



# GSFA PLATINUM<sup>®</sup> DOWN PAYMENT ASSISTANCE PROGRAM



11/27/2017

Training for Mortgage Professionals

# Today's Training – Agenda

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- About GSFA
- GSFA Platinum Down Payment Assistance Program
  - Advantages/Benefits
  - Gift and First Mortgage Options
  - Eligibility Guidelines
  - MGIC
    - *HFA Advantage Coverage*
    - *GSFA Paid MI*



# Commitment to Responsible Homeownership

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- **Supporting Affordable Homeownership for Over Two Decades:**

- Public entity and agency in California organized in 1993
- Mission to provide a source of financing for California homebuyers

**Over 71,400**  
homebuyers  
helped

**\$505.2 million**  
in down payment  
assistance provided

- **Enhancing Standard Mortgages:**

- Down payment, closing cost assistance

- **Standard Underwriting:**

- FHA, VA, USDA and Conventional First Mortgages
- Ensure borrower has ability to afford mortgage
- Any overlays are more restrictive, not less

# Common Down Payment Assistance MYTHS

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- Only in certain areas
- Only for first-time homebuyers
- Only for low income
- Only for those with zero savings
- Only for exceptional credit
- Has to be paid back
- Only works with FHA
- Harder to qualify
- Takes longer to close
- Limited funding

**70%** of U.S. adults are unaware of down-payment assistance programs\*

Let's change this.

\* According to findings from the second annual America at Home survey commissioned by NeighborWorks America."



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## GSFA Platinum® – What is it?



**First Mortgages Combined  
with Assistance Options:  
Down Payment Assistance Gift  
GSFA-paid Mortgage Insurance**

# Accessible and Flexible

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- NO First-time Homebuyer Requirement
- NO Sales Price Limits
- Generous Income Limits
  - Low-to-Moderate (listed by County and First Mortgage Type)
- Purchase or Refinance of Primary Residences
- Available throughout California
- On-going Funding Source



# Interest Rates and Assistance Options

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- **First Mortgage Rate Corresponds to Assistance Option Selected**
  - MWF Lock desk will register the submission with GSFA.
  - GSFA will issue electronic “Reservation Confirmation” AND “Grant Letter”
  - MWF will accept lock requests from 8:30 AM to 3:00 PM PT.
  - Locks are available for 30 days only.
  - Loans under the GSFA program are not eligible for MWF’s re-lock and extension policies. No extensions are available on this product.
  - If a loan is canceled for whatever reason, whether withdrawn or denied, GSFA charges a \$400.00 cancellation fee. This fee will be charged to the broker.
  - If a loan has been canceled, it may only be re-locked after 30 calendar days from the cancellation date.
- **Lender locks First Mortgage and Reserves Assistance AT SAME TIME 🕒**

# DPA Gift Terms and Conditions

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- Size: Up to 5% of “Total First Loan Amount”
  - GSFA reserved mortgage and Gift amount should match Closing Disclosure (CD)
- Never has to be repaid
- IS NOT a second lien
- IS NOT part of DTI/CLTV
- Can be used for down payment and/or closing costs
- Lenders Upfront Gift at Closing:
  - On behalf of GSFA
  - Designated as “GSFA Gift” on CD
  - To be reimbursed by Servicer upon purchase of First Mortgage



# First Mortgage Guidelines

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- 30-Year Fixed Rate
- Primary Residences Only
- Eligible Mortgages:
  - FHA, VA, USDA
    - *Purchase transactions only*
  - Conventional Freddie Mac HFA Advantage
    - *Purchase or refinance*
- Follow agency guidelines for standard underwriting
- Loan Limits
  - FHA/VA/USDA:
    - *Follow the loan agency loan limits by county*
  - Freddie Mac HFA Advantage:
    - *Up to super conforming loan limits by county*
    - *Note: Super conforming loans MUST BE underwritten through LPA*

# Qualifying Guidelines *(Per GSFA and/or US Bank)*

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## ■ Maximum DTI

### ■ FHA/VA/USDA:

- 45%

### ■ Freddie Mac HFA Advantage:

- Up to 50%
- Subject to lower maximum based on AUS

## ■ Homebuyer Education/Counseling

### ■ FHA/VA/USDA:

- Follow agency guidelines

### ■ Freddie Mac HFA Advantage:

- Required if all borrowers are first-time homebuyers
- Refer to loan agency for specifics



# Income Limits (Online in Participant Guide)

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- Credit Qualifying Income
  - FHA: See Loan Underwriting and Transmittal Summary HUD #92900-LT
- Based on Mortgage Type & County
  - FHA/VA/USDA: 115% AMI
  - Freddie Mac: Low-to-moderate income

GSFA Platinum® Down Payment Assistance Program  
Providing a FFA up to 5% of the loan amount

GSFA Platinum® Quick Links

- [Program Overview](#)
- [Show Me the Program in Action](#)
- [Program Income Limits](#)
- [Locate the Program Area](#)
- [What People are Saying](#)
- [Frequently Asked Questions](#)
- [Participating Lenders](#)

GSFA Platinum® Income Limits

The GSFA Platinum gift program provides financial assistance to low and moderate income homebuyers in California. Therefore, the Program has income limits (based on the location of the property).

Income limits are determined by county AND type of first mortgage. Please refer to the columns below for further details.

