

STEPS

Towards Homeownership

Skills and Tools Educating People for Success

California Association of REALTORS®

brought to you by

February 2019



CALIFORNIA
ASSOCIATION
OF REALTORS®

Freddie Mac

We make home possible®



CALIFORNIA ASSOCIATION OF REALTORS®

Mortgage Rescue™

STEPS Towards Homeownership CALIFORNIA ASSOCIATION of REALTORS®



Marc Farfel
Lender Liaison
California Association
of REALTORS®

STEPS Towards Homeownership CALIFORNIA ASSOCIATION of REALTORS®



David Mendez
Affordable Lending Manager

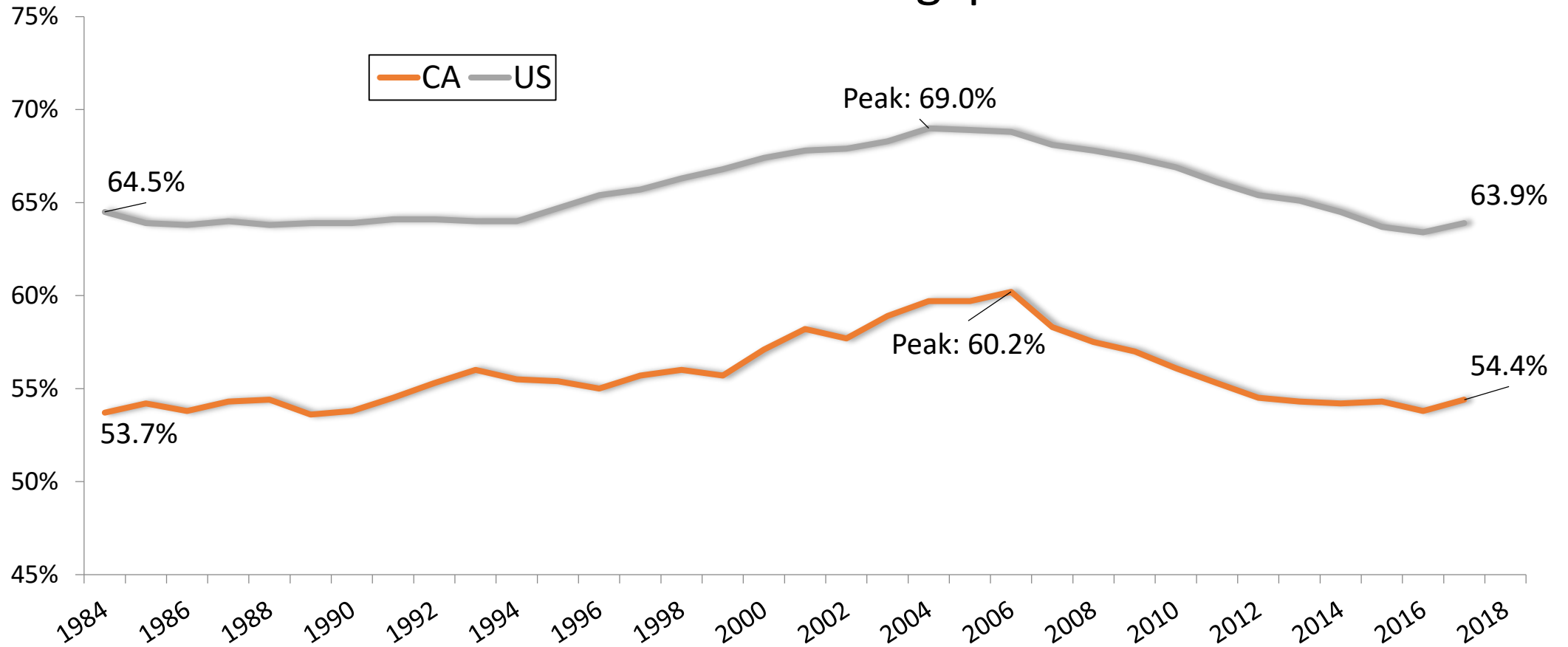




Why STEPS?

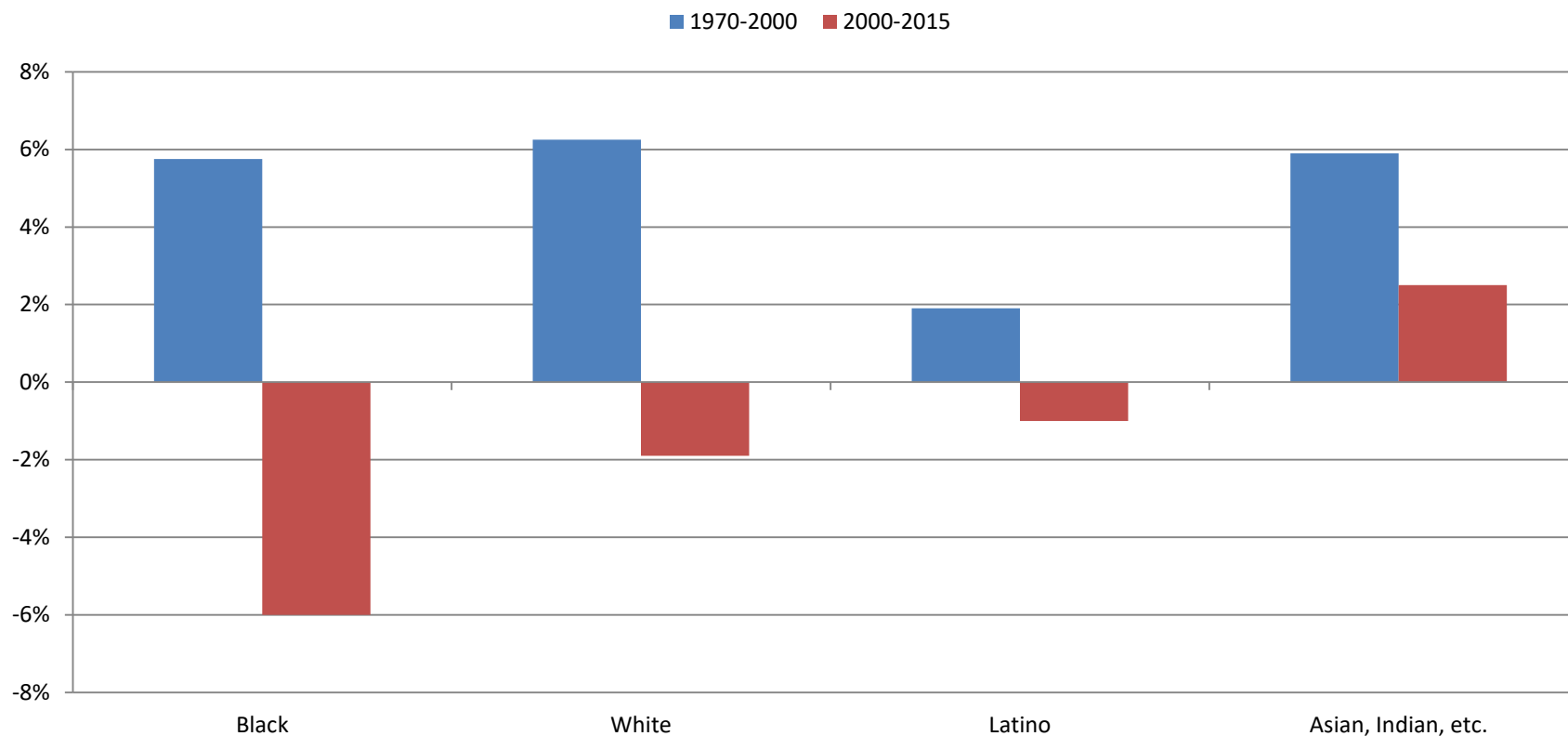
California's Homeownership is Dropping

California vs. U.S. – 9.5% gap in 2017



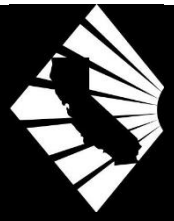
50th Anniversary of the Fair Housing Act of 1968: All gains in African American homeownership erased.

Percentage point change in homeownership by race/ethnicity

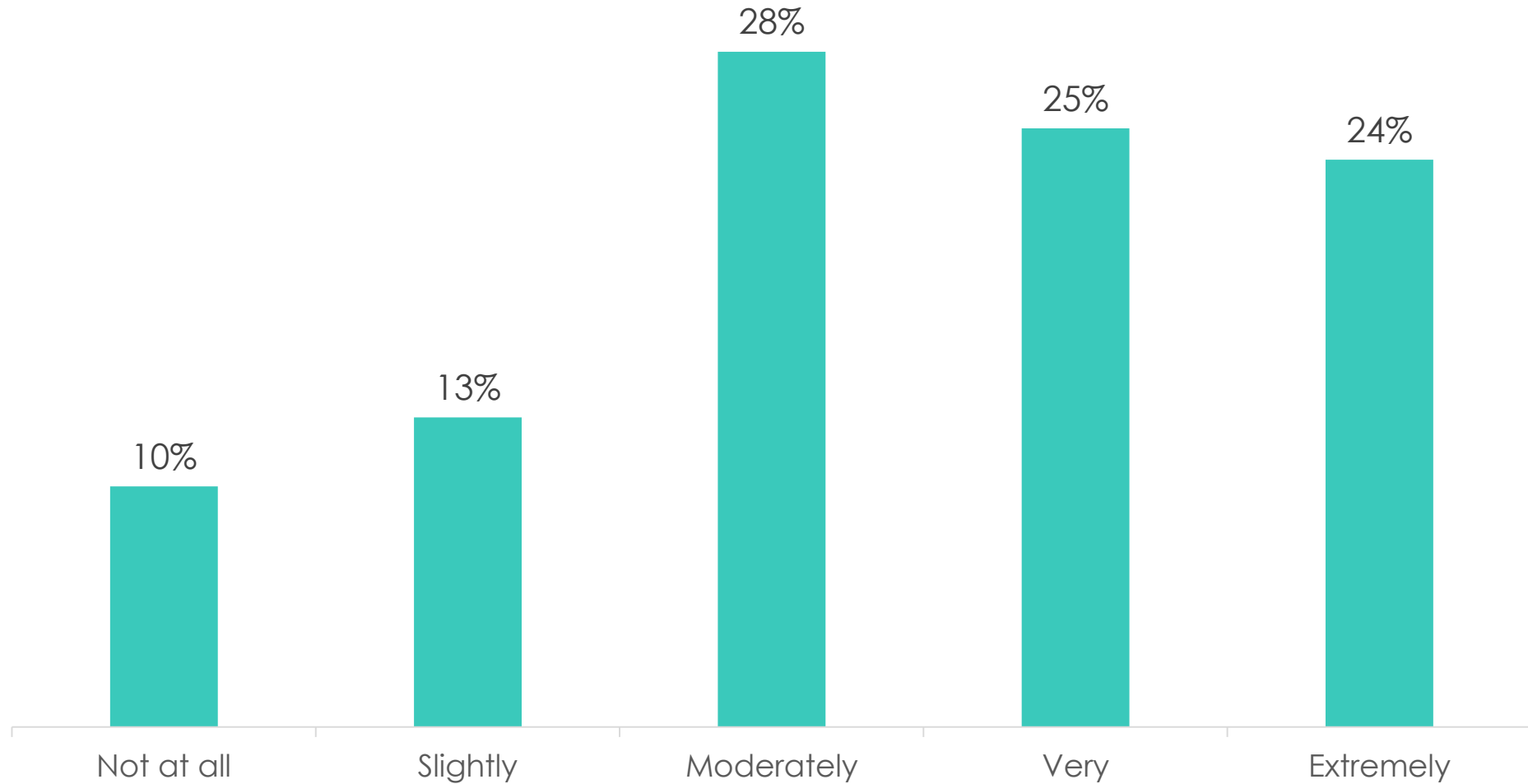


FAIR HOUSING
MAKES U.S.
STRONGER
Commemorating 50 Years
of the Fair Housing Act





Renters: How Important is Homeownership to You?

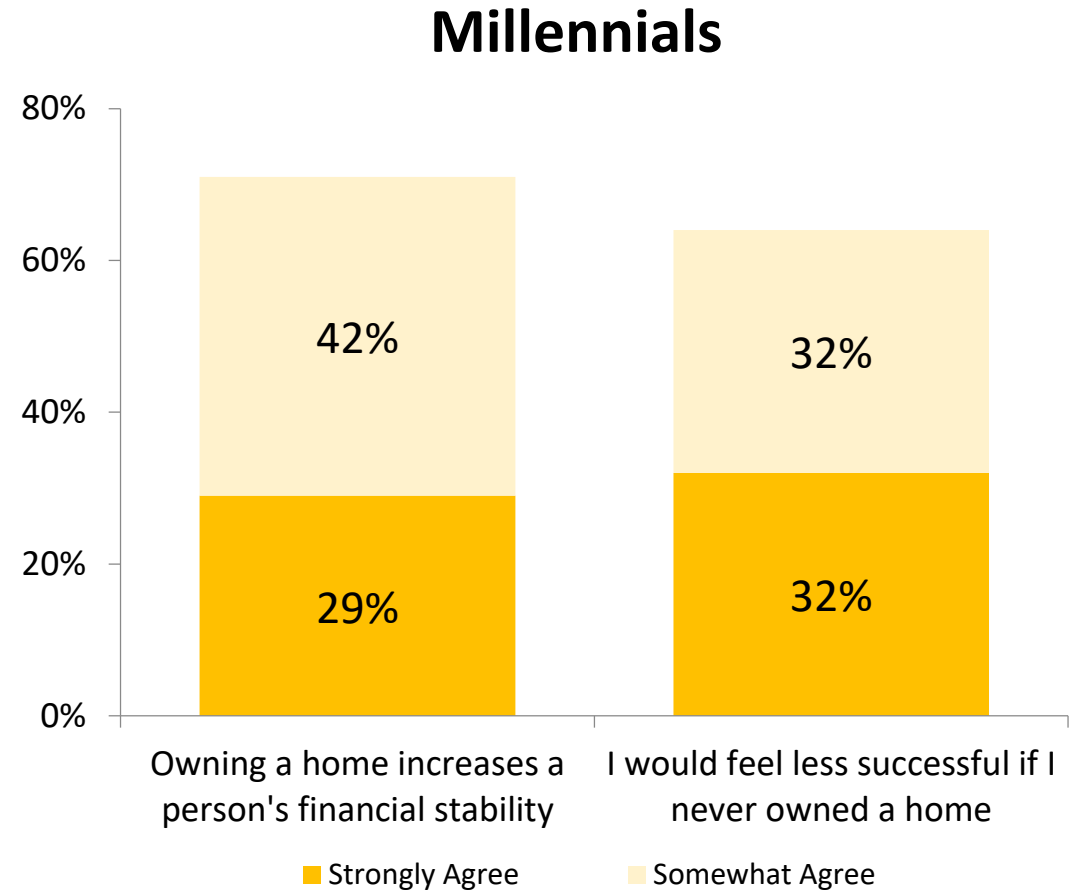
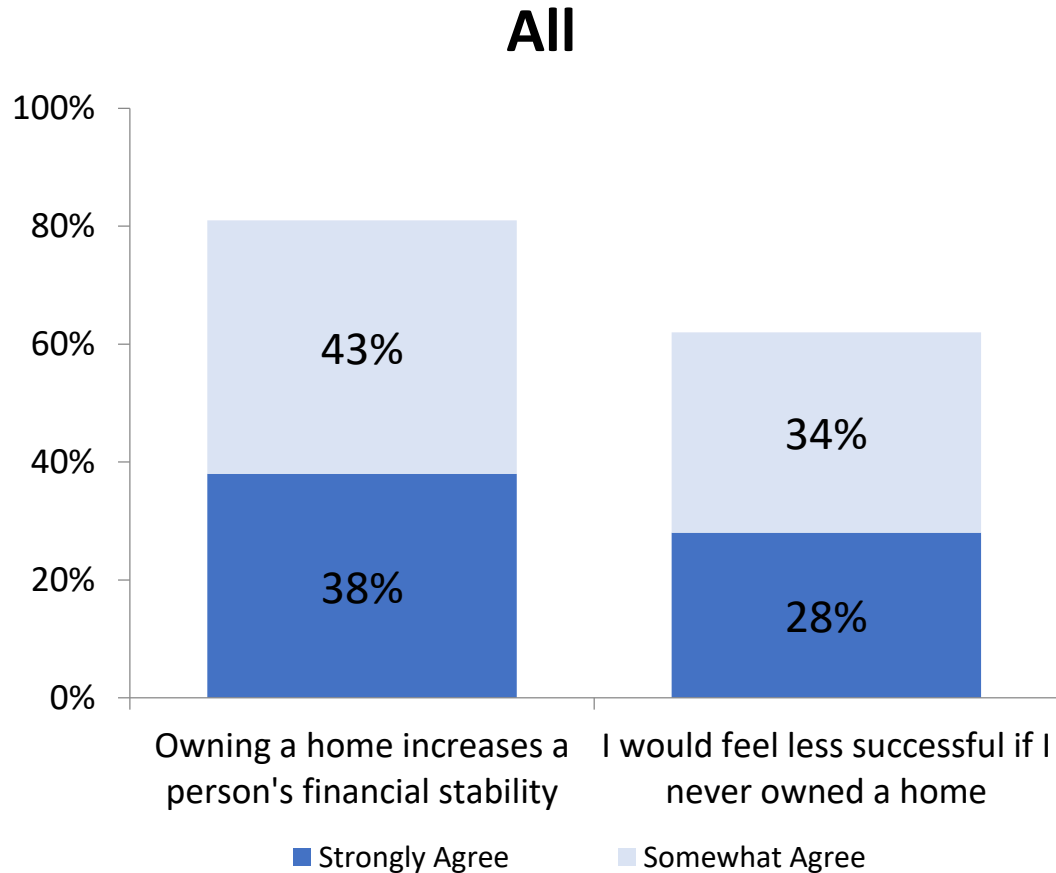


