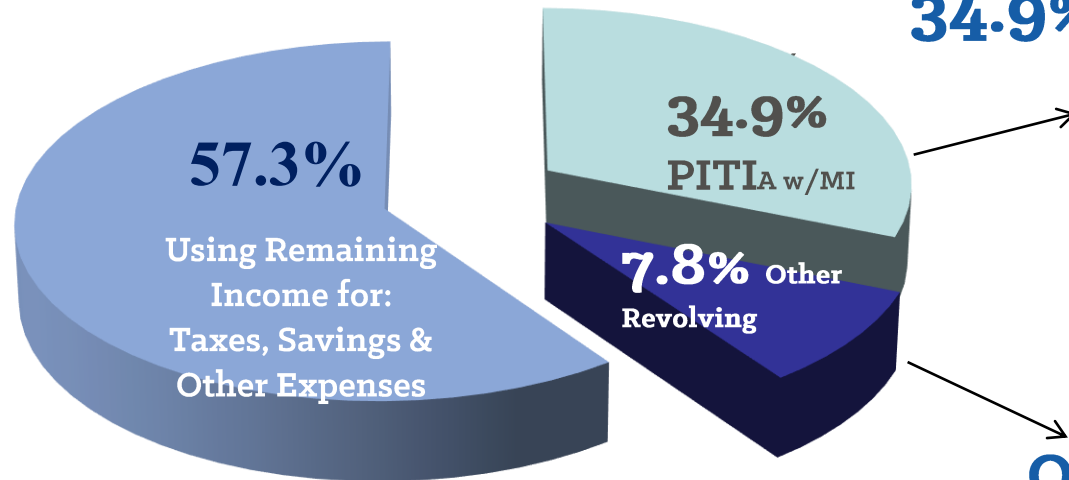
Buyers with one or more of these issues will find it very difficult to qualify for a conventional or government-insured loan. Realtors should proceed with caution before submitting purchase offers for buyer's with these issues:

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



# Key Concept: Debt-to-Income Ratios

Income \$ 11,550



## Top (Front-End) Ratio

**34.9% = \$4,035 (PITIA w/MI) or House Payment**  
(Assumes \$200 in Homeowners Association fees)

## Bottom (Back-End) Ratio

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

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

Includes : Car Payments, Student loans, Credit Card payments

# REALTOR® Resource: Down Payment Workbook

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

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

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



# Negative Credit (or Life Events) & Corresponding Waiting Periods

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

# How to Help Your Buyer Get Their Dream Home

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

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

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

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



**STEPPIN' Toward Down  
Payment Assistance (DPA)**



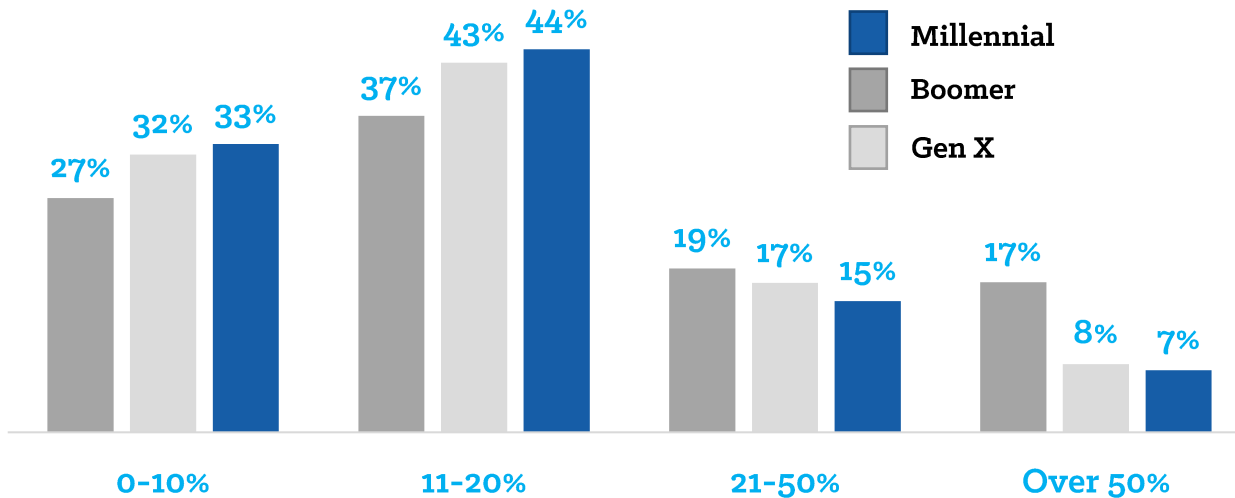
# Key Participants in CALIFORNIA's Housing Finance System

