



# Homeownership with the HEART Loan Program

Brought to you by  
HEART of San Mateo County  
Meriwest Mortgage

Special Thanks:  
Intero Real Estate Services

# Today's Agenda

- **HEART – Housing Endowment and Regional Trust of San Mateo County**
  - HEART
- **The HEART Down Payment Assistance Program**
  - HEART & Meriwest Mortgage
- **The Finance Process**
  - Meriwest Mortgage
- **How your realtor can help you find a property for \$1,213,500 and make a successful offer**
  - 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, including 1 on 1 questions
  - Can always email us
- Possibly unfamiliar terms or acronyms may be used.
  - Please ask if not explained
- A recording of a previous homebuyer workshop is on our website
- 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
- 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

## What is the First Time Homebuyer Program?

- No order, first-come-first-served, or waitlists → just apply and find your home
  - 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: 114 households 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*<br>(assumes no debt) |
|-----------------------|-----------------------|------------------------|--|
| Studio Condo          | \$425,000             | \$3,692                | \$89,498   |
| 1 Bedroom Condo       | \$550,000             | \$4,616                | \$111,899  |
| 2 Bedroom Condo       | \$750,000             | \$6,094                | \$147,742  |
| Single Family Home**  | \$1,000,000           | \$7,786                | \$188,740  |
| Single Family Home*** | \$1,213,500           | \$9,416                | \$228,260  |

\*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

\*\* One borrower, \*\*\* More than one borrower

# 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

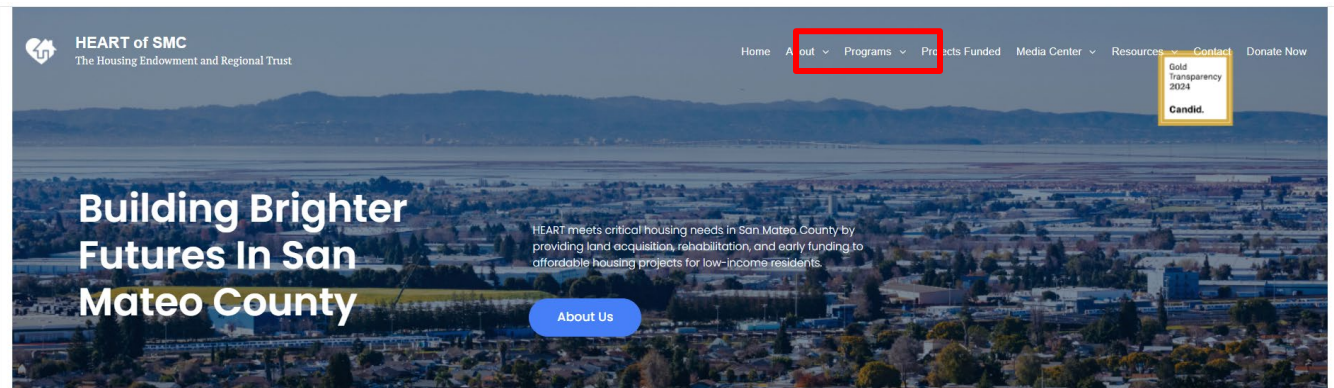
- Preparing to purchase a home – Importance of a pre-approval letter
- 4 key parts of the equation:
  - Income from all sources
  - Debt: Anything that comes from your credit report plus legal obligations
  - Assets: Bank Accounts, CDs, Retirement Accounts, 401Ks, Cash, Stocks, Investments Anything of 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 website: [heartofsmc.org](https://heartofsmc.org)
- Click on “Homebuyer Loans” link or under programs tab:



## What We Offer

For over 20 years, we have helped individuals and families throughout San Mateo County by providing access to the following services:



**Homebuyer Loans**

**First Time Homebuyer Program**

We provide free educational workshops throughout our community and loans to our first-time homebuyers to assist with up to 35% of the



**Developer Loans**

### Developer Loan Program

We make loans to nonprofit developers, for-profit organizations, and educational institutions to develop, preserve, acquire, and rehab affordable



**Accessory Dwelling Units (ADUs)**

### Accessory Dwelling Unit (ADU) Center

Our Green Livable Accessory Dwelling Unit Resources (GLADUR) helps builders ADU to assist



