Employee Presentation



Imagine What Down Payment Assistance Can do for YOU!

Tuolumne County "Assist-to-Own" Program





07/07/2022

Programs Sponsored by Golden State Finance Authority (GSFA)

Relationship of GSFA to Tuolumne County

- Rural County Representatives of California (RCRC)
- Founded in 1972
- 39-Member County strong service organization
- Champions policies on behalf of California's rural counties, at both the state and federal levels

- Formed by RCRC in 1993
- California Joint Powers Authority (public entity)
- 38-Member Counties
  - Members of RCRC also
  - Includes Tuolumne County
- Mission to support affordable housing and contribute to the social and economic well-being of California residents



Supporting Affordable Housing for 29 Years

Golden State Finance Authority®

Develops and administers financing programs for:

- Residential home purchases/refinances
- Commercial and residential energy efficiency improvements
- Multi-family housing construction and rehabilitation
- City and/or county infrastructure improvements



FHA, VA, USDA and Conventional Mortgage Loan Financing



$647.3 Million in Down Payment Assistance Provided



84,400+ Homebuyers Assisted To-Date

The Benefits of Homeownership

Positive Impact on Families and Communities[1]

- Improves stability in neighborhoods
- Increases educational achievement
- Increases civic engagement
- Improves physical and psychological health
- Correlates to crime reduction

