



Homeownership with the HEART Loan Program

Brought to you by
HEART of San Mateo County
Meriwest Mortgage

Special Thanks:
Berkshire Hathaway CA Realty

Today's Presenters



Boris Vatin, Program Manager
HEART of San Mateo County



John Souza, Mortgage Loan Consultant
Meriwest Mortgage



Lee Ginsburg, Realtor®
Berkshire Hathaway HomeServices
California Realty

Today's Agenda

- **HEART – Housing Endowment and Regional Trust of San Mateo County**
 - Boris Vatkin, HEART
- **The HEART Down Payment Assistance Program**
 - Boris Vatkin, HEART & John Souza, Meriwest Mortgage
- **The Finance Process**
 - John Souza, Meriwest Mortgage
- **How your realtor can help you find a property for \$908,156 and make a successful offer**
 - Lee Ginsburg, Berkshire Hathaway CA Realty

Workshop Overview

- Purpose of workshop:
 1. To go into detail of the HEART Program
 2. General homebuying information
- Won't fit everyone's situation and that's ok
 - Let others know about it
 - Prepare you for other programs or when you buy a home
- Copy of presentation emailed to everyone and on website
 - Can email it separately as well

Workshop Overview

- Presentation time: 6pm – 7pm
- Q&A: after presentation (but only via the chat feature)
 - Email for anything else or specific 1-on-1 questions
- Possibly unfamiliar terms or acronyms may be used. We emailed a reference sheet and here is a link.
 - Please ask via the chat feature if not explained and we will make sure to do so
- Workshop is being recorded and will be on our website
 - Don't worry, you won't be in the recording
- Workshop is not a requirement to use the program

What is HEART?

- “Housing Endowment and Regional Trust of San Mateo County”
- Nonprofit organization that is a public/private partnership between all 20 cities of San Mateo County, the County, and the business and nonprofit communities
- Mission: to address the critical housing needs in San Mateo County

What is HEART?

What do we do?

- Finance the development or rehab of affordable or workforce multi-family housing
- Provide assistance to cities, school districts, and faith-based institutions to help them develop affordable or workforce housing
- First Time Homebuyer Program
- Have other programs. Feel free to go to our website to check them out

What is the First Time Homebuyer Program?

- Downpayment Assistance Program
- Created in 2008 → to help moderate/middle income families with roots in the community be able to stay in the community
- Have maximum limits on income and home prices – but no minimums
- Market rate homes – not Below Market Rate (BMR)

What is the First Time Homebuyer Program?

- 5% downpayment and no Private Mortgage Insurance (PMI)
- What is Private Mortgage Insurance? → \$\$\$
 - Not fair to make those without savings pay more → makes homebuying even more unaffordable
- How? → HEART provides a 2nd loan of up to 15% (to get borrower to 20%) with Meriwest providing conventional 80% 1st loan
- Only such program of its kind

What is the First Time Homebuyer Program?

- Can use up to extra 5% during bidding → maximum becomes up to \$953,563.80
- Move-closer exception: home must be 50% closer to work and near Priority Development Area (PDA)
- Completely free to apply
- No order, first-come-first-served, or waitlists → just apply and find your home

What is the First Time Homebuyer Program?

- No internal funding limits. We can help everyone that applies
- Not a gov program. Everything streamlined w/ Meriwest → can close in 21-25 days
- Lending Partner is only Meriwest
- Can use any Realtor you want
- Total Accomplishments: 104 families able to stay in San Mateo County as homeowners

Loan Details

- Maximum purchase price: \$908,156
- 5% down payment (up to \$45,407), 80% conventional first mortgage (up to \$726,525), and 15% HEART second mortgage (up to \$136,223)
- HEART 2nd Lien will have a 15-year term with a balloon payment and amortized over 30-years.
- Interest rate for 1st and 2nd loans