## Working Together to Expand Access to Low-Cost Mortgage Credit

- **Loan Originators** who source, qualify and assist borrowers through the loan approval and closing process. Loan originators include retail loan officers employed by lenders and independent mortgage brokers
- **Lenders** who underwrite and fund mortgage loans and hold them in their investment portfolio or sell them to the secondary mortgage market. Lenders include commercial banks, mortgage companies and credit unions
- **Secondary Mortgage Market** establishes underwriting standards, purchases loans from lenders and guarantees them for capital market investors. The secondary market includes Freddie Mac, Fannie Mae, Ginnie Mae & Private Investors
- **State and Local Housing Agencies** incorporate public and private subsidies to increase affordability for low- and moderate-income borrowers and improve conditions in distressed neighborhoods

# Consumer Survey – By Generation - Down Payment Needed?

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

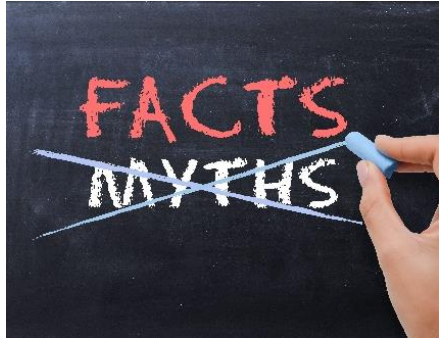


In your estimation, how much down payment is required to purchase a home?

(n=947)

Source: 2019 C.A.R. Consumer Survey

# Down Payment Assistance – Common MYTHS



- Only in certain areas
- Only for first-time homebuyers
- Only for low-income homebuyers
- Only for those with zero savings
- Only for exceptional credit
- Accrues interest
- Only works with FHA
- Harder to qualify
- Takes longer to close
- Limited funding

**70%** of U.S.  
adults are unaware of  
down-payment  
assistance programs\*

Let's change this.

# FindDownPayment.car.org

○ <https://www.car.org/marketing/clients/downpaymentresource>

## 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

# California Housing Finance Agency - [www.CalHFA.Ca.Gov](http://www.CalHFA.Ca.Gov)

The screenshot shows the top portion of the CalHFA website. At the top left is the CalHFA logo with the tagline "California Housing Finance Agency". To the right are navigation links for "Home", "About", and "Contact", along with a "Select Language" dropdown menu. Below the navigation is a large banner image of a smiling couple holding keys in front of a brick house. Overlaid on the banner is the text "Lenders/Real Estate Agents" and "Everything you need to know about originating, processing and marketing our loans to help build your business." A "Loan Scenario Calculator" button is visible at the bottom of the banner.

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



### Homebuyers

[Available Mortgage Programs](#)  
[Steps to Homeownership](#)  
[CalHFA Homebuyer Education](#)  
[How to Apply](#)

[Am I Eligible?](#)



### Lenders/Real Estate Agents

[Check Loan File Status](#)  
[Loan Program Handbooks](#)  
[Forms & Income/Sales Limits](#)  
[Training Calendar](#)

[MAS Login](#)





# 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 – 3/3.5% or \$15,000 whichever is less
  - 3.5% for FHA
  - 3% for Conventional, VA and USDA
  - Based on the sales price or appraised value (whichever is less)
- Exceptions to \$15,000 cap: School Employee, Fire Department Employee, CalHFA VA first, New Construction, Manufactured Housing, SFR with an ADU
- Can be used for down payment and/or closing costs
- First Time Homebuyers Only
- Can be combined with ZIP



# Borrower Eligibility

- 660 minimum credit score on FHA, VA and USDA
- 680 minimum credit score on conventional
- Max DTI is 45.00%
- Homebuyer Education Required
- Income Limits Apply