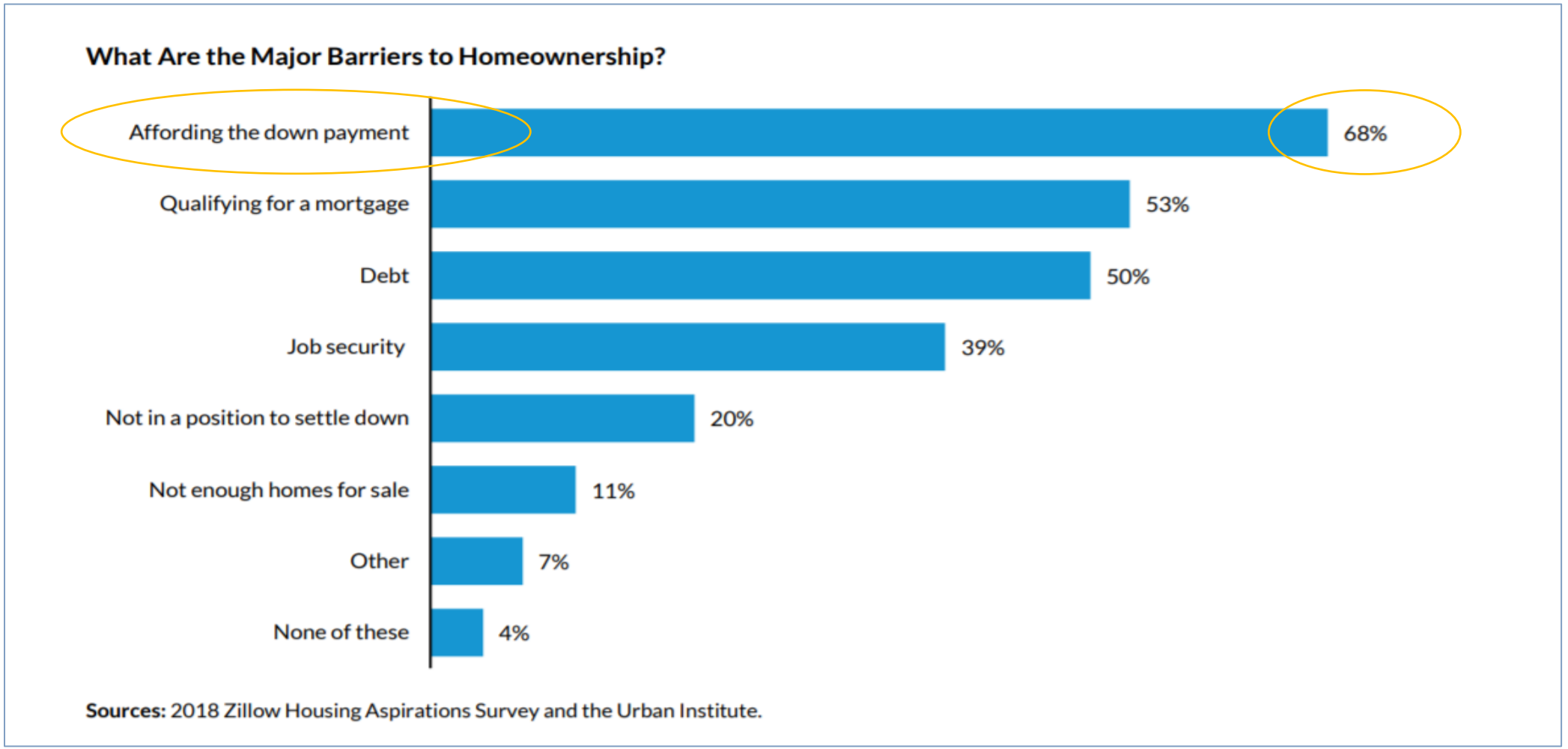
Financial Impact on Individuals

- Real estate is a large factor in net worth
- Median Homeowner 40X more net worth

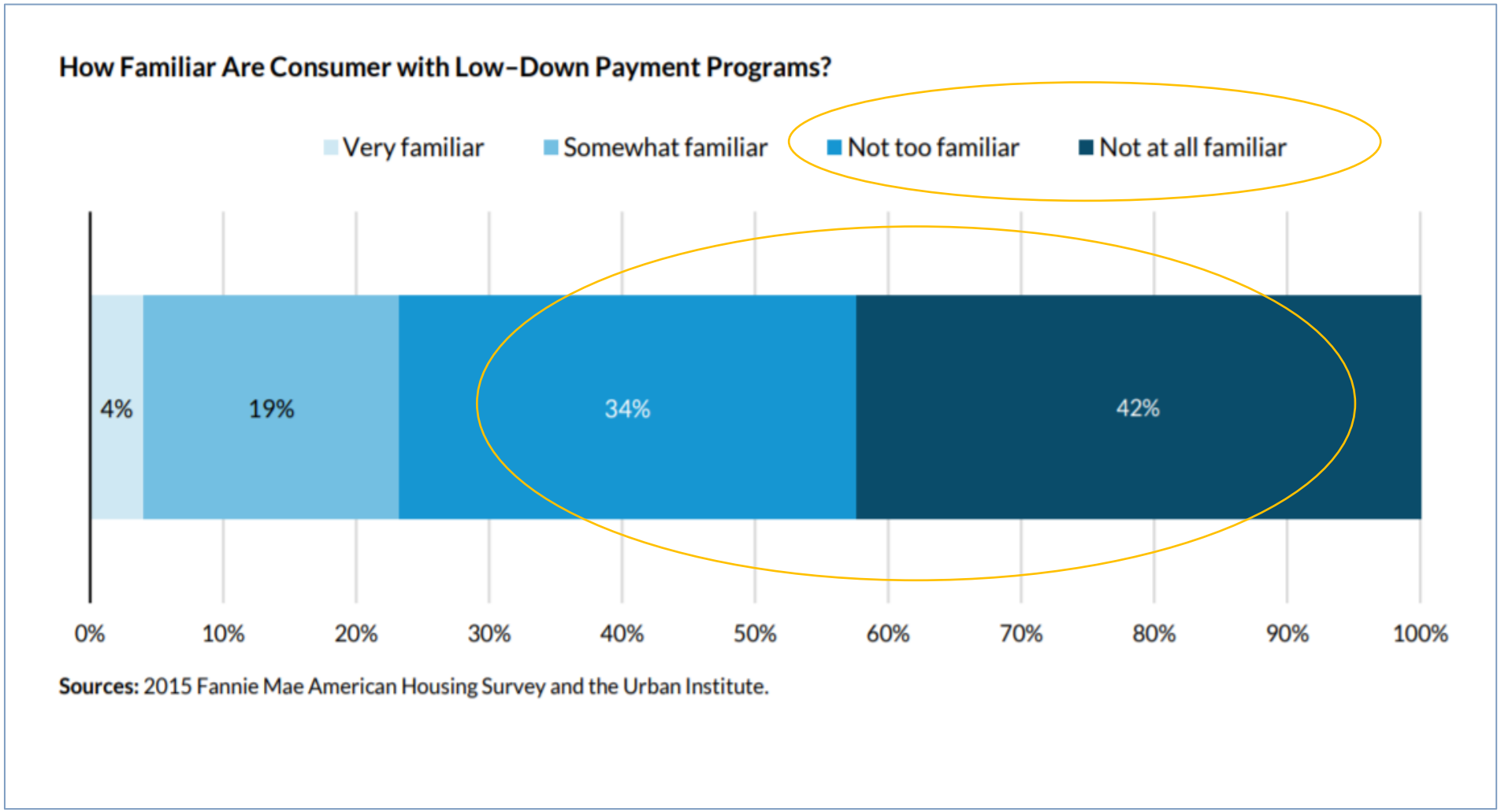
Homeownership Status	Median Net Worth[2]
Owns a home	$255,000
Doesn't own a home	$6,300