Income to Home Price Estimate

Sample home prices in San Mateo County - Estimated minimum income needed			
Home Type	Low Sales Price Range	Estimated Monthly Cost	Estimated Required Annual Income* (assumes no debt)
Studio Condo	\$410,000	\$2,990	\$75,000
1 Bedroom Condo	\$520,000	\$3,700	\$90,000
2 Bedroom Condo	\$650,000	\$4,500	\$110,000
Single Family Home	\$795,000	\$5,281	\$132,000
Single Family Home	\$908,000	\$5,690	\$144,000
*Estimated Minimum Required Annual Income is assuming no other debt and good credit			
Estimated Monthly cost is assuming HOA dues of \$350 for Condos			
Estimated Monthly Cost includes principal, interest, property tax, HOA dues, and insurance			

Underwriting Criteria & Guidelines

- Residence Status:
 - US Citizen
 - Permanent Resident Aliens: Provide evidence of Green Card.
 - Non-Permanent Resident Aliens: Provide acceptable evidence of legal residency issued by the USCIC (U.S. Citizenship and Immigration Services) with legal permit to work in the U.S.
- Property Type: Single Family Residential Detached and attached PUDS (Condos and Townhomes)
- Household Income limit of \$170,000
- Maximum debt to income ratio (DTI) of 50%
- Minimum FICO score of 680
- Impounds will be required for all transactions.
- Underwriting will be based on Meriwest Mortgage Company, LLC guidelines

Advantages of the Program

Borrower Benefits

- No PMI
- No resale restrictions
- Fast and Efficient Process Compared to FHA loans
- Lowest Payment Option compared to FHA and Conventional First Mortgage with PMI
- Acts as 20% Down Program
- More Purchasing Power

Fannie Mae Underwriting Guidelines

- **DEBT TO INCOME RATIO**
 - What is a debt to income ratio?
 - What ratio is acceptable under Fannie guidelines?
- **CREDIT SCORE**
 - What is a credit score?
 - What scores do you need to get approved for a loan?
 - How does your credit score affect the cost of your loan?
- **LOAN TO VALUE**
 - What does loan to value mean?
 - How does down payment affect loan to value?
 - How much down payment is required to get a loan?
- **RESERVES**
 - What are reserves? PITI = principle, interest, tax and insurance
 - How much reserves do you need to qualify?

Loan Preparation

- Preparing to purchase a home – Importance of a pre-approval letter
- 4 key parts of the equation:
 - Income from all sources
 - Debt: Anything that comes from your credit report plus legal obligations
 - Assets: Bank Accounts, CDs, Retirement Accounts, 401Ks, Cash, Stocks, Investments Anything of Value
 - Credit History

Please note that Meriwest pays the credit check and all pre-approval fees before closing, and if you don't close, Meriwest will eat the costs (most lenders make the borrower pay these costs up front)

How do you apply?

- Go to the HEART of San Mateo County website: heartofsmc.org
- Click on “Homebuyer Loans” link on the left side:



The Housing Endowment and Regional Trust
HEART of San Mateo County



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Accessory Dwelling Units (ADUs)

Homebuyer Loans

Developer

First time homebuyer Loans

Downpayment assistance loans for first-time homebuyers in San Mateo County


Download our [program flyer](#), [workshop presentation](#), and [workshop recording](#) from the [FAQ](#) section below.

Together with Meriwest Mortgage, a subsidiary of Meriwest Credit Union, HEART has created a unique loan package that is not offered by any other lender. Our goal is simple: *to help you purchase a home with 5% downpayment and no PMI (Private Mortgage Insurance).*

How do you apply?

- Choose the green “Apply Now” Link

important housing related resources, news, and upcoming events!



Sign up for our Email Newsletter

OUR RESULTS

"[I] would never have been able to own a home without the [First-Time Homebuyer] Program"
~Julie Barnard

"Like an FHA loan, but more flexible for the condo we wanted...." ~Jennifer & Andrew

"With the money I saved through HEART, I have enough to fix up the

family home anywhere in San Mateo County.

- Do you and your family earn \$170,000 or less each year?
- Do all borrowers have good credit – FICO score 680 or higher?
- Is the purchase price of the property you want to buy \$908,156 or less?
- Have you NOT owned a home during the past 36 months, OR, if you have, will you be selling your current home and buying one that is substantially closer to transit in San Mateo County?
- Will you be able to make a down payment of 5% of the purchase price?

If you answered yes to all of these questions, you may qualify for HEART's Opening Doors program. To begin the application process and find out for certain if this program is right for you, click on the APPLY NOW button. You will be taken to the Meriwest Mortgage website, where you can complete a loan application.

