THANK YOU FOR JOINING US!

THIS EVENT WILL BEGIN SHORTLY

WWW.SANPABLOEDC.ORG
UNLOCKING HOMEOWNERSHIP

PROCESS, PITFALL AVOIDANCE, MORTGAGES AND CREDIT REPAIR

WWW.SANPABLOEDC.ORG
This webinar is being recorded. A recording will be available on our website www.sanpabloedc.org.

Any resources mentioned during the presentation will also be available on our website.

All attendees are muted.

If you are having issues with audio you may need to click on the webinar screen to enable audio.

We welcome your questions! Please type them in the Q&A box. We will answer them at the end of the webinar if time permits.
ABOUT SAN PABLO EDC

The mission of San Pablo Economic Development Corporation is to act as the catalyst for equitable economic opportunity.

PROGRAMS AND SERVICES

To support advancement, we focus on:

• Employment training and support
• Homeownership
• Business resources and access to capital

LEARN MORE ON OUR WEBSITE: WWW.SANPABLOEDC.ORG
THANK YOU TO OUR PARTNERS

Golden Sun Realty & Loans, Inc.

WWW.SANPABLOEDC.ORG
Unlocking Home Ownership

Created By: MVRodTeam

Get Started

www.mvrod.com
We both bring together more than 35 years of experience in Real Estate.

We are committed to helping individuals and families find the confidence to buy their new home or sell their property to move on to their new goals.

The MVRod Team

- We have spent the last 20 years helping more than 650 clients realize their dreams as buyers, sellers, and even investors.
- Like our customers, we live here, raise our family here, and share in the growth of our community.
- Our mission is to provide you with a pleasant and transparent experience.
Step # 1

The Importance of Homeownership

- Long-Term financial benefits of homeownership
- The emotional and psychological advantage of having a place to call your own.
Step # 2

Understanding your Financial Readiness

- Determining a realistic budget for homeownership.
- Exploring mortgage pre-approval and advantages in the home buying process
Navigating the Homebuying Process

Overview of the entire homebuyer process, from pre-approval to closing

Importance of hiring a real estate agent and their role process
Pitfalls to Avoid

Common mistakes made by first-time homebuyers

Understanding the risks of “overextending” yourself financially

Recognizing red flags in property inspections
Choosing the Right Home:

- Bedrooms
- Bath(s)
- Backyard size
- Office Space

- Defining your priorities in a home
- Tips for evaluating neighborhoods and considering future growth
Legal and Contractual Aspects

- Understanding contracts and legal documents in the homebuying process.

- Overview of potential legal pitfalls and how to avoid them
Contact Us

For further information and detail

www.mvrod.com

510.375.3172

marco@mvrod.com

3220 Blume Dr. Suite #178 Richmond, Ca 94806
Unlocking Homeownership
Credit Repair and Mortgages
Haslankar (‘Jas’) Lopez
Broker Associate | Mortgage Lender
January 22, 2024
Introduction

• Bachelors of Science in Managerial Economics
  • University of California, Davis

• Real Estate Broker (10+ years of Experience)
  • Licensed with the Department of Real Estate | BRE: 01974366
  • National Mortgage Licensing System | NMLS: 1593935

• Notary Public License

• Certified Residential Underwriter (CRU) Certificate & Designation (expected 2024)
What is Credit (Scores range from 300 to 850).

- Creditors use credit to measure a consumer’s ability to responsibly repay a debt as agreed by all the parties.
- Your FICO score is a numerical representation of the odds that a consumer will default 90 days or more on a credit card or loan.
- Credit scores are weighted based on “score cards”
Why Do You Need Good Credit

1. Lower Interest Rates
2. Better Financing Terms
3. Better Approval Rates
4. Negotiating Power
5. More Housing Opportunities
6. Mortgage Insurance Discount
How Lenders Look at Credit & How Credit is Weighed

- The odds of you defaulting for 3 months or more
- For every loan funded to 47 consumers with a credit score between 620 – 679, on average, 1 will default

<table>
<thead>
<tr>
<th>Fico</th>
<th>Odds</th>
</tr>
</thead>
<tbody>
<tr>
<td>800+</td>
<td>1,485 to 1</td>
</tr>
<tr>
<td>720 - 799</td>
<td>659 to 1</td>
</tr>
<tr>
<td>680 - 719</td>
<td>112 to 1</td>
</tr>
<tr>
<td>620 - 679</td>
<td>47 to 1</td>
</tr>
<tr>
<td>Below 620</td>
<td>15 to 1</td>
</tr>
</tbody>
</table>
### How Credit Impacts Consumers?