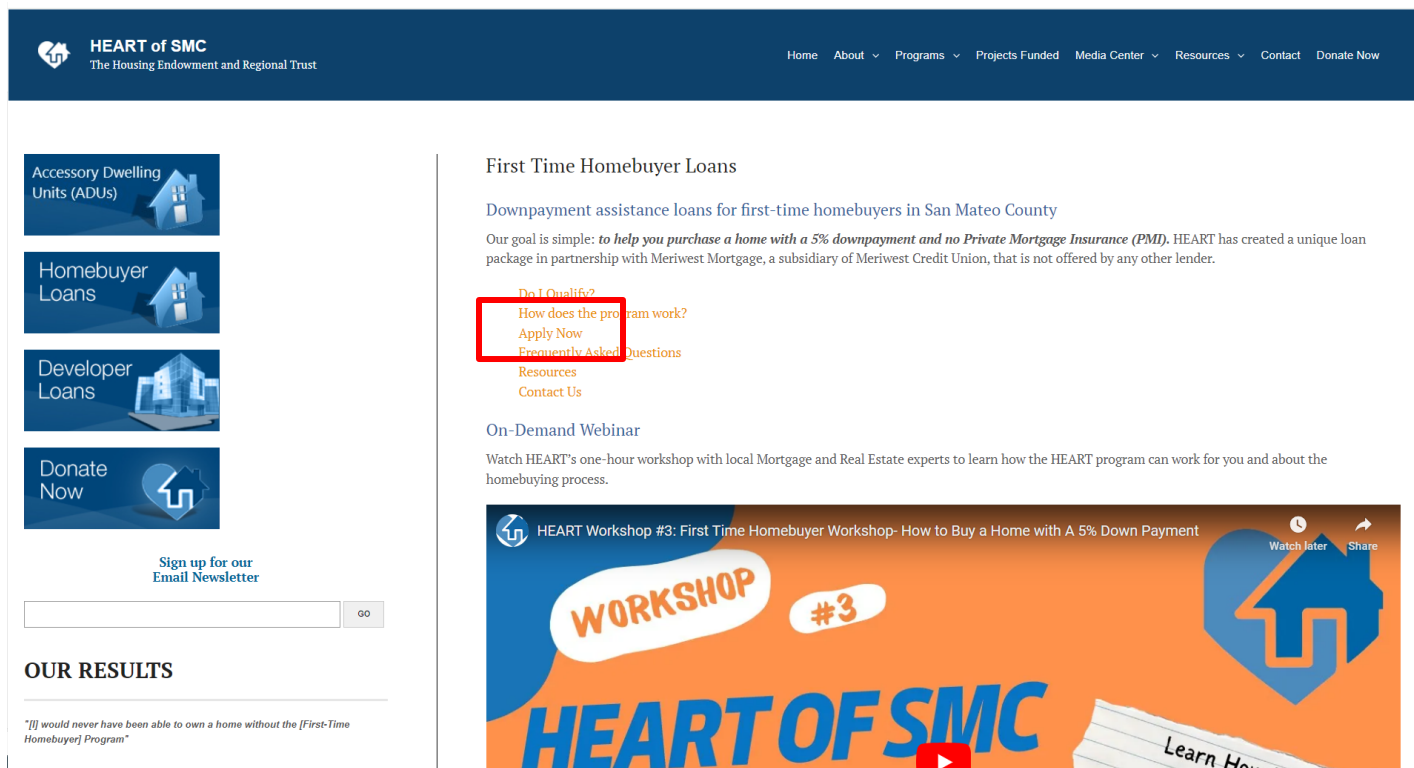
**Housing Consulting Services**

### Housing Consulting Services

We are helping San Mateo County communities meet their housing goals by assisting them with

# How do you apply?

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



**HEART of SMC**  
The Housing Endowment and Regional Trust

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Accessory Dwelling Units (ADUs)

Homebuyer Loans

Developer Loans

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Sign up for our Email Newsletter

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**OUR RESULTS**

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

**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](#)

**On-Demand Webinar**

Watch HEART's one-hour workshop with local Mortgage and Real Estate experts to learn how the HEART program can work for you and about the homebuying process.

HEART Workshop #3: First Time Homebuyer Workshop- How to Buy a Home with A 5% Down Payment

Watch later Share

**WORKSHOP #3**

**HEART OF SMC**

Learn How...

# How do you apply?

- Choose the green “Apply Now” Link

How does the First-Time Homebuyer Program work?

Watch HEART's one-hour workshop with local Mortgage and Real Estate experts to learn how the HEART program can work for you and about the homebuying process.

- HEART partner Meriwest Mortgage offers a 30-year, conforming or high-balance fixed-rate loan of up to \$970,800.
- HEART offers a 15-year, second lien downpayment loan of up to \$182,025.
- The maximum purchase price for this combination, together with 5% downpayment from the borrower, is \$1,213,500.
- 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 for BMR (below market rate) units.

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

Access tools made for First Time Homebuyers, in partnership with Meriwest Mortgage

Guidelines are current as of March 2023 and subject to change due to rapidly changing market conditions. Check back for updates, or contact Bob Fryer at Meriwest Mortgage at (office) 408-363-3452 or (cell) 707-318-8080 or via email at rfryer@meriwest.com.

Frequently Asked Questions

**Q: What do I do if I have more questions?**

A. Click on the links below to gather more information. You can also [contact us](#).

- Download our program flyer [here](#).
- Download a terms sheet [here](#) for helpful references.