# 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](http://www.calhfa.ca.gov)

[www.calhfa.ca.gov/buildingblackwealth](http://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**

Training & Outreach Manager

O: 916.326.8680

C: 916.203.8876

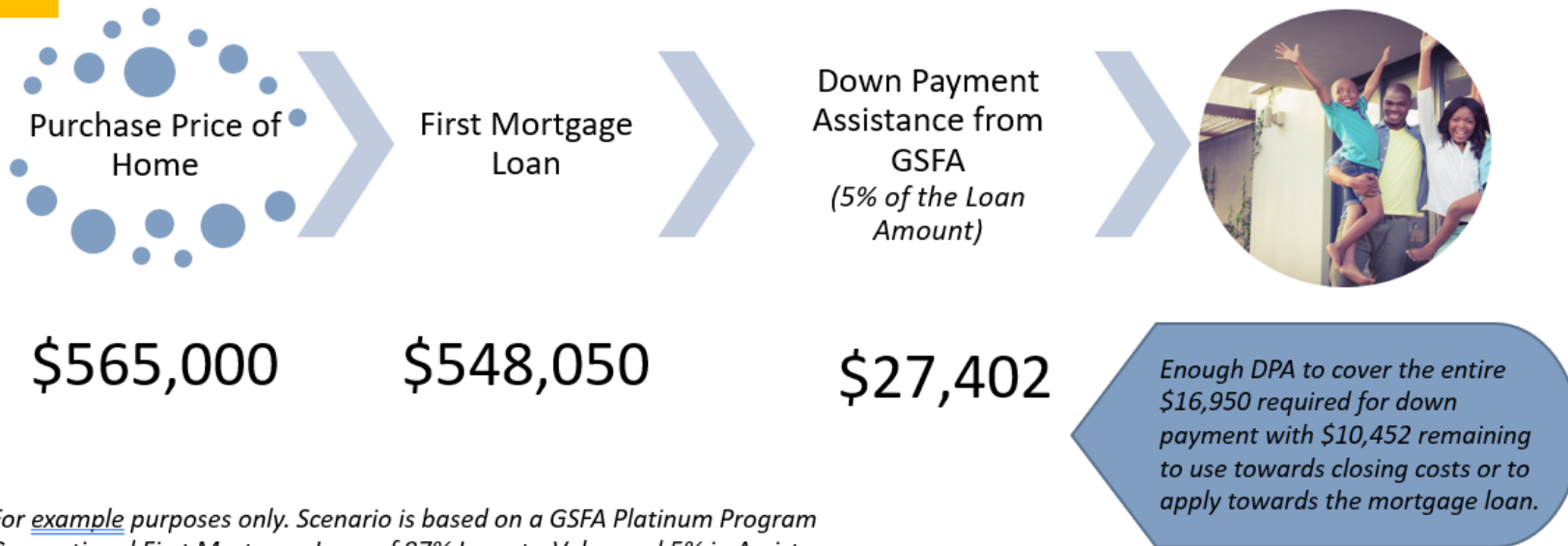
[mellis@calhfa.ca.gov](mailto:mellis@calhfa.ca.gov)

# Golden State Finance Authority

[www.gsfahome.org](http://www.gsfahome.org)

## Down Payment Assistance (DPA) Providing Solutions to the Affordability Challenge

6



*For example purposes only. Scenario is based on a GSFA Platinum Program Conventional First Mortgage Loan of 97% Loan-to-Value and 5% in Assistance.*

(855) 740-8422 | [www.gsfahome.org](http://www.gsfahome.org)

