



# Homeownership with the HEART Loan Program

Brought to you by  
HEART of San Mateo County  
Meriwest Mortgage

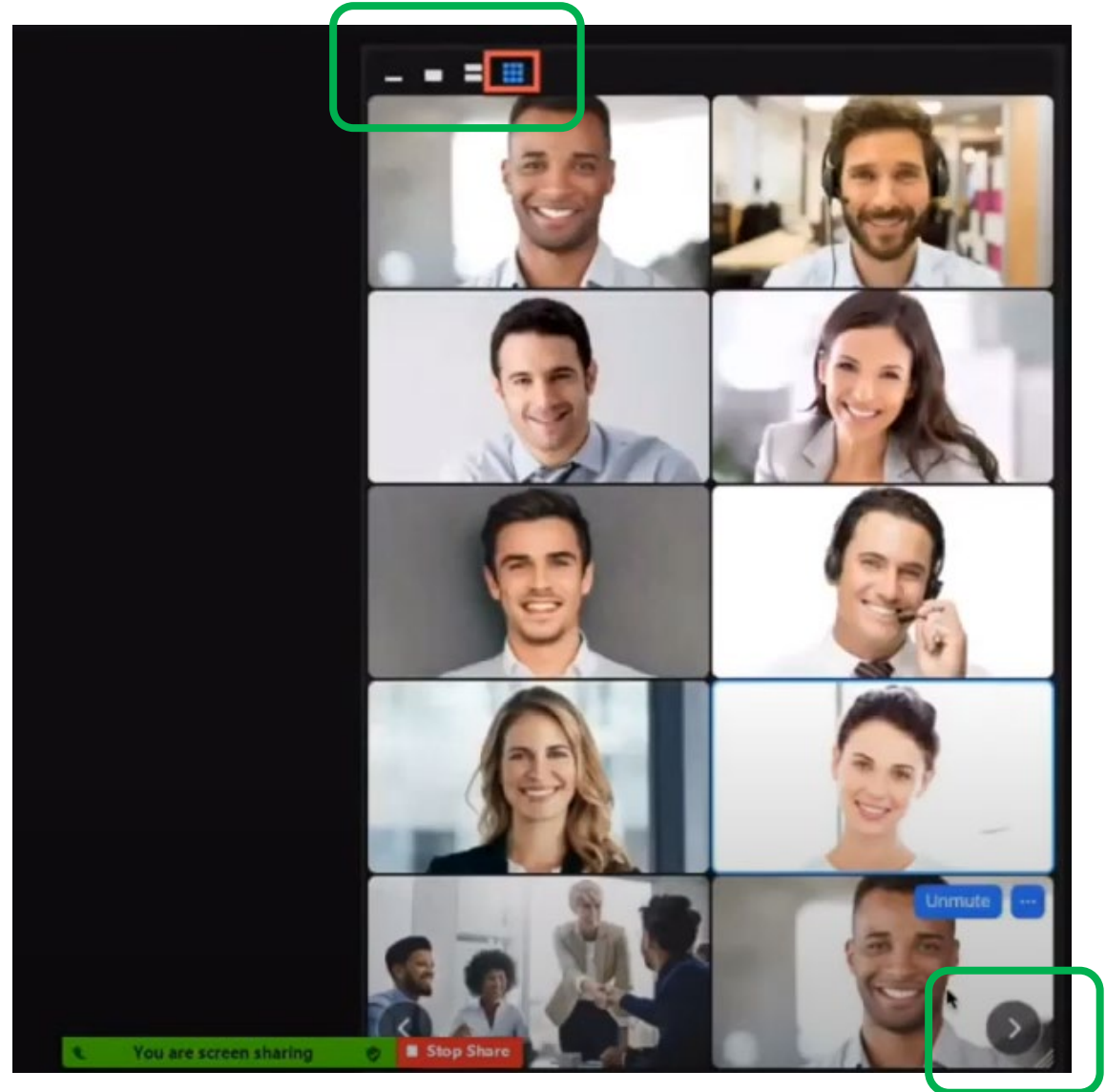
Special Thanks:  
Intero Real Estate Services