#### Loan Parameters

<table>
<thead>
<tr>
<th>Loan Product Type</th>
<th>Conventional 30-Year Fixed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Price</td>
<td>$700,000</td>
</tr>
<tr>
<td>Down Payment</td>
<td>$21,000 or 3%</td>
</tr>
<tr>
<td>Loan Amount</td>
<td>$679,000</td>
</tr>
<tr>
<td>Primary Residence</td>
<td>Yes</td>
</tr>
</tbody>
</table>

#### Savings Scenario

<table>
<thead>
<tr>
<th>Borrower</th>
<th>Fico</th>
<th>Interest Rate</th>
<th>Principal &amp; Interest</th>
<th>Mortgage Insurance</th>
<th>Total Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amy</td>
<td>750</td>
<td>7.804%</td>
<td>$4,890</td>
<td>$170</td>
<td>$5,060</td>
</tr>
<tr>
<td>John</td>
<td>620</td>
<td>7.804%</td>
<td>$4,890</td>
<td>$883</td>
<td>$5,773</td>
</tr>
</tbody>
</table>

**Difference** ($713)

#### Total Savings with Higher Credit

<table>
<thead>
<tr>
<th>Years</th>
<th>Monthly Savings</th>
<th>No. Months</th>
<th>Total Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$713.00</td>
<td>12</td>
<td>$8,556.00</td>
</tr>
<tr>
<td>Year 10</td>
<td>$713.00</td>
<td>120</td>
<td>$85,560.00</td>
</tr>
<tr>
<td>Year 30</td>
<td>$713.00</td>
<td>360</td>
<td>$256,680.00</td>
</tr>
</tbody>
</table>
Legalities of Credit

• Misconception that credit inquiries cannot be removed or deleted

• Credit repair is legal in all 50 states

• Request your Report through USPS mail only

• The Electronic Online System for Correct and Accurate Reporting was created by bureau (E-OSCAR)

• Credit bureaus are private enterprises

• They make money by information going in and going out

• Why your score varies from one bureau to the next
## Tips to Raise Your Credit

<table>
<thead>
<tr>
<th>General Rules of Thumb</th>
<th>Getting 800+ Credit Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paying down balances</td>
<td>Past 3 years: open accounts need to be active, no more than 3-5 credit cards</td>
</tr>
<tr>
<td>Request a credit limit increase</td>
<td>Past 7 years: No late payments (mortgages, credit cards, collections, charge-offs, etc.)</td>
</tr>
<tr>
<td>Distribute balances across</td>
<td>Past 10 years: No bankruptcies or foreclosures</td>
</tr>
<tr>
<td>Pay down student loan balances</td>
<td>Credit card utilization should be 30% or less</td>
</tr>
<tr>
<td>Use old credit cards</td>
<td>All installment loan balances should be well below the beginning balance</td>
</tr>
<tr>
<td>Avoid opening new credit cards</td>
<td>Show stability by having only 1 or 2 addresses and only 1 form of your name listed on your credit report</td>
</tr>
<tr>
<td>Set-up automatic payments</td>
<td>Do not share your credit cards with anyone except if you are married</td>
</tr>
<tr>
<td>Stay away from finance companies</td>
<td>No co-signing on a loan, credit card, auto financing, or any other financial obligation</td>
</tr>
</tbody>
</table>
Credit Repair: Getting Late Payments, Collections, and Charge-Off Errors Removed from Records

• Order your credit report directly from the bureaus once a year

• First look at general information
  • No more than one name on your account
  • No more than 1-2 addresses

