



STEPS to Financing the Dream of Homeownership

Virtual Event

June 21, 2022

10 am – 12:30 pm






CALIFORNIA ASSOCIATION OF REALTORS®

Transaction Rescue™

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

 (213) 739-8383

 TransactionRescue@car.org

 mortgage.car.org

Your direct line to all finance and mortgage related questions

What can Transaction Rescue™ help you with?

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

Thank You to Our Sponsors!



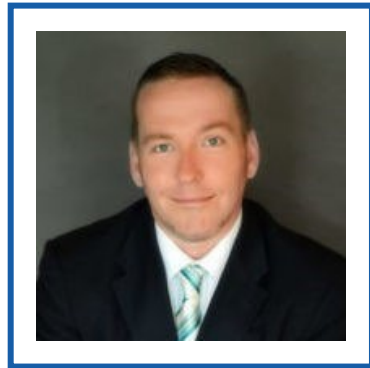
STEPS to Financing the Dream of Homeownership – DPA & Industry Expert Speakers



Linda Barrera

Product Manager

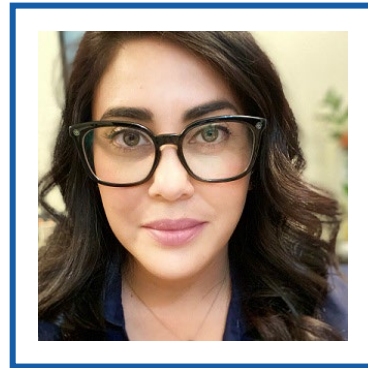
Symbium



Sean Moss

Senior Vice
President

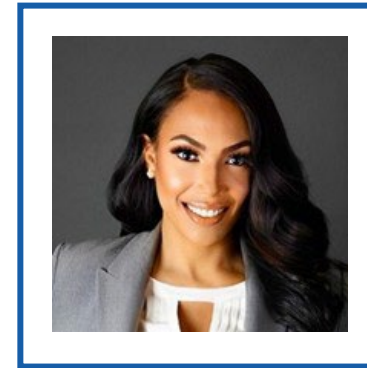
Down Payment
Resource



Monica LaCrue

Affordable Lending
Manager

Freddie Mac Single-
Family



Meagan Harris

Program
Coordinator

*Golden State
Finance Authority
(GSFA)*



Molly Ellis

Training and
Outreach Manager –
Single Family

*California Housing
Finance Agency
(CalHFA)*

STEPS to Financing the Dream of Homeownership – Lending Arena Speakers



Cynthia Leal

Branch Manager

Guild Mortgage



Danny Fitzpatrick

Renovation Lending
Manager

Guild Mortgage



Chuck Sayed

Triple Crown Banker

Rocket Mortgage



Faramarz Moeen-Ziai

VP Loan Originator

CrossCountry Mortgage



Suchada Lerknant

V.P. Area Lending
Manager

Chase Home Loans

STEPS to Financing the Dream of Homeownership

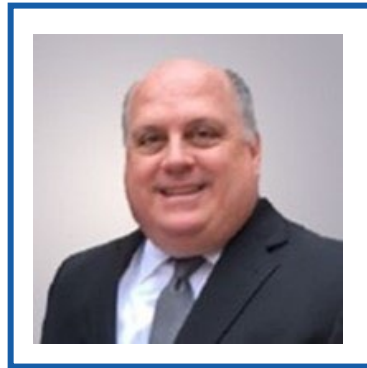
REALTOR® Arena Speakers



John Sebree

Chief Executive
Officer

*California
Association of
REALTORS®*



Marc Farfel

Moderator:
Lender Liaison

*California
Association of
REALTORS®*



Rolanda Wilson

REALTOR® & HUD
Counselor & Board
Member

*NID HUD Counseling
Services*



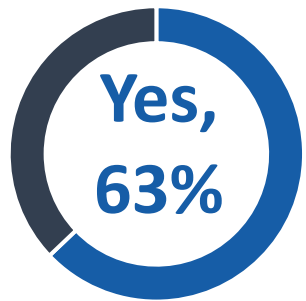
Kendyl Young

REALTOR® Broker
Owner

ADUDIGGS

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

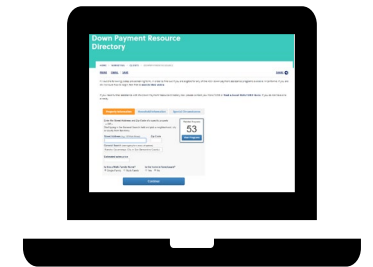


C.A.R.'s Down Payment Resource Directory

<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 - Overview, Sponsors & Panel Introductions

10:05 am - Why Homeownership Matters – John Sebree

10:15 am - Understanding Homeowner Needs & Setting Expectations

10:30 am - Building the Winning Team & Financial Planning

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

11:25 am - Leveraging Down Payment Assistance (DPA)

11:40 am - Addressing Affordability Through Supply Solutions

11:55 am - Taking the Next STEPS & Take-Aways

12:10 pm - Moving to the Breakouts

- 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 – Lending & Financial Markets

Room 4 – Chase Home Loans – Lending & 1st Time Homebuyer Program

Room 5 – Rocket Mortgage (Pro) – Lending & 1st Time Homebuyer Program

Room 6 – California Housing Finance Agency – CalHFA – DPA Programs

Room 7 – Guild Mortgage – Lending & 1st Time Homebuyer Program

Main Room – REALTORS® / Freddie Mac / Symbium – Supply & Best Practices



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

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

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



Inclusivity Statement

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

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

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

Why Homeownership Matters

John Serbee

Chief Executive Officer

CALIFORNIA ASSOCIATION OF REALTORS®



Why Homeownership Matters Video



Why Importance of STEPS Toward Homeownership?

- **To the REALTORS®:**
 - **Renters Turned Into Buyers to Increase Buyer Pool**
 - **Building Knowledge for Both Buyers & Sellers / Expertise in Your Region**
 - **Captaining/Coordinating Your Real Estate Sale Process**
 - **Expanding Partners, Referrals and Potential Properties Available on the Market.**
- **To Your Clients:**
 - **Building Wealth**
 - **Only Form of Secured Investment**
 - **Stable Payments (Fight Against Inflation)**
 - **Socio-Economic Reasons - [* JCHS 2013 – Harvard Study](#)**



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

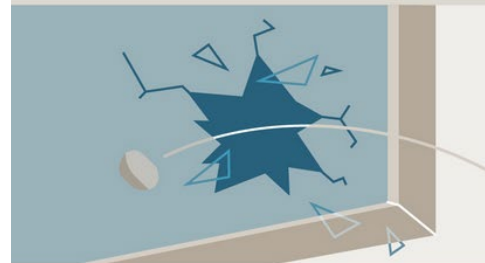
HEALTH

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.



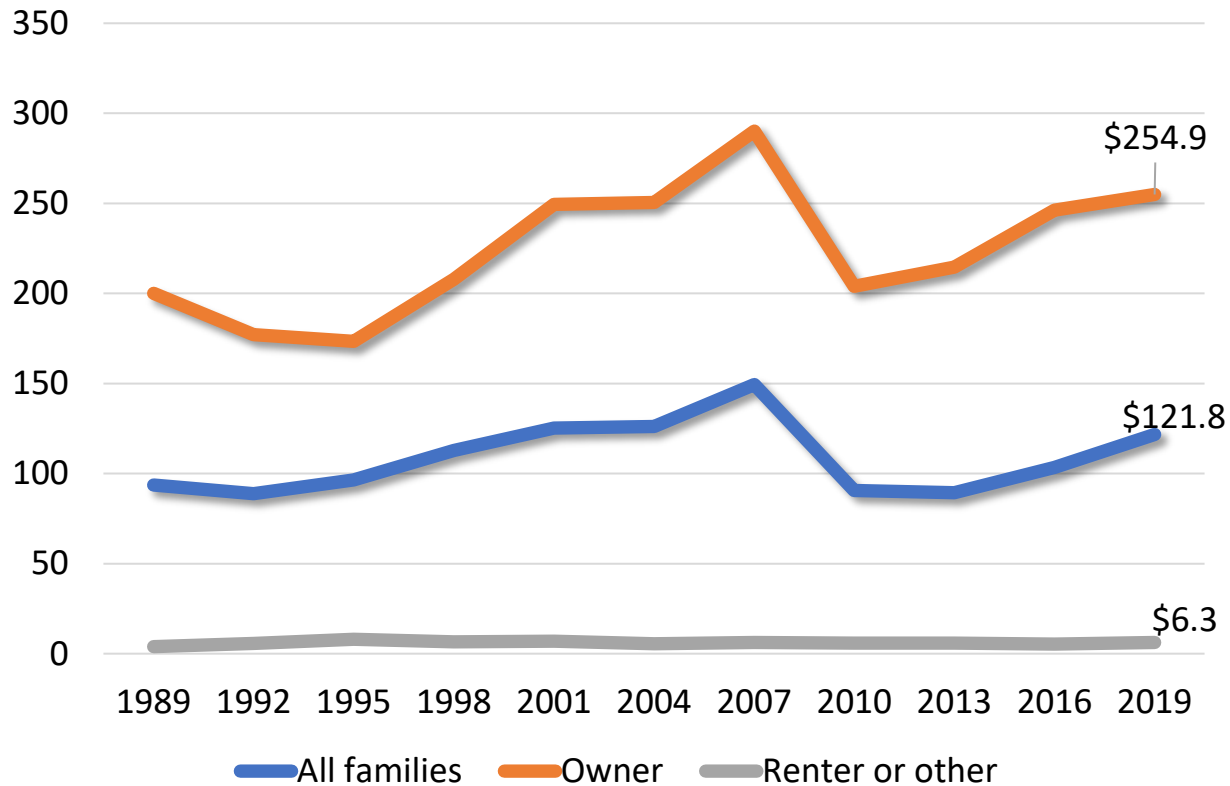
EDUCATION

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.