(1) 2016 study by the National Association of Realtors® *(2) Federal Reserve 2019 Survey of Consumer Finances*

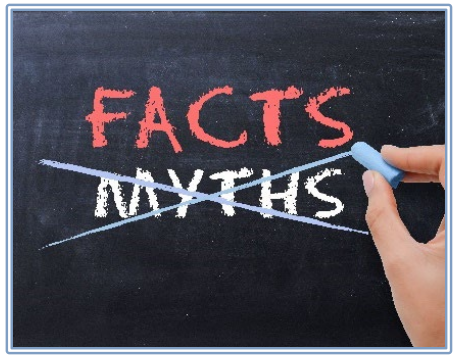
Barriers to Homeownership



Ancillary Barrier: Lack of Information



Common MYTHS about DPA



- Only for first-time homebuyers
- Harder to qualify
- Only for low-income borrowers
- Only for those with zero savings
- Only for those with exceptional credit
- Assistance accrues interest or always has to be repaid
- Interest rates make DPAs valueless
- Limited jurisdictions
- Create too much work for Lender/Realtor
- Take longer to close

Tuolumne County "Assist-to-Own" Program



- For Employees of Tuolumne County
- Provides DPA up to 5.5%
- Qualifying is easy
  - Don't have to have perfect credit
  - Don't have to be a first-time homebuyer
- Purchase or refinance anywhere in California



Program Sponsored by:
GSFA and
County of Tuolumne, a GSFA Member County

Down Payment Assistance (DPA) – Bridging the Affordability Gap



Purchase Price
$300,000

Standard FHA loan.
Requires 3.5% Down
($10,500)

$294,566
FHA First Mortgage Loan
(96.5% LTV) + Upfront
Mortgage Insurance

$16,202
GSFA Down Payment Assistance (DPA)



$10,500
to Cover 3.5%
Down Payment Requirement

$5,702
remaining to put towards
Closing Costs

**For example purposes only. Scenario is based on a GSFA Assist-to-Own Program FHA First Mortgage at 96.5% Loan-to-Value with the required upfront MI, combined with DPA Assistance from GSFA, sized at 5.5% of the Total Loan Amount. The 5.5%-sized DPA = A 3.5%-sixed Deferred Second Loan with a 0% interest rate + a 2%-sized gift.*

Tuolumne County "Assist-to-Own" – Guidelines

- Eligible Properties
  - Owner-occupied, primary residences
    - 1-4 units, townhouse and condos
    - Manufactured homes allowed with FHA financing
  - No second homes or rentals
- Eligible Jurisdiction
  - Anywhere in California
- Eligible Uses of DPA Funds
  - Down Payment
  - Closing Cost
  - Applied toward the First Mortgage
- Eligible Mortgage Loans
  - 30-Year fixed rate loans
  - FHA, VA, USDA
    - Purchase transactions only
  - Conventional Freddie Mac HFA Advantage
    - Purchase or refinance transactions
- First Mortgage Amount
  - $647,200 max loan amount
  - No purchase price limits