# Zoom Logistics

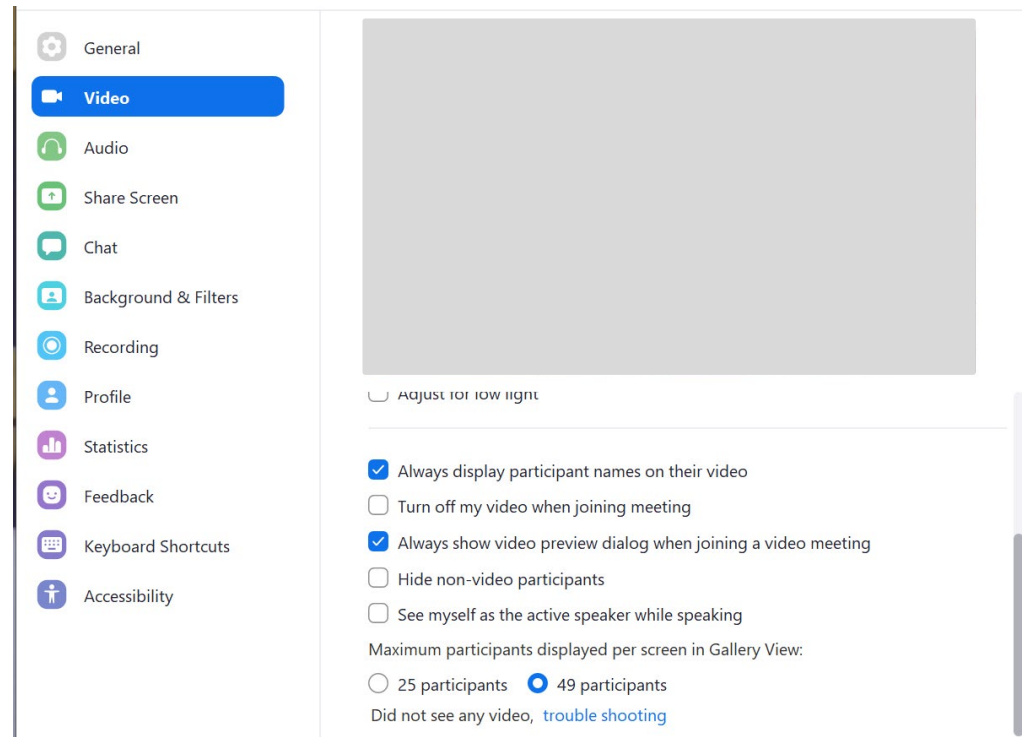
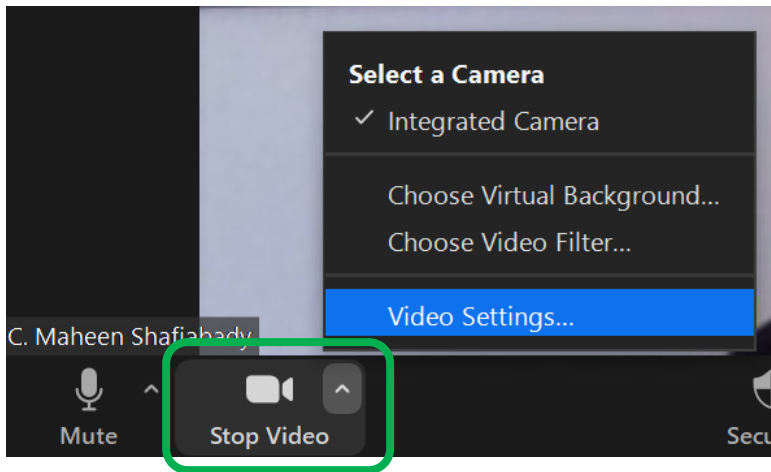
- All participants are muted
- Please use the chat feature for all questions during and after the presentation
- Can also “raise your hand” and I will call on the person to unmute themselves to speak