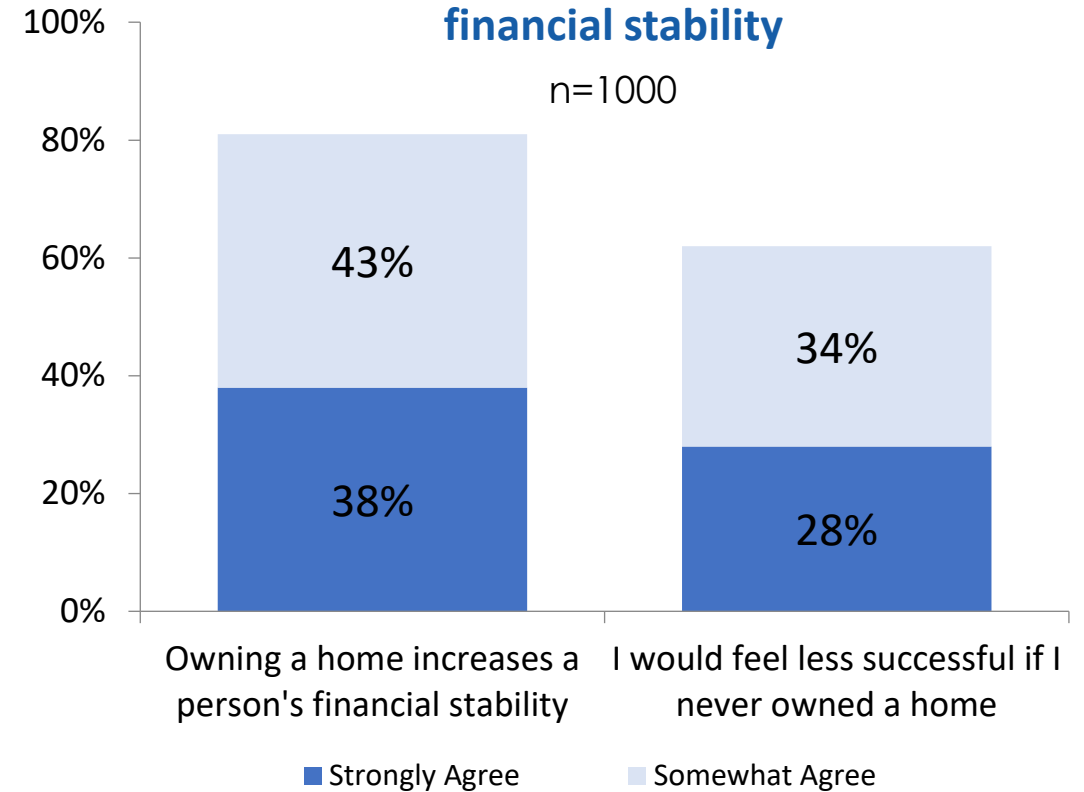


Homeownership and wealth accumulation

Real Household Net Worth Per Capita



Owning a home contributes to financial stability

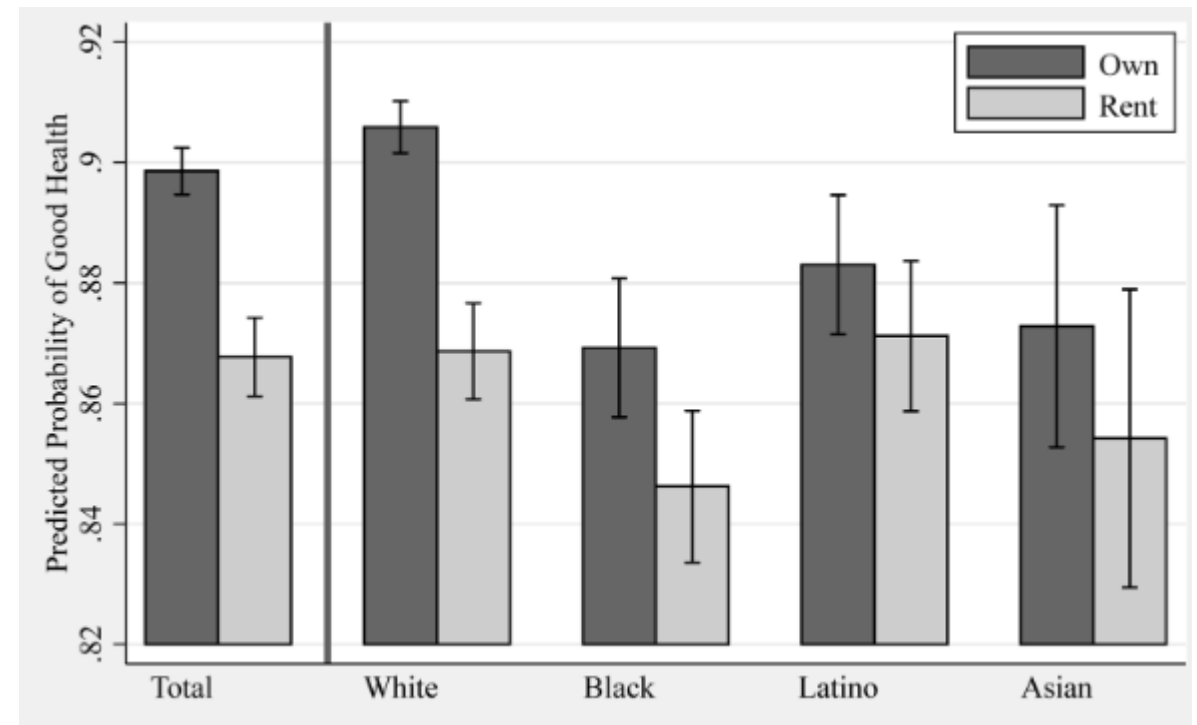


SOURCE: Neighbor Works America

Homeownership and better health

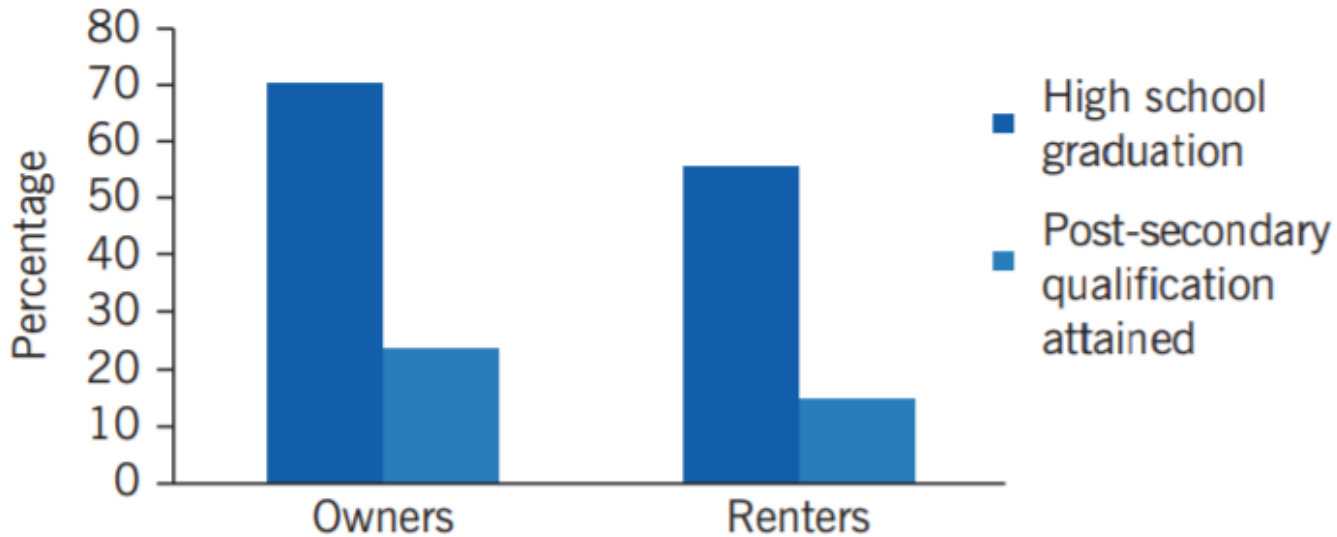
- Homeowners have a significant health advantage over renters, on average. Homeowners are 2.5 percent more likely to have good health.
- Homeownership provides greater residential stability, and by doing so reduce stress and related adverse health outcomes
- Increases in housing wealth were associated 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)

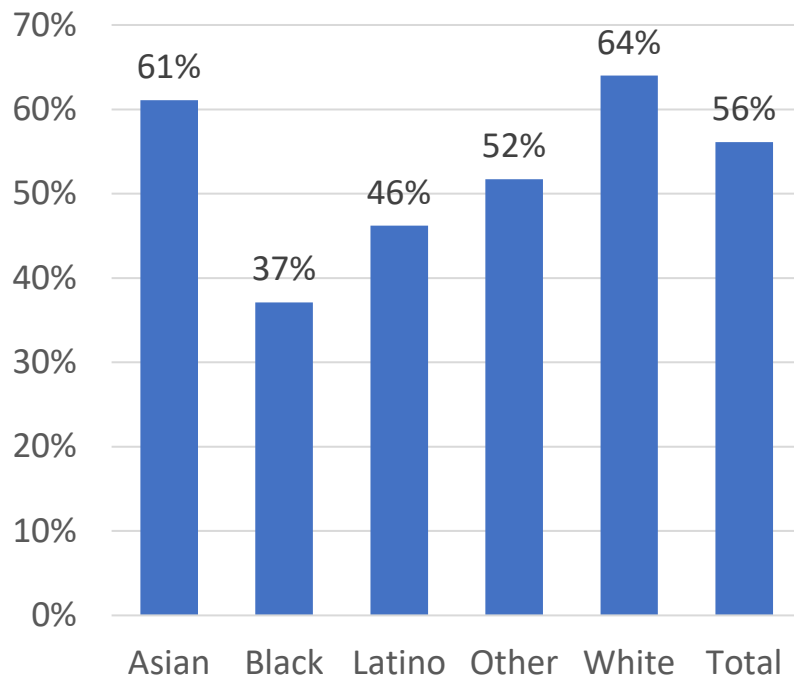
	Property Crime		Violent Crime	
	1991	1992	1991	1992
Log of Homeownership Residual	-1.253	-1.516	-1.041	-1.127
Log of the Unemployment Rate	0.320	0.315	0.311	0.0191
Log of Poverty Rate	-0.004	-0.034	0.393	0.419
	2001	2002	2001	2002
Log of Homeownership Residual	-1.191	-1.049	-0.792	-0.769
Log of the Unemployment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

2020 California Homeownership Rate by Ethnicity



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

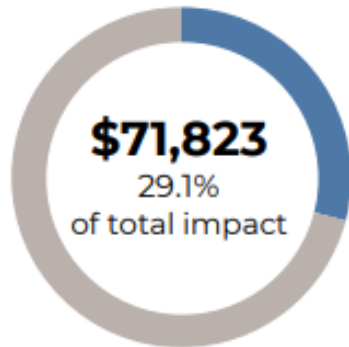
	Wealth Gap with White Families Before Equalizing Homeownership Returns	Wealth Gap with White Families After Equalizing Homeownership Returns	Change in the Racial Wealth Gap	Percent Change in the Racial Wealth Gap
Black families	\$104,033	\$86,920	-\$17,113	-16%
Latino families (any race)	\$102,798	\$61,146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

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

Homeownership and the economy

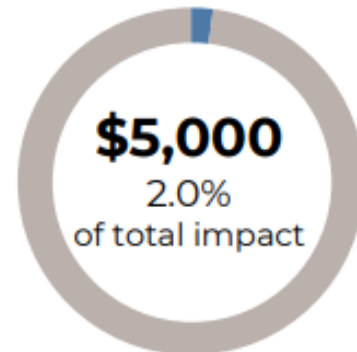
Economic impact of a typical home sale (in California) = \$246,700

Income generated from
real estate industries



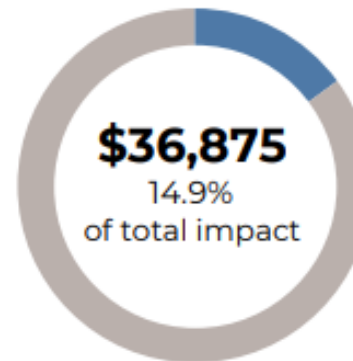
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Expenditures related
to home purchase



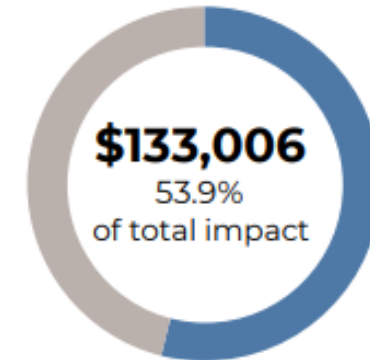
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Multiplier of housing
related expenditures



+

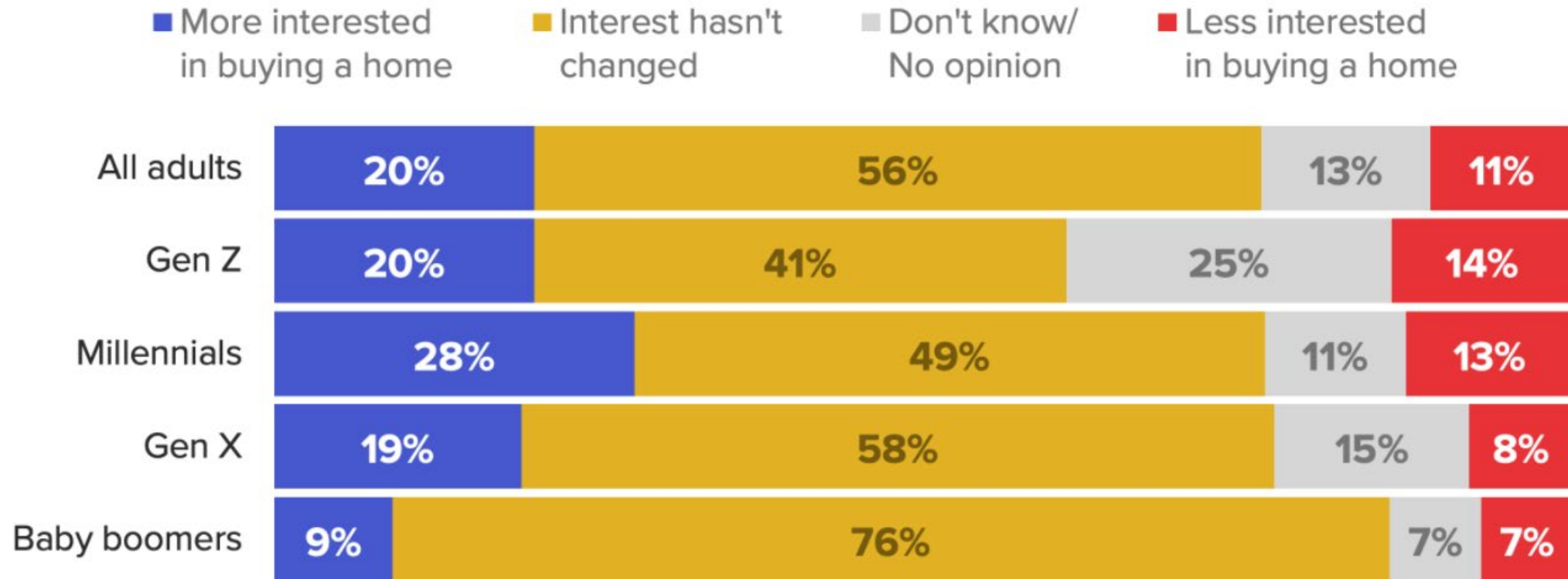
New home
construction



- 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.

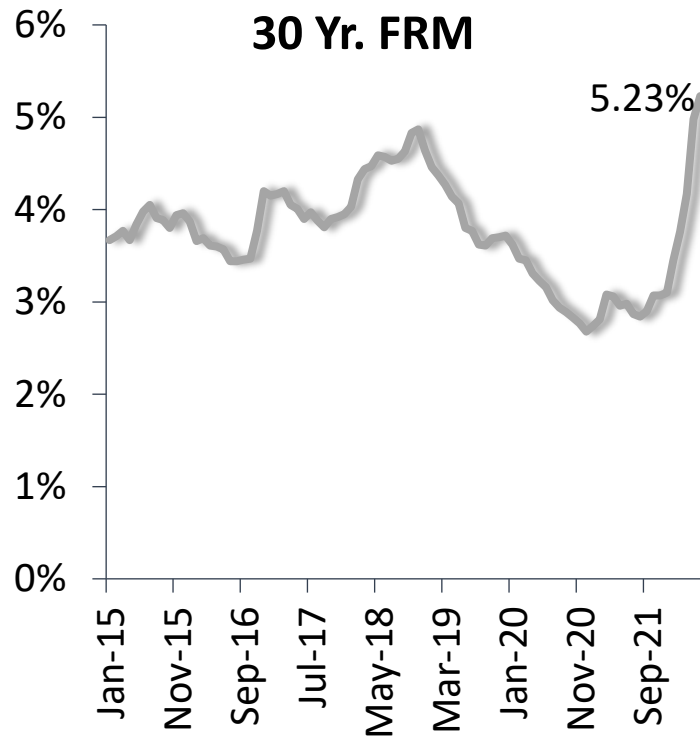
The pandemic affects views on homeownership