• Was your late payment reported correctly
  • Look at the date, balance, and account number

• If you have collections
  • Make sure the account number belongs to you
  • Look at the last reporting date with the creditor
  • If the collection has been paid, you may dispute

• Is the charge-off accurate
  • Did you pay the original credit
Credit Repair Summary

• What is a FICO and how it is calculated
• Importance of having good credit for buying a home
• Tips for improving credit score
• How to go about removing lates, collections and charge-off errors from your credit report
Getting Started: Loan Pre-Approval

- Getting Pre-Approved
  - Fill out a loan application
  - Must show a 2-year employment history

- Documentation
  - 1 month of paystubs
  - 2 years of tax returns
  - 2 years of W2s or 1099s
  - 2 most recent bank statements

- Hard Credit Pull
  - To obtain an accurate loan estimate, you will need your credit pulled by the lender
  - You typically have 14 to 45 days to shop for a mortgage with different lenders
# Loan Programs: Conventional, FHA & USDA

## Conventional

**Pros**
- Higher Loan Limits
- No Mortgage Insurance
  - With 20% Down Pmt
- Flexible Terms
  - Fixed-Rate vs ARM
  - 15-year or 30-Year Term

**Cons**
- Higher Down Pmt
  - 5% +
- Higher Credit & Income Reqt
- PMI Req with Lower Down Pmt

## FHA

**Pros**
- Lower Down Payment
  - 3.5% Down Pmt
- Easier Qualification
  - Lower Credit Score Reqts
- Higher DTI Ratios Allowed

**Cons**
- MI for the Life of the Loan
- Lower Borrowing Limits
- Strict Property Reqts

## USDA

**Pros**
- No Down Payment Reqts
- Lower Interest Rates
- No Mortgage Insurance
- Flexible Credit Reqts

**Cons**
- Strict Income Limits
  - Entire Household Income Reqt
- Location Restrictions
- Funding Availability/Processing
## CalPLUS Conventional & CalPLUS FHA with ZIP

<table>
<thead>
<tr>
<th>CalPLUS Conventional with Zero Interest Program (ZIP)</th>
<th>CalPLUS FHA with Zero Interest Program (ZIP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First mortgage up to 97% LTV</td>
<td>First mortgage up to 96.5% LTV</td>
</tr>
<tr>
<td>MyHome = Down payment assistance only (1% simple interest rate, payments can be differed) $700k * 0.03% = $21k</td>
<td>MyHome = Down payment assistance only (1% simple interest rate, payments can be differed) $700k * 0.03% = $21k</td>
</tr>
<tr>
<td>ZIP = 2% or 3% of first mortgage loan amount (closing costs only), no interest. Better pricing!</td>
<td>ZIP = 2% or 3% of first mortgage loan amount (closing costs only), no interest Better pricing!</td>
</tr>
<tr>
<td>Assistance can’t be used to pay off borrower debt</td>
<td>Assistance can’t be used to pay off borrower debt</td>
</tr>
<tr>
<td>No cash back to borrower from ZIP funds</td>
<td>No cash back to borrower from ZIP funds</td>
</tr>
<tr>
<td>First time homebuyer only, home education program required</td>
<td>First time homebuyer only, home education program required</td>
</tr>
</tbody>
</table>
## Mortgage Rate Buydown Options

### Loan Information
- **Loan amount**: $675,500
- **Purchase Price**: $700,000
- **Interest Rate (Annual)**: 6.50%
- **Loan period in years**: 30
- **PMI Rate Factor**: 0.83%
- **Estimated Escrow Amount (Annually)**: $0.00
- **Number of payments per year**: 12
- **Monthly Payment**: $4,736.84
- **Total Payments**: 360
- **Buydown Type**: 2-1 Buydown
- **Buydown Option (LLPA or Seller Concessions?)**: Seller Concessions

### Buydown Options

#### 3-2-1 Buydown Options
- **Year 1**: 3% lower than the note rate
- **Year 2**: 2% lower than the note rate
- **Year 3**: 1% lower than the note rate
- **Year 4**: Full note rate