(n=1,838)

SERIES: 2018 Consumer Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

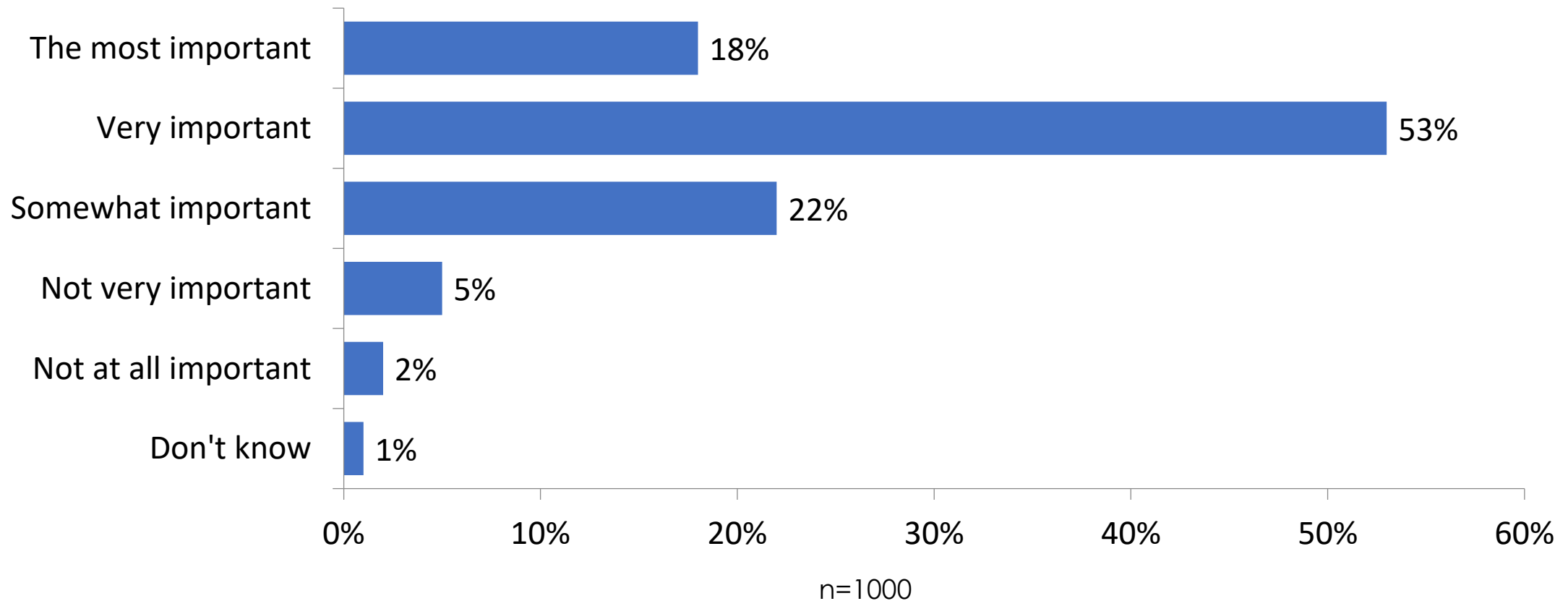
Americans overall, and specifically Millennials, believe owning a home contributes to financial stability

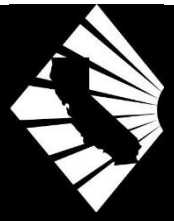
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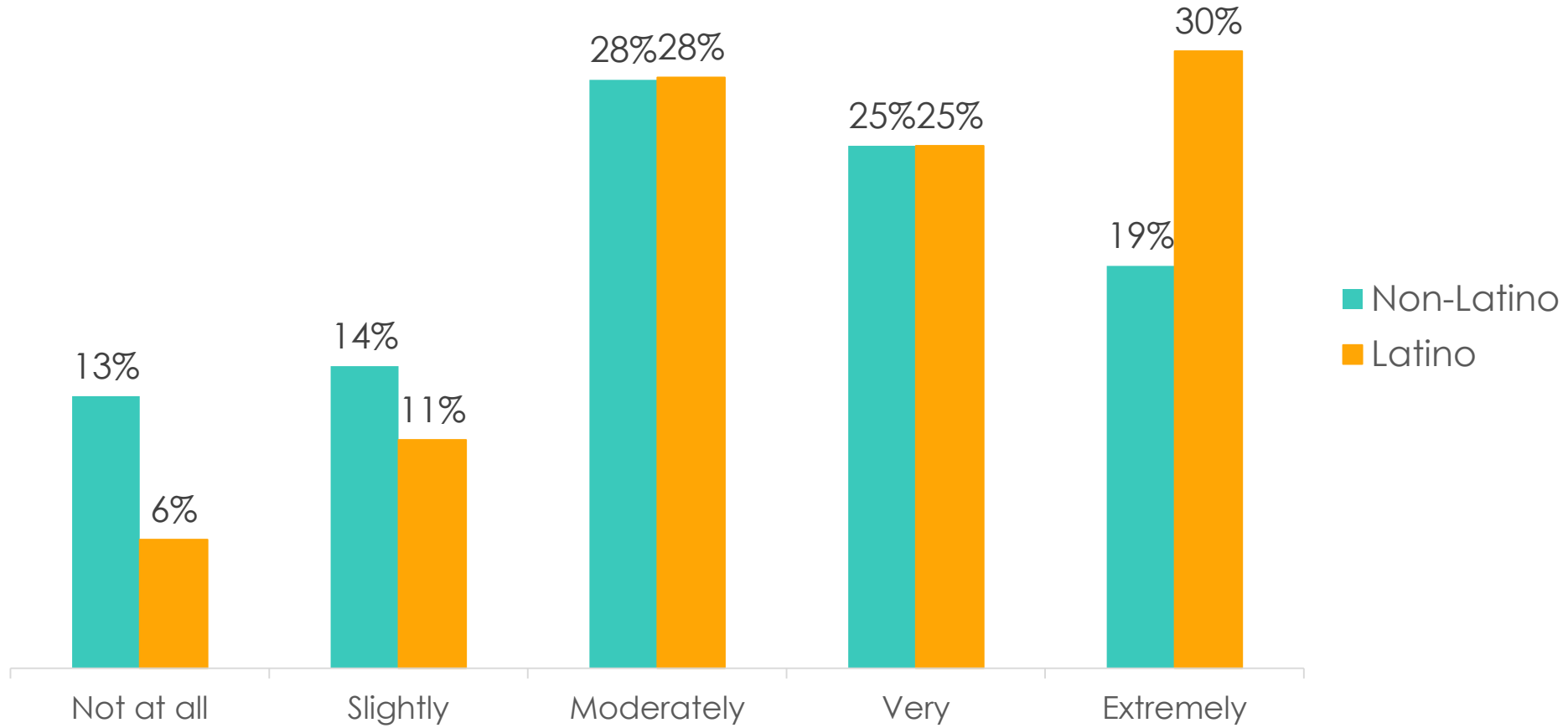
7 in 10 still believe owning a home is an important part of the American Dream

How Important a Part of the American Dream Is Owning a Home?





Renters: How Important is Homeownership to You?

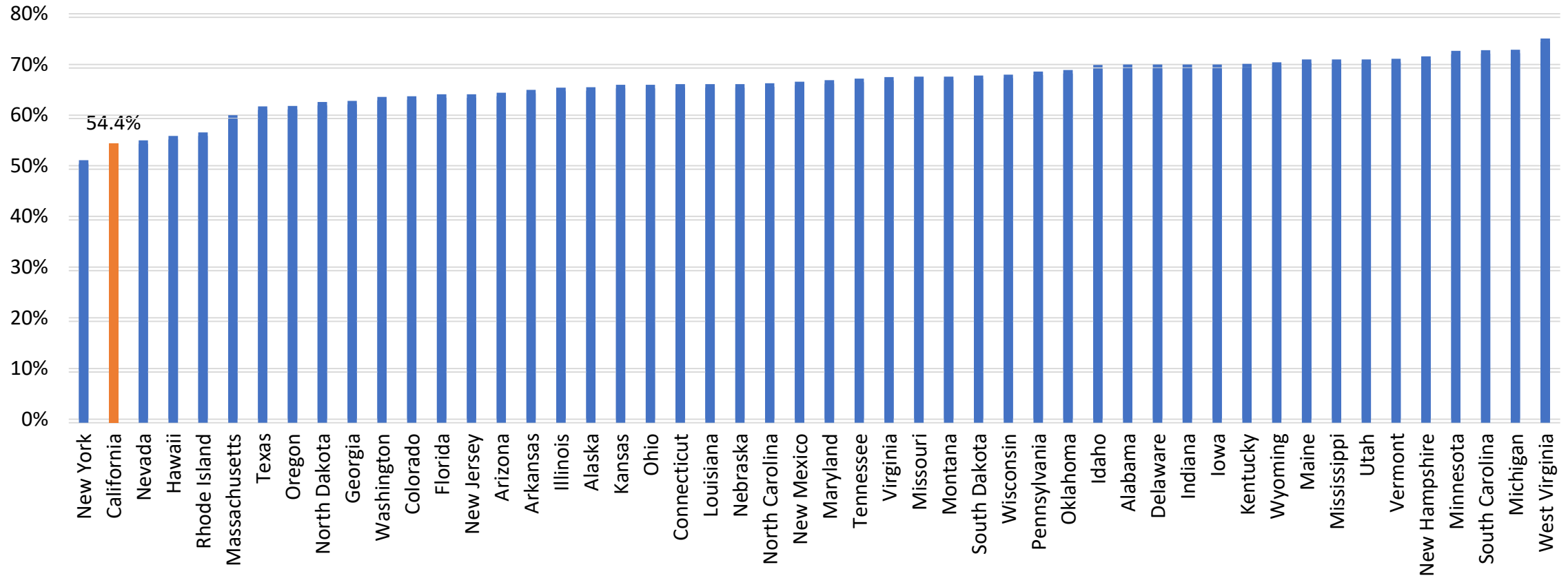


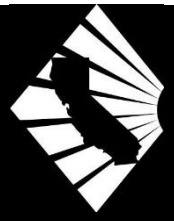
(n=1,838)

SERIES: 2018 Consumer Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

California still ranked the 2nd lowest amongst all states

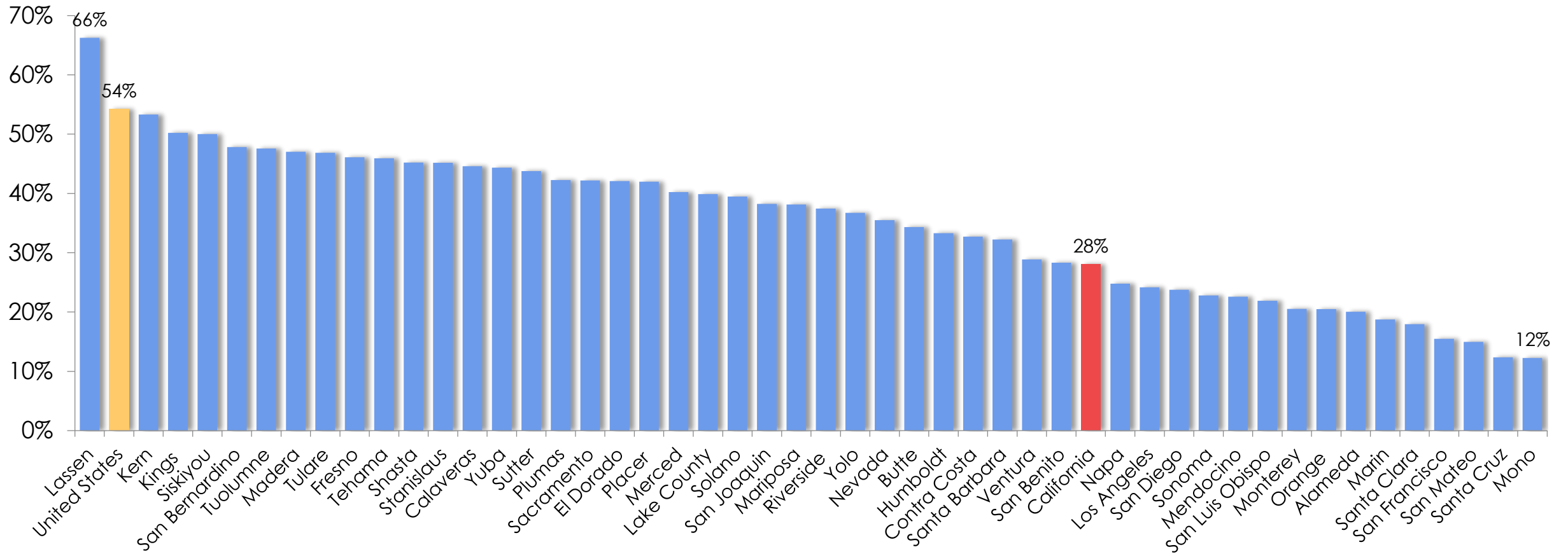
Homeownership Rate





Housing Affordability Down Significantly

2018-Q4: % able to purchase median-priced home

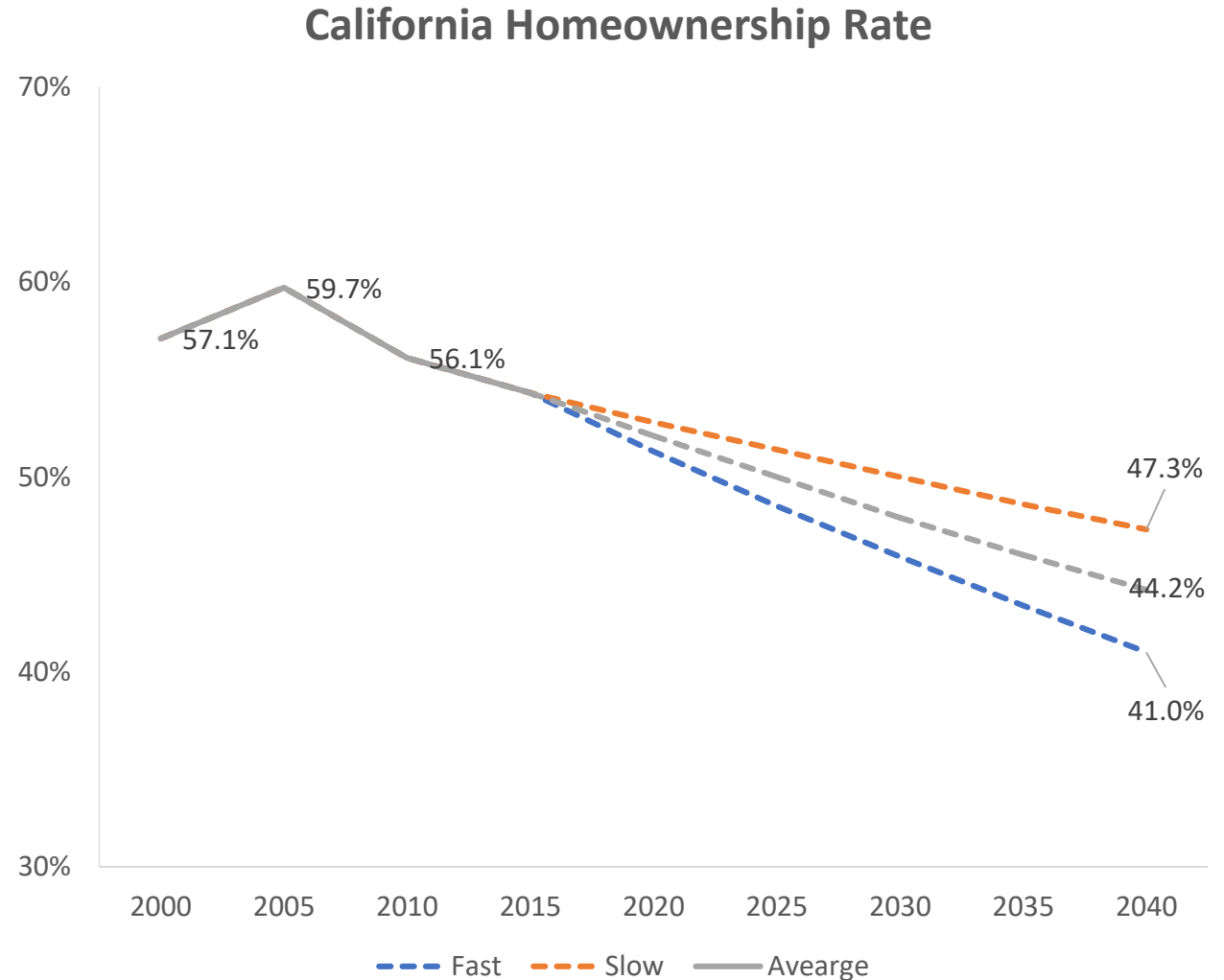


SERIES: Housing Affordability Index of Traditional Buyers
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