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

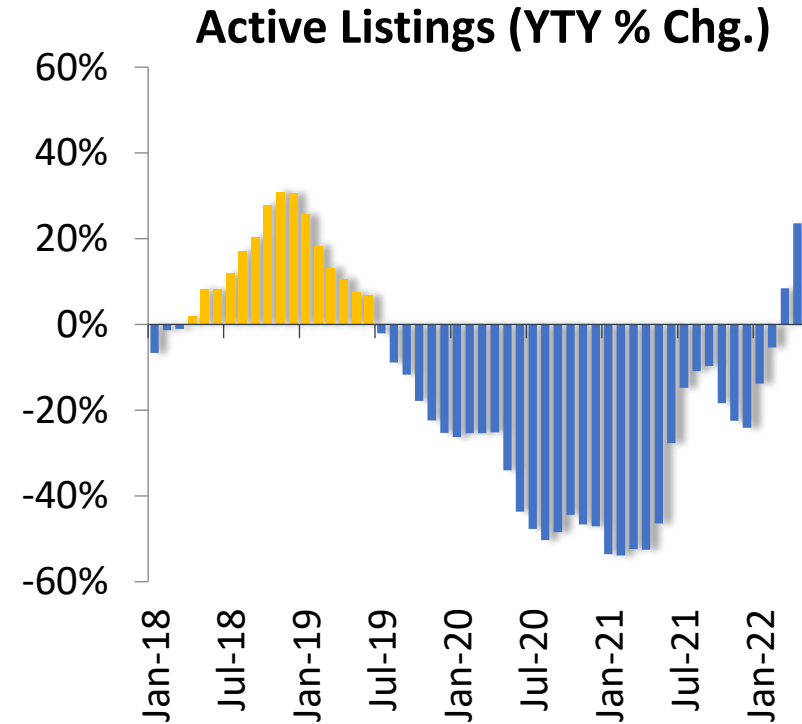
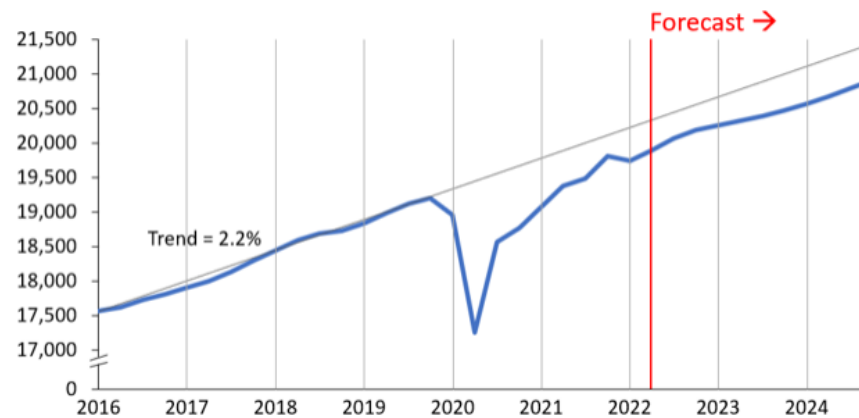


SOURCE: Morning Consult

Supply improves but remains tight, as demand weakens due to higher rates and slower economic growth



Real GDP Levels, \$ Billions Seasonally Adjusted Annual Rates



SOURCE: Freddie Mac, UCLA, C.A.R.
May 2022

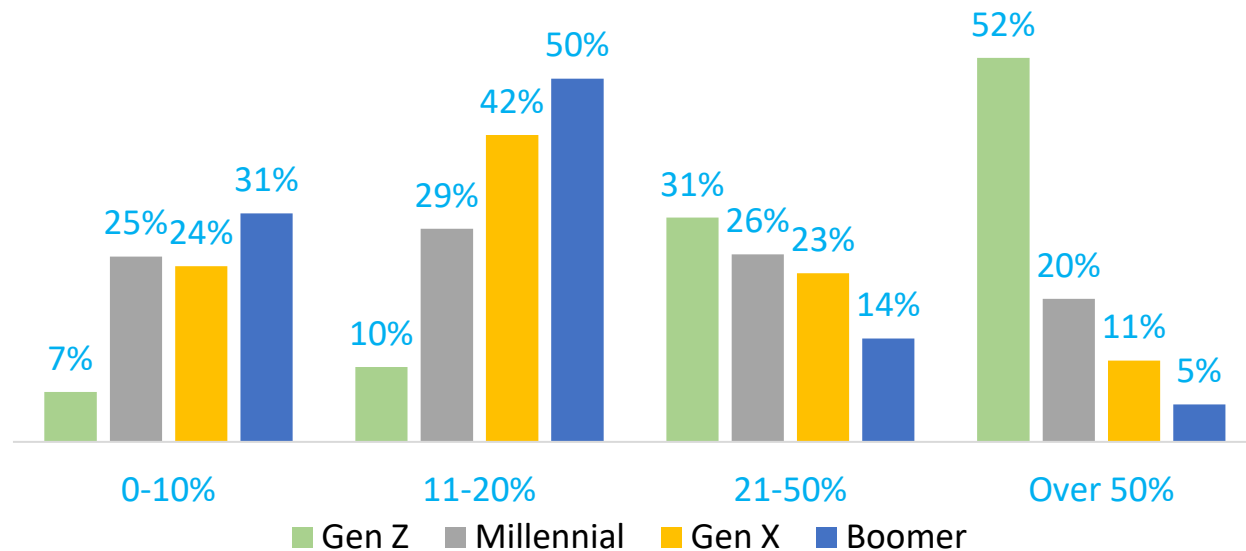


C.A.R. Consumer Survey - Renters

**SOURCE: CALIFORNIA
ASSOCIATION OF REALTORS®**

Consumer Survey – By Generation - Down Payment Needed?

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



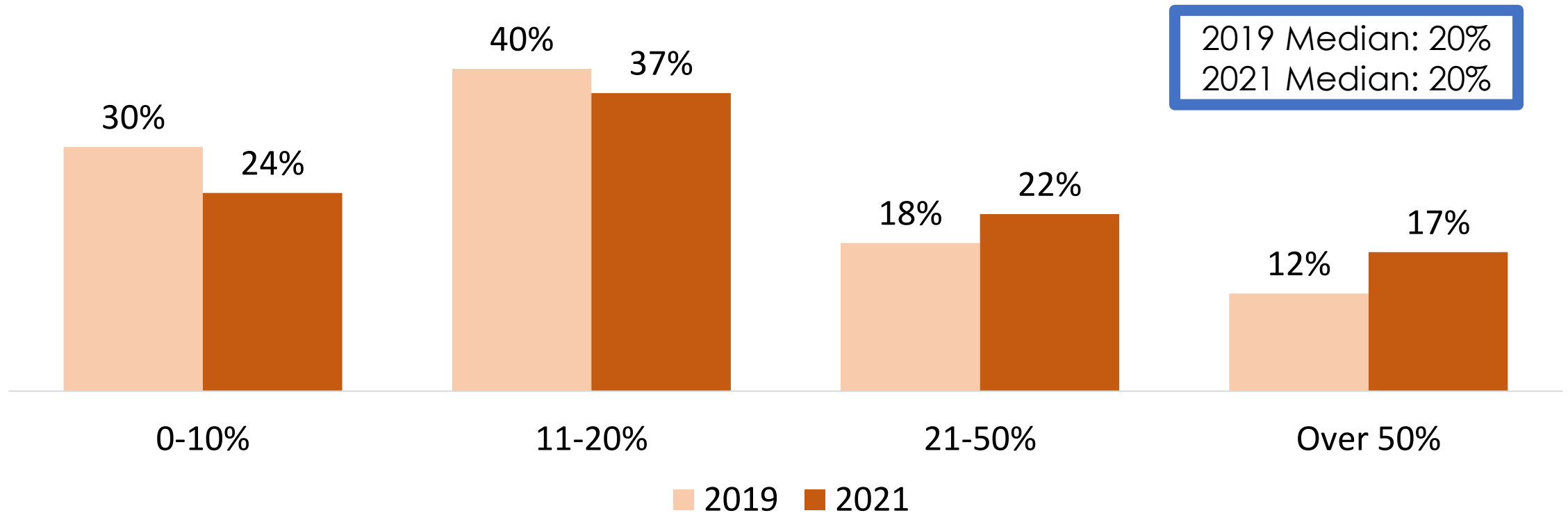
In your estimation, how much down payment is required to purchase a home?

(n=954)

Source: 2021 C.A.R. Consumer Survey

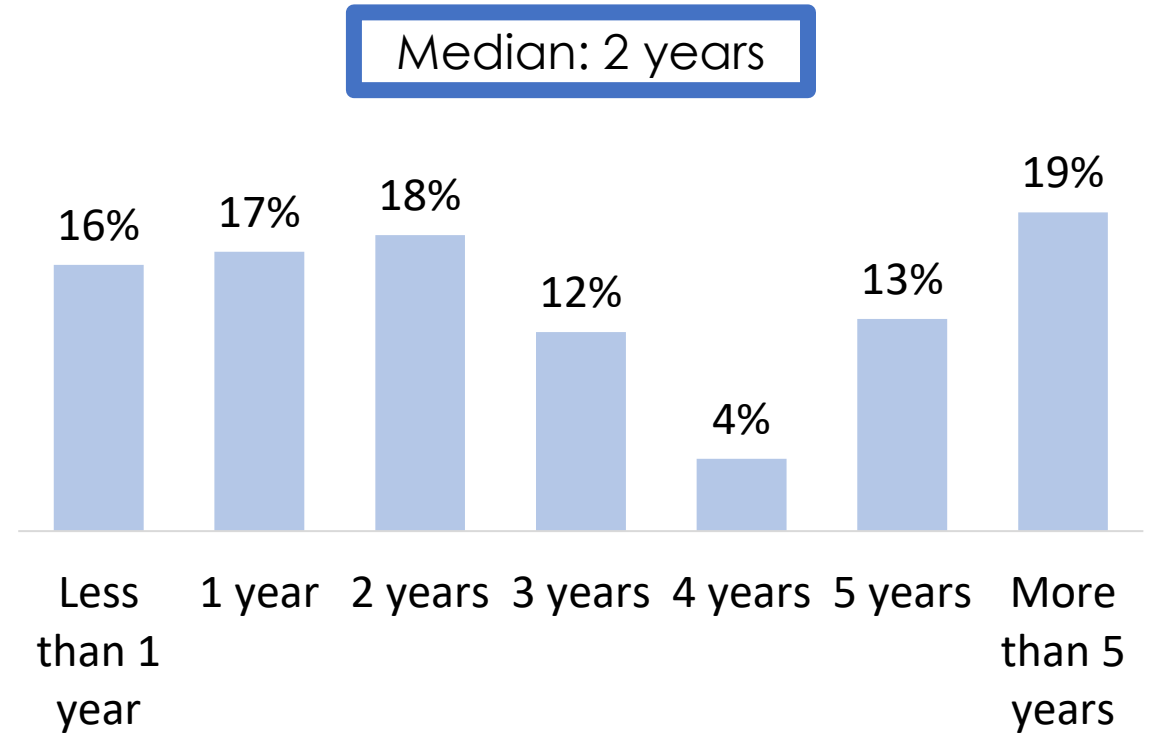
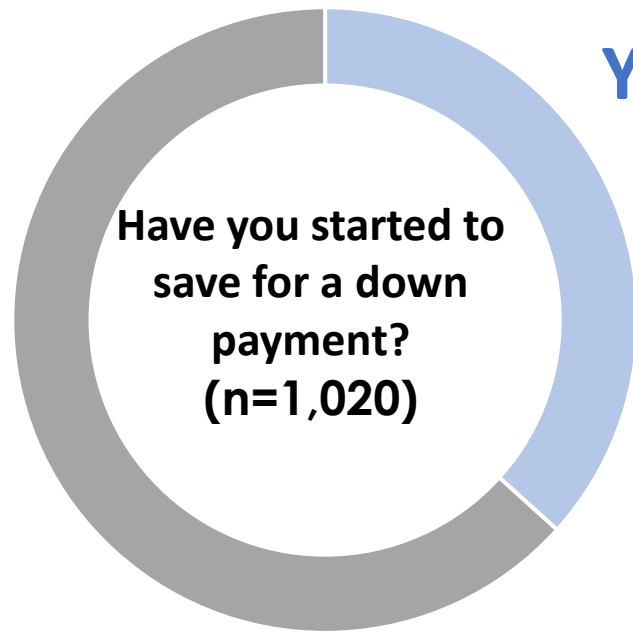
Many renters do not know how much down payment is required

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



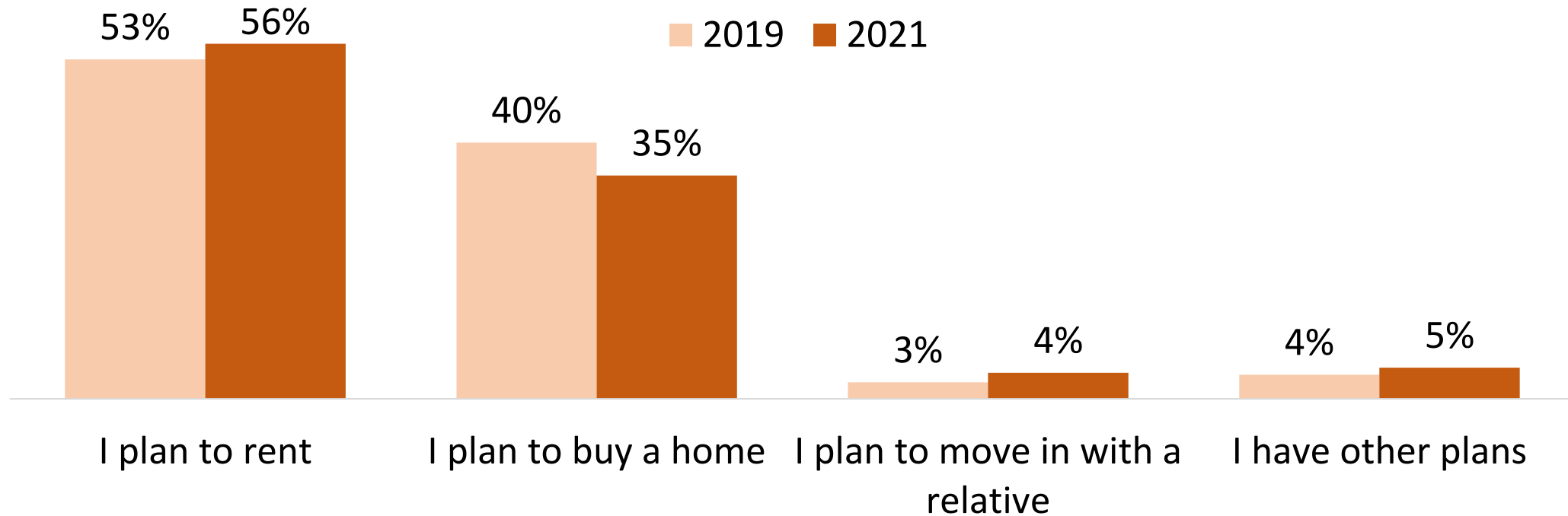
Nearly 2 in 5 have been saving for a home