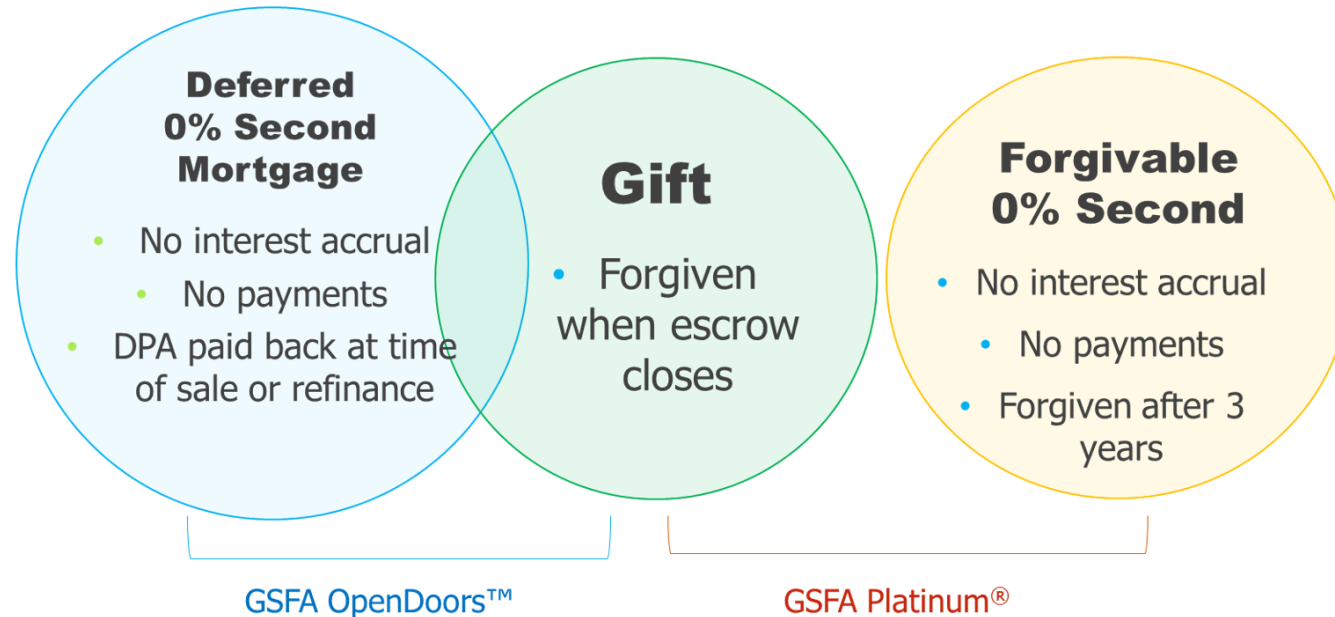
[www.gsfahome.org](http://www.gsfahome.org) | (855) 740-8422

Sept 22, 2021

# Golden State Finance Authority

## [www.gsfahome.org](http://www.gsfahome.org)

### GSFA Down Payment Assistance – Terms



[www.gsfahome.org](http://www.gsfahome.org) | (855) 740-8422

4/9/2021

[www.gsfahome.org](http://www.gsfahome.org) | (855) 740-8422

# Golden State Finance Authority

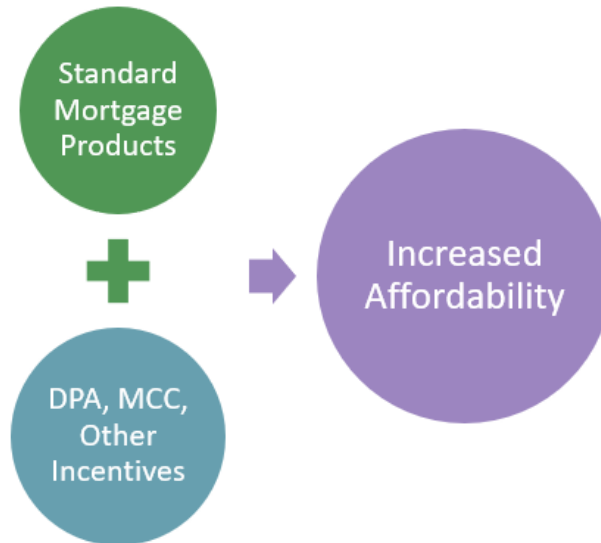
[www.gsfahome.org](http://www.gsfahome.org)

## Affordability Addressed through DPA?



1

### Golden State Finance Authority



- Public Agency (Housing Finance Entity)
- Supporting Affordable Homeownership for Over 28 Years
- Mission to Provide a Source of Financing for California Homebuyers
  - *Standard mortgage products*
  - *Provide down payment assistance (DPA) or other enhancements*
  - *Approve and utilize vast network of Lenders to originate programs*

