



# Imagine What Down Payment Assistance Can Do for YOU!

Monterey County  
"Assist-to-Own" Program



# Relationship of County to GSFA



- California Joint Powers Authority (Public Entity)
  - Formed in 1993
  - Consists of 39-Member Counties
  - County Supervisor on Board of Directors
- Mission:
  - Support affordable housing and social and economic well-being of CA residents
- Provide financing for:
  - Residential home purchases & refinances
  - Standard Mortgage Loans combined w/ Down Payment Assistance (DPA)



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

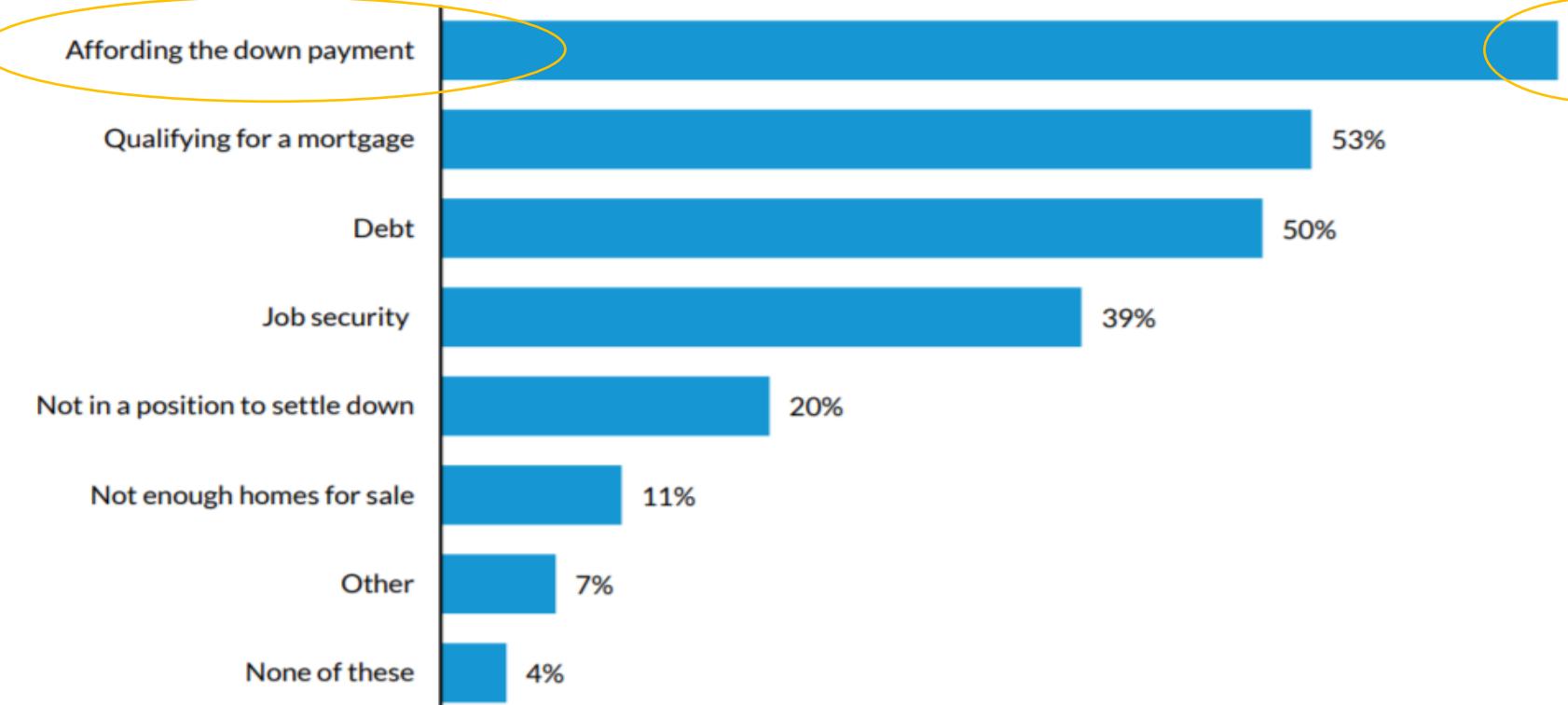
Homeownership Status	Median Net Worth <sup>(2)</sup>
Owns a home	\$255,000
Doesn't own a home	\$6,300

(1) 2016 study by the National Association of Realtors®

(2) Federal Reserve 2019 Survey of Consumer Finances

# Barriers to Homeownership

## What Are the Major Barriers to Homeownership?



Sources: 2018 Zillow Housing Aspirations Survey and the Urban Institute.