Homeownership will deteriorate further if the trend continues

Despite the slight bounce back, homeownership will remain low in the next couple years due to:

- Interest rate hike
- Price growth
- Low turn-over rates
- Lack of new constructions
- Short-term Costa-Hawkins Repeal Impact



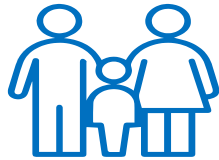


Expanding Access to Credit and Homeownership


We make home possible®

A *Better* Freddie Mac

...and a *better* housing finance system for:



Families

Innovating to improve the liquidity, stability and affordability of mortgage markets



Customers

Competing to earn your business



Taxpayers

Reducing their exposure to mortgage risk

Growing Responsible, Sustainable Homeownership - Affordable Lending



A hand is shown holding a small, white, three-dimensional model of a house with a red roof. The house has two windows and a door. Surrounding the house are several black dollar signs (\$) of varying sizes, appearing to float in the air. The background is a light blue gradient with a faint, stylized architectural drawing of a house in the lower right. A blue rectangular box is positioned on the right side of the image, containing the text 'State of the Housing Market'.

State of the Housing Market

- **Historic lows:**
 - Interest rates on the rise but mortgage rates still remain historically low
- **Strong economy:**
 - Economic growth accelerating and labor market at full employment with unemployment rate at multi-decade lows.
- **Home prices rising:**
 - Limited supply and robust demand keeping home price rising albeit at a slower rate
 - Nationally, home prices increased at a rate of 5.6 percent year over year in November 2018 down from 7.1 percent year over year in November 2017.
- **New purchase markets:**
 - Millennials and minority groups poised to buy

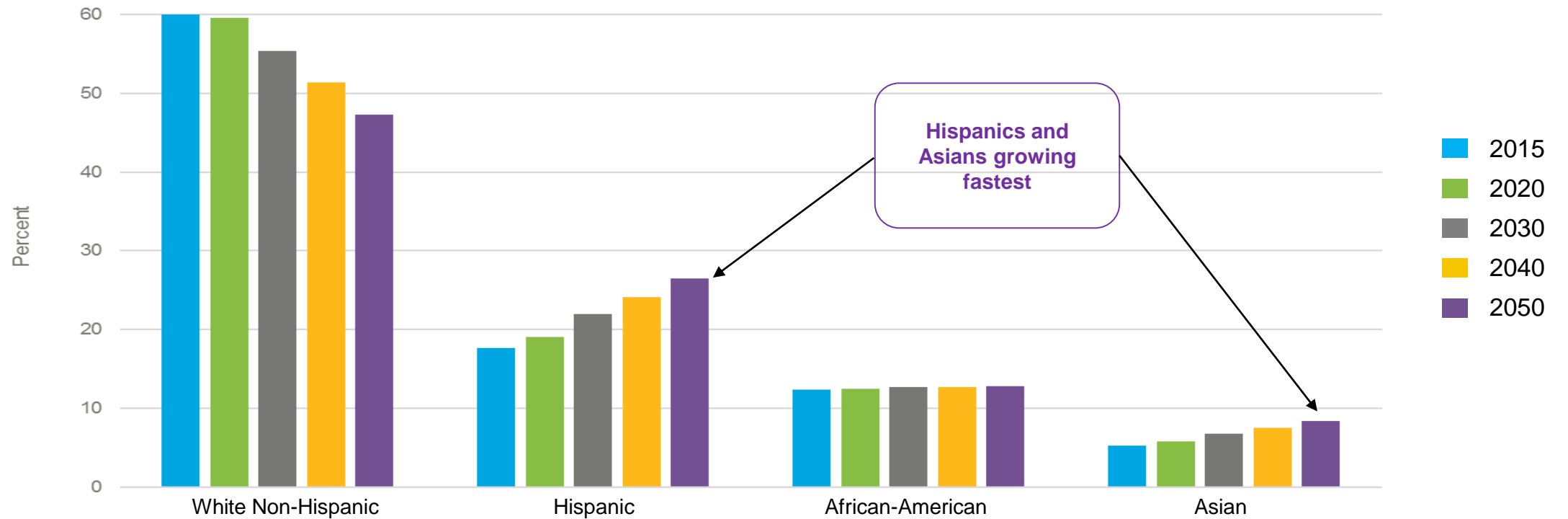
- **Household formations:**
 - » 1.6 million in 2018, up from 653,000 in 2013
- **Millennials living with parents: ~1/4**
- **Millennial households:**
 - » 20 million in 2018, rising to 25 million by 2038
- **Minorities share of household growth 2018-2028: 56%**
- **Households aged 65+:**
 - » ↑16 million from 2018-2038

A hand holding a small white house model with a red roof and black windows. Several black dollar signs are floating in the air around the house. The background is a light blue gradient with a faint architectural drawing of a house. A blue banner is on the right side of the image.

The Changing Face of the Borrower

The U.S. Will Become More Diverse

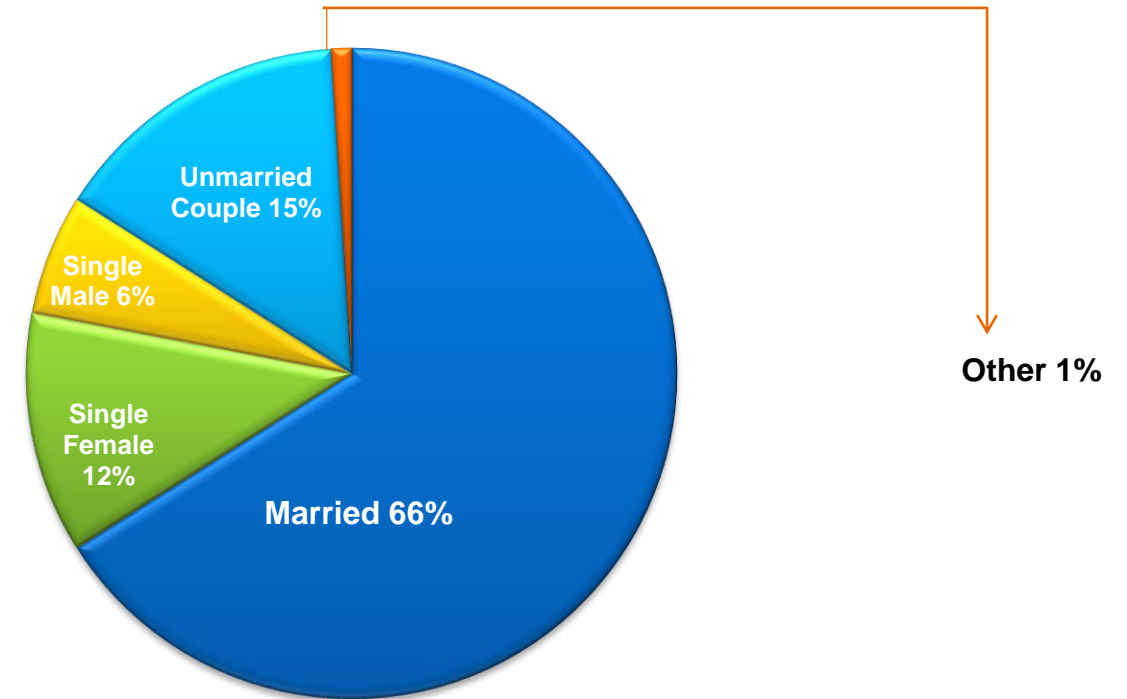
Percent of U.S. population



Source: U.S. Census Bureau

2018 First-Time Homebuyer Demographics

- Share at 33% in 2018 – A decrease from 34% in 2017
- Median age – 31; Median income - \$88,800
- Down payment sources – 59% savings; 23% gifts from friends or relatives
- 37% used FHA loans, 10% used VA
- Typical FTHB home: 1,800 sq. ft., cost - \$220,000
- FTHBs plan to stay in homes for 10 years



Source: National Association of Realtors 2018 Profile of Home Buyers and Sellers .
(<https://www.nar.realtor/sites/default/files/documents/2018%20HBS%20Highlights.pdf>)
<https://www.nar.realtor/sites/default/files/documents/2018-home-buyers-and-sellers-generational-trends-03-14-2018.pdf>

- Despite rising interest rates and increasing home prices, the **purchase market remains strong**
- **Qualified first-time homebuyers are out there and need your help** to overcome misconceptions and concerns
- Prepare for **changing demographics**
- Freddie Mac provides a **wide variety of products and resources** to help you serve qualified buyers



STEPS

Towards Homeownership

Skills and Tools Educating People for Success

Toolkit & Resource Guide & Other Take Away Materials

brought to you by



CALIFORNIA
ASSOCIATION
OF REALTORS®

Freddie Mac

We make home possible®



CALIFORNIA ASSOCIATION OF REALTORS®
Mortgage Rescue™

WE PROVIDE YOU WITH THE
SKILLS & TOOLS
TO EDUCATE YOUR CLIENTS



Let's remove
the stigma,
and take
STEPS towards
homeownership.

STEPS Towards
Homeownership
Skills and Tools Educating People for Success

We strive to provide REALTORS® with an overview of California's housing finance system, mortgage readiness guidelines and the most critical aspects of mortgage finance.

CONTACT US

Tel: 213.739.8383
Email: MortgageRescue@car.org
Web: mortgage.car.org

Financial Literacy Resources and
Strategies for REALTORS®

brought to you by:



STEPS Towards Homeownership

SKILLS and TOOLS EDUCATING PEOPLE for SUCCESS

Financial Literacy Resources and Strategies for REALTORS®



REALTOR® RESOURCE

Financial Literacy Tools for REALTORS® and Home Buyers



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

These tools and resources will:

- 1 Secure your reputation as a thought leader in resolving home financing barriers
- 2 List and sell more properties
- 3 Build and strengthen referral pipelines

STEPS: Mortgage Finance Essentials

- 1 California Housing Finance – the Big Picture
- 2 Mortgage Loan Fundamentals
- 3 First Time Homebuyer Tools and Resources
- 4 Home Equity Strategies
- 5 Home Improvement for Happier Clients
- 6 Lender Secrets!

STEP 1 Mortgage Finance Essentials

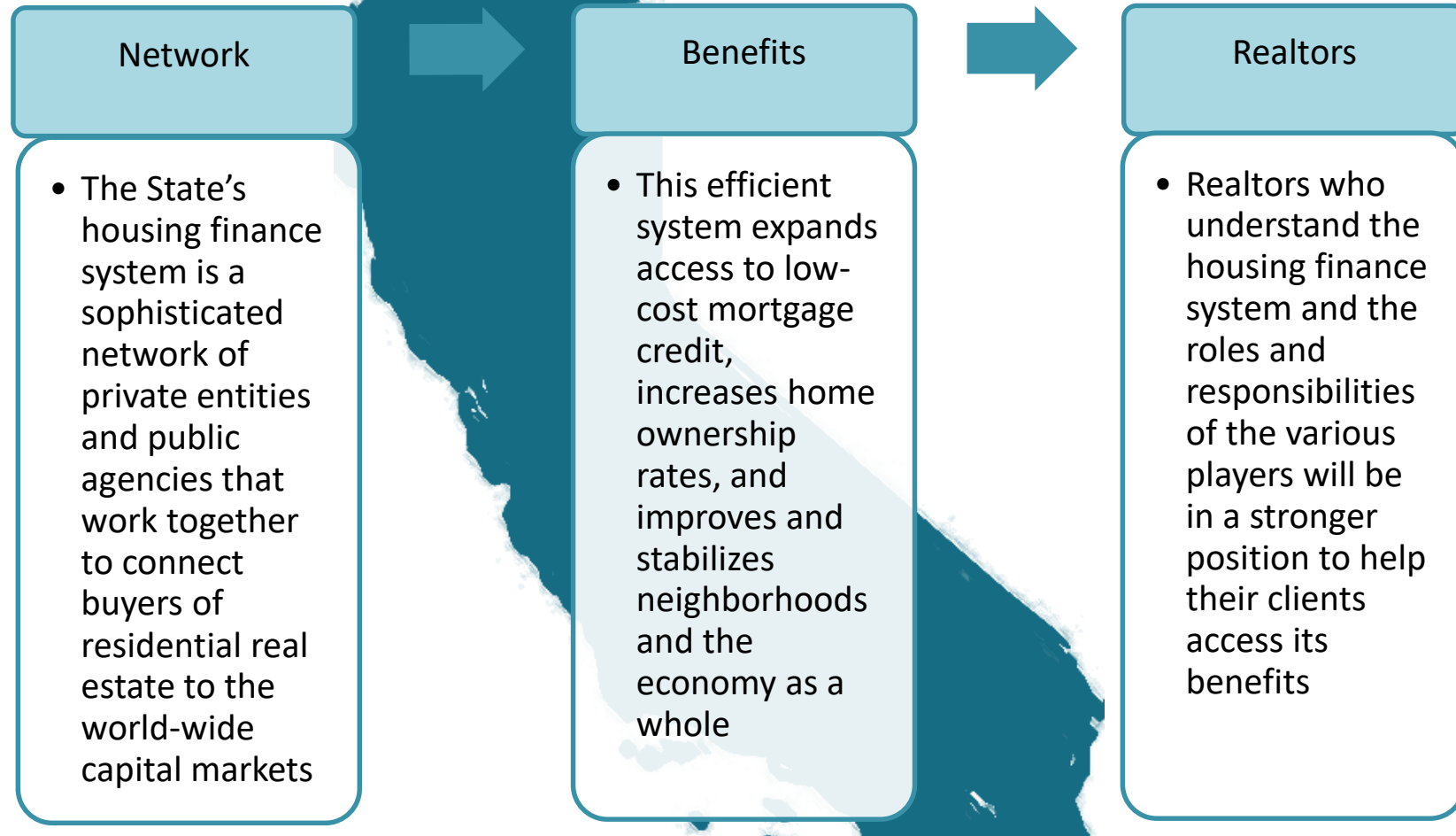
The Big Picture of California Housing Finance – in this segment you will learn:

- How and why the housing finance system works
- The difference between loan originators and the companies they work for
- The role of the secondary market and housing finance agencies

California's Housing Finance System



Realtors are often the first contact for questions related to mortgage finance



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



Credit and Budget Planning

HUD COUNSELORS PROVIDE.....

EDUCATION AND COUNSELING SERVICES

- Financial Literacy
- Homebuyer Education
- Affordable Lending Services
- Financial Counseling & Education
 - Pre and Post Purchase
- Credit Counseling & Recovery
- Homeowner Education
- Landlord Education
- Default Intervention Counseling
- Foreclosure Prevention Counseling
- Generational Wealth Building
- Deliver Mortgage-Ready Clients to Lenders and Realtors
- Debt-to-Income Ratio Evaluation
- Down Payments & Closing Costs
- Income and Expenses
- Serves Low-to-Moderate Income Buyers
- First Time Homebuyer *Education & 1:1 Counseling*
- Rental Assistance
- Property Rehabilitation
- Down Payment Assistance Resources

CreditSmart®

Freddie Mac's online homeownership course that meets the Home Possible® Mortgages education requirement.