**Contains program highlights only. See a Participating Lender for complete guidelines, interest rates and APRs.*

FICO / DTI and DPA Terms for "Assist-to-Own"

Features and Terms of Assistance*	
FICO Score Requirement	All Loan Types = 640
Maximum Debt-to-Income (DTI)	Conventional/FHA • 45% max for FICOs below 680 • Up to 50% for FICOs 680 and higher VA/USDA = 45%
Assistance Available	Up to 5.5% of the Total First Mortgage Loan Amount • 3.5% DPA = Deferred Second Mortgage, 0% interest rate, repaid upon sale or refinance • Additional DPA, as a Gift, up to 2% available

**Contains program highlights only. See a Participating Lender for complete guidelines, interest rates and APRs.*

Flexible Income Limits

Mortgage Type	Limit/Info
FHA, VA loans	GSFA has no income limits
USDA Loans	GSFA follows Loan Agency guidelines
Conventional Loans Income Limits are VERY flexible (Low-to-moderate)	Approximately 180% of Area Median Income (AMI) Examples: Tuolumne, Calaveras, Stanislaus, Mariposa, Merced, and San Joaquin = $162,180 Note: Borrowers with income ≤ 80% AMI • More attractive pricing • More DPA Options • Charter-level Coverage Mortgage Insurance (costs less)

GSFA DPA – Expectations AND Timeline



- FICO
- DTI
- Income Range
- Occupation of Borrower (with documentation)

- 200+ Lenders Participating
- Lender locks First Mortgage and reserves DPA at same time

- No additional compliance review by GSFA
- Lender closes escrow on Lender's timeline

Don't Just Take Our Word…

"It was almost impossible to afford a home in the Bay Area. We were paying $2,100 for a 1-bedroom apartment in the San Jose area. With our 2 children, there just was not enough space! Your grant made our dreams come true.

– Edwin Miranda - San Joaquin County, Feb 2021



"Journey To Homeownership" Video Series

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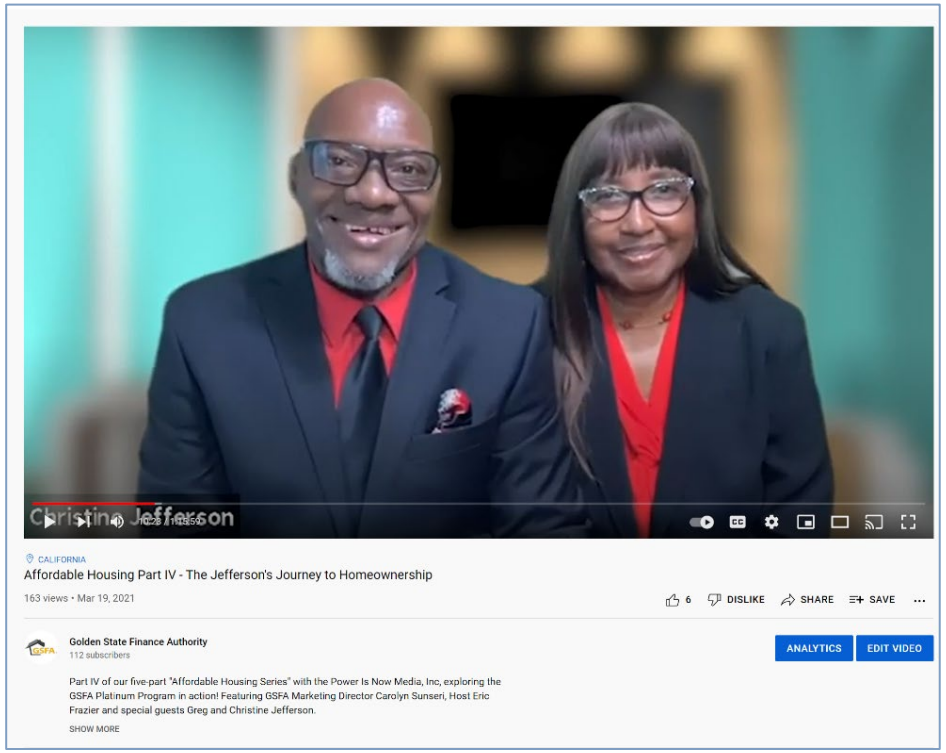


Start Building Financial Security Now

Does Waiting Make Sense?

