San Mateo County’s

Employee Down Payment Assistance Program (EDPAP) Seminar
Topics to cover

San Mateo County’s Employee Down Payment Assistance Program

Exclusive San Mateo County Employee and Housing Authority Benefit

Pre-approval process
• Budget & Affordability
• Qualification process
• Payment examples
• Finding a property

Application & Free Personalized Consultation

Membership at SMCU
Purpose:

The County’s Employee Down Payment Assistance Program is an employee benefit open to all full-time, permanent County and Housing Authority employees regardless of income.

- It is designed to encourage employees to live within the County, decreasing the environmental impact and the physical/emotional impact on the employees from their long commutes.
San Mateo County’s Employee Down Payment Assistance Program (EDPAP) effective 01/2020

- Up to five eligible County and Housing Authority (HA) Employees will be drawn quarterly while funds are available.
  - Drawing is to qualify for a $100,000 second mortgage to be used towards the purchase of a home in San Mateo County.

- Drawing will occur quarterly until the funds have been exhausted.

- **Eligibility:** County and Housing Authority (HA) employees who do not currently own a home in San Mateo County and are currently, full-time employees for at least 18 months.

- **Income restrictions:** none
- **Maximum home price:** $1,500,000
- **Down payment requirement:** minimum of 3% from borrower and up to $100,000 from County Program
- **Maximum County Loan Program towards down payment:** $100,000
- **Terms of County loan:** 3%, deferred first, five years, 30-year amortization after deferral, this is considered taxable income and will be included in your annual earning.
Timeline: All pre-approval letters need to be submitted by Monday, April 27th by 5:00 p.m. (PST)

Drawing date: Tuesday, April 28, 2020

Three names will be drawn.

Applicants have six months (from the time of the drawing) to purchase a home.
  ◦ If the applicant is unable to purchase a home in the timeline, they can choose to have their name placed back on the list for the next drawing.
San Mateo County’s Employee Down Payment Assistance Program (EDPAP) effective 01/2020

- **Closing cost assistance:**
  - SMCU waiver of $1,295 lender fees for all loans.
  - County grant of $5,000 to employees who currently live outside of San Mateo County.
    - This grant is considered taxable income.

- **Repayment requirements:**
  - Upon sale of the home;
  - If the home is converted to rental property (non-owner occupied);
  - If for any reason the employee leaves County employment such as, change employment, terminated for cause, retirement etc., within the 5 year deferral period;
  - Any time after the deferral period, the County loan will continue according to the original terms of the loan.
Preapproval process: Budget & Affordability

• How much ‘liquid funds’ do you have available for a down payment on a home purchase?

• Examples of liquid funds:
  ✓ Gifts
  ✓ Savings
  ✓ 401K
  ✓ Stocks
  ✓ Grants or Down Payment Assistance Programs

• How much money do you want to spend on a monthly basis for your mortgage?
**Preapproval process: Payment Example #1**

- Bill and Sue Miller have been chosen for the EDPAP. They have $100,000.00 in liquid funds. Their payment budget allocated for a “total” housing payment is $5,000.00.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase Price</strong></td>
<td>$800,000.00</td>
<td>100.00%</td>
</tr>
<tr>
<td><strong>Down Payment</strong></td>
<td>$60,000.00</td>
<td>7.50%</td>
</tr>
<tr>
<td><strong>SMCU Loan</strong></td>
<td>$640,000.00</td>
<td>80.00%</td>
</tr>
<tr>
<td><strong>County EDPAP</strong></td>
<td>$100,000.00</td>
<td>12.50%</td>
</tr>
</tbody>
</table>

**7/1 ARM high balance 40 YR purchase @3.625% APR 4.288%:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principal &amp; Interest</strong></td>
<td>$2,527.51</td>
</tr>
<tr>
<td><strong>Principal &amp; Interest</strong></td>
<td>$421.60</td>
</tr>
<tr>
<td><strong>Property Taxes</strong></td>
<td>$833.33</td>
</tr>
<tr>
<td><strong>HOA (condo/townhomes)</strong></td>
<td>$500.00</td>
</tr>
<tr>
<td><strong>HOA-6 (walls in coverage)</strong></td>
<td>$100.00</td>
</tr>
</tbody>
</table>

**Total Housing Payment:** $4,382.44
DTI: debt to income ratio
45% is the percentage taken from your gross monthly income to qualify for your total monthly liabilities

Preapproval process: Qualifying for a loan

<table>
<thead>
<tr>
<th>Total Housing Payment:</th>
<th>$ 4,832.44</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Loan Payment:</td>
<td>$ 300.00</td>
</tr>
<tr>
<td>Car loan payment:</td>
<td>$ 500.00</td>
</tr>
<tr>
<td>Credit card payment:</td>
<td>$ 100.00</td>
</tr>
<tr>
<td><strong>Monthly income needed to qualify:</strong></td>
<td><strong>$ 12,738.76</strong></td>
</tr>
</tbody>
</table>

* This is based on a 45% debt to income ratio (DTI)
Preapproval process: Payment Example #2

- John and Jane Jones have been chosen for the EDPAP. They have $22,000.00 in liquid funds. Their payment budget allocated for a housing payment is $3,200.00.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase Price:</strong></td>
<td>$ 550,000.00</td>
<td>100.00%</td>
</tr>
<tr>
<td><strong>Down Payment:</strong></td>
<td>$ 16,500.00</td>
<td>3.00%</td>
</tr>
<tr>
<td><strong>SMCU Loan:</strong></td>
<td>$ 433,500.00</td>
<td>78.82%</td>
</tr>
<tr>
<td><strong>EDPAP 2nd loan:</strong></td>
<td>$100,000</td>
<td>18.18%</td>
</tr>
</tbody>
</table>

