



STEPS Toward Homeownership - 2023 a Year in Review & What is Next in 2024

December 20th, 2023 - 10:00 a.m. – 11:30 a.m.



Welcome




CALIFORNIA ASSOCIATION OF REALTORS®

Transaction Rescue™



The CALIFORNIA ASSOCIATION OF REALTORS® Transaction Rescue™ is a FREE C.A.R. member benefit providing you with invaluable one-on-one assistance for any of your mortgage related questions or issues.

 (213) 739-8383

 TransactionRescue@car.org

 mortgage.car.org

Your direct line to all finance and mortgage related questions

What can Transaction Rescue™ help you with?

- Issue with a Lender
- Finding a Lender
- Loan Qualifications
- Financing Assistance
- Down Payment Assistance
- Closing Delays
- Title and Escrow
- Short Sale
- Forbearance
- Foreclosure
- Lending Discrimination
- Appraisals
- SBA Loans, PUA

Thank You to Our STEPS Sponsors!



STEPS to Financing the Dream of Homeownership – Lending Arena Speakers



Meagan Harris

Business
Development

*Golden State
Finance Authority
(GSFA)*



Cynthia Leal

Branch Manager

Guild Mortgage



Yong Choi

VP Loan Originator

*United American
Mortgage Corp*



Faramarz Moeen-Ziai

VP Loan Originator

CrossCountry Mortgage



Abel Fregoso Jr.

V.P. Loan Originator

CMG Home Loans

STEPS to Financing the Dream of Homeownership – REALTOR® & Advisor Arena Speakers



Transaction Rescue / STEPS

Host for these Events

California Association
of REALTORS®



Rolanda Wilson

HUD Counselor &
Board Member &
REALTOR®

*NID HUD
Counseling Services*



Marc Farfel

Transaction Rescue
Mgr./Lender Liaison

California Association
of REALTORS®



Jordan Levine

S.V.P. & Chief
Economist

California Association
of REALTORS®



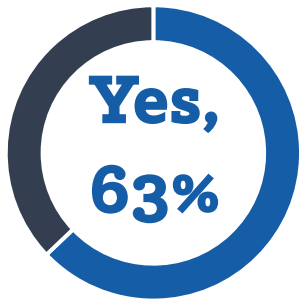
Melanie McShane

Director of Industry
Relations

California Association
of REALTORS®

Did you know?

63% of consumers would start searching for a home if they knew they could qualify for a low-down payment



If you knew you could qualify for a mortgage with a much lower down payment, would you start to look for a house?

(n=1,008)

Source: 2019 C.A.R. Consumer Survey



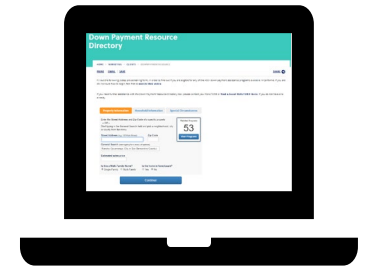
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C.A.R.'s Down Payment Resource Directory

<http://FindDownPayment.car.org>

Within the C.A.R Tool, you can find:

- Participating Lenders
- Program Guide/Flyer
- Filters/Guidelines:
 - Special Groups (Teachers, Protectors, etc.)
 - Eligible Properties
 - Maximum Sales Price
 - Eligible Borrowers
 - Maximum Household Income
 - Loan Terms
- Benefits
- Latest Updates



Get Down Payment Assistance



Today's Agenda:

9:45 a.m. Platform Overview

10:00 a.m. Welcome – Marc

10:05 a.m. Topics discussed throughout 2023 & expectations for 2024

10:30 a.m. Breakout sessions for Q & A and Feedback

11:00 a.m. Reconvene to share Feedback & Expectations New Information to share with everyone from other sessions.

11:30 a.m. Survey, Slides & Contact Information Available



Breakout: Q&A Sessions

California Association of REALTORS® - Jordan Levine

Golden State Finance Authority (GSFA) DPA – Meagan Harris

Guild Mortgage – Cynthia Leal

Homebuyer Education Program – Melanie McShane

NID HUD Counseling Services - Rolanda Wilson

CrossCountry Mortgage - Faramarz (FM) Moeen-Ziai

CMG Home Loans – Abel Fregoso jr.