It's free, easy and an effective education tool.



<http://www.freddiemac.com/creditsmart/>



Lender Insights

STEPS Towards Homeownership CALIFORNIA ASSOCIATION of REALTORS®



Yong Choi

Regional Director –
Southern California



MOVEMENTMORTGAGE

NMLS #39179


STEPS Towards Homeownership CALIFORNIA ASSOCIATION of REALTORS®



Abel Fregoso jr.

Loan Originator

Homebridge Financial

The Homebridge logo features a blue house icon with a white Wi-Fi symbol inside, followed by the word "homebridge" in a bold, lowercase, sans-serif font.

NMLS #1567894

STEPS Towards Homeownership CALIFORNIA ASSOCIATION of REALTORS®



Skip Schenker
Regional Renovation Sales
Manager



NMLS #263954

BE A MORTGAGE PLANNER FOR 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.

BE A MORTGAGE PLANNER FOR 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 effect 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"

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

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

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.



Down Payment Assistance

Freddie Mac provides HFAs with a source of liquidity and supports their service to low and moderate income borrowers.

- Launched **HFA Advantage Mortgage**, our enhanced product for housing finance agencies, which includes:
 - 97% LTV and 105% TLTV (1-unit)
 - HFA income limits in lieu of Home Possible Area Median Income limits
 - HFA determines homebuyer education requirements
 - Credit enhancement options including charter-level mortgage insurance coverage
- **Engage with master servicers** who have relationships with smaller state and local HFAs
- Contact your state or local HFA for program details

- Ideal for borrowers with limited funds for down payment and closing costs, and those needing extra flexibilities on credit and income sources.
- Reach more potential homeowners through HFA programs that:
 - Provide low down payment options
 - Offer preferential pricing
- Majority of HFAs provide “true grant” funds or affordable secondary financing as part of their down payment assistance programs.
- An alternative to FHA financing



DPA Resource

How to Find Affordable (DPA) Lending Programs in Your Area

CAR Down Payment Resource Directory

[Http://FindDownPayment.car.org](http://FindDownPayment.car.org)

FEEDBACK

CALIFORNIA ASSOCIATION OF REALTORS®

TRANSACTION CENTER ▾ LEARN & THRIVE ▾ INDUSTRY 360° ▾ YOUR C.A.R. ▾

🛒 SIGN IN 🔍 SEARCH

Down Payment Resource Directory

HOME > MARKETING TOOLS > FOR YOUR CLIENTS > DOWN PAYMENT RESOURCE DIRECTORY

[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)

Matched Programs

View Programs

Featured Stories

The #1 Reason Agents Struggle has nothing to do with how good they are at the technical parts of the business. It has nothing to do >> [more](#)

Agent Builds a Multi-Million Dollar Real Estate Legacy in 4 Short Years "The common denominator of the most successful agents >> [more](#)

13 Women Who Made it Big in Real Estate - Some of these women were struggling, some were doing well but burnt out, several >> [more](#)

A Little Mistake that Cost this Real Estate Agent \$767,463.38 in GCI (and almost his family) – While Rudy worked hard to succeed >> [more](#)

Agent Leaps Business from Zero to \$1 Million GCI in 2-1/2 Years - "I had no training but discovered early that the way to succeed >> [more](#)

Stay-at-Home Mom Turned Realtor

STEPS Towards Homeownership Southland Regional Association of REALTORS®



Carolyn Sunseri
Director of Marketing
Golden State Finance
Authority (GSFA)

GSFA Platinum® Program

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First Mortgage Loans combined with Down Payment Assistance (DPA) Options

- Available throughout California
- No first-time homebuyer requirement
- FHA, VA, USDA and Conventional First Mortgages Available
- DPA available up to 5% of loan amount
- Low-to-moderate income limits (examples below)

Ventura County = \$192,000	Orange = \$185,400
Los Angeles = \$138,600	San Diego = \$163,600
Riverside = \$163,600	Kern = \$124,000
Solano = \$167,400	Sacramento = \$160,200

Category	GSFA Platinum FHA 96.5% LTV (4% DPA) ¹	GSFA Platinum Freddie Mac HFA Advantage 97% LTV (5% DPA) ¹
First Loan Interest Rate	6.000%	6.375%
Purchase Price	\$300,000	\$300,000
Down Payment Required	3.50% (\$10,500)	3.00% (\$9,000)
Base First Loan	\$289,500	\$291,000
Total First Loan	\$294,567 ²	\$291,000
GSFA Platinum DPA	\$11,783 (4%)	\$14,550 (5%)
Monthly P & I (First Loan)	\$1,767	\$1,816
Monthly MI	\$209 (0.85%)	\$117 (0.48%) ³
Monthly P & I (DPA)	\$0	\$0
Total Monthly Payment	\$1,976	\$1,933
Borrower Out-of-Pocket for Down Payment	\$0	\$0
Remaining DPA Funds for Closing Costs	\$1,283	\$5,550

DPA is Forgivable

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DPA comes in 2 forms, depending on type of First Mortgage and occupation of borrower.



DPA as a Gift

FHA EEM Mortgage Loan

USDA Guaranteed Home Loan

Public Safety Occupations

- Law enforcement
- Fire Fighters and fire support staff
- Paramedics and Emergency Medical Technicians
- Teachers, school administration and staff

DPA as 0% Second Mortgage, forgiven after 3 years

All other FHA, VA and Conventional
Mortgage Loans

First Mortgage Guidelines

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- Primary Residences Only
- Eligible Mortgages (30-Year Fixed Rate)
 - FHA, VA, and USDA
 - *Purchase*
 - Conventional Freddie Mac HFA Advantage
 - *Purchase or refinance*
- Loan Limits \$484,350
- Min FICO = 640
- Max DTI = 45%
- No additional compliance review from GSFA
 - Won't slow down escrow
- Hundreds of Participating Lenders throughout CA
- Low MI requirement for Conventional Freddie Mac HFA Advantage Loan

LTV	Standard Coverage	Charter Coverage
95.01 – 97.00%	35%	18%
90.01 – 95.00%	30%	16%
85.01 – 90.00%	25%	12%
80.01 – 85.00%	12%	6%

DPA – Structure and Terms

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- DPA Amount
(Based on Total First Loan)
 - FHA/VA: Up to 4%
 - Freddie Mac: Up to 5%
- Use of DPA Funds
 - Down Payment and/or Closing Costs
- DPA Gift for Platinum “Select” transactions
- DPA Second Mortgage Loan for all other transactions
 - 0% Interest Rate Second Loan
 - *Non-amortizing; No payments*
 - *Forgiven after 3 years (1/36 forgiven each month borrower retains financing)*
 - No Subordination Allowed

Additional Financial Assistance

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- **GSFA Platinum – Paid MI Options**
 - GSFA pays MI on behalf of Borrower
 - Coupled with DPA up to 2.5%
- **GSFA Affordable Subsidy**
 - Additional Subsidy on Freddie Mac Conventional Loans
 - Up to \$2,500 for Borrowers < 80% AMI
- **GSFA MCC Program –**
 - 20% Tax Credit for First-time Homebuyers
 - Borrowers < 120% AMI



Expectations AND timeline

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

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

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

GSFA Platinum[®] Rates

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Rates quoted as of 2/21/19



National Homebuyers Fund, Inc.

GSFA Platinum Program

The GSFA Platinum program is currently online.

Current Rates:

Ginnie Mae FHA Rates (FICO 660+)

- 4.250% Rate / FHA - No DPA
- 5.500% Rate / FHA - 3% DPA
- 6.000% Rate / FHA - 4% DPA

Ginnie Mae FHA Rates (FICO 640-659)

- 5.500% Rate / FHA - 2.5% DPA
- 6.000% Rate / FHA - 3.5% DPA

Ginnie Mae VA, USDA Rates (FICO 640+)

- 4.500% Rate / VA - No DPA
- 5.500% Rate / VA - 3% DPA
- 6.000% Rate / VA - 4% DPA

Freddie Mac HFA Rates (Purchase / Refinance)

- 5.375% Rate / 3.00% DPA
- 5.875% Rate / 4.00% DPA
- 6.375% Rate / 5.00% DPA

Freddie Mac HFA Rates (with GSFA Paid MI)

- 5.500% Rate / \$1,000 DPA
- 6.375% Rate / 2.50% DPA

GSFA Guidelines or Best Practices

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- Use www.FindDownPayment.car.org or go directly to www.GSFAhome.org to find available DPA Programs
- Link with GSFA Approved Lender is key
 - Only GSFA Participating Lenders can process GSFA Platinum loans
 - Lender helps determine main 3 qualifiers: Income, DTI, FICO
 - Lender helps determine best DPA option for homebuyer or stacking with other programs
- If client is not currently working with a GSFA Participating Lender?
 - Approval and Training of Lender could delay process
 - Best to refer to a current GSFA Approved Lender

Everything You the REALTOR® Need to Know

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- GSFA DPA Program DOES NOT slow nor complicate escrow
 - No additional compliance review from GSFA
 - Lender can close loan on their timeline
 - Important to communicate to seller or other's concerned about this
 - Normal issues like repairs or expenditures that may come up will not delay anything.
- Specific documentation needed for GSFA DPA Program?
 - Very little (outside normal loan documentation required by Lender)
 - Proof of occupation documentation
 - *Only applies to Law enforcement, Firefighter and fire support staff, Paramedic, Emergency medical technicians, Teachers and School administration and staff*
 - *Necessary so homebuyer qualifies for a DPA Gift versus a 0% Second Loan*

Realtor / Lender Support

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■ GSFA Client Relations

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

■ GSFA Website

- www.gsfahome.org
- 24/7 Online Resource Center
- Look up Participating Lenders (200+)
- Marketing Literature
- Training Webinars

The screenshot displays the Golden State Finance Authority website. At the top, the logo and navigation links for "Lender/Realtor Resources", "Housing Programs", and "About Us" are visible. Below the navigation is a "Lender & Realtor Resource Library" section with three categories: "Lender & Realtor Resource Library" (Maximize lending options by offering GSFA programs), "Housing Programs" (Explore program advantages, guidelines and more), and "Energy Efficiency Financing" (Promote financing options for home energy upgrades). The main content area is divided into "Recent News" and "Recent Posts". The "Recent News" section features a post from September 19, 2018, titled "GSFA Partners with USDA on Cash Back Program for Homebuyers", which mentions Craig Ferguson, GSFA Deputy Director, and Kim Dolbow Vann, U.S. Department of Agriculture (USDA) Rural Development California State Director. The "Recent Posts" section includes three posts: "September 19, 2018 08:02 a.m." (GSFA Press Release), "September 18, 2018 12:18 p.m." (GSFA Bulletin #18-18), and "September 13, 2018 11:25 a.m." (GSFA is pleased to announce another enhancement to the GSFA Platinum homebuyer assistance program). A "PROMOTIONAL OFFER" banner for "\$350 OFF MCC Application Fee" is also present, along with a "GSFA MCC Program* Promotional Offer" section. The "About Us" section at the bottom provides background information on GSFA as a local housing finance authority established in 1993.



Lender Insights to Utilizing DPA with Loan Programs

Realtor Resource: A down payment worksheet

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

Amount	Acceptable Down Payment Sources	When Available
\$	Buyer funds in 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

1st Mortgage Products and Affordable Housing Programs

- ❑ There are 1st mortgage products that address specific underserved market segments
- ❑ There many types of affordable housing assistance that can be used along with an affordable 1st mortgage or a standard 1st mortgage

Affordable First Mortgage Products

Taxable / Tax-Exempt Bond (MRB)

HFA-Sponsored TBA Programs

Rural Housing (USDA)

FHA 203(b) / 203(k)

Lender sponsored 1% Down Payment Product

* Funding source is first mortgage financing

Community Reinvestment Act “CRA”

Deposit institutions may offer 1st mortgages with CRA subsidies, or they may fund an affordable program, such as an affordable 2nd or grant

* Funding source is the CRA regulated institution

Affordable Housing Programs

Affordable Seconds (DPA)

Gifts and Grants

Section 8 Housing Choice Vouchers

Inclusionary Zoning (resale price deed restrictions)

Employer Assisted Housing

Mortgage Credit Certificates

Matched Savings/Individual Development Account

* Funding sources are HOME, CDBG, employers, government agencies, nonprofits, bank CRA



Loan Programs/Options



Overview of Home Possible[®] and HomeOneSM Mortgages

A conventional mortgage solution with a low three percent down payment option to meet a broader segment of the first-time homebuyer market, **without geographic or income limitations.**

Qualify more first-time homebuyers by easing the challenges around available savings for down payment and closing costs.

- New, complimentary product provides a solution to capture growing borrower segment
- More flexibility for maximum financing
- Simple and seamless with Freddie Mac's Loan Advisor Suite[®]
- Addresses a portion of borrower situations that may no longer be served by the Home Possible[®] affordable product

What you need to know...



At least one
borrower must be
a first-time
homebuyer
(purchase transactions)



1-unit primary
residence, excluding
manufactured homes



All borrowers
must occupy as
their primary
residence



Fixed rate
only

Overview of Home Possible[®] Mortgages



	Home Possible [®]
LTV ratio	1-unit: 97% LTV / 105% TLTV (with Affordable Second [®]) / 97% HTLTV 2-4 unit: 95% LTV / TLVT / HTLTV (Manufactured Homes, refer to Seller/Service Guide)
Refinance	Purchase/No Cash-out Refinance
Property types	1- to 4-unit primary, owner-occupied residence (Detached/Attached, PUDs, Condominiums)
Primary residence	All borrowers must occupy the mortgaged premises as their primary residence
Loan type	Fixed Rate
	5/1 or 5/5 ARMs if secured by 1- to 2-unit property, other than a Manufactured Home 7/1 or 10/1 ARMs if secured by a 1- to 2-unit property
Temporary subsidy buydown	1-to 2-unit primary residence only

Introducing One Simple Home Possible Mortgage

What's Changing –

- **Allowing non-occupying borrowers on 1-unit properties**

- LTV / TLTV / HTLTV ratio is $<$ or $=$ to 95% for Loan Product Advisor mortgages OR is $<$ or $=$ to 90% for Manually Underwritten mortgages
- DTI ratio is $<$ or $=$ to 43% based on occupying Borrowers income for Manually Underwritten mortgages
- A TLTV ratio of $<$ or $=$ 105% is permitted for mortgages with Affordable Seconds

- **Permitting ownership of one additional property**

- Without restriction

- **Adding Super Conforming mortgages**

- Must be submitted through LPA and receive an Accept risk class
- LTV / TLTV / HTLTV ratio $<$ or $=$ to 95%
- TLTV ratio $<$ or $=$ to 105% is allowed for mortgages with Affordable Second



**New flexibilities
available as of
October 29,
2018**

Introducing One Simple Home Possible Mortgage

What's Changing –

- **Secondary financing**
 - Permitting standard secondary financing for a mortgage with TLTV / HTLTV ratio of $<$ or $=$ 97%
 - If TLTV ratio is $>$ than 97%, the secondary financing must be an Affordable Second
- **Reducing rental income documentation**
 - Receipt of regular payments of rental income for at least 9 of the past 12 months required
- **Increasing DTI for manually underwritten mortgages**
 - Maximum debt payment to income ratio of 45%
- **5/5, 5/1, 7/1, 10/1 ARMS for 3- to 4-unit properties**
 - Permitted with LTV / TLTV / HTLTV ratios $<$ or $=$ to 75%



**New flexibilities
available as of
October 29,
2018**

Why Choose Home Possible over FHA?

Home Possible

FHA



MI Ends when LTV < 80%

OR

MI stays for the life of the loan



Conventional MI: monthly premium

OR

FHA: Upfront AND monthly premiums



MI only required if the LTV is 80% or higher

OR

MI required regardless of the LTV



No upfront MIP

OR

Upfront MIP added to principal AND amortized



WHAT THIS MEANS: With more funds applied toward the principal upfront, a Home Possible mortgage with PMI lets the borrower build equity faster.

