CHFA Board Meeting

California Homebuyer’s Downpayment Assistance Program

Clarion Hotel
Millbrae CA

October 12, 2000
California Homebuyer's Downpayment Assistance Program (CHDAP)

Legislative Findings

- AB 2865 (Chapter 81, Statutes 2000) Signed into Law July 7, 2000
- Continuing and Urgent Need for Affordable Mortgage Financing
- Affordable Housing Enhances the Quality of Life of Californians
- Housing Fuels the California Economy
- Provides California Families with a Safe, Stable Home Environment
Legislative Findings

- The Number of Californian's Owning Their Own Home is Declining
- Make Existing Financing Affordable to Homebuyers

Program Highlights

- $50 Million General Fund Allocation
  - Part of Governor Gray Davis' $570 M Housing Program
- Administered By CHFA
- Estimated to Start October 2000
Program Highlights

- Newly Constructed & Resale Homes
- Statewide
- First Time Homebuyer
- HCD Low & Moderate-Income
- Sales Price Limits (Proposed)

Program Highlights

- Can Be Used With CHFA & Non-CHFA First Loans
- Combine with other Downpayment Assistance Programs
- Junior Loan - Second, Third, Etc.
- 3% Per Annum Simple Interest Rate, Deferred Payment
  - Not to Exceed the Term of the First Mortgage
- Maximum Loan Amount 3% of Sales Price
Program Highlights

- Average Junior Loan $5,000 (Estimated)
  - 10,000 Loans (Estimated)
  - Lowers Cash Requirement
  - Lowers First Loan & Monthly Payment
- Deferred Payment (No Monthly Payments)
- Low Interest Rate (3%)

Examples of Combined Financing

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<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
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<tbody>
<tr>
<td>Sales Price</td>
<td>$130,000</td>
<td>$150,000</td>
<td>$160,000</td>
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<tr>
<td>First Loan</td>
<td>$117,000</td>
<td>$135,000</td>
<td>$155,200</td>
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<td>City Second</td>
<td>$5,200</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>CHDAP Loan</td>
<td>$3,900</td>
<td>$4,500</td>
<td>$4,800</td>
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<tr>
<td>Down Payment</td>
<td>$3,900</td>
<td>$10,500</td>
<td>$0</td>
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1. 1.90% Conventional First with Other DAP and CHDAP
2. 2.90% Conventional First with CHDAP
3. FHA First with CHDAP
Program Administration

- CHFA Loan Documents
- CHFA-Approved Lenders use Lender Access System (LAS) for Loan Reservations
- CHFA Compliance Review
  - First-Time Homebuyers
  - Income
  - Sales Price
- CHFA Purchases Loans
- CHFA Loan Servicing

School Facility Fee
Down Payment Assistance Program
School Facility Fee
Down Payment Assistance Program
Three Programs

- Homebuyer Can Choose One of Three Programs
  - Program 1 -- Economically Distressed Areas
    Or
  - Program 2 -- Sales Price Maximum $130,000 Program
    Or
  - Program 3 -- First-Time Low & Moderate Income Program

How It Works

- Amount of Assistance
  - Based On Fees Paid by the Builder/Developer
- Single Family New Construction
  - Building Permit Issued After 1/1/99
- Assistance Amount Paid into Escrow
  - Homebuyer's Account
- Can be used with other Down Payment Assistance Programs
- Homebuyer may choose any lender, any loan
School Facility Fee
Down Payment Assistance Program
Benefits

- Assistance is a Grant
  - No Interest
  - No Payments
  - Forgiven After 5-Years Owner-Occupancy
  - No Federal Recapture

Application Package

- Program Descriptions
- Three Programs
- Tables:
  - Income
  - County
- Application
  - Checklist
  - 4506
  - Builder
  - Acknowledgement

DOWN PAYMENT
ASSISTANCE
FOR
BUYERS
OF
NEW
HOMES
IN
CALIFORNIA
Application Package
CHFA 100% Loan Program
(CHAP)

CHFA 100% Loan Program

- CHFA 97% First
  - 30 Year Fixed Rate
- CHFA 3% CHAP Second Mortgage
  - Down Payment Assistance
  - 30 Year Deferred Payment
  - 3% Per Annum Simple Interest
  - Simple Documentation
- First-Time Homebuyer
CHFA 100% Loan Program

New Construction
- CHFA Low Income & Moderate Income Statewide

Resale Homes
- CHFA Low Income Statewide
- CHFA Low & Moderate Income - Underserved Counties
Program Administration

- CHFA Approved Lenders & Correspondent Lenders/Brokers
- Lender Access System
  - Single Loan Reservation System
  - Builder Locks (BLOCK)

Example Using **CHFA**
Layered Financing:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Sales Price</td>
<td>$280,000</td>
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<tr>
<td>CHFA 1st</td>
<td>$258,280</td>
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<tr>
<td>CHAP 2nd</td>
<td>$8,400</td>
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<td>CHDAP 3rd</td>
<td>$8,400</td>
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<td>School Fee Grant (New Construction)</td>
<td>$4,920</td>
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<td>Required Down Payment</td>
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