United American Mortgage Corporation - Yong Choi



Please be advised that you aren't required to seek services from any of the speakers in the presentation

They were chosen because we believe they'll be helpful in providing education without requiring you to give them business. Having said that, we're not making any representations or warranties regarding the quality of their services.

We understand that you may have your own preferred companies and ultimately, it's your decision as to whose services you will seek.



Inclusivity Statement

We ask that each of you support C.A.R.'s diversity efforts by committing to treating each other with dignity and respect. Please:

- Keep statements focused on the topic or question before the group.
- Avoid mention of irrelevant demographic information like age or unrelated leadership experience.
- Refrain from saying or doing anything that could lead anyone to feel excluded or belittled.

C.A.R.'s Transaction Rescue Leadership may interject, as needed, to promote full and respectful dialogue.

C.A.R. Policies



Anti-trust Compliance: As a reminder, C.A.R. is committed to conducting all meetings and events in a professional, ethical, and lawful manner, including adherence to all antitrust laws. To that end, the topics for this meeting will focus on advancing the interests of real estate professionals and consumers of real estate services, increasing competition, reducing risk for all parties involved in real estate transactions, and sharing insights on business best practices. The following discussion topics are always prohibited: commission or compensation levels, agreements to fix prices or compensation, agreements to limit product or service offerings, allocation of geographical territory or customers, and agreements to refuse to deal. Any discussion inconsistent with this policy will not be tolerated.

Why Homeownership Matters Video



Survey for Transaction Rescue / STEPS

2023 A Year in Review & What's Up for 2024

Your Feedback is Critical

https://car.qualtrics.com/jfe/form/SV_5sZlp9sx3pVeWOi



The background is a faded, grayscale image of a two-story house with a gabled roof, multiple windows, and a two-car garage. The house is centered in the frame.

Thank You



Jordan Levine Quick Review



2023

- Between May 2022 and February 2023, the median home price fell 18% from roughly \$890K to \$735K. However, with inventory remaining extremely tight as many existing homeowners are locked in to super low-rate loans on their existing mortgage, home prices have resumed their upward trend. November marked the 5th consecutive month of year-to-year gains in the median home price with the growth accelerating.

2024

- We expect home prices to continue to grow at a roughly 6% pace next year while supply improves slightly, but not enough to offset the corresponding increase in demand from lower rates. The Fed will likely cut rates a few times next year as inflation and job growth cool, and mortgage rates will dip further. As rates begin to come down, this should boost demand because homebuyer purchasing power improves. Supply will also improve slightly with fewer homeowners locked into their existing mortgages. Altogether this will enable sales to climb into the 300,000-320,000 range and prices will rise modestly in 2024.