# How do you apply?

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

Electronically Sign Documents

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:

Fryer, Bob ▼

☐ I'm not a robot

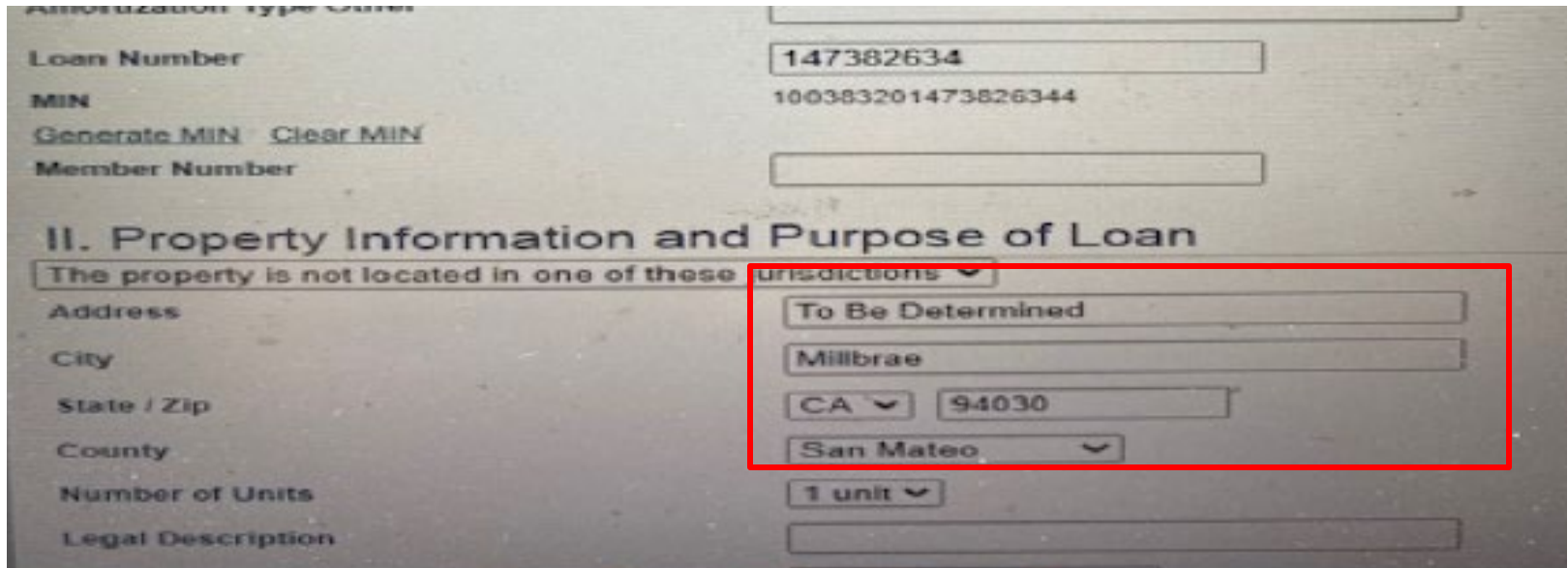
reCAPTCHA  
Privacy - Terms

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 @ 7%   | = \$3,725 (\$ 3,267 int & \$ 459 Principal)              |
| Second Loan Monthly Payment                   | \$ 105,000 @ 8.5% | = \$ 807 (\$ 744 int & \$ 63 Principal)                  |
| Monthly Property Tax @1.10%                   |                   | \$ 640 (\$ 7,700 annually)                               |
| Monthly Homeowners Insurance                  |                   | \$ 50  |
| HOA dues                                      |                   | \$ 500   |
| <b>Total Monthly Cost</b>                     |                   | <b>\$ 5,722</b>  |
| Interest Tax Deductible Fed & State           |                   | \$ 4,011   |
| Monthly Tax Savings Fed & State @ 33%         |                   | \$ 1,324 (verify with your tax preparer)                 |
| Monthly Property Tax Savings on State @ 10%   |                   | \$ 65  |
| <b>Monthly out of pocket cost</b>             |                   | <b>\$ 4,333</b> (will remain the same as rent increases) |
| Monthly Principal Pay down – (Forced Savings) |                   | \$ 522   |
| <b>True cost of monthly home ownership -</b>  |                   | <b>\$ 3,811</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 \$325.

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 - Bob'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 Bob 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**

Boris Vatin: [info@heartofsmc.org](mailto:info@heartofsmc.org), (650) 204-5640

**Meriwest Mortgage**

David Park: [dpark@meriwest.com](mailto:dpark@meriwest.com), (415) 960-4704

**Special Thanks:**

Intero Real Estate Services

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[www.LeeSellsMore.com](http://www.LeeSellsMore.com)