7/1 ARM high balance 40 YR purchase @ 3.625% APR 4.288%:
2nd loan: 30/15 35 YR term no INT, no pymts def for 5 YRS

- Principal & Interest: $ 1,711.99
- Payment: $ 421.60
- Property Taxes: $ 572.92
- Hazard Insurance: $ 155.60 (approx)

**Total Housing Payment:** $ 2,862.11
Preapproval process: Qualifying for a loan

This number is based on a 45% debt to income ratio
Documentation required:

For a typical scenario involving W2 wage earning employees, here is an example of the documents needed to submit a full application:

- Most current paystubs covering a one month period
- Previous 2 years W2s
- 2 months most current bank accounts and/or retirement statements

Running your credit:

To qualify for a mortgage, the score that is used is the middle of the three Credit Bureau's scores and then the lowest of those middle scores out of all the borrowers on the application is used

Here is an example:

Jane Smith’s middle score 730
Larry Smith’s middle score 680

In this scenario, Larry’s middle score will be what is used to qualify for the mortgage and rate. *

For multiple borrowers, the lowest middle score from all the applicants will be used *
What to do with your Pre-Approval Letter

Once the underwriter has reviewed your loan and issued a credit approval, your loan officer will send you a San Mateo Credit Union Pre-Approval Letter.

1. Send your San Mateo Credit Union Pre-Approval Letter to the Department of Housing to be entered into the quarterly Employee Down Payment Assistance Program drawing.

Nila Kim
Nhkim@smchousing.org

For more info, visit
http://housing.smcgov.org/employee-down-payment-assistanceprogram

Credit Approval

Mortgage Loan Qualification

Congratulations

Todd Barnett

Congratulations! You have been pre-approved to purchase a primary residence. This certificate acknowledges your submission of a mortgage application to San Mateo Credit Union. Based upon information received, you have been preapproved to purchase a primary residence based on a sales price of $222,777.00 with a loan amount of $1,111,777. This is based upon an interest rate that is NOT locked.

San Mateo Credit Union has verified and reviewed your employment, income, assets, and credit report as part of our initial mortgage preapproval process. Please note that interest rates and corresponding loan programs are not locked at this time, and subject to change. This credit approval is subject to an acceptable property appraisal, title report, applicable property inspection(s), and a satisfactory review of any other additional documents received and/or requested pertaining to this transaction. Please note that this preapproval is valid for 120 days and will expire on the Expiration Date listed below.

Approval Date: September 19, 2019
Expiration Date: January 16, 2020

Authorized Signature:

Jan Regalo-Freeman, MBA
Sr. Real Estate Loan Officer
650.817.1197: Phone
650.889.3879: Mobile
janregalen@smcu.org
NMLS: 1379760
Secure Email: https://secure.smcu.org/logon

New: offer valid for 120 days!
San Mateo Credit Union
Special Purchase Products

San Mateo Credit Union First mortgage option:
• 40-year Hybrid Portfolio Loan Product through San Mateo Credit Union
• 5/5, 7/1 & 10/1 (fixed for 5, 7 or 10 years)

Creditworthiness:
• Minimum 680 FICO
• 47% maximum debt-to-income ratio
• Reserves of 2 months of principal, interest, taxes, and insurance
General Data

Type of Home Purchased: As of 01/01/2020

- Condo: 13
- Single Family Home: 12
- Townhouse: 1
Areas of Purchase within the County: As of 01/01/2020

- Redwood City: 6
- San Mateo: 4
- San Bruno: 3
- Pacifica: 5
- Daly City: 3
- Daly City: 3
- San Carlos: 1
- South San Francisco: 1
- Daly City: 1
General Data

• Average Purchase Price of Homes in the County: $875,296

• Twenty-six (26) employees have purchased a home in San Mateo County

• Twenty-six (26) loans were completed under the Employee Down Payment Assistance Program

• Ten (10) employees moved from outside of the County into the County of San Mateo

• Five (5) individuals that were selected and purchased a home, their partner was also a County Employee
How to Apply:
Here is the link to get prequalified with the EDPAP: http://www.smcu.org/CountyMortgage

Next steps

Getting Started

- Visit our website at smcu.org with the Loans tab and select Home Lending Center.
- Under Home Loans, click the Apply Now button located on the top of page.

Home Lending Center

- On the next page, scroll down to the Start Your Application section and complete the information requested.
  - Please note: A membership number is NOT required to move forward, but you must be eligible for membership.
  - Please note: It is very important to select the correct type of loan you are applying for since it CANNOT be changed later. The three types of loans are Purchase, Refinance or Equity.

- On the following page, you will be asked to create a login and password for the loan application.
  - Please note: This login is not the same as your SMCU account. This login will follow your loan until your loan has closed.
  - Please note: If you are applying for multiple loans, you will need to create multiple logins.

- In the section below, you will be asked if you wish to receive your Loan Disclosures via email for security and convenience purposes. You will need to download and read the Electronic Communications Disclosure and Consent and then select Consent or Decline.

- If you select Consent, you will be asked to provide your email address and a Document Keyword that can be found at the bottom of the Electronic Communications Disclosure and Consent.

- The next page is step one of your Mortgage application. Please complete all steps and then click the Submit Application button. Once your loan is submitted, one of our Mortgage Experts will contact you regarding the next steps.

Please call the Real Estate Department with any questions or concerns at (650) 363-1799 Option #1.
Personalized Consultation

- Set up your appointment for a free consultation with one of our mortgage team experts!

- All preapprovals must be rendered and delivered to the County.