California Housing Market Update

Jordan Levine
S.V.P. - Chief Economist
CALIFORNIA ASSOCIATION OF REALTORS®



California November 2023 Sales and Price Report

Price/Square
foot
unchanged
from last
month

\$421

Price/Square ft

-0.1%
yty% chg

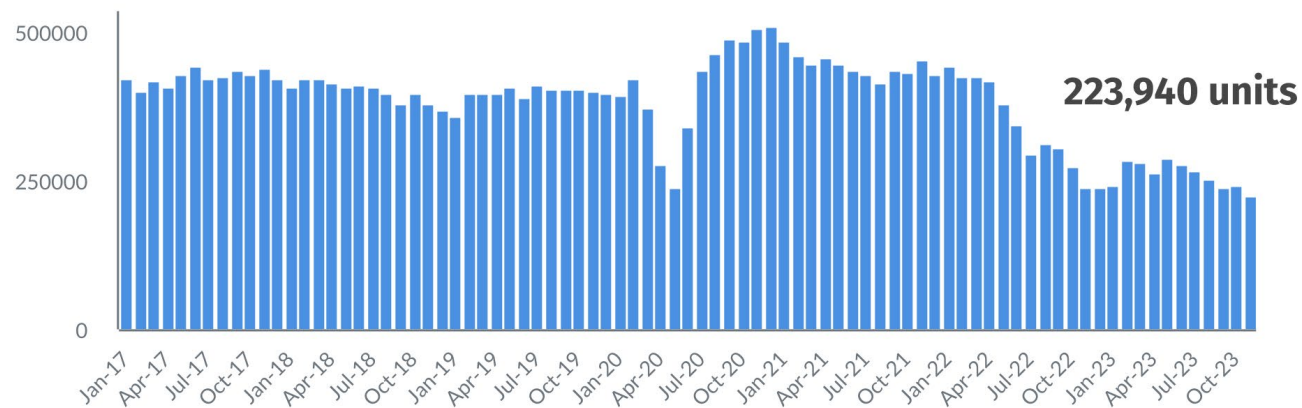
New listings
flat from 12
months ago

Time on
market still up
from last year

21 Days

Nov 2023

Sales dip to the lowest level in 16 years



Mortgage payment continues to grow more than 10 percent
from last year



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www.car.org/marketdata

The Forecast for 2024



California housing market outlook

	2016	2017	2018	2019	2020	2021	2022	2023p	2024f
SFH Resales (000s)	417.7	424.9	402.6	398.0	411.9	444.5	342.0	266.2	327.1
% Change	2.0%	1.7%	-5.2%	-1.2%	3.5%	7.9%	-23.1%	-22.2%	22.9%
Median Price (\$000s)	\$502.3	\$537.9	\$569.5	\$592.4	\$659.4	\$786.8	\$822.3	\$810.0	\$860.3
% Change	5.4%	7.1%	5.9%	4.0%	11.3%	19.3%	4.5%	-1.5%	6.2%
Housing Affordability Index	31%	29%	28%	31%	32%	26%	19%	17%	17%
30-Yr FRM	3.6%	4.0%	4.5%	3.9%	3.1%	3.0%	5.3%	7.0%	6.8%