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



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)

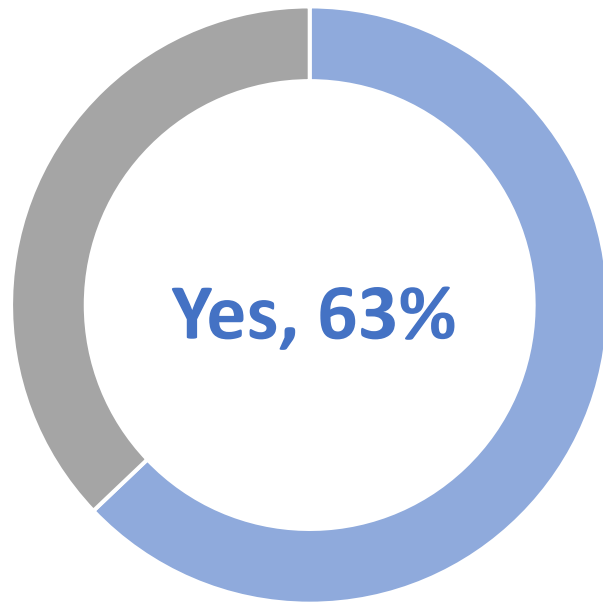


Three of five renters would look for a house if they knew they could qualify with a lower down payment

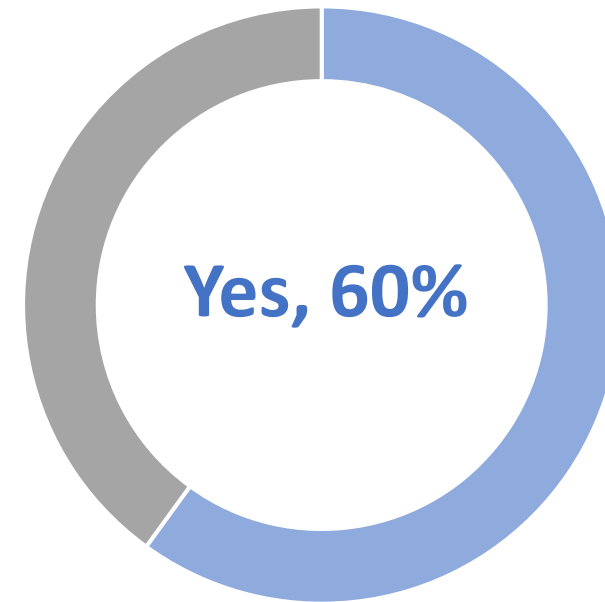
If you knew you could qualify for a mortgage with a much lower down payment would you start to look for a house?

(n=1,008 for 2019, n=1019 for 2021)

2019

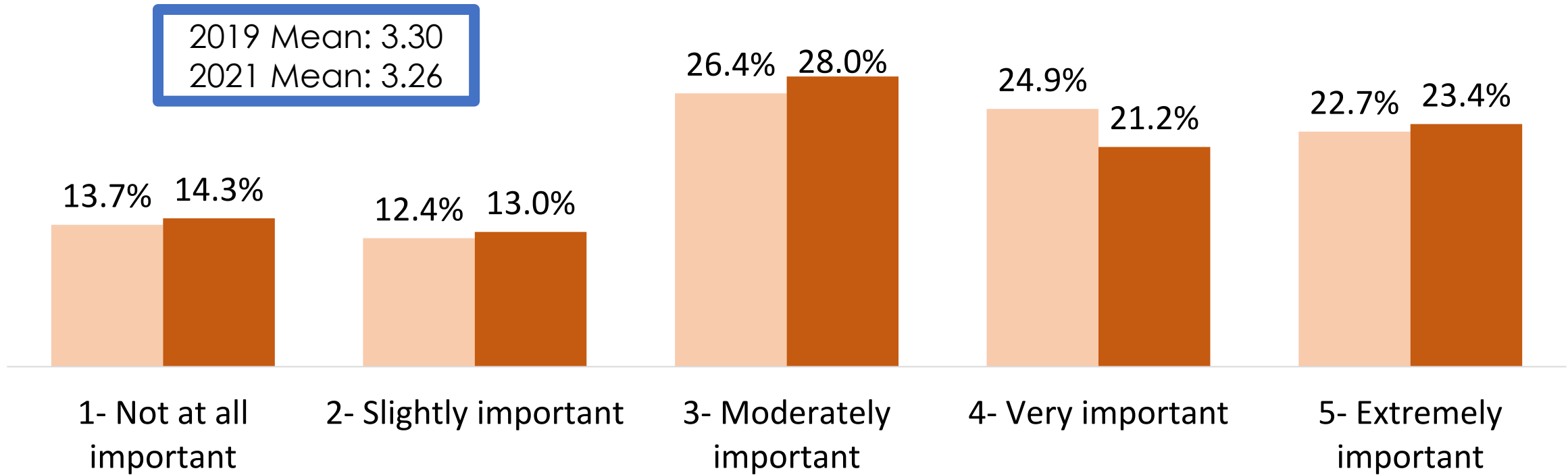


2021



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.

\$600 Million to Support Homeownership in the 2022-23 Budget

- **\$400 million for programs funding the development of deed-restricted ownership housing**
(for groups like Heritage and Habitat for humanity on their pre-construction costs)
- **\$200 million for the state's existing down payment assistance programs.**

AB 2166 (Mayes) – Federal funding: Homeownership Housing Preference

Prioritize 30% of Community Development Block Grants and HOME funds to promote homeownership.

- **At least, 10% for down payment assistance
for up to 120% AMI**
- **Up to 20% for affordable ownership housing construction**

AB 2170 (Grayson) Elimination of GSE “Bulk” Sales

- Prohibits bulk sale of foreclosed (REO) properties in CA
- Provides Owner-occupants the opportunity to purchase REO properties for the first 30 days
 - Lenders must provide written acknowledgment of all offers during that 30 day Period
- Requires lenders to respond to offers made during the initial 30-day listing period prior considering/accepting investor purchaser offers

SB 9

- SB 9 puts housing creation in the hands of everyday homeowners, offering homeowners two different housing development opportunities on their existing single-family lots.
- A homeowner can develop a second unit on their lot, or split the lot to create a new legal lot that can be developed and sold separately. This is perhaps the single largest new homeownership opportunity statewide in decades. And thanks to amendments supported by C.A.R., the law is tailored to ensure its use by homeowners rather than by large real estate developers.

Californians for Homeownership

- Californians for Homeownership works to address California's housing crisis by enforcing state housing laws, such as the laws enabling the development of accessory dwelling units. Californians has worked in over 200 cities to bring local laws, policies, and decisions into compliance with state law.

<http://caforhomes.org>

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



REALTOR® Resource: Market Data



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INDUSTRY 360° ▲

YOUR C.A.R. ▾



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POLITICAL ADVOCACY

LEGAL

CLOSE X

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

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coming by July

42



Transaction Rescue™



Thank You





Supporting Materials - Lending & Down Payment Assistance

STEPS to Financing the Dream of Homeownership
- Virtual Event

June 21, 2022

10 am – 12:30 pm



Key Elements of Discussion

California Housing Finance System: REALTORS® Often the 1st 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



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

← Working together to expand access to low-cost mortgage credit →

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 18th, 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 3rd party**-Make sure they are aware of any changes during the transaction....even the little things
- **Double and triple check everything**-This is the biggest investment of most people's lives, there is a lot at stake



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://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



2022 Conforming & High Balance Loan Limits by County for Freddie & Fannie

(As of 1/01/2022)

The Federal Housing Finance Agency's (FHFA) announcement to increase the 2022 conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac to **\$647,200** on one-unit properties and a cap of **\$970,800** in high-cost areas. The previous loan limits were \$548,250 and \$822,375, respectively. Higher Loan Limits = More Properties Available to Entry Level Buyers

Loan Limit Counties

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

Link to Freddie Mac (FHLMC) / Fannie Mae (FNMA) 2022 Loan Limits

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

Link to FHA Loan Limits just changed on the 24th of November for **2022 Limits – Conforming \$647,200 max, (for single unit) less in many areas**

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

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

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

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



Homebuying Team

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



Misconceptions About Qualifying

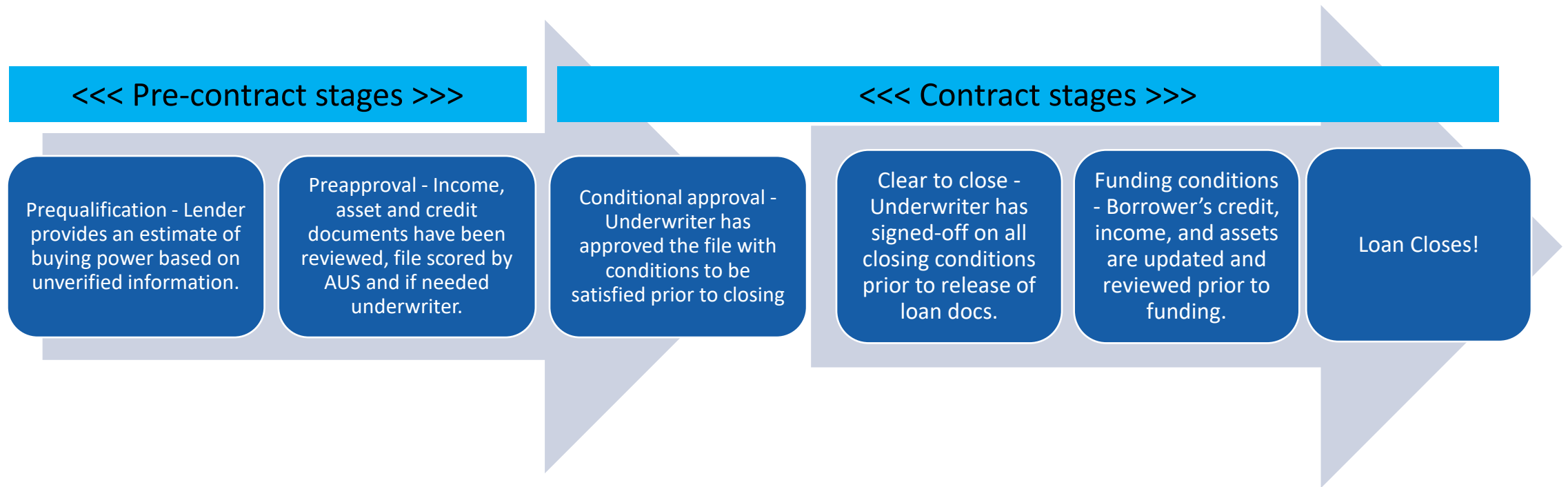
- Up to 4 people can be on a loan
- Co-borrower' and Cosigners can own other property
- Gifts can be from Family or close friends
- Employers, Charities, Seller and Real Estate agent can contribute
- Non-Occupant coborrowers are allowed
- 2 years at current employer not required
- More than 1 employer is ok
- Permanent Residents are acceptable
- Some Work Permits are acceptable
- Social Security Income is acceptable
- Self Employed and 1099 Income acceptable
- SSI for children can be used
- Disability can be used
- Ok if NBS doesn't have a social security number



What Constitutes a Valid Loan Application?

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

Loan Approval and Closing Steps



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



Programs

Lending Terms /Abbreviations

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



Qualified Mortgage (QM) Loans

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



Qualified Mortgage (QM) Loans - Guidelines FHA Loan

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



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

- Purchase only, must be a first-time home buyer or have not owned a property in over 3 years
- FHA max LTV 96.5% with CLTV 105%
- Fico – minimum 660, DTI – max 45%
- High balance fee on FHA ranges from .352% to 1.302%
- Income limits varies by each county
- No maximum sales price
- 2022 max loan limits: low-cost areas \$420,680 & high-cost areas \$970,800 varies by each county



Qualified Mortgage (QM) Loans - Guidelines

USDA Loan

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

Qualified Mortgage (QM) Loans – Guidelines VA Loans

- Purchase or Refinance
- Max LTV 100%
- FICO – Minimum 580 up to \$970,800; 680 over \$999,999; 700 to \$1.5m
- DTI – Maximum 41% or per AUS / DU with Acceptable Reserves
- Income: W-2 or Self-Employed, No Less than 2 Years
- Down Payment Sources: Savings, Gifts from Family Member, Non-Profit or Employer
- Max Loan Limit: Conforming Limit @100%LTV; \$1,500,000 Max; 25% DP Over Conforming limits
- Property Condition: VA appraisal guidelines
- Owner Occupied Only
- General Notes

- Property Types 1 -4 units, PUDs, VA Approved Condos
- No Cash-Out Possible



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

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



Qualified Mortgage (QM) Loans - Guidelines FHA Loan with DPA

- Designed for Purchase only on primary residence
- Max LTV 96.5% Value
- FICO – Minimum 660 Cal HFA / 620 GSFA
- DTI – Maximum 45% Cal HFA / 50% GSFA
- Income: W-2 or Self-Employed, No Less than 2 Years
- Down Payment Sources: Savings, Gifts from Family Member, Non-Profit or Employer
- Max Loan Limit: \$970,800 Varies by Each County Limit
- Property Condition: FHA guideline must be met. No health & safety issues
- Owner Occupied Only (Non-occupied Co-Borrower not allowed)
- General Notes
 - Property Types 1 -4 units, FHA Approved Condos, Mixed Use, Manufactured
 - No Cash-Out Possible

Qualified Mortgage (QM) Loans – Guidelines Fannie Mae HomeReady

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

NOTE: Homeownership education & housing counseling is required



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

- Freddie Mac's Home Possible mortgage offer outstanding flexibility and options to meet variety of borrower's needs in low- and moderate-income borrowers looking for low down payments and flexible source of funds
- Primary Residence only
- 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.