**To adjust  
your view**



# Zoom Settings



# Today's Presenters



Boris Vatin, Program Manager  
HEART of San Mateo County



Arthur Chen, Mortgage Loan Consultant  
Meriwest Mortgage



Liz Gozun and Lee Ginsburg,  
Intero Real Estate Services

# Today's Agenda

- **HEART – Housing Endowment and Regional Trust of San Mateo County**
  - Boris Vatin, HEART
- **The HEART Down Payment Assistance Program**
  - Boris Vatin, HEART & Arthur Chen, Meriwest Mortgage
- **The Finance Process**
  - Arthur Chen, Meriwest Mortgage
- **How your realtor can help you find a property for \$1,213,500 and make a successful offer**
  - Liz Gozun and Lee Ginsburg, Intero Real Estate Services

## 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 on HEART 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.
  - [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?

## Who we are

- “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 create and preserve affordable housing for low- and moderate-income families by raising and investing money from public and private sources

# What is HEART?

## What 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 through home ownership
  - So 1 person must either live or work in San Mateo County
- Available anywhere in San Mateo County
- Have maximum limits on income and home prices – but no minimums
  - Limits have been increased by 33% !!!
- 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
    - 0 defaults
  - How? → HEART provides a 2<sup>nd</sup> loan of up to 15% (to get borrower to 20%) with Meriwest providing conventional 80% 1<sup>st</sup> loan
    - 2<sup>nd</sup> loan has higher interest rate, but structured to have low payment and not to hold until balloon payment – average refi is less than 3 years

## What is the First Time Homebuyer Program?

- Only such program of its kind
  - Verify with professional whether it's the best option for you
- Can use up to extra 5% during bidding → maximum becomes up to \$1,274,175
- 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: 110 families able to stay in San Mateo County as homeowners

## Loan Details

- Maximum purchase price: \$1,213,500
- 5% down payment (up to \$60,675),  
80% conventional first mortgage (up to \$970,800),  
and 15% HEART second mortgage (up to \$182,025)
- HEART 2<sup>nd</sup> Lien will have a 15-year term with a  
balloon payment and amortized over 30-years.
- Interest rate for 1<sup>st</sup> (market) and 2<sup>nd</sup> loan (1.5% above  
the 1<sup>st</sup>)

# 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	\$425,000	\$3,100	\$75,000
1 Bedroom Condo	\$550,000	\$3,900	\$94,000
2 Bedroom Condo	\$750,000	\$5,050	\$121,500
Single Family Home	\$950,000	\$5,920	\$144,000
Single Family Home	\$1,213,500	\$7,920	\$190,100
*Estimated Minimum Required Annual Income is assuming no other debt and good credit			
Estimated Monthly cost is assuming HOA dues of \$500 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 \$180,000 for an individual or \$220,000 for households of 2 or more
- 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
- One of lowest payment options, even 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?