**82,800**  
homebuyers helped

**\$626.5 million**  
in down payment assistance provided

[www.gsfahome.org](http://www.gsfahome.org) | (855) 740-8422

[www.gsfahome.org](http://www.gsfahome.org) | (855) 740-8422



# Golden State Finance Authority

[www.gsfahome.org](http://www.gsfahome.org)

## 1. GSFA Platinum® Program


Assistance Forgiven after 3 years (or less)

4

### Features and Terms of Assistance\*

Assistance Available	<p>Up to 5% of the Loan Amount</p> <ul style="list-style-type: none"> <li>GIFT for Certain Occupations, USDA or FHA Energy Efficient Mortgages</li> <li>Assistance as a 0% Second Mortgage, forgiven after 3 years for all other Borrowers</li> </ul>
FICO Score requirement	<ul style="list-style-type: none"> <li>FHA = 660</li> <li>VA/USDA = 640</li> <li>Conventional = 640</li> </ul>
Maximum Debt-to-Income (DTI)	<ul style="list-style-type: none"> <li>45% max for FICOs below 680</li> <li>Up to 50% for FICOs 680 and higher</li> </ul>

**Platinum "Select"**      *Down Payment Assistance GIFT - up to 5% - for "Select" Occupations*



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

\*Contains program highlights only. See a Participating Lender for complete guidelines, interest rates and APRs.

(855) 740-8422 | [www.gsfahome.org](http://www.gsfahome.org)

[www.gsfahome.org](http://www.gsfahome.org) | (855) 740-8422

Sept 22, 2021

# Golden State Finance Authority

## [www.gsfahome.org](http://www.gsfahome.org)

### 2. GSFA OpenDoors® Program

Assistance is part forgiven; part re-paid at later date



4

#### Features and Terms of Assistance

More Assistance is available	Up to <b>7%</b> of the Loan Amount <ul style="list-style-type: none"><li>• Up to ½ as a Gift</li><li>• Up to ½ as a 0% Second Mortgage, due and payable upon sale or refinance</li></ul>
FICO Scores requirement more flexible	<ul style="list-style-type: none"><li>• FHA/VA = 620</li><li>• USDA = 640</li><li>• Conventional 620; 660 for incomes above 80% AMI</li></ul>
Maximum Debt-to-Income (DTI)	<ul style="list-style-type: none"><li>• FHA/VA/USDA = 55% as allowed by AUS Approval</li><li>• Conventional = Per AUS Approval</li></ul>

*\*Contains program highlights only. See a Participating Lender for complete guidelines, interest rates and APRs.*

(855) 740-8422 | [www.gsfahome.org](http://www.gsfahome.org)

[www.gsfahome.org](http://www.gsfahome.org) | (855) 740-8422

Sept 22, 2021





# Golden State Finance Authority

## [www.gsfahome.org](http://www.gsfahome.org)

### General Guidelines\*

4

- Primary Residences
  - Owner-occupied
  - 1-4 Units
- 30-Year Fixed-Rate Mortgages
  - FHA, VA, USDA
  - Conventional Freddie Mac Loans
- First Mortgage Amount
  - \$548,250 maximum
- Flexible Income Limits:
  - GSFA has no income limits for Govt Loans
  - Limits for Conventional Loans are very flexible (Low-to-moderate)
    - *Examples: San Bernardino / Los Angeles / Riverside County = \$162,180*
  - More attractive pricing for borrowers with income  $\leq$  80% AMI
- Over 120 Participating Lenders

# Golden State Finance Authority

## Borrower's End Result – Examples

5

30-year  
fixed-rate GSFA  
Program Mortgages.

(1) For example purposes only;  
Interest Rate published  
10/15/2020, subject to change.

(2) Includes Up Front Mortgage  
Insurance of 1.75% (required by  
FHA)

(3) MI for Conventional Loan  
examples is based on FICO of 720  
with Charter level coverage on 2  
borrowers through MGIC.