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

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



Qualified Mortgage (QM) Loans - Guidelines

Freddie Mac with GSFA DPA

- Purchase or Refinance GSE's Government Sponsored Enterprises Provide a Secondary Market in Home Mortgage, The GSEs Purchase Mortgages from the Lender that Originates them.
- Max LTV 97% Value
- FICO – Minimum 680
- DTI – Maximum 45%
- Income: W-2 or Self-Employed, No Less than 2 Years (Full Documentation, Pay Stubs, etc.)
- Down Payment Sources: Savings, Gifts from Family Member, Non-Profit or Employer
- Max Loan Limit: \$647,200 max
- Property Condition: C4 Appraiser Condition Rating or Better (C1-C4)
- Occupancy can be as Primary Residence, 2nd Home, and Investment Property
- General Notes
 - Fannie Mae (FNMA) & Freddie Mac (FHLMC) are the GSE's that make up our (Conforming & High Balance) Secondary Market.
 - Follow-up with Lender for More Specific Details

Qualified Mortgage (QM) Loans – Guidelines High Balance GSE

- Purchase or Refinance GSE's Government Sponsored Enterprises Provide a Secondary Market in Home Mortgage, The GSEs Purchase Mortgages from the Lender that Originates Them with Balances Over the Conforming Loan Limits
 - Max LTV 95% Value
 - FICO – Minimum 620 or per AUS
 - DTI – Maximum 50% or per AUS / DU or LPA Findings
 - Income: W-2 or Self-Employed, No Less than 2 Years (Full Documentation, Pay Stubs, etc.)
 - Down Payment Sources: Savings, Gifts from Family Member, Non-Profit or Employer
 - 2022 Max Loan Limit: Conforming \$647,200 & High Balance \$970,800, Varies by Each County Limit
 - Property Condition: C4 Appraiser Condition Rating or Better (C1-C4)
 - Occupancy can be as Primary Residence, 2nd Home, and Investment Property
 - General Notes
 - Fannie Mae (FNMA) & Freddie Mac (FHLMC) are the GSE's that make up our (Conforming & High Balance) Secondary Market.
- Follow-up with Lender for More Specific Details

Qualified Mortgage (QM) Loans - Guidelines

Conventional High Balance with CalHFA DPA

- Purchase only, must be a first-time home buyer or have not owned a property in over 3 years
- Conventional max LTV 95% with CLTV 105%
- Fico – minimum 680, DTI – max 45%
- High balance fee on conventional ranges from 1.439% to 3.084%
- Income limits varies by each county and no maximum sales price
- 2022 max loan limits: conforming \$647,200 & high balance \$970,800 varies by each county

Qualified Mortgage (QM) Loans – Guidelines Jumbo Program

- 95% LTV Jumbo loan w/no MI to \$1.5m Purch/RT Refi W-2 Wage Earner only
- 90% LTV Jumbo loan w/no MI 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

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

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



Renovation Loan Options

Renovation Loan Programs

FHA 203 K

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

FNMA HomeStyle

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

Renovation Loan Programs

FREDDIE MAC CHOICE

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

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

Renovation Loan Purchase Scenario with ADU

FHA 203 K

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

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

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

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

Freddie Mac Choice Renovation Purchase Scenario Adding an ADU

FREDDIE MAC

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

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

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



When Looking for a Lender

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

Pre-Review Lender

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

Lending Entity

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

Partnership with C.A.R on Escalations or Sources

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

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

What TRID Means for the REALTOR®

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



What is TRID & What Our REALTORS® Should Know

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

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

FICUS BANK
4321 Random Boulevard • Somerscity, 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 <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$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 <small>Amount can increase over time</small>	+ 206	+ 206
Estimated Total Monthly Payment	\$1,050	\$968

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

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 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 Agent 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"/> 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 <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$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 <small>Amount can increase over time</small>	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91

Estimated Taxes, Insurance & Assessments \$356.13 a month
Amount can increase over time. See page 4 for details.

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



C.A.R & Other Resources for Buyers

REALTOR® Resource: Financial Literacy Tool



<http://FindDownPayment.car.org>

TransactionRescue@car.org

<http://Mortgage.car.org>

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



Quick Tips / Credit / DTI / LTV

California Association of REALTORS®

- Credit Break-Out Factors

1 - Payment History – 35%

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

2 – Debt – 30%

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

3 - Credit History – 15%

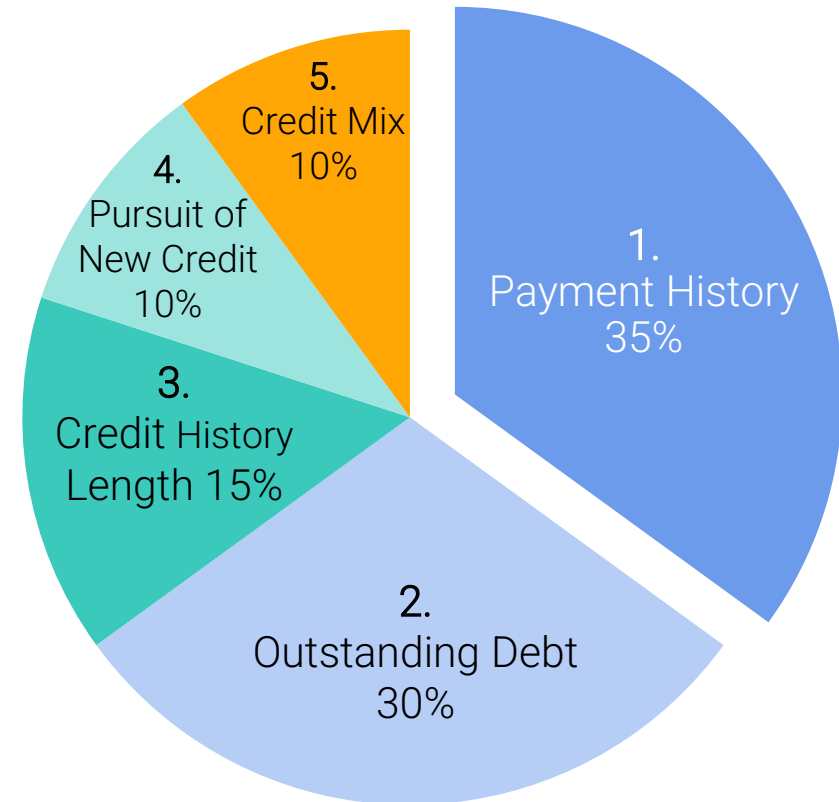
- How long have accounts been established—**average** number of months accounts have been open
- New accounts—number of months since most recent account opening

4 - Pursuit of New Credit – 10%

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

5 - Credit Mix – 10%

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



Credit Do's & Don'ts

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

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

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

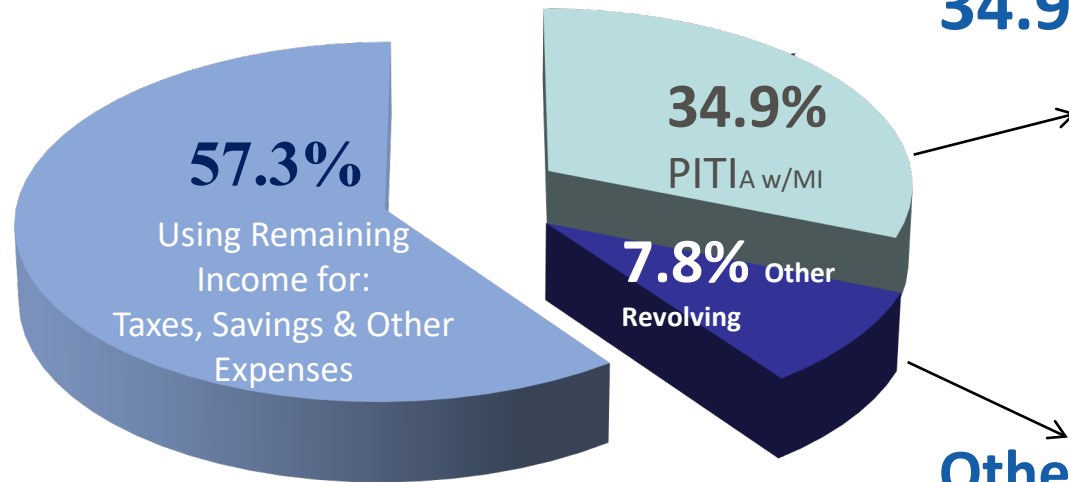
Buyers with one or more of these issues will find it very difficult to qualify for a conventional or government-insured loan. Green Alternative Lending may be available. Realtors should proceed with caution before submitting purchase offers for buyers with these issues:

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



Key Concept: Debt-to-Income Ratios

Income \$ 11,550



Top (Front-End) Ratio

34.9% = \$4,035 (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

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)

REALTOR® Resource: Down Payment Workbook

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

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

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



FindDownPayment.car.org

○ <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](#)

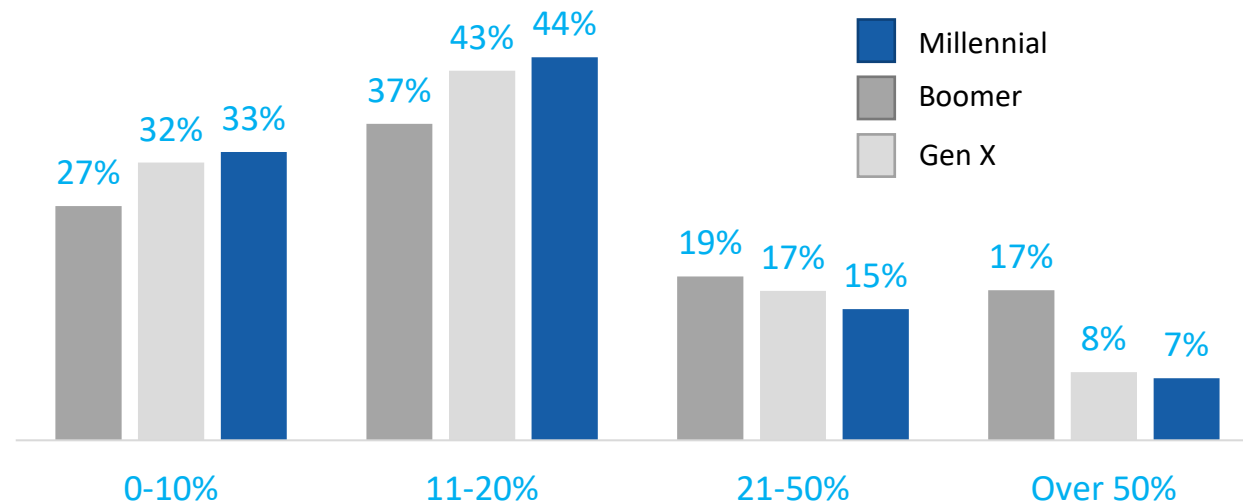
[Continue](#)

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

Consumer Survey – By Generation - Down Payment Needed?

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

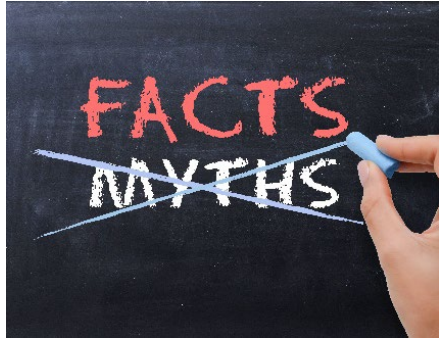


In your estimation, how much down payment is required to purchase a home?

(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.



California Housing Finance Agency (CalHFA)

California Housing Finance Agency - 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 positioned at the bottom of the banner. Social media icons for search, email, Twitter, Facebook, YouTube, Instagram, and LinkedIn are located in the top right corner.

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](#)



05



CALIFORNIA ASSOCIATION OF REALTORS[®]
Transaction Rescue™



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



CalPLUS With Zero Interest Program (ZIP)

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

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

- First Time Homebuyers Only



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



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

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

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

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

Forgivable Equity Builder

- 10% Loan Amount
 - Based on the lower of the sales price or appraised value
- Use with CalHFA first mortgage programs
- Use for down payment or closing costs
- Can't be combined with MyHome or ZIP
- First time homebuyers only
- Forgiven after 5 years
- Income Limit
 - 80% AMI – Per Fannie's HomeReady LookUp Tool

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



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



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

Property Requirements

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

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

ADU Grant Program

- Current Homeowners who are financing an Accessory Dwelling Unit
- \$40,000 Grant for pre-development costs
- Owner Occupied
- Must finance the ADU through a CalHFA Approved Lender

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



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

Training & Outreach Manager

O: 916.326.8680

mellis@calhfa.ca.gov





Golden State Finance Authority (GSFA)

Golden State Finance Authority

www.gsfahome.org

Golden State Finance Authority (GSFA)

Homebuyer Assistance Programs



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

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

06/07/2022

GSFA Homebuyer Assistance Programs
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Transaction Rescue™



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Supporting Affordable Housing for 29 Years

2



- Public Entity and Agency in California
- Organized in 1993
- Primary Focus = Affordable Housing
 - Programs that provide a source of financing for residential home purchases or refinances



FHA, VA, USDA and Conventional Mortgage Loan Financing



\$645.5 Million in Down Payment Assistance Provided



84,200+ Homebuyers Assisted To-Date

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GSA OpenDoors®

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GSFA Down Payment Assistance Programs



First Mortgage Loans
combined with
Down Payment Assistance Options

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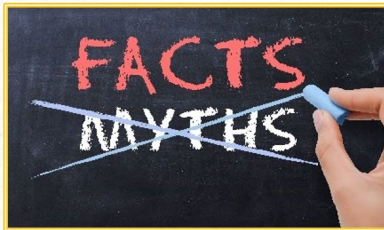


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Common MYTHS about DPA

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- Only for first-time homebuyers
- Harder to qualify
- Only for low-income borrowers
- Only for those with zero savings
- Only for those with exceptional credit
- Limited jurisdictions
- Create too much work for Lender/Realtor
- Take longer to close

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GSFA – Where Affordability Meets Flexibility®

5

- NO First-Time Homebuyer Requirement!
- Available throughout California
- Qualifying is Easy
 - FICO Scores as Low as 620
 - Debt-to-Income Ratios \geq 55%
- Various Forms of DPA
 - Up to 7% of the First Mortgage
 - Various terms
- DPA can be Combined with Borrower's Own Funds
- No Delays in Loan/Escrow Process