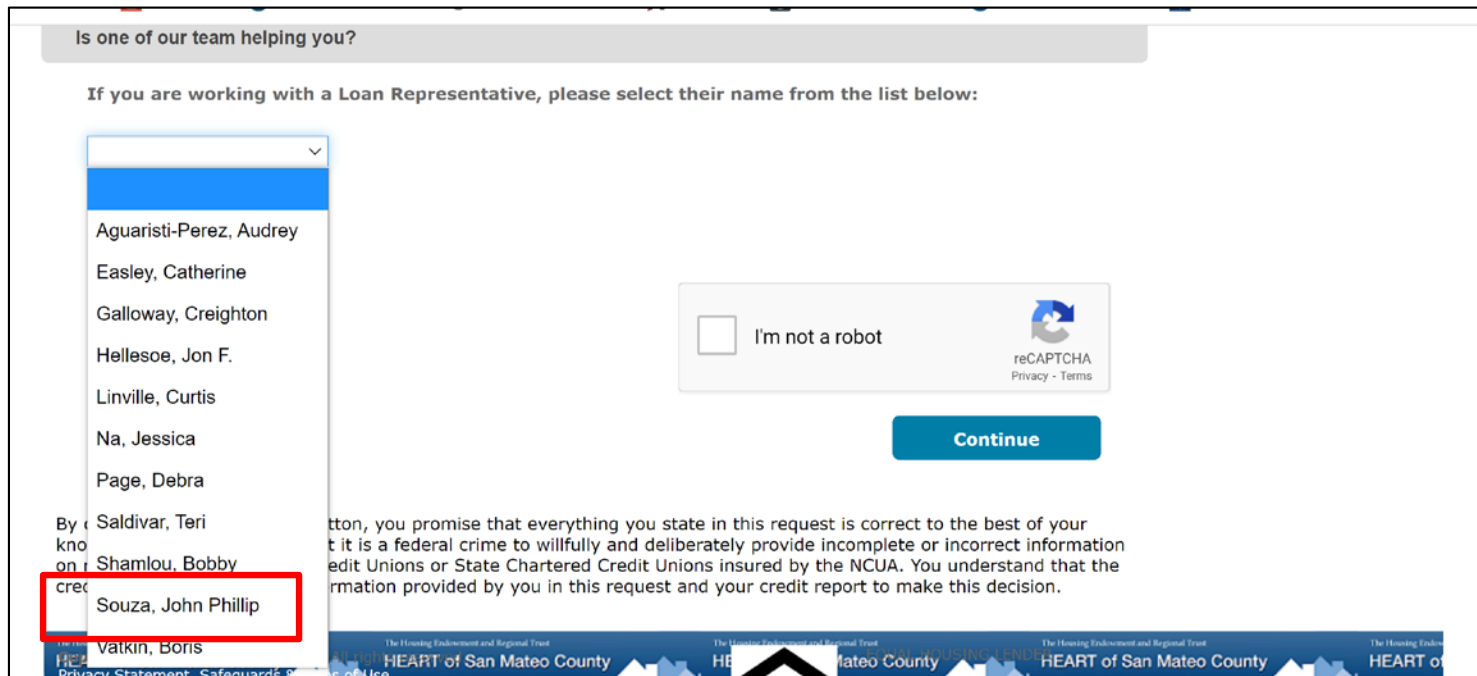
⇒Apply Now←

How much house can I afford? What do I do first?

Sample home prices in San Mateo County - Estimated minimum income needed

How do you apply?

- Important When Filling Out the Application
 - When prompted on drop down bar click on John Souza as loan consultant



Is one of our team helping you?