Stay Up to Date w/Research & Economics Resources

Weekly Market Minute

<https://www.car.org/marketdata/marketminute>

Housing Matters Podcast

<https://www.car.org/marketdata/podcast>

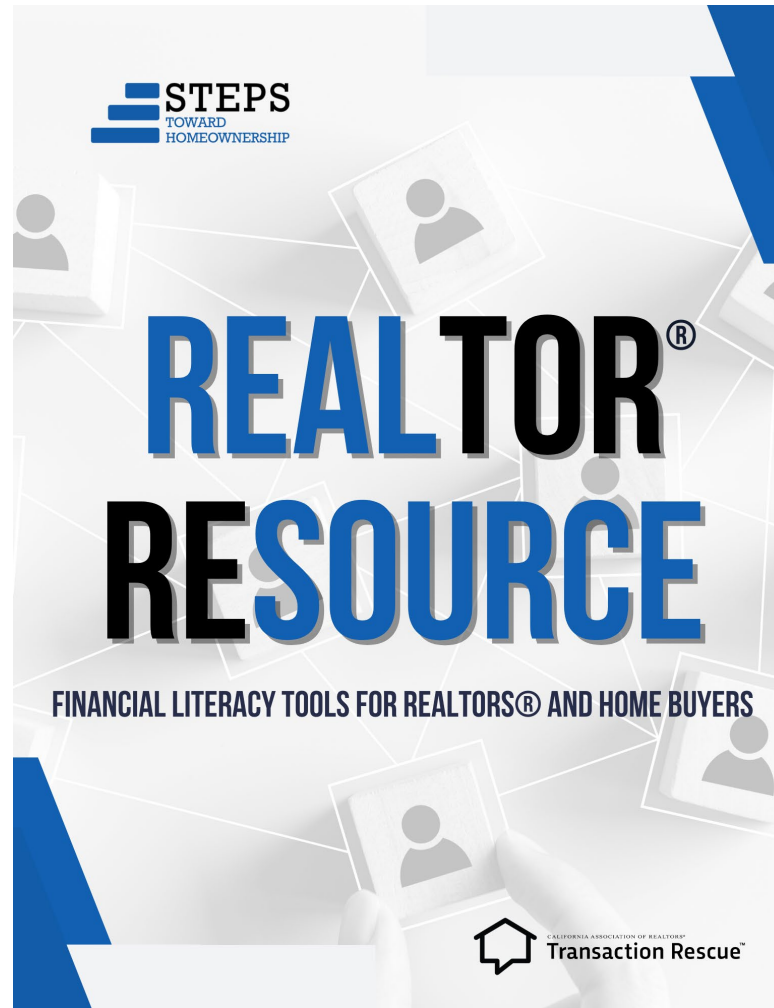
Real Quick Videos

<https://www.car.org/marketdata/realquick>

Purchasing Power Calculator

<https://www.car.org/marketdata/interactive/interestrategyaffordability>

REALTOR® Resource: Financial Literacy Tool



2024 Conforming & High Balance Loan Limits by County for Freddie & Fannie (As of 1/01/2024)

The Federal Housing Finance Agency's (FHFA) announcement to increase the 2024 conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac to **\$766,550** on one-unit properties and a cap of **\$1,149,825** in high-cost areas. The previous loan limits were \$726,200 and \$1,089,300, respectively. Higher Loan Limits = More Properties Available to Entry Level Buyers

Loan Limit Counties

\$1,149,825 –	Alameda, Contra Costa, Los Angeles, Marin, Orange San Benito, Santa Clara, Santa Cruz, San Mateo
\$766,550 > < 1,149,825	San Diego, Ventura, Santa Barbara, San Luis Obispo, Monterey Napa, Sonoma, Yolo
\$766,550 –	All Remaining Counties for FHLMC/FNMA, FHA are less.

Link to Freddie Mac (FHLMC) / Fannie Mae (FNMA) 2024 Loan Limits

- <https://www.fhfa.gov/DataTools/Tools/Pages/Conforming-Loan-Limit-Map.aspx>

Link to FHA Loan Limits just changed on the 15th of November for 2024 Limits – Conforming \$1,149,825 max, (for single unit) less in many areas

<https://entp.hud.gov/idapp/html/hicost1.cfm>

2024 FHA Conforming Loan Limits



	<u>Standard</u>	<u>High Balance</u>
One Unit	\$766,550	\$1,149,825
Two Units	\$981,500	\$1,472,250
Three Units	\$1,186,350	\$1,779,525
Four Units	\$1,474,400	\$2,211,600





Quick Review of 2023 Lending & Down Payment Assistance Information & a Peek Ahead to 2024

Forms Update

Marc



Top 3 Contract Issues Impacting Financing



Insurance
ADUs
Buyer Representation



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Top 3 Contract Issues Impacting Financing



Insurance

- December 2023. New form, BHIA, Buyer Homeowner's Insurance Advisory, bundled with RPA.
- Advisory only. Explains difficulty in obtaining insurance, or affordable insurance.
- Currently, insurance availability is part of investigation contingency (RPA, ¶12B(2)).
- Failure to obtain insurance does not give buyer contractual right to cancel pursuant to loan contingency (RPA, ¶18A(2)).
- Coming June 2024. Separate "stand-alone" contingency for insurance in RPA.
- November 2023. Fortress Wildfire Report added to RPA (¶13Q(2)) as optional paragraph. Report identifies fire risk to structure. Could help obtain insurance if recommended mitigation taken. Could impact underwriting if buyer needs funds to pay for mitigation.



Top 3 Contract Issues Impacting Financing



ADUs

- December 2023. Questions added to SPQ, Seller Property Questionnaire (¶8D) asking if ADU, and if so, if permitted and with government approval and whether utilities separate or not.
- Lenders may consider actual or potential income from ADU as part of buyer underwriting process
- Knowing if permitted and approved may assist lender in evaluation



Top 3 Contract Issues Impacting Financing



Buyer Representation

- Recent litigation has brought issue to the forefront
- Possibility seller's agents may not offer compensation to buyer's agents
- If buyer has entered into a representation agreement (C.A.R. form BRBC) with buyer's agent, buyer may ask seller to pay buyer's agent directly (C.A.R. Form RPA, ¶13G(3)).
- If seller agrees to pay, lenders to consider amount as part of overall credit available to buyer, not in addition to it.
- If buyer to pay, lender may consider buyer obligation as part of underwriting.