#### 2-1 Buydown Options
- **Year 1**: 2% lower than the note rate
- **Year 2**: 1% lower than the note rate
- **Year 3**: Full note rate

#### 1-1 Buydown Options
- **Year 1**: 1% lower than the note rate
- **Year 2**: 1% lower than the note rate
- **Year 3**: Full note rate

#### 1-0 Buydown Options
- **Year 1**: 1% lower than the note rate
- **Year 2**: Full note rate

### 2-1 Buy Down

<table>
<thead>
<tr>
<th>Year</th>
<th>Buydown Rate</th>
<th>Note Rate Payment</th>
<th>Buydown Payment</th>
<th>Monthly Savings</th>
<th># of Payments</th>
<th>Annual Savings / Buydown Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>4.500%</td>
<td>$4,736.84</td>
<td>$3,889.88</td>
<td>$846.96</td>
<td>12</td>
<td>$10,163.52</td>
</tr>
<tr>
<td>Year 2</td>
<td>5.500%</td>
<td>$4,736.84</td>
<td>$4,302.63</td>
<td>$434.21</td>
<td>12</td>
<td>$5,210.52</td>
</tr>
</tbody>
</table>

**2-1 Buydown Total Cost**: $15,374.04

**Concession Required (Based on Purchase Price)**: 2.196%
Dream for All: Shared Appreciation

- First time home buyer
- Meet first generation buyer definition
- All occupants must reside in the property
- Repayment capped at 2.5x
- Program available March/April

Example 2:

**20% Shared Appreciation Loan**

**Scenario:** Borrower AMI is above 80% AMI and up to CalHFA Income Limits

- $500,000 \( \times \) 0.20 \( \times \) 20% of the sales price = $100,000 (B) Shared Appreciation Loan

At time of sale, refinance or other transfer new value is $700,000

- $700,000 (C) New Value
- $200,000 Appreciation (C - A)
- $200,000 \( \times \) 0.20 \( \times \) 20% of the Appreciation = $40,000 (D) Factor for program share of appreciation

Borrower owes:

- $100,000 Original Shared Appreciation loan (B)
- $40,000 Program Share of Appreciation (D)

Total (B + D) = $140,000

Example 3:

**20% Shared Appreciation Loan**

**Criteria:** Borrower AMI is under and up to 80% AMI

- $400,000 (A) Original sales price or original appraisal, whichever is less
- $400,000 \( \times \) 0.20 \( \times \) 20% of the sales price = $80,000 (B) Shared Appreciation Loan

At time of sale, refinance or other transfer, new value is $600,000

- $600,000 (C) New Value
- $200,000 Appreciation (C - A)
- $200,000 \( \times \) 0.20 \( \times \) 20% of the sales price = $40,000 (D) Factor for program share of appreciation

= $30,000 (E) Program Share Of Appreciation

Borrower owes:

- $80,000 Original loan (B)
- $30,000 Program Share of Appreciation (E)

Total owed to program on sale = $110,000
Summary of Loan Programs

- Conventional, FHA & USDA
- CalPLUS Conventional & CalPLUS FHA
- Mortgage Rate Buy Downs
- Dream For All: Shared Equity Program
Keep in Touch

- Link to my website: Zip (zipforhome.com)
- Email: jhaslopez@gmail.com
- Direct phone number: (925) 705-2740
Resources

• CalHFA Dream For All Share Appreciation Loan Program Handbook

• Frequently Asked Questions About CalHFA Government Loan Programs

• California Dream For All Shared Appreciation Loan Program Income Limits

• **ONLINE:** eHome's eight-hour Homebuyer Education and Counseling course is the only online course accepted by CalHFA. (fee: $99) Other online courses like Frameworks and HomeView are not acceptable because they do not provide a one-hour, 1-on-1 counseling follow-up session.

• To request your free credit report from all three credit bureaus at the same time, use the following address:

  Annual Credit Report Request Service
  P.O. Box 105281
  Atlanta, GA 30348-5281
Thank you!
THANK YOU FOR JOINING US!

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Q & A

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