GSFA OpenDoors® Program	\$300k Purchase Price		\$400k Purchase Price		Max Purchase Price + Max DPA	
	FHA	Freddie Mac HFA Advantage	FHA	Freddie Mac HFA Advantage	FHA	Freddie Mac HFA Advantage
First Mortgage LTV	96.50%	97.00%	96.50%	97.00%	96.50%	97.00%
First Loan Interest Rate (1)	3.250	3.875	4.250	4.000	5.250	5.125
Purchase Price	\$300,000	\$300,000	\$400,000	\$400,000	\$575,662	\$548,250
Down Payment Required (%)	3.50%	3.00%	3.50%	3.00%	3.50%	3.00%
Down Payment Required (\$)	\$10,500	\$9,000	\$14,000	\$12,000	\$20,148	\$16,448
Total First Loan (2)	\$294,566.25	\$291,000.00	\$392,755.00	\$388,000.00	\$565,235.32	\$531,802.50
Gift DPA (%)	1.50%	0.00%	2.50%	1.00%	4.50%	3.50%
Gift DPA Amount	\$4,418.49	\$0.00	\$9,818.88	\$3,880.00	\$25,435.59	\$18,613.09
Second Mortgage DPA (%)	2.00%	3.50%	2.00%	3.50%	2.00%	3.50%
Second Mortgage Amount	\$5,891.33	\$10,185.00	\$7,855.10	\$13,580.00	\$11,304.71	\$18,613.09
Total OpenDoors DPA (%)	3.50%	3.50%	4.50%	4.50%	6.50%	7.00%
Total OpenDoors DPA	\$10,309.82	\$10,185.00	\$17,673.98	\$17,460.00	\$36,740.30	\$37,226.18
Monthly P & I (First Loan)	\$1,281.97	\$1,368.39	\$1,932.12	\$1,852.37	\$3,121.25	\$2,895.60
Monthly MI (3)	\$208.65	\$116.40	\$278.20	\$155.20	\$400.38	\$212.72
Total Monthly Payment	\$1,490.62	\$1,484.79	\$2,210.32	\$2,007.57	\$3,521.63	\$3,108.32
Borrower Out-of-Pocket for Down Payment	\$190.18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Remaining DPA for Closing Costs	\$0.00	\$1,185.00	\$3,673.98	\$5,460.00	\$16,592.13	\$20,778.68

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## [www.gsfahome.org](http://www.gsfahome.org)

### GSFA DPA – Expectations AND Timeline

143

Borrower Gets  
Pre-Qualified

- ❖ FICO
- ❖ DTI
- ❖ Income Range
- ❖ Occupation of Borrower

First Mortgage  
and DPA  
Reserved  
*(60-day rate lock)*

- ❖ GSFA Participating Lenders lock/reserve funds
- ❖ 150+ Lenders (See GSFA Website)

Escrow Closes +  
Loan Purchased by  
Servicer  
*(within 60-days of Lock)*

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

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### How to Get Started

Find Available DPA Programs here:

[www.FindDownPayment.car.org](http://www.FindDownPayment.car.org) OR

[www.GSFAhome.org](http://www.GSFAhome.org)

Work with a GSFA Participating Lender!

- Key to Smooth/Fast Transactions
- Experienced in GSFA Programs
- Determines 3 main qualifiers: Income, DTI, FICO
- Furnishes interest rates and APRs
- Determines best DPA option for homebuyer or stacking with other programs

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Sept 22, 2021

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### Realtor / Lender Support