Utilize Key C.A.R Transaction Lending and Legal Resources

TransactionRescue@car.org

<https://Mortgage.car.org>

Transaction Rescue Webinars

<https://www.car.org/FinWebinars>

STEPS Towards Homeownership

<https://on.car.org/steps>

Legal Disclosures & Resources Questions & Answers

<https://www.car.org/riskmanagement/qa>



Lending Partners Review



The background is a faded, grayscale image of a two-story house with a gabled roof, multiple windows, and a two-car garage. The house is centered in the frame.

Rolanda Wilson



2023 STEPS Program Details – Lending Team



- Credit Scores Matter
- Credit Repair Options
- Loan Approval & Closing Steps
- Calculation a Temporary Buydown
- Pillars of Qualifying—4 Cs
- Bridge Loans
- Down Payment Assistance
- 95% LTV on 2-4 Units up to conforming loan Limit \$766,550 (January 1st)
- QM Loans
- Non-QM Loans
- Debt-to-Income Ratios
- Red/Green Flags
- Negative Credit / Life Events (Waiting Periods)
- What TRID Means to the Realtor
- Supplemental Taxes
- Wire Fraud
- Realtor Resource Down Payment Workbook
- Find Down Payment.car.org





Abel Fregoso



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2024 Lender Expectations – Abel



- Loan Limits as of January 1, 2024, increasing to \$766,550 (conforming) \$1,149,825 (High Balance)
- CMG Rate Rebound
 - Get more potential home buyers off the sidelines
 - No Lender fee– refinance if rates drop within the first 5 years
 - Get \$1000 credit at closing towards other refinance costs.
- All in One Loan
 - This loan is designed to accelerate the repayment of principal to save borrowers a significant amount of interest expense. A 30 year loan pays off in 14 years because principal is paid through deposits into the All in One sweep-checking account. Interest is computed based on the nightly unpaid principal balance. Each day's interest is totaled once each month ends.
- Home Fundit (Graduation Guests & Wedding Guests)
 - First & only online platform that allows your Graduation Guest or Wedding Guest and others to contribute to your down payment via debit or credit card. Similar to go fund me account.



2024 Lender Expectations – Abel



- List & Lock—Win/Win for Buyers and Sellers
 - Interest rates are making buyers think twice about purchasing. List & Lock eliminates buyers' biggest hurdle, generates more interest in sellers' listings and helps you sell faster without dropping a sale price.
 - How it works
 - Seller can contribute up to 3% toward lowering the rate for future buyers
 - They'll secure a 60 day lock on the rate they purchase.
 - You'll get to market their house with a discounted rate on all their listing sites.
- The California Dream—Returns March 2024
 - New Preregistration System—After a preliminary eligibility screen, a subset of applicants will be selected via a randomized lottery to receive a voucher. System will establish wait list.
 - Eligibility requirements—Must be First-time home buyers. At least one of the borrowers on the loan must be a "First Generation" home buyer. Parents have not owned a home in the United States in the last 10 years. Income limits based on 120% AMI. Minimum CLTV of 95%. Shared appreciation capped at the lesser of 20% or \$150,000





Cynthia Leal



Additional Noteworthy Conventional Changes



Fannie and Freddie Rental Income update

This update will require the borrower to have a primary housing expense and at least a one-year history of property management experience to use the full amount of rental income towards qualifying, otherwise the amount may be limited.



Fannie Mae Self-Employed Income

LESS THAN 2 YEARS IS OK STARTING 1/1/2024
Minimum 12 month reflected on the tax return
Does not require the 5 yr history like Freddie Mac

TIP: Consider GIG Economy workers again such as Uber, Lyft, Deliveries. Consider clients switching from W2s to Self-employed again. Consider Self-employed in general.