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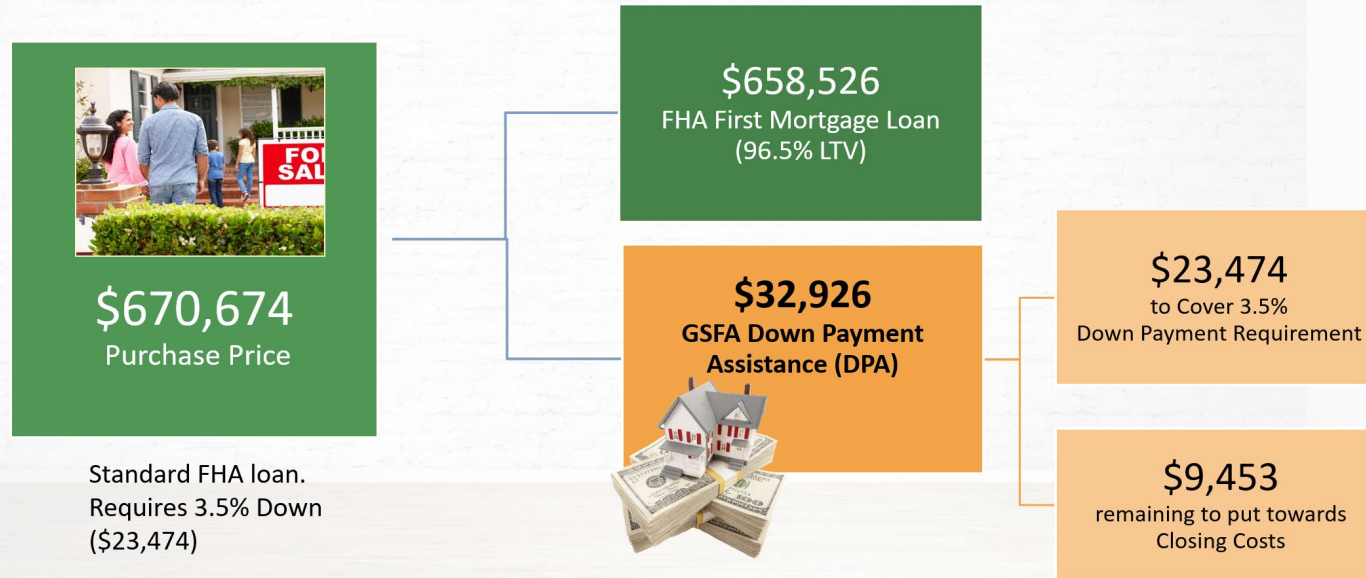
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Down Payment Assistance (DPA) – Bridging the Affordability Gap

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**For example purposes only. Scenario is based on a GSFA OpenDoors FHA First Mortgage at 96.5% Loan-to-Value with upfront MI of 1.75% combined with DPA Assistance from GSFA, sized at 5.0% of the Total Loan Amount. The 5%-sized DPA = A 1.5-sized Gift combined with a 3.5%-sized Deferred Second Loan with a 0% interest rate. – updated 6/1/22*

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GSFA DPA Program – Guidelines

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- Eligible Properties
 - Owner-occupied, primary residences
 - 1-4 units, townhouse and condos
 - No second homes or rentals
- Eligible Jurisdiction
 - Anywhere in California
- Eligible Uses of DPA Funds
 - Down Payment
 - Closing Costs
 - Applied toward the First Mortgage
- Eligible Mortgage Loans
 - 30-Year fixed rate loans
 - FHA, VA, USDA
 - *Purchase transactions only*
 - Conventional Freddie Mac HFA Advantage
 - *Purchase or refinance transactions*
- First Mortgage Amount
 - \$647,200 max loan amount
 - No purchase price limits

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

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Flexible Income Limits

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Mortgage Type	Limit/Info
FHA, VA loans	GSFA has no income limits
USDA Loans	GSFA follows Loan Agency guidelines
Conventional Loans Income Limits are VERY flexible (Low-to-moderate)	Approximately 180% of Area Median Income (AMI) Examples: Tehama, Shasta, Trinity and Glenn County = \$162,180 San Bernardino, Riverside, Los Angeles, Kern County = \$162,180 Note: Borrowers with income \leq 80% AMI <ul style="list-style-type: none">• More attractive pricing• More DPA Options• Charter-level Coverage Mortgage Insurance (costs less)

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GSFA Platinum®

1. GSFA Platinum® Program

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GSFA Platinum® Program – DPA, FICO and DTI



Features and Terms of Assistance*

Assistance Available	Up to 5.5% of the Total First Mortgage Loan Amount
FICO Score Requirement	All Loan Types = 640
Maximum Debt-to-Income (DTI)	Conventional/FHA <ul style="list-style-type: none">• 45% max for FICOs below 680• Up to 50% for FICOs 680 and higher VA/USDA = 45%

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

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GSFA Platinum®

GSFA Platinum “Select” and “Assist-to-Own”

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Platinum “Select” *Down Payment Assistance
GIFT - up to 5% - 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



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GSFA Platinum®

GSFA Platinum® Program

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



Forms and Terms for Down Payment Assistance (DPA)*

	Eligibility	Amount and Terms
Platinum "Select"	For certain occupations, USDA or FHA Energy Efficient Mortgages DPA up to 5% available	15-year amortizing 2 nd w/additional gift option of up to 1.5%
Platinum "Assist-to-Own"	For employees of GSFA Member Counties DPA up to 5.5% total available	<ul style="list-style-type: none"> 3.5% DPA = Deferred Second Mortgage, 0% interest rate, re-paid upon sale or refinance Additional DPA, as a Gift, up to 2% available
Platinum Standard	For all Other Borrowers DPA up to 5% available	15-year amortizing 2 nd mortgage

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GSFA OpenDoors®

2. GSFA OpenDoors® Program

GSFA OpenDoors® Program



Features and Terms of Assistance*

Assistance Available (Higher)

Up to 7% of the Loan Amount

- Up to 3 ½ as a Gift
- Up to 3 ½ as a Deferred Second Mortgage, with 0% interest rate, due and payable upon sale or refinance

FICO Score Requirement (More Flexible)

Conventional = 620
• 680 for incomes above 80% AMI
FHA/VA = 620
USDA = 640

Maximum Debt-to-Income (DTI)

Conventional = Per AUS Approval
FHA/VA/USDA = 55% as allowed by AUS Approval

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

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DPA: Providing Solutions to the Affordability Challenge

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Scenarios provided for example purposes only

(1) GSFA OpenDoors Program Interest Rates quoted 06/07/22, subject to change.

(2) Includes Up Front Mortgage Insurance of 1.75%, required by FHA or for Conventional Loan example, MI based on FICO of 720 with Charter level coverage on two borrowers through MGIC.

(3) MI based on FICO of 720 with Charter level coverage on two borrowers through MGIC.

Loan Type	Market Rate	GSFA OpenDoors	GSFA OpenDoors
	FHA Loan	FHA Loan	Conv. Loan (FHLMC)
Total DPA (%)	No DPA	3% DPA	6% DPA
Purchase Price	\$650,000	\$650,000	\$650,000
First Mortgage LTV	96.5%	96.5%	97%
First Loan Interest Rate(1)	5.750	5.750	7.125
Down Payment Required \$	(3.5%) \$22,750	(3.5%) \$22,750	(3%) \$19,500
Estimated Closing Costs (2.5%)	\$15,956	\$15,956	\$15,763
Total First Loan(2)	\$638,227	\$638,227	\$630,500
Total DPA \$		\$19,148	\$37,830
Gift DPA (%)		1.00%	2.50%
Gift DPA Amount		\$6,383	\$15,762
Second Mortgage DPA (%)		2.00%	3.50%
Second Mortgage Amount		\$12,766	\$22,068
Total Monthly Payment (P&I + MI) (2)(3)	\$4,170	\$4,177	\$4,500
Borrower Out-of-Pocket for Down Payment	\$22,750	3,602	0
Borrower Out-of-Pocket for Closing Costs	\$15,956	\$15,956	0
Total Estimated Borrower Out-of-Pocket	\$38,706	\$19,558	0

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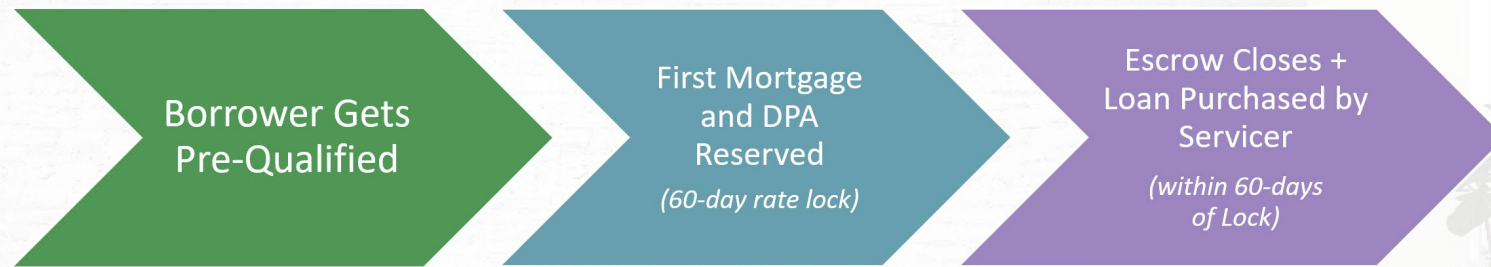
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GSFA DPA – Expectations AND Timeline

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- ❖ 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

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Don't Just Take Our Word...

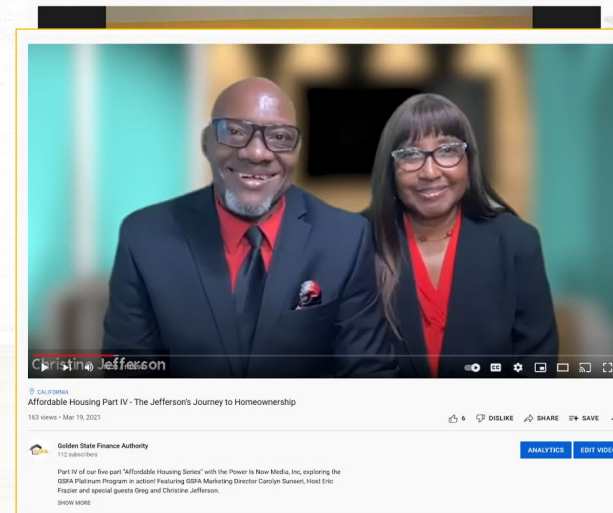
15

"It was almost impossible to afford a home in the Bay Area. We were paying \$2,100 for a 1-bedroom apartment in the San Jose area. With our 2 children, there just was not enough space! Your grant made our dreams come true.

— Edwin Miranda - San Joaquin County, Feb 2021

"Journey To Homeownership" Video Series

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Start Building Financial Security Now

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Does Waiting Make Sense?

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

GSFA DPA - FHA Loan Example (from earlier)

Purchase Price	\$670,674
DPA Provided by GSFA	\$32,926 (5.0%-sized DPA)
If you saved \$300 per month... length of time to save \$32,926 =	9 Years
Estimated Equity Increase of 5% Annually⁽¹⁾ for 9 years	\$301,803

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

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Win-Win for Homebuyer and You

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HOMEBUYERS

- Financial Assistance:
 - DPA up to 7.0% available
- Flexibility:
 - Doesn't have to be a first-time homebuyer
 - FICO scores as low as 620
 - Flexible DTI limits
 - Variety of Mortgage Loan Types
 - Flexible income limits
 - Available throughout California

LENDER / REALTOR

- More qualified buyers
= More home sales
- Does not slow down escrow
 - No additional compliance review from GSFA or Servicer
 - Assistance funds from GSFA don't run out
 - Once Lender locks in Mortgage Loan and Assistance options, they close the loan on their normal timeline

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How to Get Started



Contact a GSFA Participating Lender

- Approved by GSFA
- Experienced in GSFA Programs
- Furnishes guidelines, interest rates and APRs
- Helps borrower determine which program/DPA is the best fit
- Processes applications
- Processes the loan

Additional Resources

- GSFA Website
www.gsfahome.org
 - Program Information
 - List of ALL Participating Lenders
 - Educational Videos
 - Educational Events (Virtual & Live)
- GSFA Client Relations
 - M-F 8:00 AM – 5:00 PM PT
 - Toll-free: (855) 740-8422
 - Email: info@gsfahome.org

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Marketing Literature Templates

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- Flyers and brochures
- Adobe PDF format (download from our website)
- Program-specific
- English & Spanish
- Embedded “Text” fields
 - Add info such as name, company info, phone, website, etc.

Homeownership May be Closer than You Think

The GSA OpenDoors™ Program, provided by Golden State Finance Authority (GSFA), provides down payment and closing cost assistance (DPA) in conjunction with 30-year fixed rate home financing.

OpenDoors provides DPA (up to 7%), On a \$300,000 Mortgage Loan, 7% in assistance equals \$21,000.

Many times this assistance can help a homebuyer purchase a home with little to no money out of pocket and maybe much sooner than they thought possible.

Call to Learn More or To Get Started

Achieve the Dream

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

GSFA has helped more than 75,000 individuals and families purchase a home and provided over \$2.2 billion in down payment assistance.

Down Payment and/or Closing Cost Assistance

The GSA OpenDoors Program provides DPA (up to 7%) of the First Mortgage (loan amount in the form of a zero percent interest rate Second Mortgage combined with a GSA). Only the amount of assistance provided as a Second Mortgage has to be repaid and not until the home is sold or the First Mortgage is paid off. Any assistance that is provided as a GSA is forgiven as soon as you move in.

Contact a GSA OpenDoors Participating Lender for more details and complete program guidelines.

- For Purchase of an owner-occupied primary residence.
- Eligible mortgages include FHA, VA, USDA and Conventional Loans.
- Minimum FICO of 620 required.
- Flexible income limits, based on the credit qualifying income only (Low-to-moderate income).
- No first-time homebuyer requirement.