- Home prices continue to rise
- Interest rates continue to rise
- Rents continue to rise
- How long will it take to save up for a cash down payment?

GSFA DPA - FHA Loan Example (from earlier)	
Purchase Price	$300,000
DPA Provided by GSFA	**$16,202** (5.5%-sized DPA)
If you saved $300 per month… length of time to save $16,202 =	4.5 Years
Estimated Equity Increase of 5% Annually(1) for 4.5 years	**$67,500**

(1) According to the California Association of REALTORS®, California's median home price is forecasted to rise 5.2 percent to $834,400 in 2022, following a projected 20.3 percent increase to $793,100 in 2021.

How to Get Started



Contact a GSFA Participating Lender

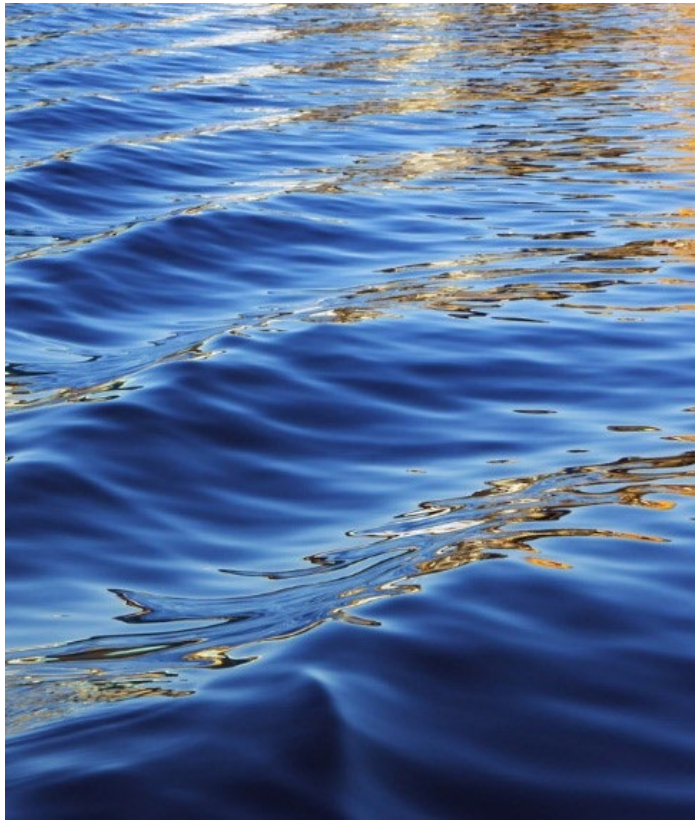
- Approved by GSFA
- Experienced in GSFA Programs
- Furnishes guidelines, interest rates and APRs
- Helps borrower determine which program/DPA is the best fit
- Processes applications
- Processes the loan

Additional Resources

- GSFA Website www.gsfahome.org
  - Program Information
  - List of ALL Participating Lenders
  - Educational Videos
  - Educational Events (Virtual & Live)
- GSFA Client Relations
  - M-F 8:00 AM – 5:00 PM PT
  - Toll-free: (855) 740-8422
  - Email: info@gsfahome.org



We Hope You've Enjoyed this Presentation



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This presentation contains general program information, is not an offer for extension of credit nor a commitment to lend and is subject to change without notice. Complete program guidelines, loan applications, interest rates and annual percentage rates (APRs) are available through GSFA Participating Lenders.

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3005ATO- Tuolumne County

Golden State Finance Authority®

1215 K Street, Suite 1650
Sacramento, CA 95814
(855) 740-8422
www.gsfahome.org