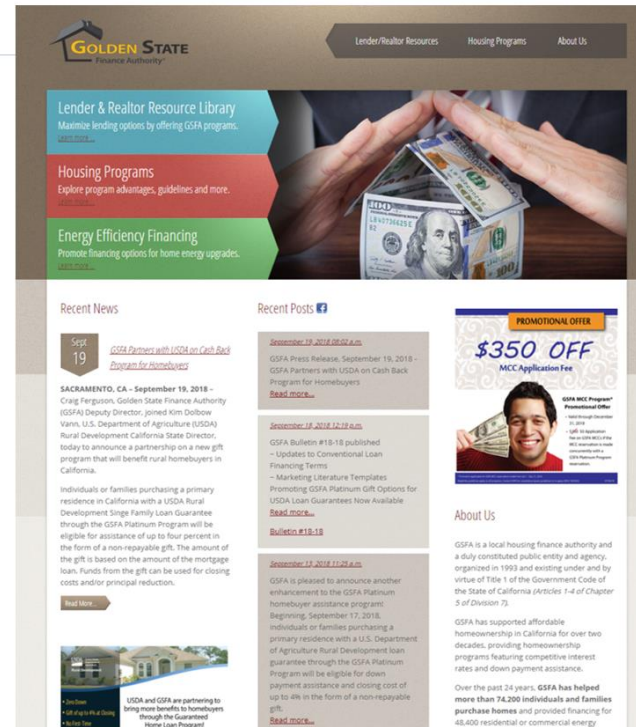
143

#### ■ GSFA Client Relations

- (855) 740-8422
- M-F 8:00 AM – 5:00 PM
- [info@gsfahome.org](mailto:info@gsfahome.org)

#### ■ GSFA Website

- [www.gsfahome.org](http://www.gsfahome.org)
- Look up Participating Lenders
- Training Webinars
- Marketing Literature



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## [www.gsfahome.org](http://www.gsfahome.org)

### GSFA Down Payment Assistance (DPA) Programs

3

- First Mortgage Loans  
*combined with*  
Various DPA Options
- Available throughout California
- NO first-time homebuyer requirement!
- Flexible Income Limits
- Up to 7.0% DPA available
- FICO scores as low as 620
- FHA, VA, USDA and Conventional Loans
- DPA can be used for down payment and/or closing costs



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## [www.gsfahome.org](http://www.gsfahome.org)

### KEY TAKEAWAYS & RESOURCES

#### ■ GSFA Topics

- GSFA Affordable Housing Programs
  - Link: <http://gsfahome.org/programs/index.shtml>
- GSFA Approved Lenders
  - <http://gsfahome.org/programs/platinum/lenders.aspx>
- Training and Education
  - <http://gsfahome.org/lender/training.shtml>
- Marketing Literature
  - <http://gsfahome.org/lender/marketing.shtml>

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### Everything You the REALTOR® Need to Know

- GSFA DPA Program DOES NOT slow nor complicate escrow
  - No additional compliance review from GSFA
  - Lender can close loan on their timeline
  - Normal issues like repairs or expenditures that may come up will not delay anything.
- Specific documentation for GSFA DPA Program?
  - Very little (outside normal loan documentation required by Lender)
  - Proof of occupation documentation  
(Only required for special occupations eligible for Platinum “Select”)

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### Golden State Finance Authority (GSFA)

16



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  - [csunseri@rcrcnet.org](mailto:csunseri@rcrcnet.org)
- Client Relations Dept
  - Available M-F 8-5 PM
  - Toll-free (855) 740-8422
  - Email: [info@gsfahome.org](mailto:info@gsfahome.org)
  - [www.gsfahome.org](http://www.gsfahome.org)

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GSFA's affiliate organization, National Homebuyers Fund, Inc. (NHF) provides down payment assistance in states outside California. For more information, visit [www.nhfloan.org](http://www.nhfloan.org).

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**Thank You!**



# Key Elements of Discussion

## **California Housing Finance System: REALTORS® Often the 1<sup>st</sup> Contact for Questions Related to Mortgage Finance**

- **The State's housing finance system is a sophisticated network of private entities and public agencies that work together to connect buyers of residential real estate to the world-wide capital markets**
- **This efficient system expands access to low-cost mortgage credit, increases home ownership rates, and improves and stabilizes neighborhoods and the economy as a whole**
- **Realtors who understand the housing finance system and the roles and responsibilities of the various players will be in a stronger position to help their clients access its benefits**



# Key Elements of Discussion

## STEPS Towards Homeownership – Skills & Tools Educating People for Success

- S – Strategies for Financial Health
- T – Trends In Economic Environment
- E – Engaging in the Process
- P – Products for Success
- S – Support from Beginning to the End



# Tools & Resource Benefits

STEPS Resources: Help You Connect Your Clients to Responsible, Equitable Home Financing Options