Available to first-time or Repeat Homebuyers

FHA, VA, USDA and Conventional Loan Financing

Affordability Meets Flexibility®

Golden State Finance Authority

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06/07/2022

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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>
 - <https://www.gsfahome.org/programs/opendoors/lenders.aspx>
 - Training and Education
 - <http://gsfahome.org/lender/training.shtml>
 - <https://www.gsfahome.org/lender/events.shtml>
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 - Marketing Literature
 - <http://gsfahome.org/lender/marketing.shtml>

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Golden State Finance Authority (GSFA)



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Client Relations Dept.

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Presentation contains program highlights only. All guidelines are subject to change without notice. Visit www.gsfahome.org for complete program guidelines or call toll-free (855) 740-8422.

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

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Thank You!



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**



CAR Suggestions for Contingencies and Market Conditions Advisory (MCA) Form

C.A.R.'s Market Conditions Advisory (Form MCA) can be executed by Buyer, acknowledging:

1. Market Conditions: Real estate markets are cyclical, and just as prices can go up, values can also go down.
2. Buyer Considerations:
 - A. Offering Price: Buyers are responsible for deciding on an offering price. If an offer is too low, it may not be accepted. If an offer is high, and accepted, a buyer may regret it later.
 - B. Non-Contingent Offers: Contingencies give buyers a contractual excuse to cancel a contract. Brokers advise including contingencies, but some sellers will not accept offers with them, especially in a “hot” market.
 1. Loan Contingency: If a buyer needs a loan to purchase but is unable to get one, buyer has a right to cancel. Without this contingency, buyer could be in breach of contract.
 2. Appraisal Contingency: If a third-party appraiser does not value the property at the purchase price, buyer would have a right to cancel. Without this contingency, buyer’s lender may not loan the full amount requested but buyer could be in breach of contract if buyer fails to purchase.
 3. Investigation Contingency: This contingency gives a buyer a right to cancel the contract if the buyer is not satisfied with the condition of the property. Seller still has to disclose known material facts. Buyer may have a right to cancel if statutorily required disclosures are provided after the contract has been accepted.



CAR Suggestions for Contingencies and Market Conditions Advisory (MCA) Form

C.A.R.'s Market Conditions Advisory (Form MCA) can be executed by Buyer, acknowledging:

1. Market Conditions: Real estate markets are cyclical, and just as prices can go up, values can also go down.
2. Buyer Considerations (Cont'd):
 - C. Broker Recommendations: If a buyer must write a non-contingent offer to be competitive, it is important to still review all seller-provided information, have an inspection, and carefully assess the risks of closing or cancelling the transaction.
 - D. Multiple Offers: It may be tempting to write offers on multiple properties at the same time. This could result in a buyer being bound for more than one property. It also could give a seller a legal claim that the buyer fraudulently induced the seller to enter into the agreement.
3. Seller Considerations: Sellers must determine what price to ask buyers to pay, and what offers to accept. Comparing market data can help the seller with this decision, but market data is sometimes delayed and may not reflect changes, up or down.



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



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%

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.

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)

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.



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2021 Your Guide To The California Residential Purchase Agreement (RPA)
Transactional Products
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ReadyPaK[®] for BUYER'S Agent
You're always ready with REALTOR[®] ReadyPaK[®]
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Sold out

Your Guide To The NEW 2021 California RPA And Related Forms - ONLINE ANYTIME
C.A.R. Education
\$75.00 Member Price \$150.00 Non-Member Price

12/7 NEW California Residential Purchase Agreement (RPA) - LearnMyWay[®]
C.A.R. Education
\$75.00 Member Price \$150.00 Non-Member Price

MEDIATION
C.A.R. Education
Mediation Of Disputes Arising Under The RPA - Training Course - ONLINE ANYTIME
\$250.00 Price

RPA - California Residential Purchase Agreement And Joint Escrow Instructions - 4 Pack
Transactional Products
\$170.99 Member Price \$349.99 Non-Member Price

RPA - California Residential Purchase Agreement And Joint Escrow Instructions - 10 Pack
Transactional Products
\$493.99 Member Price \$927.99 Non-Member Price

RPA - California Residential Purchase Agreement And Joint Escrow Instructions - 20 Pack
Transactional Products
\$740.99 Member Price \$1,481.99 Non-Member Price

12/7 NEW California Residential Purchase Agreement (RPA) - LearnMyWay[®]
C.A.R. Education
\$75.00 Member Price \$150.00 Non-Member Price

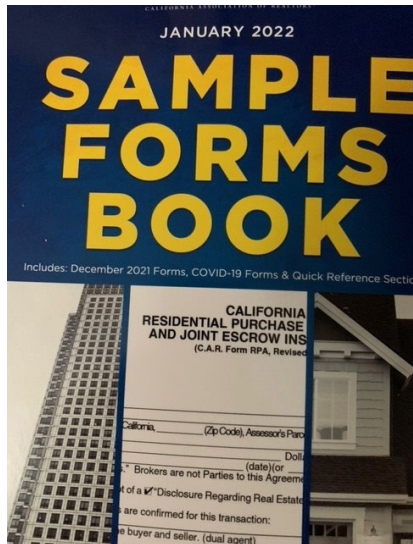
12/29 NEW California Residential Purchase Agreement (RPA) - LearnMyWay[®]
C.A.R. Education
\$75.00 Member Price \$150.00 Non-Member Price

<https://www.car.org/en/riskmanagement/rpa2021>

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



Real Estate Business Services - REBS



Item	Item Description	Who Pays (if both is checked, cost to be split equally unless otherwise agreed)	Additional Notes
901	901.154.11A General Hazard Zone Disclosure Report, including map information	Buyer / Seller / Both	Environmental or Other Provided
902	902.154.11A Hazard Abatement, CO pollution, water heater testing	Buyer / Seller / Both	
903	903.154.11A Document that is the Buyer's or Seller's responsibility to provide	Buyer / Seller / Both	
904	904.154.11A Document Required Prior to Seller's purchase of residential property	Buyer / Seller / Both	
905	905.154.11A Escrow Fees	Buyer / Seller / Both	Escrow holder
906	906.154.11A Owner's life insurance policy	Buyer / Seller / Both	This Contract is subject to the Seller's life insurance policy
907	907.154.11A Buyer's Lender life insurance policy	Buyer	Buyer, Developer, Agent, and other parties who have a financial interest in the property
908	908.154.11A County transfer tax, fees	Buyer / Seller / Both	
909	909.154.11A City transfer tax, fees	Buyer / Seller / Both	
910	910.154.11A HOA fee or prepaying disclosures	Buyer	
911	911.154.11A HOA transfer fees	Buyer / Seller / Both	Other (Contractor, Seller, Buyer, Lender, etc.)
912	912.154.11A Private transfer fees	Seller, or if checked, Buyer / Both	
913	913.154.11A Lease or co-tenancy	Buyer / Seller / Both	
914	914.154.11A Home warranty plan	Buyer / Seller / Both	Cost to be split equally unless otherwise agreed

Item	Item Description	Who Pays (if both is checked, cost to be split equally unless otherwise agreed)	Additional Notes
915	915.154.11A Title Insurance	Buyer / Seller / Both	
916	916.154.11A Seller's Lien	Buyer / Seller / Both	
917	917.154.11A Seller's Lien	Buyer / Seller / Both	
918	918.154.11A Seller's Lien	Buyer / Seller / Both	
919	919.154.11A Seller's Lien	Buyer / Seller / Both	
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CALIFORNIA ASSOCIATION OF REALTORS®

The REALTORS® Home Buyer and Home Seller's Guide to the California Association of REALTORS® Residential Purchase Agreement

Edición en español

CALIFORNIA ASSOCIATION OF REALTORS®

The REALTORS® Home Buyer and Home Seller's Guide to the California Association of REALTORS® Residential Purchase Agreement



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



Important Things to Understand



Understanding Delinquency



Understanding Delinquency

Title Reports

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



Other Title & Closing Items

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



Supplemental Taxes

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

bill



Other Title Process Concerns

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

Loss Mitigation Tools:

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

Other Title Process Concerns

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

Other Title Process Concerns

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

California Association of REALTORS® - A Look at the Changing Markets

- [FHFA Announcement FHFA Announcement](#)
- [Fannie Mae Lender Letter LL-2022-01](#)
- [Freddie Mac \(FHLMC\) Announcement](#)



California Association of REALTORS® - Impact of Rising Interest Rates on Buying Power

A look at Changing Interest Rates on Your Mortgage

Interest Rate		3.000%	3.125%	3.250%	3.375%	3.500%	3.625%	3.750%	3.875%	4.000%	4.125%	4.250%	4.375%	4.500%
Purchase Price	Loan Amount													
\$ 1,000,000.00	\$ 800,000.00	\$3,372.83	\$3,427.00	\$3,481.65	\$3,536.77	\$3,592.36	\$3,648.41	\$3,704.92	\$3,761.90	\$3,819.32	\$3,877.20	\$3,935.52	\$3,994.28	\$4,053.48
\$ 983,750.00	\$ 787,000.00	\$3,318.02	\$3,371.31	\$3,425.07	\$3,479.30	\$3,533.98	\$3,589.12	\$3,644.72	\$3,700.77	\$3,757.26	\$3,814.19	\$3,871.57	\$3,929.37	\$3,987.61
\$ 968,750.00	\$ 775,000.00	\$3,267.43	\$3,319.91	\$3,372.85	\$3,426.25	\$3,480.10	\$3,534.40	\$3,589.15	\$3,644.34	\$3,699.97	\$3,756.04	\$3,812.53	\$3,869.46	\$3,926.81
\$ 953,750.00	\$ 763,000.00	\$3,216.84	\$3,268.50	\$3,320.62	\$3,373.19	\$3,426.21	\$3,479.67	\$3,533.57	\$3,587.91	\$3,642.68	\$3,697.88	\$3,753.50	\$3,809.55	\$3,866.01
\$ 938,750.00	\$ 751,000.00	\$3,166.25	\$3,217.10	\$3,268.40	\$3,320.14	\$3,372.33	\$3,424.95	\$3,478.00	\$3,531.48	\$3,585.39	\$3,639.72	\$3,694.47	\$3,749.63	\$3,805.21
\$ 924,375.00	\$ 739,500.00	\$3,117.76	\$3,167.84	\$3,218.35	\$3,269.30	\$3,320.69	\$3,372.50	\$3,424.74	\$3,477.40	\$3,530.49	\$3,583.98	\$3,637.90	\$3,692.21	\$3,746.94
\$ 910,000.00	\$ 728,000.00	\$3,069.28	\$3,118.57	\$3,168.30	\$3,218.46	\$3,269.05	\$3,320.05	\$3,371.48	\$3,423.33	\$3,475.58	\$3,528.25	\$3,581.32	\$3,634.80	\$3,688.67
\$ 896,250.00	\$ 717,000.00	\$3,022.90	\$3,071.45	\$3,120.43	\$3,169.83	\$3,219.65	\$3,269.89	\$3,320.54	\$3,371.60	\$3,423.07	\$3,474.94	\$3,527.21	\$3,579.88	\$3,632.93
\$ 883,125.00	\$ 706,500.00	\$2,978.63	\$3,026.47	\$3,074.73	\$3,123.41	\$3,172.50	\$3,222.00	\$3,271.91	\$3,322.22	\$3,372.94	\$3,424.05	\$3,475.56	\$3,527.45	\$3,579.73
\$ 870,000.00	\$ 696,000.00	\$2,934.36	\$2,981.49	\$3,029.04	\$3,076.99	\$3,125.35	\$3,174.12	\$3,223.28	\$3,272.85	\$3,322.81	\$3,373.16	\$3,423.90	\$3,475.03	\$3,526.53
\$ 856,875.00	\$ 685,500.00	\$2,890.10	\$2,936.51	\$2,983.34	\$3,030.57	\$3,078.20	\$3,126.23	\$3,174.66	\$3,223.48	\$3,272.68	\$3,322.27	\$3,372.25	\$3,422.60	\$3,473.33
\$ 844,375.00	\$ 675,500.00	\$2,847.94	\$2,893.68	\$2,939.82	\$2,986.36	\$3,033.30	\$3,080.63	\$3,128.35	\$3,176.45	\$3,224.94	\$3,273.81	\$3,323.05	\$3,372.67	\$3,422.66
\$ 831,875.00	\$ 665,500.00	\$2,805.77	\$2,850.84	\$2,896.30	\$2,942.15	\$2,988.39	\$3,035.02	\$3,082.03	\$3,129.43	\$3,177.20	\$3,225.34	\$3,273.86	\$3,322.74	\$3,371.99

California Association of REALTORS® - A Look at the Changing Markets

- Conventional Conforming Appraisal Update
- FHLMC Desktop Appraisal Option (note FNMA begins 3/19/22 guideline expected to be very similar)
- Eligible Transactions
 - Purchase transactions only
 - Owner-occupied only
 - Single-family properties – **excluding** condominiums, co-ops, and manufactured housing
 - LTV 90% or less
 - LPA & DU Approved/Eligible loans, with message allowing for a Desktop Appraisal



California Association of REALTORS® - A Look at the Changing Markets

- Conventional Conforming Appraisal Update
- FHLMC Desktop Appraisal Option (note FNMA begins 3/19/22 guideline expected to be very similar)
- Ineligible Transactions
 - Refinances
 - Second Homes
 - Investment Properties
 - 2-4 family properties
 - LTV's exceeding 90.00%
 - Condominiums
 - Manufactured homes
 - Leasehold estates
 - Renovation loans
 - Property with any type of resale restriction
 - Land trusts
 - Co-ops



California Association of REALTORS® - A Look at the Changing Markets

- Appraisal form 70D would be used instead of form 70.
 - The appraiser must still provide an interior room sketch and cannot be any limiting language regarding condition.
- Conventional Conforming Underwriting Update
 - Self-employed will no longer require:
 - An unaudited year-to-date profit and loss statement signed by the borrower reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date, and three business depository account(s) statements no older than the latest three months represented on the year-to-date profit and loss statement.
- Jumbo
 - Changed Appraisals to allow Desktop per AUS (LP)
 - Changed Appraisals to two required over \$1.5M
 - Changed Minimum Loan Amount to \$1 > Conforming Loan Limits \$647,200 +
 - Changed Credit Age to 120 days
 - Changed Charge-Offs to Max \$1K





Possession Alternatives Vesting / Ownership

Sole Ownership

Sole ownership may be described as ownership by an individual or other entity capable of acquiring title. Examples of common vesting cases of sole ownership are:

1. A Single Man or Woman, an Unmarried Man or Woman or a Widow or Widower:

A man or woman who is not legally married or in a domestic partnership. For example: Bruce Buyer, a single man.