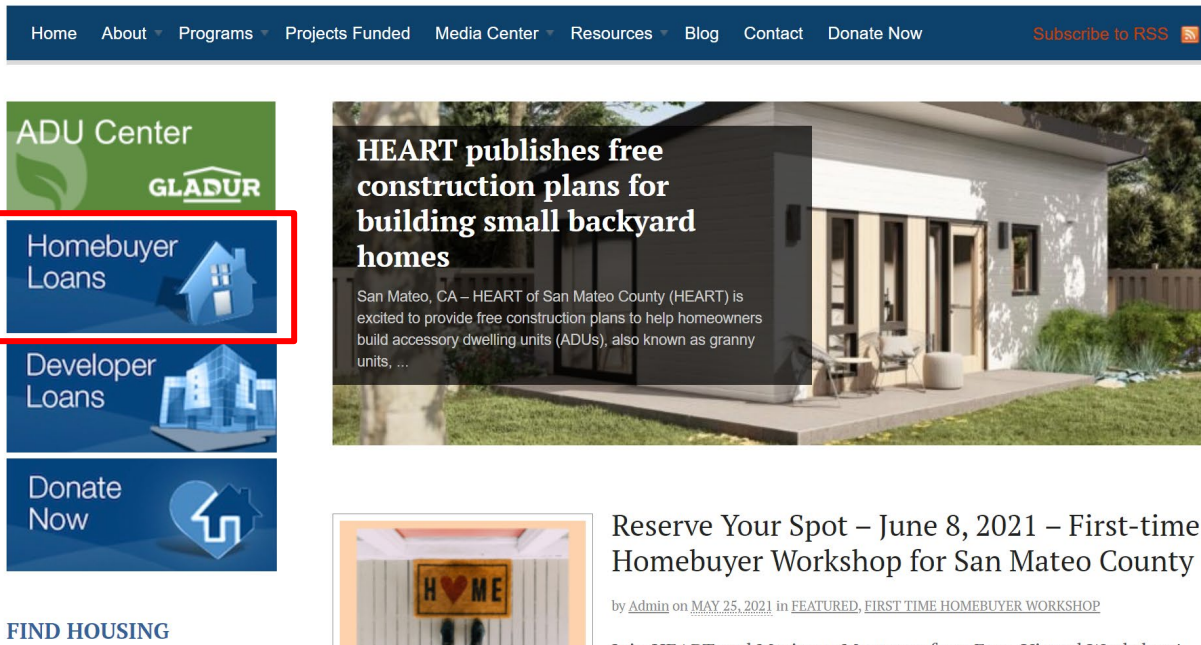
## Loan Preparation

- 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](http://heartofsmc.org)
- Click on “Homebuyer Loans” link on the left side:



The screenshot shows the HEART of San Mateo County website. The top navigation bar includes links for Home, About, Programs, Projects Funded, Media Center, Resources, Blog, Contact, and Donate Now, along with a Subscribe to RSS button. On the left sidebar, the 'Homebuyer Loans' link is highlighted with a red box. Other sidebar links include ADU Center (with GLADUR logo), Developer Loans, and Donate Now. The main content area features a large article titled 'HEART publishes free construction plans for building small backyard homes' with a photo of a modern house. Below this, there is a section for a 'First-time Homebuyer Workshop for San Mateo County' scheduled for June 8, 2021, with a 'Reserve Your Spot' button. The bottom of the page has a 'FIND HOUSING' link.

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ADU Center  
GLADUR

**Homebuyer Loans**

Developer Loans

Donate Now

**HEART publishes free construction plans for building small backyard homes**

San Mateo, CA – HEART of San Mateo County (HEART) is excited to provide free construction plans to help homeowners build accessory dwelling units (ADUs), also known as granny units, ...

**Reserve Your Spot – June 8, 2021 – First-time Homebuyer Workshop for San Mateo County**

by Admin on MAY 25, 2021 in FEATURED, FIRST TIME HOMEBUYER WORKSHOP

[Join HEART and Meriwest Mortgage for a Free Virtual Workshop](#)

**FIND HOUSING**

# How do you apply?

- Scroll down to “Apply Now” button or click on the link



The Housing Endowment and Regional Trust  
**HEART of San Mateo County**

 **HEART** 10 YEARS OF SERVICE

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**Homebuyer Loans**  


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## First Time Homebuyer Loans

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

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

- [Do I Qualify?](#)
- [How does the program work?](#)
- [Apply Now](#)
- [Frequently Asked Questions](#)
- [Resources](#)
- [Contact Us](#)