Rental Income Comparison

Current 2023 Example: \$1000 mortgage payment
Future rental income: \$3000
Lender: 75% of \$3000 minus \$1000 mortgage
Equals= $\$2,250 - \$1000 = \text{POSITIVE } \$1,250$ CASH FLOW to use to qualify for the future home loan

NEW 2024 GUIDELINE FOR LESS THAN 12 MONTH LANDLORD EXPERIENCE

Same \$1000 mortgage payment
Same Future rental income: \$3000
Lender: Limited amount applies $\$1000 \text{ minus } \$1000 = \$0$
Break-Even concept, No positive cash-flow calculation

[Guild Advantage](#)

Guild
mortgage



Faramarz (FM) Moeen-Ziai



2023 – Lender Look Back - FM



Rates

- Interest rates higher for longer, peaking in October 2023 at 8%
- Sticky inflation and political logjams in Washington around debt ceiling debate kept rates up

Mortgage News

- Conventional lending now allowing 5% down on 2–4-unit properties
- CalHFA Dream for All came and went quickly but generated a lot of interest in home ownership
- Licensed loan officer population down by 40% vs same time last year

2024 Lender Look Ahead – FM



Rates

- Inflation slowly creeping down to FED comfort levels
- FED reduced their rate forecast for 2024 to 4.5% - down 1.00% from where they are now
- Election year politics will play some role in where we are headed

Mortgage News

- CalHFA coming back with revised Dream for All program in Q1
- Conventional loan limits increased again for 2024
- Continued lower rates should push buyer demand higher into tight





Meagan Harris



2023

- Platinum DPA - up to 5.5% Assistance on 1-4 units
- NEW Golden Opportunities DPA – up to 5% Assistance, 620 min FICO, max DTI 55%
- Competitive Interest Rates, including ‘Rate Only’ options (no DPA)
- No First-time Homebuyer Requirement

2024

- NEW Loan Limits as of January 1, 2024, increasing to \$766,550



Yong Choi



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Home Equity Conversion Mortgage for Purchase (H4P Program)



- Since 2009, any homebuyer* at least 62+ of age can utilize the FHA-insured H4P Program to purchase the home of your dreams without depleting a large portion of your life savings.
- H4P Program is based on 3 primary variables: your age, the interest rate, and the purchase price of your home.
- Borrower must occupy home as primary residence and remain current on property taxes, homeowner's insurance, the costs of home maintenance, and any HOA fees.

*Options exist for purchasers less than 62, however, with significant additional costs.

Reverse Mortgage - Pros



You can better manage expenses in retirement

- A reverse mortgage lets you supplement a diminished income without digging into savings. You don't have to make monthly payments.

You don't have to move

- Instead of leaving your home, a reverse mortgage allows you to age in place. Additionally, while a reverse mortgage comes with fees and other costs, it might cost less in the long run than buying another home or rent in a new location.

You don't have to pay taxes on the income

- The money you get from a reverse mortgage isn't taxable because the IRS considers it "loan proceeds," not income. However, it could be considered income by other agencies (see "Reverse mortgage cons," below).



You're protected if the balance exceeds your home's value

Because a reverse mortgage balance grows over time (if you make no repayments), it's possible that it can exceed your home's fair market value eventually. However, the amount of debt that must be repaid can never exceed the property's value, because a reverse mortgage is an example of "non-recourse" financing. That also means a mortgage lender can have no claims against your other assets or your heirs'.

Your heirs have options

Reverse mortgages can be paid off by borrowers, but typically end when the borrower moves, sells the home or passes away. In an estate situation, heirs have several choices: They can sell the property to repay the debt and keep any equity above the loan balance; they can repay the debt out of pocket; they can keep the home and refinance the reverse mortgage balance if the property's value is sufficient; or, if the debt exceeds the value of the property (or they don't want the house), they can let the lender assume the property title. The lender can then file a claim for any unpaid balance with the insurer (almost always the FHA).



Reverse Mortgage Cons



You still have home expenses

- A reverse mortgage doesn't get you off the hook for home maintenance expenses. Property taxes, homeowner's insurance premiums and HOA fees are all still your responsibility.
- If you default on or fail to pay any of these expenses in a timely manner, it violates the reverse mortgage agreement and your home could be foreclosed upon.