Mortgage Insurance (MI)

STEP 2 Mortgage Loan Fundamentals

How to help your clients get to close – in this segment, you will learn:

- In this segment you will learn about the different types of home loans
- Basic lending underwriting concepts
- Why mortgage insurance may be the best thing for your client
- How to describe the appraisal process to your clients
- What to expect when your client is burdened with student debt
- How to help your clients through the closing process

Pre-Qualification vs. Pre-Approval

▶ Pre-Qualification

- ▶ Not a promise to lend – it is typically based solely on the information you give the lender. It gives the buyer an idea of what they might qualify for.
- ▶ Lender may evaluate your credit and possibly income documentation such as paystubs, W2s, Tax Returns and issues letter stating the borrower qualifies.
- ▶ Information might be old and not up to date. Credit balances might have changed and income might be different.

▶ Pre-Approval

- ▶ Utilize an Automated Underwriting System (AUS) like Loan Prospector (LP) or now Loan Product Advisor (LPA)
 - ▶ (either Approved, Caution) Eligible or Ineligible
 - ▶ Multi-Layered Risk, effects approvals, (especially in changing credit markets)
- ▶ “With a Good Lender” also have an Underwriter then Review Income, Asset and Credit Documents before issuing a loan approval; that is then contingent only on those findings, and key property information (Valid Appraisal & Prelim).
- ▶ Pre-Approval with RENO Loans, require the additional funds needed for the Improvements, in the Qualification Amount.
- ▶ THIS IS SUBJECT TO NOTHING CHANGING DURING THE PROCESS!!!!!!

Pre-Qualification vs. Pre-Approval (cont'd)

- ▶ Ways Pre-Approved clients may compete with “cash buyers” in a competitive market!
 - ▶ Many Cash buyers typically are bargain hunters and thus low ball offers.
 - ▶ Pre-Approved clients can close escrow quicker than most other loan transactions, as most of the legwork has been completed in advance.
 - ▶ Again, only items missing are valid appraisal, preliminary title report, clearly identified required additional items and escrow instructions.
 - ▶ Addressing the seller’s time concerns – Buyers with financing should make their contingency periods as short as possible to compete with cash offers.
 - ▶ Give the seller what they want – Try to accommodate the seller (limit on how much you will ask sellers to fix, title, escrow, possession date, closing date, inclusions such as fixtures).
 - ▶ This may include Competing with Distressed Properties, in Closing AS-IS with RENO Loan Approval in-hand.
 - ▶ Personalize your offer – Yes it’s cheesy but it can work! Write a heart-felt letter to seller as they might have an emotional attachment to the property especially if they have lived at the property for an extended period of time and if the seller knows that the property is going to a great family, that could seal the deal!

1. Do you have income source that can be documented with current pay check, bank statements, W2 and tax returns?
2. Have you been on your current job for at least 2 years?
3. Do you have access to down payment money from sources that can be verified and documented?
4. Do you have at least two or three open credit accounts in good standing?
5. Are you a US citizen, permanent resident or do you have a current work authorization card?
6. Has it been at least two years since you discharged debts in bankruptcy or three years since a home you owned was foreclosed?

If the response to these six questions are “yes”, send your buyer to your lender partner for pre-approval.

If the answer is “no”, send them a trusted housing credit counselor partner and stay in touch with them as they resolve their issues.

Loan approval and closing steps

Pre-contract stages and contract stages



- Prequalification- Lender provides an estimate of buying power based on unverified information
- Pre-approval – income, assets and credit documents have been reviewed, file scored by AUS and if needed underwriter
- Conditional approval- underwriter has approved the file with conditions to be satisfied prior to closing
- Clear to close- underwriter has signed-off on all closing conditions prior to release of loan docs.
- Funding conditions-borrower's credit, income and assets are updated and reviewed prior to funding
- Loan closes!!

Help your buyer stay mortgage-ready through the entire process!!

Qualified Mortgage Programs

- ▶ Conventional – Freddie Mac Home Possible & Home One - 3% down
- ▶ FHA – 3.5% down
- ▶ VA – 0% down
- ▶ CalHFA – available on Conventional, FHA, & VA (possibly 0% down based on income limitations & sales price limitations)
- ▶ Renovation (RENO) Loans from FHA, Fannie Mae, and VA
- ▶ Golden State Finance Authority – available on Conventional, FHA, & VA with 4% or 5% Down Payment Assistance (DPA).
- ▶ W2 & 1099 Borrowers Possible
- ▶ High Balance & Jumbo Loans

Freddie Mac Home Possible

Home Possible: 97% LTV / 105% TLTV

- ▶ **LTV:** Maximum LTV of 97 percent; TLTV up to 105 percent permitted with an affordable second.
- ▶ **Property Options:** 1-4 units, condos and planned-unit developments; manufactured homes are eligible with certain restrictions.
- ▶ **Flexible Sources of Down Payments:** Down Payment can come from a variety of sources, including family, employer-assistance programs and secondary financing.
- ▶ **Cancellable Mortgage Insurance:** Mortgage insurance (MI) can be cancelled after loan balance drops below 80 percent of the home's appraised value.
- ▶ **Mortgage Flexibility:** 15- to 30-year fixed-rate mortgages, 5/1, 5/5, 7/1 and 10/1 ARMs.
- ▶ **Refinance Options:** No cash-out refinancing option is available for borrowers who occupy the property.
- ▶ **Income Flexibility:** Borrowers with incomes above AMI may be eligible in high-cost areas. No income limits in underserved areas. To see the Income Limits for specific properties, use the [Home Possible Income & Property Eligibility Tool](#).
- ▶ **No Credit Score Necessary:** Borrowers without credit scores are eligible for mortgages with down payments as low as five percent.
- ▶ **Non-Occupant Borrower:** allowed on 1-unit properties.
- ▶ **Ownership of Additional Properties:** Allowed without restriction.

FHA

- ▶ Minimum 3.5% down
- ▶ FICO score as low as 580 (overlays may exist)
- ▶ Debt to Income Ratio: Front End can go as high as 46.99% and Back End can go as high as 56.99%
- ▶ Down Payment & Closing Costs can be 100% gift from immediate family member (and from acceptable sources (non-profit, governmental entities, employer programs, etc.))
- ▶ However, they will have Upfront and On-Going MMIP, (non-cancelable)
- ▶ 203k RENO falls into these same initial qualifications
- ▶ Loan Limits:
 - ▶ <https://www.hud.gov/sites/dfiles/OCHCO/documents/18-11hsgml.pdf>

VA

- ▶ Eligible only if you currently serve or have served in the military and have honorable discharge.
- ▶ No co-signers – only spouses or another military veteran
- ▶ Primary residences only
- ▶ 0% down
- ▶ VAFF – VA Funding Fee – No Monthly Mortgage Insurance (MI)
- ▶ FICO down to 580
- ▶ DTI as high as 55%, but VA residual income must be met
- ▶ Residual Income needs to be met (talk with a Loan Officer later)

STEP **3** First Time Home Buyer Resources

How to help widen the pool of buyers – in this segment, you will learn:

- About the programs offered by government agencies, nonprofits and employers
- About partnerships that may provide support for you and your client
- What to expect with down payment assistance and how to ensure your offer is correct

Realtor Resource: Tips for boosting buying power



Pay-down consumer debt*

Add a co-buyer with qualifying income and credit

Determine if family gift funds are available

Include income from a Mortgage Credit Certificate

Check CAR.org for available Down Payment Resources**

Consider using a non-occupant co-signor (possible on FHA loans)

** Debt reduction is a powerful way to increase buying power. Here's a rough rule of thumb: for every \$100 of monthly consumer debt payments eliminated, home buying power increases by \$10,000*



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

Low Down Payment Loans

- ▶ California Housing Finance Agency (CalHFA)
- ▶ Features at a Glance:
 - ▶ Min Credit Score 640 for FHA/VA/Conventional Programs
 - ▶ FHA EEM + Grant (Grant can be up to 4% of 1st mortgage loan amount – grant forgiven after 3 years of owner occupancy)
 - ▶ 45% Max DTI – all programs
 - ▶ Income Limitations by County
 - ▶ Owner Occupied 1 unit properties only
 - ▶ Homebuyer Education required for 1st Time Homebuyers
 - ▶ Loan officer must be certified to do these program with CalHFA
 - ▶ Non-Occupying Co-Signer(s) may no longer be allowed, (Letter Pending)

Low Down Payment Loans (Cont'd) – CalHFA

<https://www.calhfa.ca.gov/apps/rates/> As of 2/22/19

Conventional

<u>CalHFA Conventional</u>	4.750%
<u>CalPLUS Conventional with ZIP 3% Zero Interest Program (ZIP) *</u>	5.750%
<u>CalPLUS Conventional with ZIP 4% Zero Interest Program (ZIP) *</u>	6.000%

Government Insured Programs

<u>CalHFA FHA</u>	4.000%
<u>CalPLUS FHA with ZIP 3% Zero Interest Program (ZIP) *</u>	5.250%
<u>CalPLUS FHA with ZIP 4% Zero Interest Program (ZIP) *</u>	6.250%
<u>CalHFA VA</u>	4.000%
<u>Cal-EEM + Grant</u>	3.625%

CalHFA Subordinate Loan Programs


<u>MyHome Assistance Program</u>	2.500%
<u>School Teacher and Employee Assistance Program</u>	2.500%

Low Down Payment Loans (Cont'd) (GFSA)

- ▶ Golden State Finance Authority (GFSA)
- ▶ Features at a Glance:
 - ▶ DPA (down payment assistance) in the form of a 2nd Loan, with no interest and forgiven after 3 years.
 - ▶ No 1st time homebuyer requirement.
 - ▶ Minimum FICO 640 / Maximum DTI 50%
 - ▶ Generous Income Limits by County / higher than you might expect.
 - ▶ FHA/VA/USDA/Conventional Mortgage Loans available
 - ▶ Purchase of only primary residences

Low Down Payment Loans (GSFA) (Cont'd)

← → ↻ 🏠 https://nhfresportal.nhfloan.org/pub/USB_GSFA.aspx



National Homebuyers Fund, Inc.

GSFA Platinum Program

The GSFA Platinum program is currently online.

Current Rates:

Ginnie Mae FHA Rates (FICO 660+)

- 4.250% Rate / FHA - No DPA
- 5.500% Rate / FHA - 3% DPA
- 6.000% Rate / FHA - 4% DPA

Ginnie Mae FHA Rates (FICO 640-659)

- 5.500% Rate / FHA - 2.5% DPA
- 6.000% Rate / FHA - 3.5% DPA

Ginnie Mae VA, USDA Rates (FICO 640+)

- 4.500% Rate / VA - No DPA
- 5.500% Rate / VA - 3% DPA
- 6.000% Rate / VA - 4% DPA

Freddie Mac HFA Rates (Purchase / Refinance)

- 5.375% Rate / 3.00% DPA
- 5.875% Rate / 4.00% DPA
- 6.375% Rate / 5.00% DPA

Freddie Mac HFA Rates (with GSFA Paid MI)

- 5.500% Rate / \$1,000 DPA
- 6.375% Rate / 2.50% DPA

Non-Qualified Mortgage Programs

- ▶ For self-employed borrowers:
- ▶ Tax Return Issues:
 - ▶ Timing of Filing, Write-Offs, Income Inconsistencies (banner, up/down, etc.)
- ▶ Available Programs:
 - ▶ 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)
- ▶ Credit Event Loans – Recent Foreclosure, BK, Credit Derogatory, etc.

Private Money

- ▶ Seller Carry-Backs
- ▶ Hard Money Lenders
- ▶ UNISON – Equity Sharing



Escrow Expectations and Timing

What TRID means for Real Estate Agents

- ▶ 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 and what Realtors should know

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

Loan Estimate

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

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

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

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

Estimated Taxes, Insurance & Assessments
 Amount can increase over time
 \$206 a month
 This estimate includes
 Property Taxes
 Homeowner's Insurance
 Other:
 In escrow?
 YES
 YES
See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.

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

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

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 redisclosures 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/owni

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

Closing Information
 Date Issued 4/15/2013
 Closing Date 4/15/2013
 Disbursement Date 4/15/2013
 Settlement Agent Epsilon Title Co.
 File # 12-3456
 Property 456 Somewhere Ave
 Anytown, ST 12345
 Sale Price \$180,000

Transaction Information
 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 Information
 Loan Term 30 years
 Purpose Purchase
 Product Fixed Rate
 Loan Type Conventional FHA VA
 Loan ID # 123456789
 MIC # 000654321

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

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

Estimated Taxes, Insurance & Assessments
 Amount can increase over time
 See page 4 for details
 \$356.13 a month
 This estimate includes
 Property Taxes
 Homeowner's Insurance
 Other: Homeowner's Association Dues
 In escrow?
 YES
 YES
 NO
See Escrow Account on page 4 for details. You must pay for other property costs separately.

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

Getting to the LE – “Triggering TRID”

- ▶ What is constitutes a valid loan application:
 - Name
 - Income
 - Social Security Number
 - Property Address
 - Estimated Value of Property
 - Mortgage Loan Amount sought
- ▶ Once these 6 pieces of information are submitted, Lender *MUST* supply a Loan Estimate (LE) within 3 business days.

What Makes Up The Loan Estimate (LE)

- ▶ The Loan Estimate (LE)
- ▶ LE explains the loan's features such as:
 - ▶ estimated interest rate, monthly payment, and total closing costs for the loan.
 - ▶ LE also gives you information about the estimated costs of taxes and insurance and how the interest rate and payments may change in the future.
 - ▶ In addition, if the loan has special features such as prepayment penalty or increases to the mortgage loan balances (negative amortization) making it possibly Non-QM.
- ▶ LE is a 3 page form given to borrower within 3 business days of receiving loan application.

Getting to the CD - TRID (cont'd)

- ▶ Closing Disclosure (CD) must be given to borrower at least 3 business days before loan closing.
- ▶ If lender provides the borrower with CD and the loan terms in the CD are significantly different from those detailed in the LE (loan estimate), re-disclosure will be required.
 - ▶ APR increase of more than $\frac{1}{8}$ of a percent for fixed-rate loans, or $\frac{1}{4}$ of a percent for adjustable loans. (Decrease in APR will NOT require re-disclosure if it is based on changes to the interest rate or other fees.)
 - ▶ Addition of a prepayment penalty.
 - ▶ Loan Product itself changes (i.e., from fixed rate to adjustable rate)

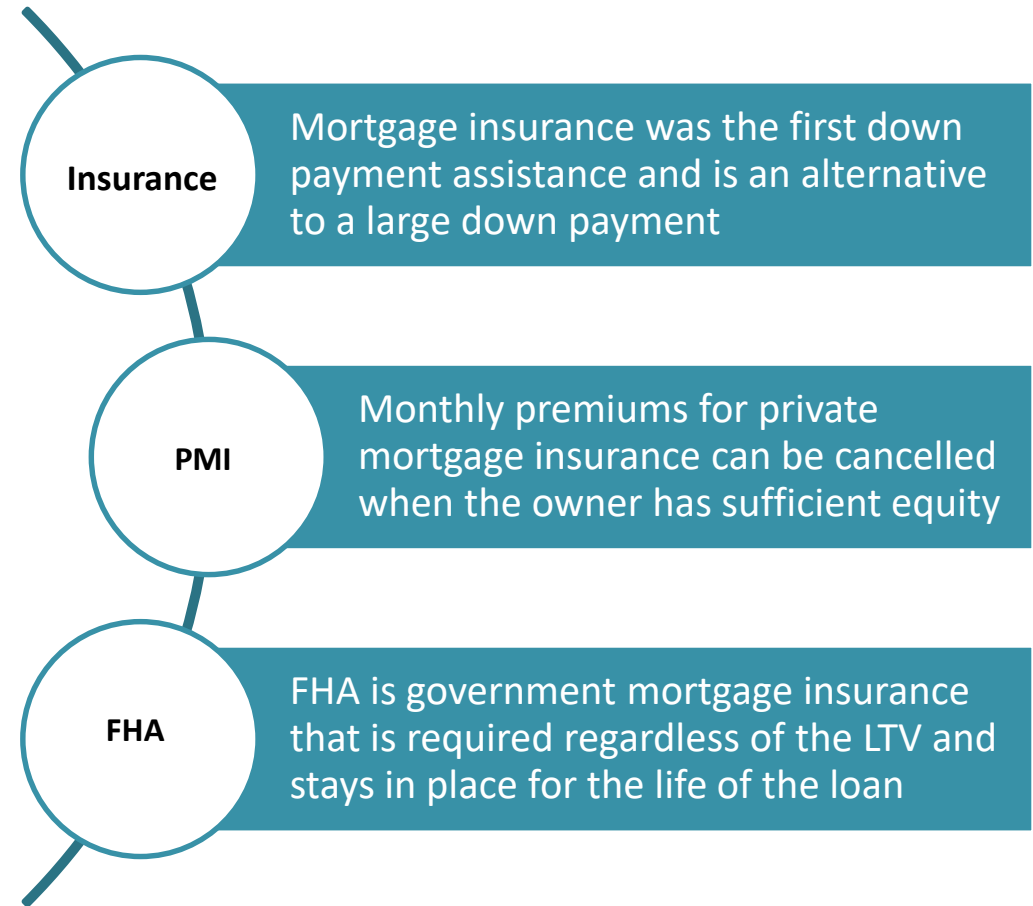
Wire Warning

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.**
 - ▶ **Lender Name Example - (Movement Mortgage / HomeBridge / loanDepot)**

