



# Homeownership with the HEART Loan Program

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HEART of San Mateo County  
Meriwest Mortgage

Special Thanks:  
Intero Real Estate Services

# 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 Vatkin, HEART
- **The HEART Down Payment Assistance Program**
  - Boris Vatkin, 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
- Have other programs. Feel free to go to our website to check them out

# 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			

# 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)

# 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?



## 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 (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 (will remain the same as rent increases)</b>
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?*

**INTERO**  
A Berkshire Hathaway Affiliate

# 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



## For more info, please contact:

### HEART of San Mateo County

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

### Meriwest Mortgage

Arthur Chen: [achen@meriwest.com](mailto:achen@meriwest.com), (408) 571-9913

### Special Thanks:

Intero Real Estate Services

Lee Ginsburg: [Lee@LeesSellsMore.com](mailto:Lee@LeesSellsMore.com), (650) 358-3959

Liz Gozun: [Liz@LeeSellsMore.com](mailto:Liz@LeeSellsMore.com), (415) 272-6464

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



***Good Luck!***