# How do you apply?

- Choose the green “Apply Now” Link

### 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 house..."* ~Krystal

### UPCOMING EVENTS

Reserve Your Spot –  
First-time Homebuyer  
Workshop for San Mateo  
County

- The maximum purchase price for this combination, together with 5% downpayment from the borrower, is \$908,156.
- The borrower is not required to buy private mortgage insurance (PMI) which can cost thousands of dollars annually. This results in significant savings to the homebuyer.
- If you meet the qualifications below, apply online below for a pre-qualification letter from Meriwest Mortgage to find out how much you can borrow.
- **Please note that this is for market-rate homes only, and not BMR (below market rate).**

### Apply

Did you complete the qualification checklist by answering YES to all of the questions? If so, you may qualify for HEART's program.

⇒Apply Now←

Clicking on this button leads you to the HEART and Meriwest Mortgage website where you can complete a loan application.

### Resources

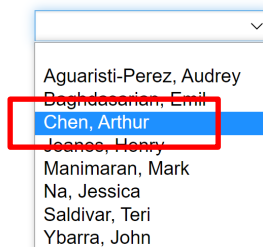
# How do you apply?

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

You must consent to Electronic Communications and Disclosures before consenting to Electronically Sign Documents.

Is one of our team helping you?

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



A dropdown menu with a list of loan representatives. The list includes: Aguaristi-Perez, Audrey; Baghdasarian, Emil; **Chen, Arthur** (highlighted with a blue background and a red border); Joanes, Henry; Manimaran, Mark; Na, Jessica; Saldivar, Teri; and Ybarra, John.



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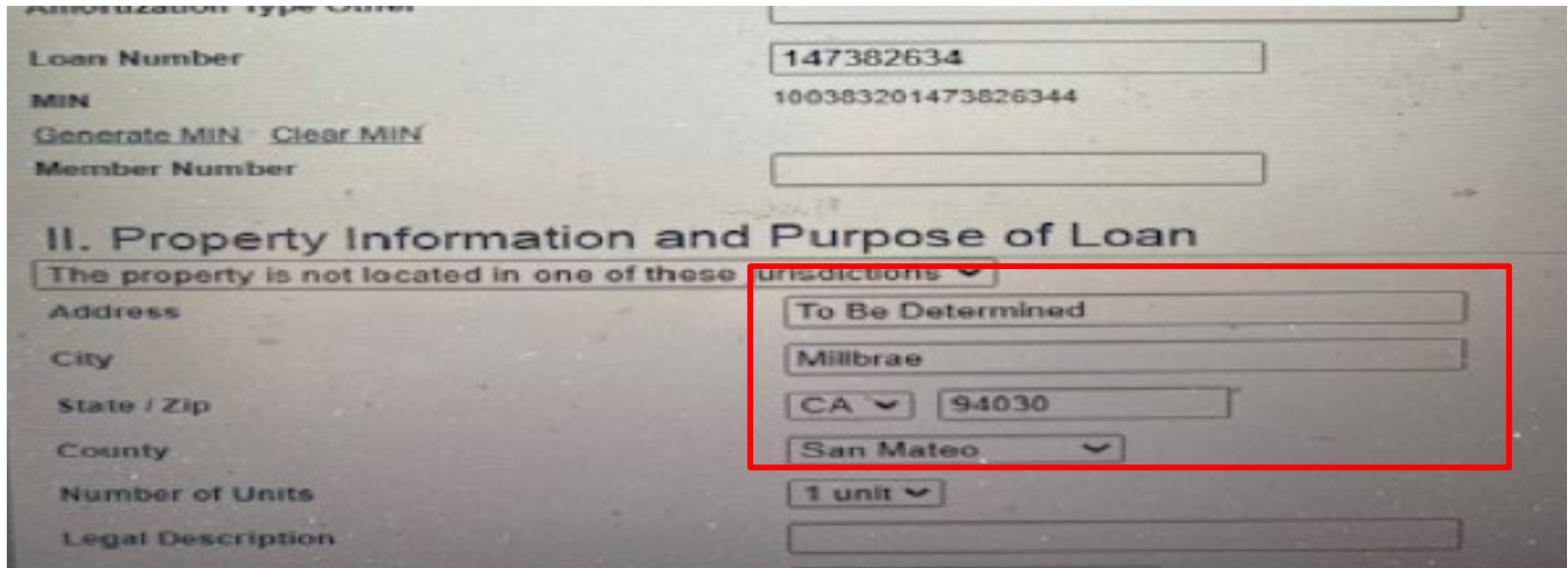
Continue