Role of Mortgage Insurance

- Buyers have lots of misconceptions and confusion regarding mortgage insurance and how it benefits them
- Realtors can close more deals by helping borrowers understand the benefits of mortgage insurance.
- Private mortgage insurance (PMI) is required on conventional loans when the loan-to-value is greater than 80%
- Buyers who do not have a large down payment can still purchase a home by using mortgage insurance
- Mortgage insurance protects lenders in the event of a foreclosure where there is insufficient equity to repay the balance due the lender



Mortgage Insurance – Conventional Product (by Down Payment)

- 20%+ down payment = zero MI
 - 15% down = approximately .3% MI
 - 10% down = approximately .5% MI
 - 5% down = approximately .7% MI
-
- LPMI (lender paid mortgage insurance) eliminates monthly MI but costs about .5% higher interest rate
-
- **Remember MI is Loan Protection for the Lender, and is on a case by case basis

Mortgage Insurance w/o DPA – Risk Based Calculations

- FICO over 740 = $.0071/12 * \text{Loan Amount}$
- FICO over 680 = $.0135/12 * \text{Loan Amount}$
- FICO over 640 = $.0200/12 * \text{Loan Amount}$
- FICO over 620 = $.0233/12 * \text{Loan Amount}$

- LPMI (lender paid mortgage insurance) eliminates monthly MI but costs about .5% higher interest rate

- **Remember MI is Loan Protection for the Lender, and is on a case by case basis

Mortgage Insurance w/ DPA – Risk Based Calculations

- FICO over 800 = $.0036/12 * \text{Loan Amount}$
- FICO over 740 = $.0050/12 * \text{Loan Amount}$
- FICO over 700 = $.0076/12 * \text{Loan Amount}$
- FICO over 680 = $.0092/12 * \text{Loan Amount}$
- FICO over 640 = $.0125/12 * \text{Loan Amount}$
- FICO over 620 = $.0140/12 * \text{Loan Amount}$

- LPMI (lender paid mortgage insurance) eliminates monthly MI but costs about .5% higher interest rate

- **Remember MI is Loan Protection for the Lender, and is on a case by case basis

How Housing Assistance Helps Homebuyers



Sale price: \$480,000



Carlos & Family are first-time home buyers with median combined Family Income, interested in purchasing a new home

To qualify for a mortgage, Carlos's Family needs:

- Steady income
- Good credit
- Cash for closing costs (normally est. 2%-3%) so, \$9,600-\$14,400
- The lender requires 3% of the purchase price (**\$14,400**) as down payment.
- \$69,300 Median (LA County) Metro Area Annual Income (therefore may need 2 Incomes today)

They currently have:

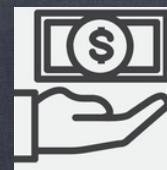
- Current Family Income ~ \$11,550 combined (2x Median Income & max for current DPA Program)
- Good credit – lower FICO of 700 (Specifics needed on Credit Score & Debt today)
- Other Debts — (Like most families, Car Payments, Credit Cards, & Some Student Debt) `900
- They may not have money saved much for a down payment.
- Cash for down payment?? **So, could be as little as -0-, to as much as \$4,800**



\$465,600 loan from lender



\$24,000 Down Payment Assistance (DPA) from non-profit (5%)



\$14,400 (3%) Down Payment



\$9,600 (2%) - \$14,400 (3%) Closing Costs



\$480,000 Home Purchased with closing costs, and only **4,800** Total Cash Needed

Two Key Home Financing Concepts



LOAN-TO-VALUE (LTV)

The relationship between the loan amount and the lesser of the contract price or the appraised value. The maximum loan-to-value for a conventional loan is 97% (3% down payment required) and if the loan exceeds 80% of the value, then private mortgage insurance is required. FHA loans allow for a 96.50% LTV (3.5% down payment required). VA and USDA loans allow 100% LTV financing (no down payment required).

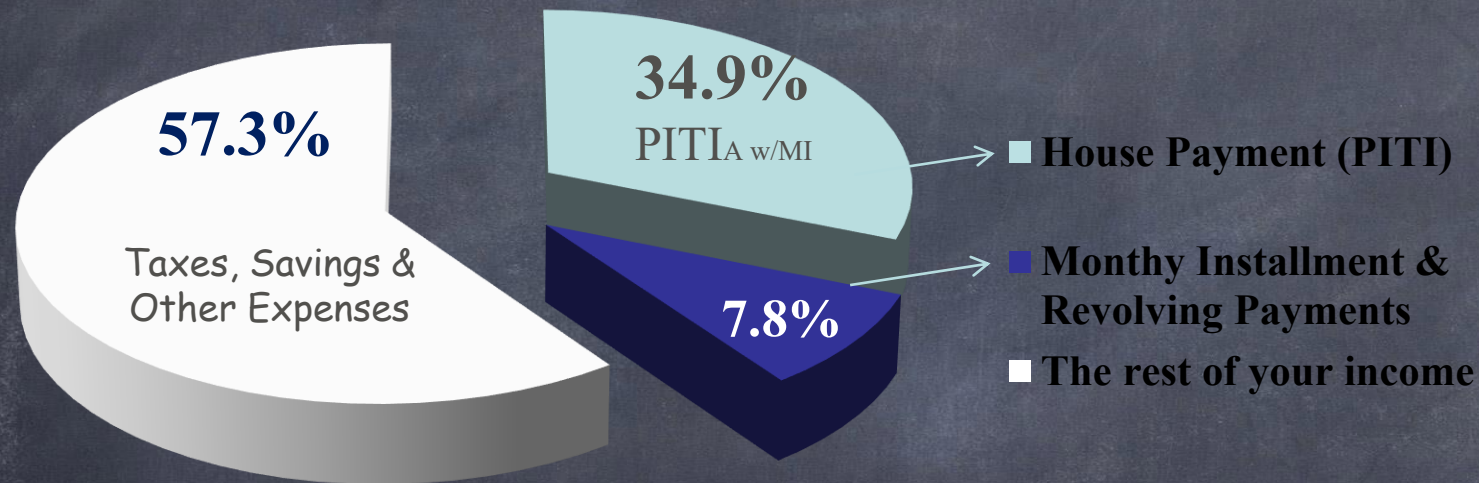
DEBT-TO-INCOME (DTI)

The front or top-end ratio is the relationship between the borrower's anticipated new housing expense including the mortgage payment, property taxes, insurance and HOA fees (if any) and gross monthly income. The total debt income ratio includes the anticipated housing expense plus non-housing debts including auto loans and lease, installment loans, student loans, credit cards, and court-ordered payments. Conventional loans allow a total DTI of up to 50% and FHA loans allow up to 55%.



KEY CONCEPTS - DEBT TO INCOME (DTI) : (pie)

Income \$ 11,550



Top (Front-End) Ratio
34.9% = \$4,035 (PITI_{A w/MI}) or House Payment
(with higher rate due to 5% forgivable DPA)
(also assumes discounted DPA MI Calculation) and \$200 in Homeowners Association fees)

Other Monthly Installment & Revolving Payments

7.8% = \$900

Includes : Car Payments, Student loans, Credit Card payments

Bottom (Back-End) Ratio

34.9% + 7.8% = 42.7%

42.7% = \$4,935

Key DTI Ratio is under 43%

KEY CONCEPTS: (narrative)

LOAN TO VALUE (LTV) & DEBT-TO-INCOME (DTI)

- Loan 465,600 vs. Purchase Price 480,000 (or APPRAISAL whichever lower) = $465,600/480,000 = .97$ or 97% LTV
- Total Debt (Including Proposed Payment) vs. Total Income
 - All Debts Showing on Credit Report and Agreements Included
 - Utilities not Included
 - Debt to Income Requirements Vary Depending on Loan Types (Total vs. Housing)
- Housing Payment (465,600 Loan, 30yr Amortization, 6.375% Interest, 1.25% Taxes, 0.35% Insurance, 200 Association Fees)
 - Housing Payment (PITIA_{w/MI}) + Other Monthly Debt divided by Monthly Gross Income.
 - Other Monthly Debts may include: credit card (min. payment), auto lease, installment loans, child support and alimony). Other Debt \$900 + Housing Payment \$4,035 (P&I 2,954 + Taxes 500 + Ins. 136 = Total Debts \$4,935 (Rate Assumes including DPA rate PMI 295)
 - Estimates for Other Taxes or Expenses (Mello Roos & HOA) may apply.
- Total Monthly Gross Income of All Borrowers on Loans (Eligible Sources) = \$11,550
- Total Debts of \$4,935 / Total Monthly Income \$11,550 = 0.4273 Rounded DTI = 42.7%

Automated Calculations Page

PAYMENTS, LOAN TO VALUE (LTV) & DEBT-TO-INCOME (DTI)

Amortization	Interest Rate	Loan Amount		
30	6.375%	465,600		
Period	Interest	Principle	Monthly Payment	Remaining Principle
1	(\$2,473.50)	(\$431.24)	(\$2,904.74)	465,169
2	(\$2,471.21)	(\$433.53)	(\$2,904.74)	464,735
3	(\$2,468.91)	(\$435.83)	(\$2,904.74)	464,299

Yes	DPA Loan
No	FHA Loan Used for MMIP & Upfront MI
700	FICO Score (Used for Risk Based Mortgage Insurance)

Special Risk based Insurance for DPA with 5% Forgiveable 2nd	
w/ DPA - FICO over 800 is .0036/12 * Loan Amount	139.68
w/ DPA - FICO over 740 is .0050/12 * Loan Amount	194.00
w/ DPA - FICO over 700 is .0076/12 * Loan Amount	294.88
w/ DPA - FICO over 680 is .0092/12* Loan Amount	356.96
w/ DPA - FICO over 640 is .0125/12 * Loan Amount	485.00
w/ DPA - FICO over 620 is .0140/12 * Loan Amount	543.20
w/DPA - Risk Based Pricing Based on FICO Score Calculation	294.88

As a \$	Contract or Property Information
480,000	Sales Price
14,400	Initial Down Payment
24,000	Grant or Gift Funds
200	Association Fees
14,400	Closing Costs
465,600	Loan Calculated or Manually Entered)
Borrower Information	
11,550	Monthly Income
4,800	Cash Borrower Has Available
3,000	Credit Card Balance
150	or Credit Card Monthly Allocation
600	Car Loans (Payments)
150	Student or Installment Loans
5.0%	Credit Card Allocation %
Loan Data	
6.375%	Interest Rate
30	Amortization Period
1.25%	Property Tax Calculation
0.35%	Property Insurance Calculation

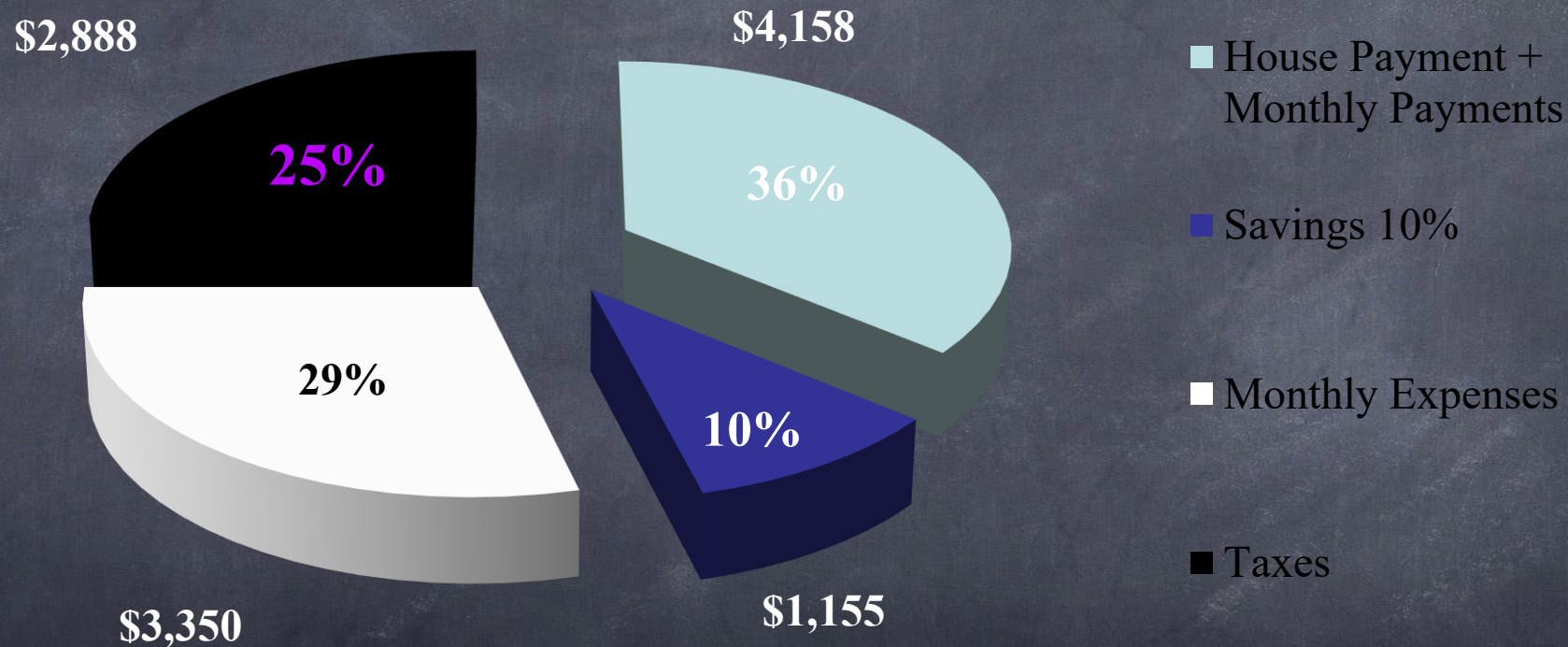
Sales Price	480,000	
Grant or Int free 2nd (0%)	24,000	5.0%
Down Payment	14,400	3.0%
1st TD Loan Amount	465,600	
Monthly PMI on Conventional Loans	yes	
Principle & Interest	2,905	
Association Fees	200	
Taxes	500	1.25%
Insurance	136	0.35%
Monthly Mortgage Insurance	295	0.76%
if FHA Upfront Mortgage Insurance (Financed)	-	
Principle, Interest & Taxes, Association, Insurance, w/MI (PITIAMI)	4,035	
Unsure of Payment, so Credit Cards Balance	3,000	5.0%
Credit Cards Balance - Payment Estimator	150	
Student Loans / Other Installment Allocations	150	
Car Loans	600	
Total Principle, Interest & Taxes, Association, Insurance & Other Installment Payments (Loans)	4,935	
Combined Monthly Income	11,550	
Front - End Ratio	34.9%	
Back - End Ratio	42.7%	
(non financed) Closing Costs Extras	14,400	
Additional Money Needed @ Closing	19,200	
Loan to Value Amount	97.0%	
Combined Loan to Value (CLTV)	102.0%	