If you are working with a Loan Representative, please select their name from the list below:

- Aguaristi-Perez, Audrey
- Easley, Catherine
- Galloway, Creighton
- Hellesoe, Jon F.
- Linville, Curtis
- Na, Jessica
- Page, Debra
- Saldivar, Teri
- Shamlou, Bobby
- Souza, John Phillip**
- Vatkin, Boris

I'm not a robot

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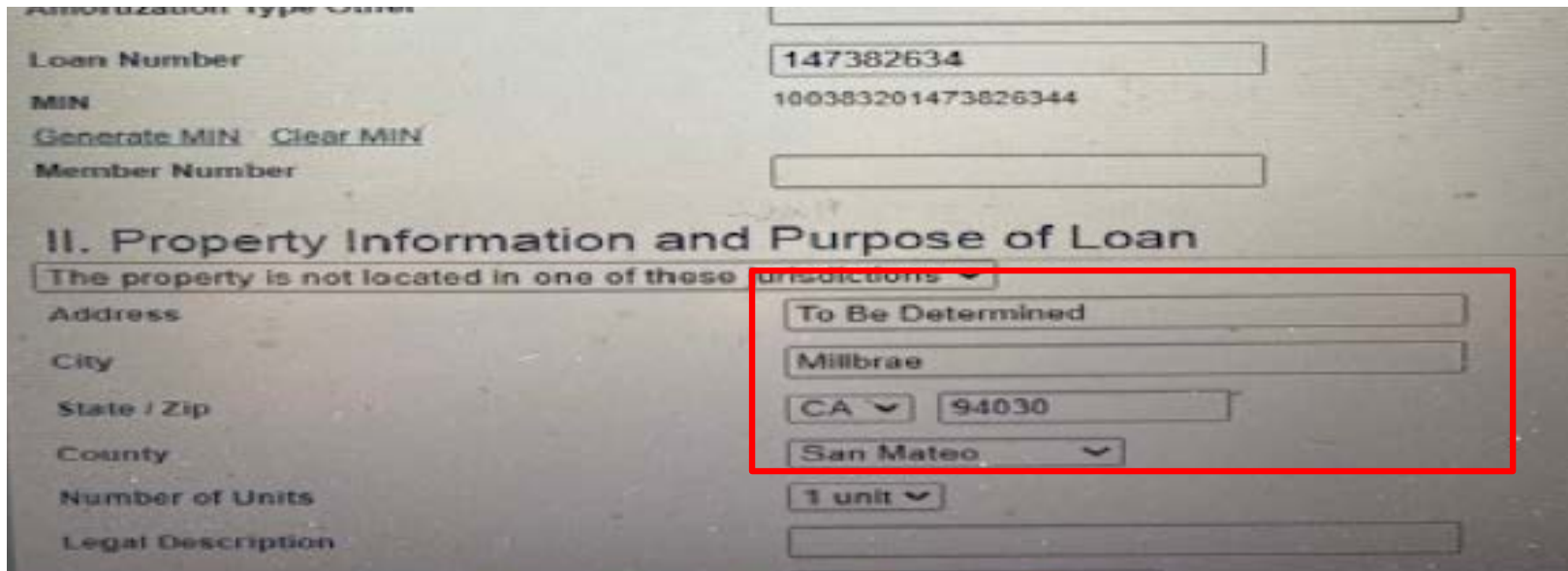
Continue

By clicking on this button, you promise that everything you state in this request is correct to the best of your knowledge. It is a federal crime to willfully and deliberately provide incomplete or incorrect information to credit unions or state chartered credit unions insured by the NCUA. You understand that the information provided by you in this request and your credit report to make this decision.

HEART OF SAN MATEO COUNTY

How do you apply?

- Important When Filling Out the Application:
 - Don't worry about address, just put TBD and a city and corresponding zip code in San Mateo County (it will not affect your application)



The screenshot shows a portion of a mortgage application form. The fields are as follows:

Loan Number	147382634
MIN	100383201473826344
Generate MIN	Clear MIN
Member Number	
II. Property Information and Purpose of Loan	
The property is not located in one of these jurisdictions	
Address	To Be Determined
City	Millbrae
State / Zip	CA 94030
County	San Mateo
Number of Units	1 unit
Legal Description	

CARES Act

- Penalty free access to retirement account funds for those who have been significantly affected by COVID-19
→ check with your plan administrator for details
- As long as you meet one of the requirements, can now take up to \$100,000 from retirement savings, no matter your age, without penalty
 - There may still be taxes owed if it comes from a tax-deferred account