# Monterey County “Assist-to-Own” Program



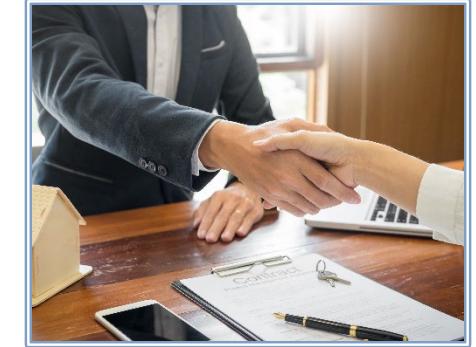
- For Employees of Monterey County
- Provides DPA up to 5.5%
- Qualifying is easy
  - Don't have to have perfect credit
  - Don't have to be a first-time homebuyer
- Purchase or refinance anywhere in California



*Program Sponsored by:  
GSFA and Monterey County, a GSFA Member County*

# Guidelines: Mortgage Loans / FICO & DTI

- 30-Year fixed rate 1st Mortgage Loans
  - FHA, VA, USDA
    - Purchases only
  - Conventional Freddie Mac HFA Advantage
    - Purchase or refinance
- Maximum 1st Mortgage Amount
  - \$647,200
  - No purchase price limits



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

# Down Payment Assistance (DPA) – Amount & Terms

## Primary Assistance (3.5%)

*(To cover most, if not all, of the required down payment)*

- 3.5% of 1st Mortgage Loan Amount
- Deferred 2nd Mortgage Loan
  - No monthly payments
  - 0% note rate (accrues no interest)
  - Repaid upon sale, refinance or at end of 30-year 1st Mortgage Loan term

## Additional Assistance (Up to 2%)

*(Additional money, usually to help with closing costs)*

- Up to 2% of 1st Mortgage Loan Amount
- Form of a Gift
  - This portion does not have to be repaid
  - Subject to market availability
  - Factored into rate of the 1st Mortgage Loan

*\*This presentation contains program highlights only. See GSFA or a GSFA Participating Lender for complete program guidelines, interest rates, APR and loan applications.*

# The Impact of Down Payment Assistance

Example  
(\$667,217 Sales Price)



**\$647,200**  
Conventional 1<sup>st</sup> Mortgage  
(97% Loan-to-value)

**\$20,017**  
Down Payment Requirement  
(3% of Purchase Price)

**\$22,652**  
Primary DPA from GSFA  
(3.5% of 1<sup>st</sup> Mortgage)

**Up to \$12,944**  
Additional DPA from GSFA  
(Up to 2.0% of 1<sup>st</sup> Mortgage)

**\$35,652**  
(5.5% of 1<sup>st</sup> Mortgage)

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# Use of DPA - Guidelines



- Eligible Uses for DPA Funds
  - Down Payment
  - Closing Cost
  - Applied toward the 1st Mortgage
- DPA can be combined with
  - Homebuyer's cash
  - Gift funds from family/friend
  - Other programs (subject to guidelines)

## EXAMPLE ONLY

Sales Price	<b>\$700,000</b>
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Gift from family	<b>\$5,000</b>
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Borrower's Cash	<b>7,148</b>
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GSFA Total DPA (5.5%)	<b>35,652</b>
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Total Down	<b>\$45,652</b>
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1 <sup>st</sup> Mortgage Loan	<b>\$647,200</b>
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*\*Contains program highlights only. See a Participating Lender for complete guidelines, interest rates and APRs.*

# Occupancy and Property Guidelines

- Occupancy
  - Owner-occupied only
  - No second homes or rentals
  - Non-occupant co-borrowers allowed with FHA financing
- Eligible Properties
  - 1-4 units, townhomes, condos
  - Manufactured homes w/ FHA
- Eligible Jurisdiction
  - Anywhere in California