Instructions to use Excel Sheet

EXCEL HERE

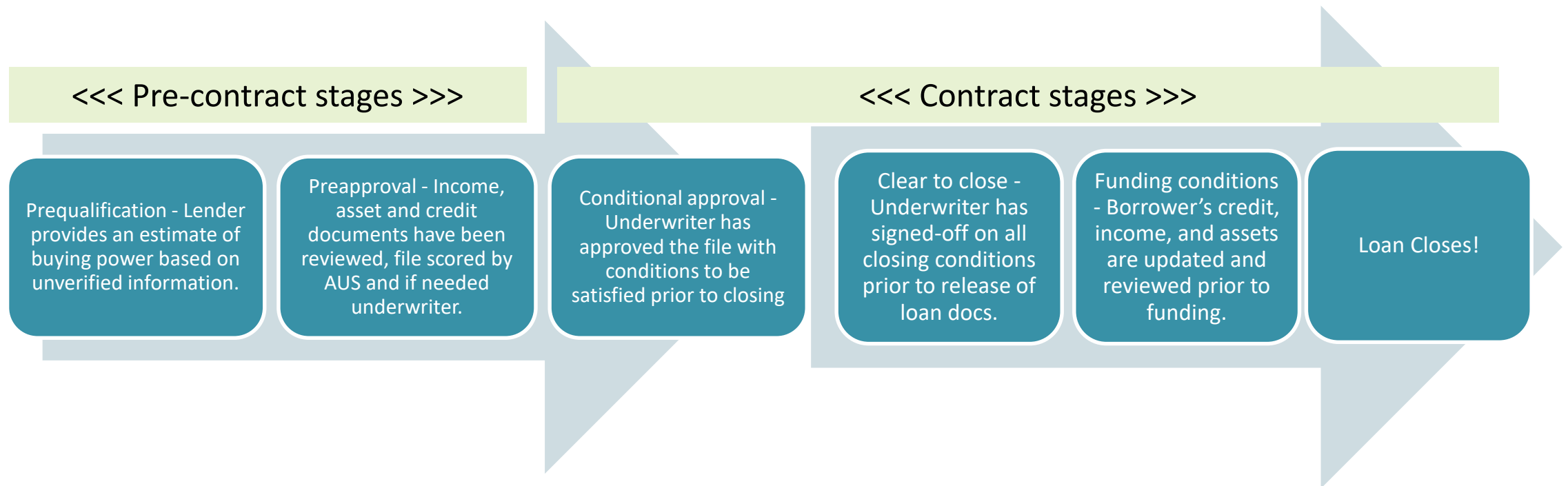
Don't forget about Taxes? Gotta Pay Uncle Sam

Income = \$11,550 / month



Most people's ratios are closer to 36 / 46
They live pay check to pay check with no to minimal savings

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!***

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



Alternative Options

STEP **4** Home Equity Options

How to help clients put their own resources to work – in this segment, you will learn:

- About four strategies that may provide home owners with investment opportunities
- About how to help your clients help their family members buy their first home

Unlocking Homeowner Equity

Realtors can grow their business by helping their clients understand the benefits of tapping their home equity to buy a second or vacation home for themselves, assist their adult children in purchasing a first home, or buying an investment property. *These strategies may have tax and legal implications for your clients and they should be advised to speak with their tax advisor before proceeding.*



Four strategies for accessing home equity

1. **Cash-Out Refinance** – refinance up to 85% of the home’s value, the net proceeds can be used for a variety of purposes
2. **Home Equity Line of Credit** – a revolving credit line that can used and repaid by the homeowner as-needed
3. **Home Equity Loan** – a fixed loan amount secured by a second deed of trust based on installment repayment terms
4. **Reverse Mortgage** – home owners aged 62 and older can extract equity from their home for a variety of purposes and repayment is deferred while they owner-occupy the home

STEP 5 Home Improvement

How to help clients buy and create their dream home – in this segment, you will learn:

- How to help your client buy a home and fund property improvements without using credit cards or other more expensive credit options
- About the FHA 203k loan

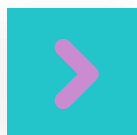
How to help your buyer get their dream home

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



Renovation Loan Products

FHA 203(k)

- **Limited FHA 203(k)** No minimum. \$35,000 limit for repair budget. Cosmetic items only. HUD Consultant not used. Primary residence, 1-4 units, mixed-use, condos (4 units per building maximum). Up to 110% LTV.
- **Standard FHA 203(k)** \$5,000 minimum. No limit on repair budget. HUD Consultant is always used. Okay to finance monthly payments. Primary residence, 1-4 units, mixed-use, condos (4 units per building maximum). Up to 110% LTV.
- **6 months to complete the work**



Renovation Loan Products

Conventional HomeStyle

- **Limited HomeStyle Renovation** Luxury items okay. Primary residence, 2nd homes, investment properties. Up to 95% LTV. Available without a HUD Consultant under \$50,000 / non-structural.
- **Standard HomeStyle Renovation** Luxury items okay. Primary residence, 2nd homes, investment properties. Up to 95% LTV. HUD Consultant utilized on projects over \$50,000 or anything structural.
- **12 months to complete the work**



Renovation Loan Products

VA Renovation

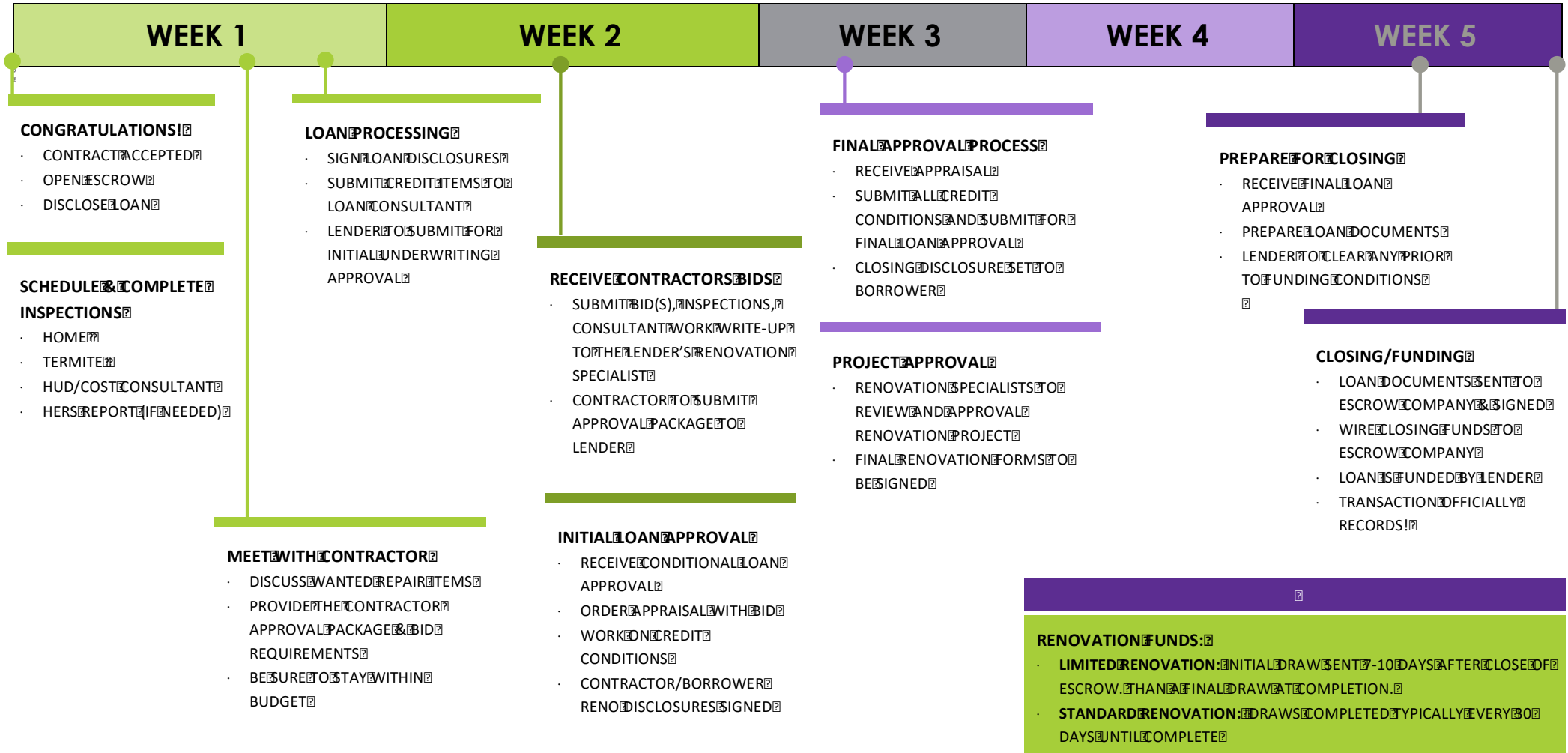
- **Limited VA Renovation** Eligible Veterans ONLY. \$35,000 limit for repair budget. Cosmetic / non-structural repairs only. 1–4 unit properties. Up to 100% LTV.
- **Standard VA Renovation** Eligible Veterans ONLY. Projects over \$35,000, structural work allowed. No limit for repair budget. 1–4 unit properties. Up to 100% LTV.
- **6 months to complete the work**

Working with an expert allows you to close in less than 45 days!



RENOVATION LOAN PROCESSING TIMELINE

Successful 35 Day Close Renovation Loan



Evolution of a typical FHA home purchase of a house 30+ years old with deferred maintenance

Sales Price \$500,000

Add 35k in Home Improvements:	\$535,000
Down Payment (3.5%):	\$ 18,725
Base Loan Amount (96.5%):	\$516,275

P&I @ 5.0%: \$2,610.43

Min. Payment on 35k Credit Card Balance is \$750

What Repairs might your Buyers do during the first 3-5 years?



Benefits of a Renovation Loan

- **Saves Money**
 - Year 3 monthly payments with \$30,000 in Credit Cards = \$3,018.26
 - Renovation loan payments including \$35,000 for remodeling = \$2,610.43
 - **Saves \$407.83/mo.** after year three.
- **Saves Time** – Home gets remodeled in 2 - 3 months. Not 3+ years!
- **Life Style** – Enjoy a newly remodeled home right away and enjoy life!
- **Less Stress** – Maintenance costs are limited for the next 10 +/- years
- **Tax Deductibility** – Interest on First loans for purchases are fully deductible



Fixer Purchase Price: \$500,000

- Renovation Budget: \$200,000
- Future Value \$800,000 (Designed the way YOU want it)
- Or purchase a home for \$800,000 remodeled the way the previous owner wanted it at the TOP of the market.
- Property Taxes are based on the Purchase Price!



Use a Renovation Loan to Purchase a Home and Build-Out an ADU?	
Construction Costs	\$200/ sq. ft.
1 bedroom unit	600 sq. ft.
Loan Amount addition	\$120,000
Primary Purchase Expense based on \$350k @ 5.0% (APR 5.24%) - Additional Mortgage Payment @ 5.0% (APR 5.24%)	\$1,994.43 \$ 644.19
Rental Income	\$1,500.00
Net Reduction of Mortgage Payment	\$ 855.81/mo. \$1,138.62 new net mortgage payment

Uses for ADU's

- Generate additional Income for the household (Rental Income)
- Create a multi-generational household for aging parents or grandparents who need help
- Care for Elderly clients who want to age in place
- Grown children who can't afford to buy a home in a neighborhood with a good school district
- Retired and looking to down-size. They can rent out the main house and move into the ADU and travel.



How to Create an Accessory Dwelling Unit “ADU” on a Single Family Residence

- Zoning Allowed on SFR / R1 lots.
- Build a separate structure in your back yard (Lot size requirement)
- Partition part of an existing home and turn it into an ADU
- Add-On to pending home – create a separate entrance
- Convert an existing garage
- Build on top of an existing garage
- Add-on to the back or side of your garage
- Build on top of an existing home
- Build a new garage with an ADU on top



STEP 6 Lender Secrets

How to help clients with special circumstances – in this segment, you will learn:

- How to break down some of the most difficult financing barriers
- About how to help clients with unique or special circumstances


Realtor Resource: A check list of serious buyer financing challenges (Red Flags)

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


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



Online Tools & Local Resources



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Down Payment Resource Directory

FEEDBACK

HOME
MARKETING TOOLS
FOR YOUR CLIENTS
DOWN PAYMENT RESOURCE DIRECTORY

SHARE

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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)

Matched Programs

View Programs

Featured Stories

The #1 Reason Agents Struggle has nothing to do with how good they are at the technical parts of the business. It has nothing to do [>> more](#)

Agent Builds a Multi-Million Dollar Real Estate Legacy in 4 Short Years "The common denominator of the most successful agents [>> more](#)

13 Women Who Made it Big in Real Estate - Some of these women were struggling, some were doing well but burnt out, several [>> more](#)

A Little Mistake that Cost this Real Estate Agent \$767,463.38 in GCI (and almost his family) – While Rudy worked hard to succeed [>> more](#)

Agent Leaps Business from Zero to \$1 Million GCI in 2-1/2 Years - "I had no training but discovered early that the way to succeed [>> more](#)

Stay-at-Home Mom Turned Realtor



Mortgage Rescue™

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The CALIFORNIA ASSOCIATION OF REALTORS® Mortgage Rescue™ is a FREE C.A.R. member benefit, providing both answers and assistance with moving your stalled real estate transactions forward. It provides you with invaluable one-on-one assistance with finding a Lender, loan qualifications, Down Payment Assistance, closing transactions, underwriting, short sales, funding, payoffs, REOs, Deeds in Lieu, and overall preparing your Clients for homeownership, for any of your mortgage related questions or issues.



Join us, try out our new **Mortgage Rescue™ Automated Virtual Assistant**. Please give it a try and give us your feedback.

Simply, click on the button below to submit an inquiry and fill out the pertinent information needed to assess your current needs, and a lender liaison will contact you within one business day.

SUBMIT INQUIRY

Helpline Information

Calls answered on a first come first serve basis at (213) 739-8383 only. You must be a C.A.R. member to use this service.

Monday - Friday

8:30 a.m. - 4:45 p.m.

C.A.R. Members Only

Phone - (213) 739-8383

Email - financehelpline@car.org

Additional Information

NOW AVAILABLE in your zipForm® library. Look for "CARFIN" under your library options for a range of Knowledge based documents as well as the Mortgage Rescue™ inquiry form.

Visit our **success stories & testimonials** page to learn more about how C.A.R.'s Mortgage Rescue™ has saved the day for our member REALTORS®.

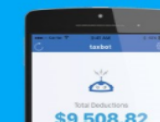
Please feel free to visit the Mortgage Rescue™'s **Relevant News & Articles, Tools You Can Use, Finance Q&As, Down Payment Assistance, Finance Webinars, and Additional Resources** page(s) for more helpful information.

A Little Mistake that Cost this Agent \$767,463.38 in GCI (and almost his family)

"My name is Rudy Kusuma, and while I've worked hard to get to my current level of success, hard work didn't always translate into the kind of life I yearned for. I may have achieved a level of financial success, but what it took from me and my family in terms of time was, quite frankly, unforgiveable.

"It was only when I decided to investigate >> [READ MORE](#)

AUTOMATIC MILEAGE EXPENSE TRACKING



\$9,508.82

Self Help

Lender Liaison

Additional Resources





How to Get Assistance from C.A.R's Mortgage Rescue fka Finance Helpline

CAR Mortgage Rescue / Finance Helpline Self Help - Artificial Intelligence Bot - <https://www.car.org/helplines/financehelpline/bot>

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Intro text...

Mortgage Rescue

fka FINANCE HELPLINE VIRTUAL ASSISTANT

Welcome to the Mortgage Rescue (fka Finance Helpline) Assistant. I can help you with information regarding Webinars, Down Payment Assistance and Loans. Which can I help you with today?

- [Webinars](#)
- [Down Payment Assistance](#)
- [Loans](#)
- [Condo FHA/VA Certification](#)
- [County Data](#)
- [Name Change](#)
- [Feedback](#)

How to Find Webinar Opportunities – Both Upcoming & Previous

Our Webinars – Both Upcoming & Previous Webinars Resource Directory

<http://www.car.org/FinWebinars> - <https://www.car.org/en/knowledge/multimedialibrary/webinars/financehelpline>

Mortgage Rescue™ Webinars

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Mortgage Rescue™ aka Finance Helpline
Appraisal 301 – Challenging Values & Hard to Comp Properties
Insights from [Name] Disanza, SRA
Wednesday, September 26th, 2018
10:00 a.m. – 11:00 a.m.
mortgage.car.org
MortgageRescue@car.org
(213) 739-8383


2018-09-26 Back to Basics Webinar Series - Appraisal 301 - Challenging Values and Hard to Comp-Out

2018-09-26 Back to Basics Webinar Series - Appraisal 301 - Challenging Values and Hard to Comp-Out - Learn to Read an Appraisal, Create Support for a Rebuttal, and determine if there are errors in the Lenders appraisal.