2. A Married Man or Woman as His or Her Sole and Separate Property:

A married man or woman who wishes to acquire title in his or her name alone.

The title company insuring title will require the spouse of the married man or woman acquiring title to specifically disclaim or relinquish his or her right, title and interest to the property. This establishes that both spouses want title to the property to be granted to one spouse as that spouse's sole and separate property. The same rules will apply for same sex married couples. For example: Bruce Buyer, a married man, as his sole and separate property.

Sole Ownership

Sole ownership may be described as ownership by an individual or other entity capable of acquiring title. Examples of common vesting cases of sole ownership are:

3. A Domestic Partner as His or Her Sole and Separate Property:

A domestic partner who wishes to acquire title in his or her name alone.

The title company insuring title will require the domestic partner of the person acquiring title to specifically disclaim or relinquish his or her right, title and interest to the property. This establishes that both domestic partners want title to the property to be granted to one partner as that person's sole and separate property. For example: Bruce Buyer, a registered domestic partner, as his sole and separate property.

Co-Borrower vs. Co-signer

- Co-borrower
 - On loan and on title
- Co-signer
 - On loan but NOT on title
- Non-Occupant
 - Will not reside in subject
- How co-borrowers and co-signers are affected

Co-Ownership

Title to property owned by two or more persons may be vested in the following forms:

1. Community Property:

A form of vesting title to property owned together by married persons or by domestic partners. Community property is distinguished from separate property, which is property acquired before marriage or before a domestic partnership by separate gift or bequest, after legal separation, or which is agreed in writing to be owned by one spouse or domestic partner.

In California, real property conveyed to a married person, or to a domestic partner is presumed to be community property, unless otherwise stated (i.e. property acquired as separate property by gift, bequest or agreement). Since all such property is owned equally, both parties must sign all agreements and documents transferring the property or using it as security for a loan. Each owner has the right to dispose of his/her one half of the community property by will. For example: Bruce Buyer and Barbara Buyer, husband and wife, as community property, or Sally Smith and Jane Smith, registered domestic partners as community property. Another example for same sex couples: Sally Smith and Jane Smith, who are married to each other, as community property.

Co-Ownership (cont'd)

Title to property owned by two or more persons may be vested in the following forms:

2. Community Property with Right of Survivorship:

A form of vesting title to property owned together by spouses or by domestic partners. This form of holding title shares many of the characteristics of community property but adds the benefit of the right of survivorship similar to title held in joint tenancy. There may be tax benefits for holding title in this manner. On the death of an owner, the decedent's interest ends and the survivor owns all interests in the property. For example: Bruce Buyer and Barbara Buyer, husband and wife, as community property with right of survivorship, or John Buyer and Bill Buyer, husband and husband, as community property with right of survivorship. Another example for same sex couples: Sally Smith and Jane Smith, registered domestic partners, as community property with right of survivorship.

Co-Ownership (cont'd)

Title to property owned by two or more persons may be vested in the following forms:

3. Joint Tenancy:

A form of vesting title to property owned by two or more persons, who may or may not be married or domestic partners, in equal interests, subject to the right of survivorship in the surviving joint tenant(s). Title must have been acquired at the same time, by the same conveyance, and the document must expressly declare the intention to create a joint tenancy estate. When a joint tenant dies, title to the property is automatically conveyed by operation of law to the surviving joint tenant(s). Therefore, joint tenancy property is not subject to disposition by will. For example: Bruce Buyer, a married man and George Buyer, a single man, as joint tenants.

Note: If a married person enters into a joint tenancy that does not include their spouse, the title company insuring title may require the spouse of the married man or woman acquiring title to specifically consent to the joint tenancy. The same rules will apply for same sex married couples and domestic partners.

Co-Ownership (cont'd)

Title to property owned by two or more persons may be vested in the following forms:

4. Tenancy in Common:

A form of vesting title to property owned by any two or more individuals in undivided fractional interests. These fractional interests may be unequal in quantity or duration and may arise at different times. Each tenant in common owns a share of the property, is entitled to a comparable portion of the income from the property and must bear an equivalent share of expenses. Each co-tenant may sell, lease or will to his/her heir that share of the property belonging to him/her. For example: Bruce Buyer, a single man, as to an undivided $\frac{3}{4}$ interest and Penny Purchaser, a single woman, as to an undivided $\frac{1}{4}$ interest.

Other Ways of Vesting Title Include as:

1. **A Corporation*:**

A corporation is a legal entity, created under state law, consisting of one or more shareholders but regarded under law as having an existence and personality separate from such shareholders.

2. **A Partnership*:**

A partnership is an association of two or more persons who can carry on business for profit as co-owners, as governed by the Uniform Partnership Act. A partnership may hold title to real property in the name of the partnership.

3. **Trustees of a Trust*:**

A Trust is an arrangement whereby legal title to property is transferred by a grantor to a person called a trustee, to be held and managed by that person for the benefit of the people specified in the trust agreement, called the beneficiaries. A trust is generally not an entity that can hold title in its own name. Instead, title is often vested in the trustee of the trust. For example: Bruce Buyer trustee of the Buyer Family Trust.

Other Ways of Vesting Title Include as:

4. Limited Liability Companies (LLC)*:

This form of ownership is a legal entity and is similar to both the corporation and the partnership. The operating agreement will determine how the LLC functions and is taxed. Like the corporation its existence is separate from its owners.

*In cases of corporate, partnership, LLC or trust ownership - required documents may include corporate articles and bylaws, partnership agreements, LLC operating agreements and trust agreements and/or certificates.

Remember

How title is vested has important legal consequences and tax consequences. The tax consequences may be different for same sex legally related couples. You may wish to consult an attorney or tax advisor to determine the most advantageous form of ownership for your particular situation.

FOOTNOTE (1): Note: Registered domestic partnership status is not limited to same sex couples.



Wire Fraud

Wire Fraud Concern

Caution:

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

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



Wire Fraud Concern

DON'T FALL VICTIM TO WIRE FRAUD

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



- 1 Pay attention to how wire instructions are sent. It is best to only accept instructions that are secure and encrypted.



- 2 Before wiring funds to an individual or company, call to verify the wire instructions independently with the title company.



- 3 Be very watchful of any changes. Wire instructions rarely change. If you receive an email saying that any wiring instructions have changed, call your REALTOR® or title company immediately to confirm.

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



Communications Wire Warnings

Language and general letter contact:

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





Other Information

Upcoming STEPS Towards Homeownership Event

STEPS to Achieving the Dream of Homeownership



October 11th, 2022

9:00 a.m. – 12:30 p.m.

@REImagine

SAVE THE DATE



Property Management June 29th 2022

June 29th, 2022
9 a.m. – 12:30 p.m.

PROPERTY MANAGEMENT CONFERENCE

PRESENTED BY CALIFORNIA ASSOCIATION OF REALTORS®

REGISTER HERE





Resources

California Association of REALTORS® Loan & DPA Information

Loan Education:

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

Down Payment Assistance (DPA) programs

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

HUD Counselor Selection Options



Other Resources for REALTORS® & Your Clients

Mortgage Relief:

- https://housing.ca.gov/homeowners/mortgage_relief_foreclosure_resources.html

CalHFA ADU Grants

- <https://www.calhfa.ca.gov/homebuyer/programs/adu.htm#eligibility>

Kama Burton Client Suggestions

- <https://www.car.org/-/media/CAR/Documents/Transaction-Center/PDF/Mortgage-Rescue/STEPS/Outreaches/Virtual-2021/Buyers-Presentation-CMB-Kama-Burton-1.pdf>

Legal Webinars

- <https://www.car.org/riskmanagement/live>

STEPS Events 2022 Upcoming:

- October 11, 2022 – 9 a.m. – 12:30 p.m.– Live @ Long Beach REImagine
- December 14, 2022 - Virtual

California Association of REALTORS®

Free Member Benefit:

- **Transaction Rescue™**

- Assist you with Communication & Escalations with Your Lender
- Property Concerns with Valuations, Title, & Vesting.
- Provide Insights to Lender & Down Payment Assistance

Website <http://Mortgage.car.org>

- **Email** TransactionRescue@car.org

- **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





Contact List

California Association of REALTORS® - Panelist Contact List

<u>Name</u>	<u>Company</u>	<u>Email</u>	<u>Contact #</u>
Faramarz (FM) Moeen-Ziai	CrossCountry Mortgage	fmz@myccmortgage.com	510-254-4697
Suchada Lerknant	Chase	s.lerknant@chase.com	818-399-6456
Tiffany DeSantiago	Chase - Affordable	Tiffany.DeSantiago@chase.com	619-849-1738
Cynthia Leal	Guild Mortgage	cleal@guildmortgage.net	310-720-5309
Danny Fitzpatrick	Guild Mortgage - Renovation	dfitzpatrick@guildmortgage.net	858-987-1002
Chuck Sayed	Rocket Mortgage	ChuckSayed@rocketmortgage.com	313-970-8027
Monica LaCrue	Freddie Mac	Monica_La_Crue@freddiemac.com	619-887-6909
Sean Moss	Down Payment Connect	Info@downpaymentresource.com	
Meagan Harris	Golden State Finance Authority (GSFA)	MHarris@rcrcnet.org	855-740-8422
Carolyn Sunseri	Golden State Finance Authority (GSFA)	CSunseri@rcrcnet.org	855-740-8422
Molly Ellis	Training and Lender Outreach Manager	MEllis@CalHFA.ca.gov	916-326-8680
Rolanda Wilson	NID HUD Counseling Services	rwilson@nidhousing.com	510-244-0085
Kendyl Young	REALTOR®, Broker Owner ADUDIGGS	Kendyl@ADUDIGGS.com	510-375-2344
Marc Farfel	C.A.R. Transaction Rescue	TransactionRescue@car.org	213-739-8383





Questions Asked in Advance



Slides Shared During Presentation Background

STEPS to Financing the Dream of Homeownership
- Virtual Event

June 21, 2022

10 am – 12:30 pm



2022 Conforming & High Balance Loan Limits by County for Freddie & Fannie

(As of 1/01/2022)

The Federal Housing Finance Agency's (FHFA) announcement to increase the 2022 conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac to **\$647,200** on one-unit properties and a cap of **\$970,800** in high-cost areas. The previous loan limits were \$548,250 and \$822,375, respectively. Higher Loan Limits = More Properties Available to Entry Level Buyers

Loan Limit Counties

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

Link to Freddie Mac (FHLMC) / Fannie Mae (FNMA) 2022 Loan Limits

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

Link to FHA Loan Limits just changed on the 24th of November for **2022 Limits – Conforming \$647,200 max, (for single unit) less in many areas**

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

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

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

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

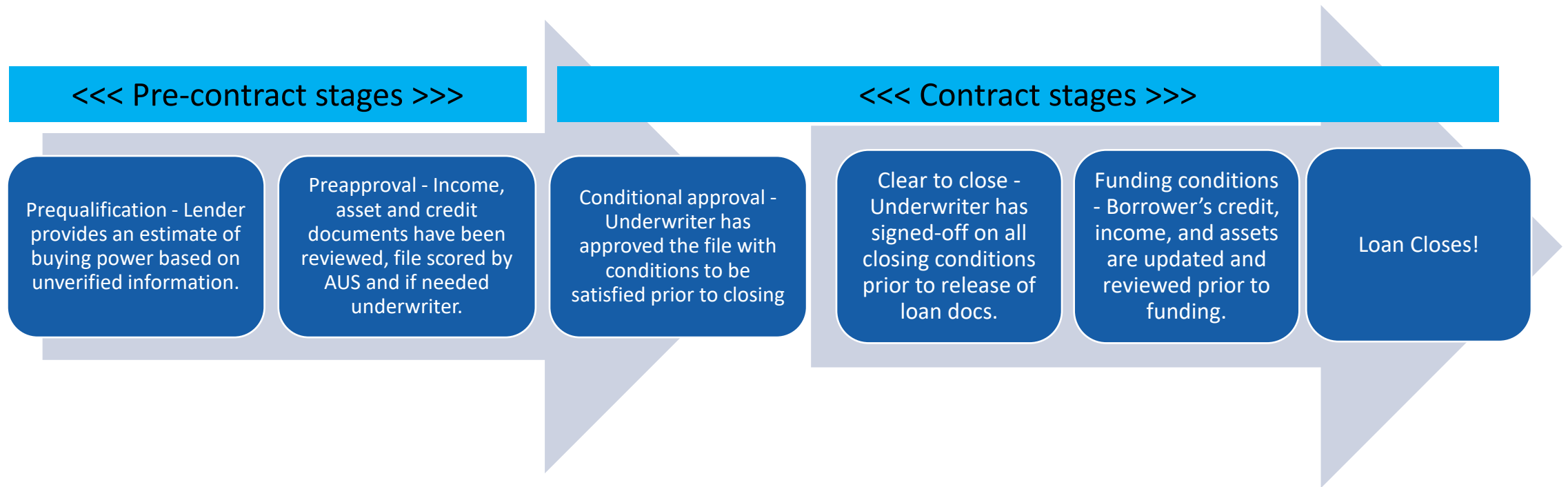


Homebuying Team

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



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!**

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

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.

REALTOR® Resource: Financial Literacy Tool



<http://FindDownPayment.car.org>

TransactionRescue@car.org

<http://Mortgage.car.org>

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



STEPS to Financing the Dream of Homeownership

Virtual Event

June 21st, 2022

10 am – 12:30 pm