Estimated True Cost of Home Ownership

Purchase Price:	\$ 908,156
Down Payment:	\$ 45,407
First Loan Monthly Payment	\$ 726,525 @ 4% = \$ 3,469 (\$2,422 int & \$1,047 Principal)
Second Loan Monthly Payment	\$ 136,223 @ 5.5% = \$ 773 (\$624 int & \$149 Principal)
Monthly Property Tax @1.10%	\$ 833 (\$10,000 annually)
Monthly Homeowners Insurance	\$ 75
Total Monthly Cost	\$ 5,150
Monthly Tax Savings Fed	\$ 2,534 @ 20% = \$ 507 (verify with your tax preparer)
Monthly Tax Savings State	\$ 3,046 @ 10% = \$ 305 (verify with your tax preparer)
Property Tax Savings on State income tax @ 9%	= \$ 75
Monthly out of pocket cost	\$ 4,263 (will remain the same as rent increases)
Monthly Principal Pay down – (Forced Savings)	\$ 1,196
True cost of monthly home ownership -	\$ 3,067

This is only an estimate and is based on a Single-Family Home. It is recommended to speak with your tax preparer.

A quarter point change in interest rate will change payment by about \$100.



What and where can I find a
home for \$908,156?
or a condo for \$600,000?

*How can I compete with all these
multiple or cash offers?*

The Purchase Contract: Major Components are Time and Money

- **Money for Offer Price**
Money for Deposit – 3%
- **Time to close – 25-30 days is standard**
Time for Contingencies –
 - I am going to buy this home if??? Time to decide.
 - Major contingencies are loan, appraisal and inspections.
(0-17 days are standard)

Disclosure package – consists of Seller Disclosures and Inspection Reports

- **Seller Disclosures** – Includes 5-10 pages specific to the property relating to the condition, neighborhood, death on the property, and more
- **Inspections** – Home and termite are the most common inspections in this area. But you can do: mold, lead, foundation, fireplace, pool and more
 - **Home Inspection:** A review foundation, electrical, plumbing, heating, roof, doors, windows, etc. Costs about \$500.
 - **Termite:** Looks for termites, beetles and dry rot. Not overly important for condos. Costs about \$300.
- **HOA Documents** – Contains financials, rules, minutes, CC&R's of the Association.
- Many sellers are performing inspections before but you have the right to do your own. Due to offer competition you may choose to waive your right.

Closing Costs: Around 1.25% – 2%

- Title Insurance – Insures that all previous liens are paid off
- Escrow Fee – Cost to act as Neutral 3rd party & to manage the paperwork
- Lender Fee - John's cost
- Prorated Property Tax - Your share of property tax
- Prepaid Interest – Interest from the time you close to the end of the month
- Home Owners Insurance
- Impound/Escrow Account – Puts money into your Property Tax and Insurance Account.

What to Look For in a Realtor

- Find a Realtor who understands the HEART program and can communicate it well to the seller agent.
- Understands your needs.
- Available to your schedule to show homes not just open houses and responds quickly to your questions.
- Good knowledge, experience, and communication skills to explain the purchase contract and disclosures.
- Good successful reputation amongst local agents and clients. Read reviews on Yelp.
- Do Not use Out of the Area or Part Time Realtors.

How can I get my offer accepted, with multiple bids?

- Realtor presents your offer in person to seller & agent.
- Have John Souza call the agent.
- Good negotiator for price and offer acceptance.
- **Good reputation and relationship with other agents for offer acceptance.**
- Quick time to Close
- Offer a fair price. Don't try for a "deal".
- Submit your offer before offer date.

How can I get my offer accepted, continued:

- Write a letter to seller and enclose a photo.
Mention what you like about the home, your occupation, your relationship with the area, and any connection to the seller such as hobbies or organizations.
- Sign all Disclosures
- Offer the seller rent back
- Low or no Contingency Time Frames for loan and inspections
- Large good faith deposit with a copy of the check
- Proof of down payment



Good Luck!



For more info, please contact:

HEART of San Mateo County

Boris Vatin, info@heartofsmc.org

(650) 204-5640

Meriwest Mortgage

John Souza, jsouza@meriwest.com

(408) 849-7115

Special Thanks:

Lee Ginsburg, Berkshire Hathaway HomeServices

Lee@LeesSellsMore.com www.LeeSellsMore.com

650-358-3959