Your survivors could be in for nasty surprises

- When the borrower is no longer living in the home, the reverse mortgage either has to be repaid in full or the home surrendered to the lender. This scenario could be triggered by death (obviously), but also by going into a nursing home or a long-term care facility.
- This situation can cause complications for those non-borrowers still living in the home. While there are protections in place for surviving spouses, they only apply if you were married prior to obtaining the reverse mortgage.
- And the amount to repay could be a lot larger than you anticipated — or actually received. Remember, interest accrues on reverse mortgages. If you never made any repayments, or only minimal ones, the loan balance can look perplexing high when it's payback time.
- It's for this reason that borrowers are required to get counseling before taking out a reverse mortgage, to understand all the consequences of this sort of financing. You might also want to consult a real estate attorney or one who specializes in elder law or estate law.



You have to pay a lot

- One of the problems of reverse mortgages are the costs associated with them. Reverse mortgages come with lender fees (though origination fees are capped at \$6,000 and depend on the amount of your loan), mortgage insurance premiums (similar to the MIP on FHA loans) and closing costs. Many of these expenses can be rolled into the loan principal; however, that can substantially increase the amount you owe. You'll also be paying pesky servicing fees each month that can be as high as \$35 if your interest rate adjusts on a monthly basis.

You can't deduct the interest from your taxes until you pay off the loan

- You might have enjoyed the mortgage interest deduction on your taxes when you were paying off your mortgage, but you will not be able to deduct the interest on a reverse mortgage each year. You'll only enjoy that perk when the loan is paid in full.

You could inadvertently violate other program requirements

- A reverse mortgage could cause you to violate asset or income restrictions for the Medicaid and Supplemental Security Income (SSI) programs. This might affect your eligibility for these benefits.

Melanie McShane





STEPS Homebuyer Education Opportunity Workshop

Education Considerations

- Clientele
 - Obtaining New Clients
 - Maintaining Contacts with Existing Clients
 - Showing Continued Knowledge (Frontline) Source
 - Lending/Sales Together
- Type of Event You Want to Host
 - Location
 - Preference on Size or personal Attention
 - Food or Drinks
 - Working or After Hours
 - Formal Presentation / Drop By / Invitations, ETC.
 - Take-Aways or Resources



2023 Shared Programs for Your Review



Virtual Events (Webinars) –

- **STEPS Events** (Virtual) – 4/5, 6/21, 9/7, 12/6
 - STEPS December 6th 2023 - [Watch Here](#) - [Slides](#)
 - STEPS September 7th 2023 - [Watch the Recording](#) - [Slides](#)
 - STEPS June 21st 2023 - [Watch the Recording](#) - [Slides](#)
 - STEPS April 6th 2023 – Watch Recording - Slides
- **Profitable Homebuyer Workshops** – October 4th [Slides](#) - [Watch](#)
- **Affordability w/Freddie Mac & C.A.R's Jordan Levine** – July 20th [Slides](#) - [Watch](#)
- **Down Payment Assistance** – August 29th [Watch Here](#) - [Slides Here](#)

Live In-Person Events

- **SRAR** **IVAR** **REImagine**
- **2024 Dates Scheduled for STEPS 2024** (2 ½ hr. events) - 4/10, 6/11, 9/5, 12/4
- **Deeper Dives** within 2-3 weeks after each of those
- **and at least 4 other general topics events** throughout the year.
- **In-person event requests for associations** - request through TransactionRescue@car.org



<http://FindDownPayment.car.org>
TransactionRescue@car.org
<http://Mortgage.car.org>



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Contact List



CALIFORNIA ASSOCIATION OF REALTORS®

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California Association of REALTORS® - Panelist Contact List

Name	Company	Email	Contact #
Abel Fregoso	CMG Home Loans	AFregoso@cmghomeloans.com	619-572-3316
Faramarz (FM) Moeen-Ziai	CrossCountry Mortgage	fmz@ccm.com	510-254-4697
Cynthia Leal	Guild Mortgage	cleal@guildmortgage.net	310-720-5309
Meagan Harris	Golden State Finance Authority	MHarris@rcrcnet.org	855-740-8422
Rolanda Wilson	NID HUD Counseling Services	rwilson@nidhousing.com	510-244-0085
Yong Choi	United American Mortgage Corp.	Ychoi@uamco.com	909-376-5494
Marc Farfel	C.A.R. Transaction Rescue	TransactionRescue@car.org	213-739-8383





Questions



Go to Breakouts for Q&A 30 Minutes



Return for 30 Minutes of Shared Feedback From All Groups