By clicking on the 'Continue' button, you promise that everything you state in this request is correct to the best of your knowledge. You understand that it is a federal crime to willfully and deliberately provide incomplete or incorrect information on requests made to Federal Credit Unions or State Chartered Credit Unions insured by the NCUA. You understand that the credit union will rely on the information provided by you in this request and your credit report to make this decision.



## 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)



Authorization Type Other

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



## Estimated True Cost of Home Ownership

<b>Purchase Price:</b>	<b>\$ 700,000</b>	
Down Payment:	\$ 35,000	
First Loan Monthly Payment	\$ 560,000 @ 4%	= \$ 2,674 (\$1,867 int & \$807 Principal)
Second Loan Monthly Payment	\$ 105,000 @ 5.5%	= \$ 596 (\$481 int & \$115 Principal)
Monthly Property Tax @1.15%		\$ 671 (\$8,050 annually)
Monthly Homeowners Insurance		\$ 50
HOA dues		\$ 500
<b>Total Monthly Cost</b>	<b>\$ 4,491</b>	
Monthly Tax Savings Fed: \$2,348 @ 22%		\$ 517 (verify with your tax preparer)
Monthly Tax Savings State: \$2,348 @ 9%		\$ 211 (verify with your tax preparer)
Property Tax Savings on State income tax: \$671 @ 9%		\$ 60
<b>Monthly out of pocket cost</b>	<b>\$ 3,763</b>	<b>(will remain the same as rent increases)</b>
Monthly Principal Pay down – (Forced Savings)		\$ 922
<b>True cost of monthly home ownership -</b>	<b>\$ 2,841</b>	

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.

Every \$50,000 adjustment in loan will change the payment by about \$225.

## Estimated True Cost of Home Ownership

<b>Purchase Price:</b>	<b>\$ 1,213,000</b>	
Down Payment:	\$ 60,650	
First Loan Monthly Payment	\$ 970,400 @ 4%	= \$4,633 (\$3,235 int & \$1,398 Principal)
Second Loan Monthly Payment	\$ 181,950 @ 5.5%	= \$1,033 (\$834 int & \$199 Principal)
Monthly Property Tax @1.15%		\$ 1,162 (\$13,950 annually)
Monthly Homeowners Insurance		\$ 100
HOA dues		\$ 0
<b>Total Monthly Cost</b>	<b>\$ 6,928</b>	
Monthly Tax Savings Fed: \$2,500 @ 22%	\$ 550	(verify with your tax preparer)
Monthly Tax Savings State: \$3,265 @ 9%	\$ 294	(verify with your tax preparer)
Property Tax Savings on State income tax: \$1,162 @ 9%	\$ 105	
<b>Monthly out of pocket cost</b>	<b>\$ 5,979</b>	(will remain the same as rent increases)
Monthly Principal Pay down – (Forced Savings)	\$ 1,597	
<b>True cost of monthly home ownership -</b>	<b>\$ 4,382</b>	

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.

Every \$50,000 adjustment in loan will change the payment by about \$225.

What and where can I find a  
home for \$1,213,500?  
or a condo for \$700,000?

*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 3<sup>rd</sup> party & to manage the paperwork
- Lender Fee - Arthur'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 Arthur 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!***

**INTERO**  
A Berkshire Hathaway Affiliate



**For more info, please contact:**

**HEART of San Mateo County**

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**Special Thanks:**

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