



AFFORDABLE HOMEOWNERSHIP PROGRAMS

California Home Finance Authority (CHF)



WHY EXPAND YOUR KNOWLEDGE??



- ◉ Often first point of contact for a new homebuyer.
- ◉ Homebuyers are usually unaware that homebuyer assistance is available.
- ◉ Losing a sale means wasted time and money.
- ◉ Relationships with lenders can often lead to referrals, more profit potential.
- ◉ Opportunity to market homebuyer assistance as a specialty, attract more buyers.



WHAT CHF PROGRAMS CAN DO FOR BUTTE COUNTY



- ◉ Median Home Price (2/14) = \$234,370
- ◉ CHF Platinum Income Limit = \$77-78,000
- ◉ CHF Platinum Grant on a \$226K loan =
 - 3% Grant = \$6,780 (Max Grant on Conv)
 - 5% Grant = \$11,300 (Max Grant on FHA, VA, USDA)
- ◉ Annual Tax Credit from CHF 20% MCC
(based on \$226K loan @ 4.5% rate)
= \$2,034 tax credit



WHO WE ARE? WHAT WE DO?



- California Home Finance Authority (CHF)
- Joint Powers Authority (governmental entity)
- Formed in 1993 by RCRC
- CHF's Mission:
 - Create and sustain affordable homeownership and economic development

CHF Homebuyer Assistance Programs

(January 1993 – Present)

- Assisted over 45,300 families with purchasing homes
- Provided over \$39.9 million in down payment assistance (DPA) grants

CHF Energy Program

(January 2011 – Present)

- Assisted over 1,240 families to make energy efficiency retrofits to their homes

RESPONSIBLE HOMEOWNERSHIP



- Products/programs enhance standard mortgages
 - Down payment assistance (DPA)
 - Closing cost assistance
 - Grant funds may be available (depending on program)
 - Mortgage Credit Certificates
- Follow standard mortgage loan underwriting
 - FHA, VA, Fannie Mae and Freddie Mac First Mortgages
 - Income limits up to 115% Area Median Income
 - Guidelines ensure borrower has ability to afford mortgage



COMMON LENDING MISCONCEPTIONS



- Homebuyer assistance is available only for low-income households.
- Homebuyer assistance is available only to first-time homebuyers.
- Homebuyer assistance is for people with no savings or cash resources at all.
- Homebuyer assistance is available only to those with exceptional credit.
- Homebuyer assistance programs are harder to qualify for than regular loans.

wrong



LET'S LOOK AT THE PROGRAMS



- ◉ Platinum Down Payment Assistance (DPA)
- ◉ Mortgage Credit Certificate (MCC)
- ◉ Residential Energy Retrofit Program



- ◉ What is Platinum?
 - Program that combines a First Loan with a CHF grant
 - Down payment funds provided in a non-repayable grant
 - Grant is currently sized at 3-5% of the total First Loan
- ◉ Available across California
- ◉ Not limited to first-time homebuyers
- ◉ Eligible First Loans:
 - 30-yr fixed rate Conventional Fannie Mae, FHA, VA and USDA
- ◉ Available through 60+ Lenders



CHF PLATINUM – ELIGIBILITY GUIDELINES



- Purchase of “Primary Residences” only
 - New or existing properties are eligible
- “Qualifying” Income limit = 115% AMI
 - Butte County = \$77,980-78,315
- Minimum Credit Score of 640
- Maximum DTI of 45%



CHF PLATINUM - EXAMPLE



Scenario:

Homebuyer applying for a 30-year FHA mortgage loan of \$170,000 with a fixed interest rate of 4.00% and a CHF grant sized at 3% of First Loan amount.