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

# Guidelines: Mortgage Loans / FICO & DTI



- **FICO Score Requirement**
  - All Loan Types = 640 minimum
- **Maximum Debt-to-Income (DTI) Ratios**
  - Conventional/FHA
    - 45% maximum for FICOs below 680
    - Up to 50% for FICOs 680 and higher
  - VA/USDA
    - 45% maximum

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

# Guidelines: Income Limits

Mortgage Type	Limit/Info
<b>FHA, VA loans</b>	GSFA has no income limits
<b>USDA Loans</b>	GSFA follows Loan Agency guidelines
<b>Conventional Loans</b>  Income Limits are VERY flexible (Low-to-moderate).  Based on qualifying income and where the Property is located.	Approximately 180% of Area Median Income (AMI)  Examples: ( <i>NEW Limits published 7/20</i> ) Monterey, Fresno and Kings County = \$182,880 San Luis Obispo County = \$196,560  Note: Borrowers with income $\leq$ 80% AMI <ul style="list-style-type: none"><li>• More attractive pricing</li><li>• Lower Mortgage Insurance Requirements/Cost</li></ul>

# 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](http://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](mailto:info@gsfahome.org)



# Our Goal is to Help Employees Build Financial Security Now



## DPA, a Tool to Buy Now

- 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 Example (*from slide 6*)

Sales Price	\$667,217
3% Down Required on a Conventional Loan	\$20,017
If you saved \$500 per month... length of time to save \$20,017 =	40 months or 3.3 Years
Estimated Equity Increase <sup>(1)</sup> for 3.3 years	\$110,090

<sup>(1)</sup> 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.

# Don't Just Take Our Word...

Follow Us

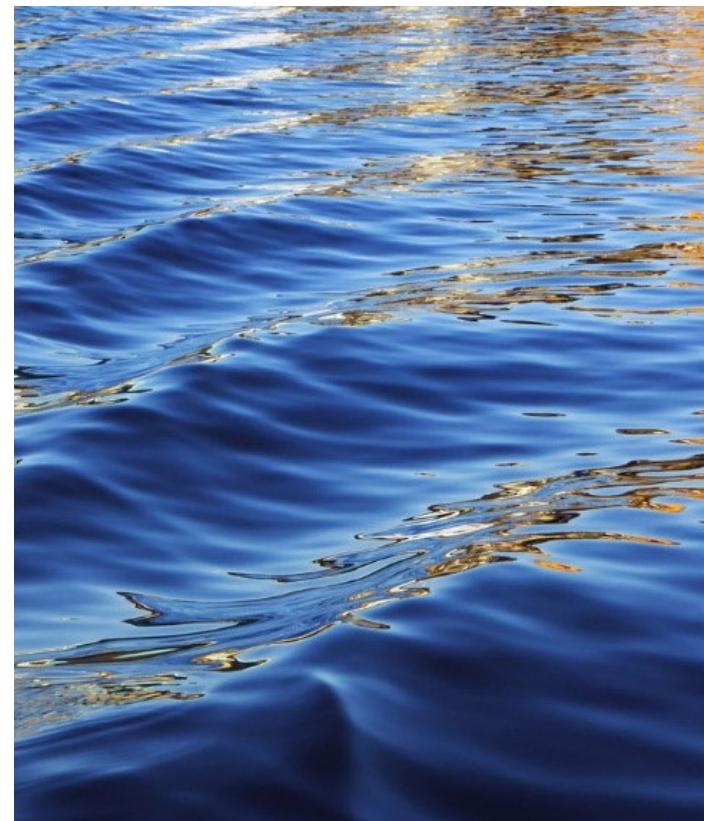


## "Journey To Homeownership" – Video Series

"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*





# 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.

The "Assist-to-Own" Down Payment Assistance Program is sponsored by GSFA, a duly constituted public entity and agency, and managed by National Homebuyers Fund, Inc., a non-profit public benefit corporation and Instrumentality of Government under Internal Revenue Service code section 115.

**3005ATO- Monterey County**



1215 K Street, Suite 1650  
Sacramento, CA 95814

(855) 740-8422

[www.gsfahome.org](http://www.gsfahome.org)