- 1 – Secure your Reputation as a Thought leader in Resolving home Financial Barriers
- 2 – List & Sell More Properties
- 3 – Build & Strengthen Referral Pipelines



# Key Elements Changing on New RPA Financing Related

- Paragraph 3E(3)      Occupancy defaults to primary (like in current contract) but gives two alternate choices, Secondary (home) or investment.
- Paragraph 3G(1)      Seller credits to be applied to closing costs (not open ended like in current contract)
- Paragraph 3H(3)      Loan application letter from lender has three choices, buyer is prequalified, buyer is pre-approved or buyer has received fully underwritten preapproval
- Paragraph 3H(3)      Buyer to provide letter from lender with offer (current contract allows buyer 3 days after acceptance)
- Paragraph 4A          Separate addendum for Manufactured home purchases (C.A.R. Form MF-PA). Mobile home purchase agreement is being discontinued.
- Paragraph 5C(3)      Buyer authorizes seller or agent to contact lender to check on buyer's loan status
- Paragraph 23          If buyer assigns contract, the assigned must provide seller with the same prequalification or preapproval type as the named buyer



# Key Elements Changing on New RPA

## Possible Interest

- Paragraph 8A(1) If buyer waives appraisal contingency, and property does not appraise, and failure to appraise is reason lender will not loan, buyer does not have a contractual right to cancel
- Paragraph 8A(2) If lender will not make loan because buyer has not acquired insurance, and buyer has already removed investigation contingency, buyer does not have a contractual right to cancel
- Paragraph 8B(2) If buyer cancels because of failure of property to appraise, buyer shall deliver copy of appraisal to seller
- Paragraph 10B(1) If seller does not address smoke alarms or carbon monoxide detectors or brace or anchor water heaters, and buyer incurs costs to meet lender demands on these items, buyer can pursue seller for the costs incurred
- Paragraph 10B(3) If lender charges buyer for reinspection fee to address smoke alarms, carbon monoxide detectors or water heaters, buyer can pursue seller for the reinspection fees



# Upcoming RPA Classes

Date/ Time	Course	Credit	Registration
10/04/202 1 1 p.m. - 5 p.m.	NEW California Residential Purchase Agreement (RPA) with Gov Hutchinson	CE	<a href="#">Register Here</a>
10/13/202 1 9 a.m. - 1 p.m.	NEW California Residential Purchase Agreement (RPA) with Gov Hutchinson	CE	<a href="#">Register Here</a>
10/15/202 1 9 a.m. - 1 p.m.	NEW California Residential Purchase Agreement (RPA) with Gov Hutchinson	CE	<a href="#">Register Here</a>





# Upcoming RPA Classes

<http://store.car.org/collections/rpa-training-more>



C.A.R. Education  
**10/4 NEW California Residential Purchase Agreement (RPA) - REI**  
 \$75.00 Member Price \$150.00 Non-Member Price



C.A.R. Education  
**10/15 NEW California Residential Purchase Agreement (RPA) - LearnMyWay\***  
 \$75.00 Member Price \$150.00 Non-Member Price



C.A.R. Business Products  
**C.A.R. Forms + ZipForm® Training Bundle: 10/18 & 10/19**  
 \$398.00 Price



C.A.R. Education  
**10/18 C.A.R. Certified Forms Trainer Course - RPA & Addenda Module**  
 \$249.00 Member Price \$498.00 Non-Member Price



C.A.R. Education  
**10/21 NEW California Residential Purchase Agreement (RPA) - LearnMyWay\***  
 \$75.00 Member Price \$150.00 Non-Member Price



C.A.R. Education  
**10/28 NEW California Residential Purchase Agreement (RPA) - LearnMyWay\***  
 \$75.00 Member Price \$150.00 Non-Member Price



C.A.R. Education  
**11/2 NEW California Residential Purchase Agreement (RPA) - LearnMyWay\***  
 \$75.00 Member Price \$150.00 Non-Member Price



C.A.R. Business Products  
**C.A.R. Forms + ZipForm® Training Bundle: 11/10 & 11/11**  
 \$398.00 Price

<http://store.car.org/collections/rpa-training-more>



# California Association of REALTORS®

## Free Member Benefit:

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