**Scenario above is for example purposes only.*

Homebuyer with little or no \$ for down payment		
Purchase Price	\$170,000	
FHA First Loan	96.5% LTV	\$164,050
Total Monthly Payment		\$833
CHF grant	3% of \$164,050	\$4,921
Borrower required down payment	\$170,000 minus Loan and grant	\$1,029

LET'S LOOK AT THE PROGRAMS



- ◉ Platinum Down Payment Assistance (DPA)
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MORTGAGE CREDIT CERTIFICATE (MCC)



- ◉ Federal Income Tax Credit (CHF MCC = 20%)
 - 20% of annual mortgage interest paid by homeowner
 - Dollar-for-dollar reduction in federal income tax liability
- ◉ Available in 42 counties of California
- ◉ Advantages to Homebuyer
 - Federal Income Tax Credit (potential savings of \$1,000s over the life of the loan)
 - MCC can help homebuyer qualify for the mortgage (more “available income” based on anticipated tax credit)
 - Homebuyer can still write-off the remaining mortgage interest paid as a “tax deduction” on their federal tax return



MCC – ELIGIBILITY GUIDELINES



- Purchase of “Primary Residence” only
 - New or existing properties are eligible
- First-time Homebuyer Requirement
 - UNLESS property is located in a “Targeted Area” census tract (or homebuyer is a “Qualified Veteran”)
 - First-time homebuyer is defined as:
 - Not having ownership interest in a residential property anytime in the previous three (3) years.
- Household Income Limit = Up to 120% AMI
 - Butte County = \$71,400 – 85,680



MCC – ELIGIBILITY GUIDELINES CONT...



- Variety of qualifying loan types
 - Conventional, FHA, VA, USDA, Fannie Mae, Freddie Mac
 - Fixed-rate or adjustable rate loans
 - **MCCs can be combined with down payment assistance programs such as CHF Platinum!**
- Qualifying properties
 - Single-family residences(detached and condos)
 - Townhouses and certain manufactured homes
 - 2-unit, 3-unit and 4-unit properties (with certain restrictions)
- May be subject to a Recapture Tax if Property is sold within 9 years



CHF PLATINUM COMBINED WITH AN MCC



Scenario:

Homebuyer applying for a 30-year FHA mortgage loan of \$170,000 with a fixed interest rate of 4.00% and a CHF Grant sized at 3% of the 1st mortgage amount.

**Scenario above is for example purposes only.*

First-time homebuyer with little or no \$ for down payment		
Purchase price:	\$170,000	
FHA 1 st Mortgage:	96.5% LTV	\$164,050
Total Monthly Payment		\$831.22
<u>CHF Grant</u>	3% of \$164,050	\$4,921.50
<u>Borrower required down payment</u>	\$170,000 - Loan and Grant	\$1,029.00
1 st year Mortgage Interest	\$164,050 x 4.00%	\$6,800.00
<u>MCC Tax Credit</u>	20% x \$6,800	\$1,360.00

LET'S LOOK AT THE PROGRAMS



- ◉ Platinum Down Payment Assistance (DPA)
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- ◉ Residential Energy Retrofit Program



RESIDENTIAL ENERGY RETROFIT PROGRAM



- Public, private partnership
 - CHF, Five Star Bank, PG&E & CEC
- Loan financing of energy efficiency and renewable energy improvements
 - 15-yr fixed rate loan (current rate of 6.5%*)
 - Max loan amount of \$50K
- Currently available in 44 counties of California



**Interest rate subject to change at any time.*

ADVANTAGES



◉ Potential benefits to homeowner:

↑ Energy

Efficiency

↑ Comfort

↑ Safety

↑ Durability

↑ Home Value

↓ Utility Bills

↓ Carbon Footprint

↓ Home Failures

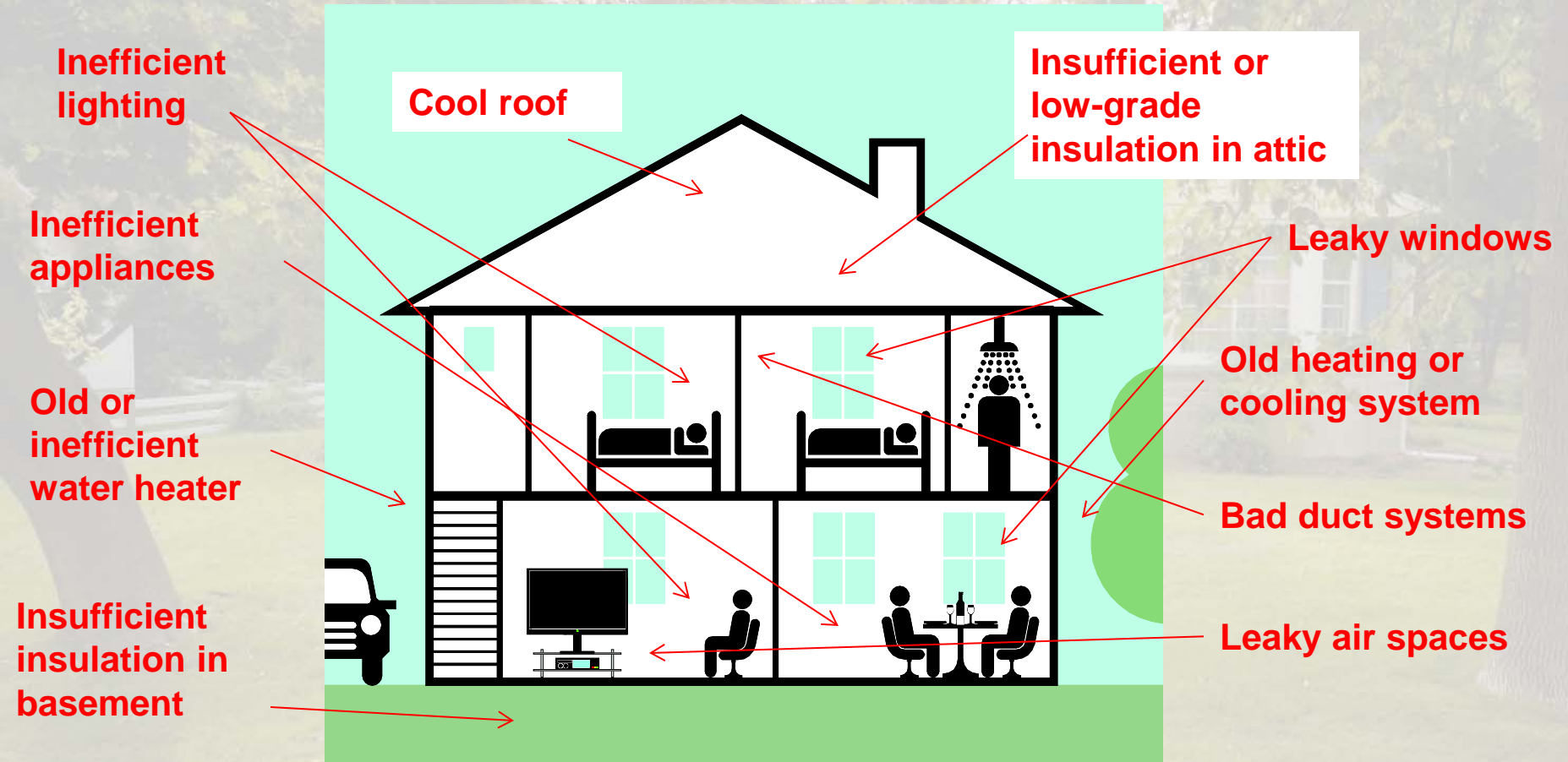
↓ Moisture Problems

↓ Health Issues

↓ Cleaning



EXAMPLES OF QUALIFYING IMPROVEMENTS



LOAN TERMS



- ◉ 15-year fully amortizing Loan (6.5% fixed rate*)
 - No prepayment penalty
- ◉ Borrow up to \$50K (Subject to credit approval)
- ◉ 100% of an approved project can be financed
 - No down payment is required from homeowner
- ◉ Monthly loan payment examples:
 - \$10,000 loan at 6.5% = \$87.11/month (APR 7.365%)
 - \$20,000 loan at 6.5% = \$174.22/month (APR 6.924%)



* Interest rate quoted as of 01/01/14 and subject to change at any time

CHF ENERGY PROGRAM – EXAMPLE



Scenario:

Homeowner qualifies for \$25K in credit and is approved for a loan under the CHF Energy Program. Loan is 15-year with a fixed interest rate of 6.5%.