PLAY VIDEO

Slides

Navigation bar with thumbnails for previous webinars:
8-09-26 Back to Ba... Mortgage Rescue™ B... 2018-08-22 Mortgage ... Mortgage Rescue™ B... STEPS 1

How to Find Webinar Opportunities – Upcoming Webinars

<https://www.car.org/en/knowledge/multimedialibrary/webinars/financehelpline> or <http://car.org/FinWebinars>

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UPCOMING WEBINARS

Wednesday, January 23rd, 9:30 a.m. to 10:30 a.m. - Mortgage Rescue™ Back to Basics Webinar Series "Housing Calculations & Abbreviations - From DTI to LTV and MI In-Between"

Please join us on Wednesday, January 23rd at 9:30 a.m as we host another Mortgage Rescue™ Back to Basics Webinar Series We will be reviewing the following:

- As a REALTOR®, and Lender Liaison, I will review many of the basic calculations that we have learned in prior Webinars, for calculating:
 - Debt to Income Ratio's
 - Front-End and Back-End
 - Some Key Definitions or Terms
 - Identify Common Abbreviations Used.
 - Review what Loan To Value and Combined Loan to Value Mean and Apply in Lending Scenarios
 - Address More Details on the Risk Based (or FICO Based) Mortgage Insurance Calculations
 - and Go Into Significant Detail with Spreadsheet for Amortization Tables, and Understanding How You the REALTOR® can Easily Follow These Calculations.

We would be delighted to have you submit your questions in advance to the financehelpline@car.org. This will give us the opportunity for an interactive discussion and provide you the information you are looking to hear.

[Register Here](#)

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Date/Time ▾	Webinar Title ▾	Categories ▾	Slides ▾	Registration / Video On Demand ▾
2019-01-17	Mortgage Rescue Back to Basics - FICO® Scores and What You Need to Know for 2019	General	PDF Slides	Watch Here
2018-12-26	Revisited - Underwriting Basics- Following-up on the Best Loan Fit for Your Clients	Loans	PDF Slides	Watch Here
2018-12-12	Underwriting Basics- Following-up on the Best Loan Fit for Your Clients	Loans	PDF Slides	Watch Here
2018-11-28	Mortgage Rescue Back to Basics - Best Loan Fit 11-28-2018	Loans	PDF Slides	Watch Here
2018-11-14	Using C.A.R.'s Down Payment Assistance (DPA) & Mortgage Rescue Tools	DPA	PDF Slides	Watch Here
2018-11-08	Escrow, the Final Team Member - Closing Your Transactions Timely	Loans	PDF Slides	Watch Here
2018-10-09	Live from REImagine - Lender Panel - Everything You Need to Know to Ensure Timely Closings	Loans	PDF Slides	Watch Here
2018-09-26	Appraisal 301 - Advanced Valuation Techniques - Challenging Valuations & Hard to Comp Properties	Valuation	PDF Slides	Watch Here

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Date/Time ▾	Webinar Title ▾	Categories ▾	Slides ▾	Registration / Video On Demand ▾
2019-02-19	Mortgage Rescue Back to Basics - Tapping Our Local Down Payment Assistance (DPA) Opportunities	DPA	PDF Slides	Watch Here
2019-01-23	Mortgage Rescue Back to Basics - Housing Calculations & Abbreviations - From DTI to LTV and MI in Between	Loans	PDF Slides EXCEL Sheet	Watch Here
2019-01-17	Mortgage Rescue Back to Basics - FICO® Scores and What You Need to Know for 2019	General	PDF Slides	Watch Here
2018-12-26	Revisited - Underwriting Basics- Following-up on the Best Loan Fit for Your Clients	Loans	PDF Slides	Watch Here
2018-12-12	Underwriting Basics- Following-up on the Best Loan Fit for Your Clients	Loans	PDF Slides	Watch Here
2018-11-28	Mortgage Rescue Back to Basics - Best Loan Fit 11-28-2018	Loans	PDF Slides	Watch Here
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2018-11-08	Escrow, the Final Team Member - Closing Your Transactions Timely	Loans	PDF Slides	Watch Here

How to Get Assistance from C.A.R's Mortgage Rescue aka Finance Helpline

CAR Mortgage Rescue / Finance Helpline Resource Directory - [Http://Mortgage.car.org](http://Mortgage.car.org)

https://www.car.org/helplines/financehelpline/additionalresources/

TRANSACTION CENTER ▾

LEARN & THRIVE ▾

INDUSTRY 360° ▾

YOUR C.A.R. ▾

Lending Resources

HOME ▸ HELPLINES ▸ MORTGAGE RESCUE™ ▸ LENDING RESOURCES

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

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Lender Contacts by Name , Product and Region

GSE's (Government-Sponsored Enterprise) - FHFA (Federal Housing Finance Agency)

FHFA Announces Fannie Mae and Freddie Mac Conforming Loan Limits for 2017

- **Fannie Mae (FNMA)**
- **Freddie Mac (FHLMC)**

Government and Other Lending and Resources

Federal Level

- **FHA (Federal Housing Administration) - HUD (U.S. Department of Housing and Urban Development) - USDA (U.S. Department of Agriculture)**
- **VA (U.S. Department of Veteran Affairs)**
- **Making Home Affordable (MHA)**
- **Neighborhood Assistance Corporation of America (NACA)**
- **CFPB (Consumer Financial Protection Bureau)**

State Level

- **CalHFA (California Housing Finance Agency) - Production**
- **Keep Your Home California (KYHC)**
- **Golden State Finance Authority (GSFA)**
- **California Department of Veteran Affairs (CalVet)**

Banks, Lending Institutions and Servicers

- **American Financial Network - Production**
- **Bank of America - Production**
- **Bank of the West - Production**

How to Get Assistance from C.A.R.'s Mortgage Rescue fka Finance Helpline

CAR Mortgage Rescue / Finance Helpline Self Help – Available online, in AI, phone, email or call us. Free Member Benefit.



Mortgage Rescue™

Offering REALTORS® Assistance With:

- Direct Access to Lenders
- Assist with Underwriting & Loan Qualifications
- Down Payment Assistance
- Answers to all Mortgage Related Questions
- Saving Stalled Transactions

213-739-8383 • MORTGAGE.CAR.ORG

FORMERLY known as THE FINANCE HELPLINE

**MEMBER BENEFIT OF
THE CALIFORNIA ASSOCIATION OF REALTORS®**



2019 Conforming & FHA (High Balance) Loan Limits by County (FHLMC/FNMA & FHA)

(As of 1/01/2019)



Higher Loan Limits = More Properties Available to Entry Level Buyers

Loan Limit

Counties

\$726,525 – Los Angeles; Orange


\$690,000 – San Diego

\$484,350 Conforming & \$431,250 for FHA – Riverside & San Bernardino

<https://www.fanniemae.com/content/tool/loan-limit-table.xls> (Link to FHLMC/FNMA Loan Limits)

<https://entp.hud.gov/idapp/html/hicost1.cfm> (Link to FHA Loan Limits)

\$484,350 – Conforming Limit in Most Counties



Growing Your Business with Freddie Mac Resources

Website for consumers on renting, buying and owning a home

Visit:
Myhome.freddiemac.com

Renting, Buying & Owning: Let's Get Started

Home is a place to call your own, spend time with your friends and family, and build lasting memories. Whether you rent, own, or plan to buy, we offer the resources to help you make informed decisions and support your success. Because home is a good place to be.

DON'T KNOW?
Let Us Help

Which Best Describes Your Situation?

- I'm interested in renting a home >
- I'm considering purchasing a home >
- I'm a homeowner with questions >
- I'm thinking about refinancing >
- I want to know more about HARP >
- I need help with my mortgage >

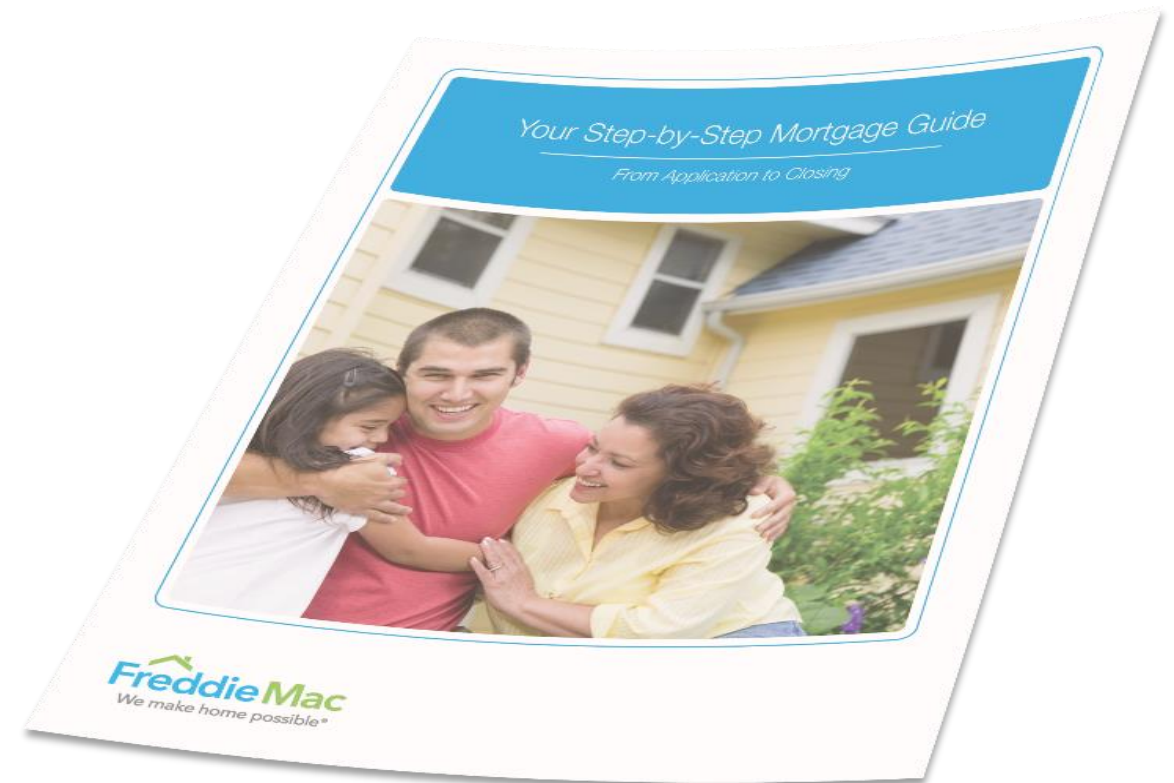
THE LATEST



Borrower Resources On My Home:

[Step-by-Step Mortgage Guide](#)

Guide to help them understand the mortgage process, from application to closing



- Work with trusted **national nonprofit intermediaries**
- Support Freddie Mac's ongoing commitment of:
 - **Preparing prospective buyers** for responsible homeownership
 - **Helping struggling borrowers** with Freddie Mac-owned mortgages avoid foreclosure
- **HUD-certified counselors**
- **14 locations across the country**
- Work with lenders in **minority and underserved communities**

- **YOU** are the critical link to helping well-qualified homebuyers achieve their homeownership objectives:
 - **Provide access to credit**; originate loans to the full extent of Freddie Mac's credit box
 - Utilize your **mortgage finance expertise**
 - Explain the process and **dispel the 20% down payment myth**
 - **Identify and match available financial resources** in your area (government, nonprofit, private sources) with a sustainable mortgage solution
 - **Take advantage of Freddie Mac training and resources** for both you and your borrower
- **First-time homebuyer dream realized**—and more business for you—if you know your market and where to find those affordability gap solutions

Freddie Mac is here to help!



Final Panelist Thoughts?

Thank you CALIFORNIA ASSOCIATION OF REALTORS®
STEPS Towards Homeownership

FOR CONTACT:

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Movement Mortgage

Regional Director

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Phone: 909-376-5494

Thank you CALIFORNIA ASSOCIATION OF REALTORS® STEPS Towards Homeownership

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Mortgage Loan Originator - NMLS # 1567894

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Thank you CALIFORNIA ASSOCIATION OF
REALTORS® STEPS Towards Homeownership



Renovation Loans Made Simple!

Presented by: **Skip Schenker**

Renovation Sales Manager

714-681-3768

sschenker@loandepot.com

Golden State Finance Authority (GSFA)

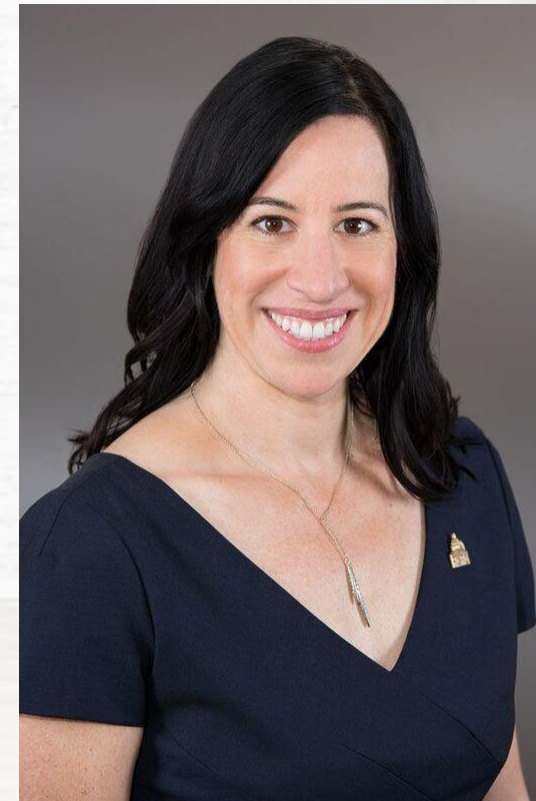
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Carolyn Sunseri, Marketing Director

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Client Relations Dept

- Available M-F 8-5 PM
- Toll-free (855) 740-8422
- Email: info@gsfahome.org
- www.gsfahome.org



Time Kills All Deals



Work with your lenders & teams to promote timely closings, here are some strategies and best practices for you, the REALTOR®

Some Reminders For Getting You Started with Your Clients:

- **Start Lending Process Early**
- **Communicate with Your Team throughout the process**
- **Do Loan “Pre-Approvals”**
- **Listing Agents – Think of realistic valuations at time of Listing and for the appropriate Buyer**
- **Limited Changes during the process (Contract, Spending, and Credit) both for the Buyer personally & the property.**
- **Set Expectations based on Scenario and Property Condition**
- **Think about Down Payment, Budgeting and Credit Planning in Advance**
- **Utilize Online & Referral Resources to assist You as their REALTOR®**
- **Be “in the know” about Loan and Down Payment Programs Available**
- **Don’t be Afraid to “Think Outside the Box” – Renovation (RENO) Loans may work for your Client**
- **Be aware of your free member benefits, for one-on-one assistance, Down Payment & Lending Resources, as well as, Webinars focused on a number of available topics and concerns.**

Some Reminders from the Appraiser:

1. **Pre-Sale :** Make sure the house meets basic requirements for the loan type (We can provide copy of the FHA cheat sheet)
2. **Utilize only “ONE” sheet, when communicating with the Appraiser:**
 - A. **Make a habit of submitting only a single sided piece of paper for appraiser which explains:**
 - i: **The final purchase price, contract date, and seller contributions**
 - ii: **Upgrades (especially what we might not be able to see)**
 - iii: **Whatever else you feel is important.**

REALTOR® Recommendations

- Go meet your local homeownership education centers, your HFA's.
 - Learn about their programs (grants, deadlines, pre- and post-buying programs, qualifications)
 - Offer to do some volunteer training “role of a realtor”
 - Share your listings that could meet the DPA programs or their buyers
- Meet with your lenders.
 - Ask them about the conventional products, like Home Possible, HomeOne
 - Understand the overall benefits for buyers
 - Understand the basic qualifications
- Be pro-active with the listing agent.
 - Keep them at ease
 - Let them know how the programs work, timelines, etc.
- Leverage the resources and educational tools available both from C.A.R. and Freddie Mac
 - Leverage marketing templates on <http://www.freddiemac.com/realestatepros>
 - Use the MyHome Link to follow up with buyers that went to your open house
 - Complete the CreditSmart Train the Trainer Session
- Keep informed – Up to Date Information
 - Sign up for our updates at <http://www.freddiemac.com/realestatepros>
- Share – Pass it Forward
 - Blog about your findings
 - Share on Social Media (content, videos)



Additional Questions?

book some time or request a follow-up

Take Away Materials!

STEPS Toolkit & Resource Guide

Presentation Flip Freddie Mac
Golden State Finance Authority (GSFA)
Movement Mortgage loanDepot
Homebridge Financial



Please provide your feedback
with our **SURVEY**

STEPS

Towards Homeownership

Skills and Tools Educating People for Success
California Association of REALTORS®

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THANK YOU FOR YOUR TIME TODAY!



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Skills and Tools Educating People for Success

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area today!

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