Scenario is for example purposes only.

Rebates and tax credits from other programs can be used as cash in the homeowners' pocket OR to pay-down the BANK loan once received.

Item	Total
Energy Retrofit Contract	\$20,686
Project included: Foam seal attic, Install energy efficient HVAC, Improve/insulation & duct system	
CHF Program Fees	\$545
BANK Loan Amount (15-yr fully amortized; 6.5% interest rate)	\$21,231
BANK Loan (Monthly payment)	\$184.95
Net Out of Pocket Cost	\$0
Estimated annual energy savings	\$2,089
Est addt'l Utility Rebates	\$4,000
Est addt'l tax Credit (HVAC unit)	\$500

◉ Homeownership Programs

- CHF Platinum – Down Payment Assistance 3-5% Grant
- CHF MCC – 20% MCC Tax Credit
- CHF Energy Program – Energy Efficiency Financing

◉ Why Get Involved?

- Financial Assistance = More sales
- More sales = more profit
- Build referral business with CHF Participating Lenders
- Stand out amongst the competition



NEXT STEPS



1) Refer to Participating Lenders

2) CHF Client Relations Department

- Open M-F 8AM-5PM
- Toll-free (855) 740-8422 or info@chfloan.org
- Additional Info Online at www.chfloan.org

Do you work with specific loan officers?

1) HELP Your Loan Officers Start Participating!

- Contact CHF for more info, participation guidelines & training



CHF MARKETING SUPPORT



- Marketing literature in PDF template format for Business Partners
 - Can be customized with contact info
- Literature also available with CHF's Contact Info

The image displays two sample marketing literature templates for the CHF Platinum Homebuyer Program. The top template, titled 'CHF PLATINUM HOMEBUYER PROGRAM', features the headline 'Achieve the Dream.' and lists 'Program Features*' including down payment assistance and primary residence purchase. It includes a photo of a smiling couple moving. The bottom template, titled 'CHF PLATINUM PROGRAM', features the headline 'Qualify for a Grant' and provides detailed information about the program's eligibility and benefits. It includes a photo of a couple signing documents, a photo of hands holding keys, and a call to action: 'Call today and find out if you qualify'. Both templates use a color palette of maroon, yellow, and white.

CHF PLATINUM HOMEBUYER PROGRAM

Achieve the Dream.

Program Features*

- Down payment assistance (Currently in the form of a Grant)
- For the purchase of primary

CHF PLATINUM PROGRAM

Qualify for a Grant

Thousands of people each year dream of becoming homeowners. The CHF Platinum Program may help that dream become reality.

This homebuyer assistance program currently provides low-to-moderate income families and individuals with a Grant that does not have to be repaid. The grant can be used towards down payment or closing costs. Many times this allows homebuyers to purchase a home much sooner than they thought possible.

The CHF Platinum Program is available for the purchase of an owner-occupied single-family residence, approved condominium or planned unit development located in the state of California.

The Program is available for purchases of both new and existing homes and is NOT limited to first-time homebuyers.

Program features at a glance*:

- Down payment assistance (Currently in the form of a Grant)
- For the purchase of primary residences in California
- New or existing properties are eligible
- Program is NOT limited to first-time homebuyers
- Income limits up to 115% of HUD Area Median Income

For more information or to find out if you qualify, call us today.

We are here to help

We realize that one of the biggest challenges you may face when purchasing a home is coming up with the funds for the associated down payment and/or closing costs.

- See if the CHF Platinum Program will help you achieve the dream, maybe sooner than you thought possible.

Call today and find out if you qualify



THANK YOU ALL FOR ATTENDING

TOGETHER WE CAN MAKE
A DIFFERENCE



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