**FHA, VA and USDA**

The Program Income Limit for FHA, VA and USDA first mortgages is based by County below:

Pick a County

Alameda  
Alpine  
Amador  
Butte  
Calaveras  
Colusa  
Contra Costa  
Del Norte  
El Dorado  
Fresno  
Glenn  
Humboldt  
Imperial  
Inyo  
Kern  
Kings  
Lake  
Lassen  
Los Angeles

**Freddie Mac**

The Program Income Limit for Freddie Mac first mortgages is based by County below:

Pick a County

[Click here for all counties here](#)

**\*\*NEW GSFA Affordable Subsidy\*\***  
Additional Incentive for Low Income Borrowers

Promotional offer July 1-Dec 31, 2017

GSFA currently offers an added feature on the GSFA Platinum Program, the GSFA Affordable Subsidy, which offers borrowers who are below 80% AMI an additional incentive (up to 2.0%) to be used towards DPA and/or closing costs.

[Learn More](#)

# Let's See Some Actual Income Limits

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County	FHA, VA, USDA First Mortgages	Freddie Mac HFA Advantage First Mortgages
Butte	\$84,295	\$98,000
Fresno	\$84,295	\$98,000
Kern	\$84,295	\$98,000
Merced	\$84,295	\$98,000
Orange	\$101,200	\$107,520
Riverside	\$84,295	\$98,240
Sacramento	\$86,480	\$111,840
San Bernardino	\$84,295	\$98,240
San Joaquin	\$84,295	\$98,000
Shasta	\$84,295	\$98,000
Tehama	\$84,295	\$98,000



# Eligible Properties

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- Owner occupied, single family residences
- FHA/VA/USDA
  - Agency approved condominiums & planned unit developments (PUDs)
- Freddie Mac
  - Follow agency/servicer guidelines
- NOT Allowed
  - Manufactured housing
  - Co-ops
  - Rental homes or investment properties
  - Recreational, vacation or second homes

# Origination Guidelines

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- Origination Fee Allowed: Up to 2.00%
- Discount Points NOT Allowed
- Closing Costs (customary/reasonable) Allowed:
  - Including appraisal, credit reporting, survey, title insurance
  - Must be charged in accordance with agency policies



# Additional Assistance for Low Income Borrowers

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## EXAMPLE

2.0% subsidy on  
\$200,000 loan  
= \$4,000

- “GSFA Affordable Subsidy”
  - For down payment and/or closing costs
  - No repayment required
  - Based on qualifying income only
  - Lender is reimbursed by Servicer at time of purchase
- Subsidy Size:
  - $\text{Income} \leq 50\% \text{ AMI} = 2.0\% \text{ of the loan amount}$
  - $\text{Income} \leq 80\% \text{ AMI} = 0.5\% \text{ of the loan amount}$
- Income Limits published in “[Affordable Subsidy Terms and Conditions](#)” on website

# Standard FHA vs Platinum Conventional

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## EXAMPLE #1

30-year fixed-rate mortgages.

GSFA Gift sized at 3% of Total First Loan.

<sup>1</sup> For example purposes only; Interest Rate published 11/15/17, subject to change.

<sup>2</sup> Includes Up Front Mortgage Insurance of 1.75% (required by FHA)

<sup>3</sup> MI based on FICO of 720 with Charter level coverage through MGIC.

Category	Standard FHA 96.5% LTV (No DPA) <sup>1</sup>	GSFA Platinum Freddie Mac HFA Advantage 97% LTV (3% DPA) <sup>1</sup>
First Loan Interest Rate	4.00%	4.625%
Purchase Price	\$200,000	\$200,000
Down Payment Required	3.50% (\$7,000)	3.00% (\$6,000)
Base First Loan	\$193,000	\$194,000
Total First Loan	\$196,378 <sup>2</sup>	\$194,000
GSFA Platinum Grant	\$0	\$5,820 (3%)
Monthly P & I	\$938	\$998
Monthly MI	\$140 (0.85%)	\$106 (0.65%) <sup>3</sup>
Total Monthly Payment	\$1,078	\$1,104
Borrower Out-of-Pocket for Down Payment	\$7,000	\$180



# GSFA Platinum FHA and Conventional Options

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## EXAMPLE #3

30-year fixed-rate GSFA Platinum mortgages.

<sup>1</sup> For example purposes only; Interest Rate published 11/15/17, subject to change.

<sup>2</sup> Includes Up Front Mortgage Insurance of 1.75% (required by FHA)

<sup>3</sup> MI based on FICO of 720 with Charter level coverage through MGIC.

Category	GSFA Platinum FHA 96.5% LTV (5% DPA) <sup>1</sup>	GSFA Platinum Freddie Mac HFA Advantage 97% LTV (3% DPA) <sup>1</sup>	GSFA Platinum Freddie Mac HFA Advantage 97% LTV (5% DPA) <sup>1</sup>
First Loan Interest Rate	4.875%	4.625%	5.125%
Purchase Price	\$200,000	\$200,000	\$200,000
Down Payment Required	3.50% (\$7,000)	3.00% (\$6,000)	3.00% (\$6,000)
Base First Loan	\$194,000	\$194,000	\$194,000
Total First Loan	\$196,378 <sup>2</sup>	\$194,000	\$194,000
<b>GSFA Platinum Grant</b>	<b>\$9,819 (5%)</b>	<b>\$5,820 (3%)</b>	<b>\$9,700 (5%)</b>
Monthly P & I	\$1,039	\$997	\$1,056
Monthly MI	\$139 (0.85%)	\$105 (0.65%) <sup>3</sup>	\$105 (0.65%) <sup>3</sup>
<b>Total Monthly Payment</b>	<b>\$1,178</b>	<b>\$1,102</b>	<b>\$1,161</b>
<b>Borrower Out-of-Pocket for Down Payment</b>	<b>\$0</b>	<b>\$180</b>	<b>\$0</b>
<b>Remaining Gift Funds for Closing Costs</b>	<b>\$2,819</b>		<b>\$3,700</b>

# Charter Level Coverage MI

## Freddie Mac HFA Advantage

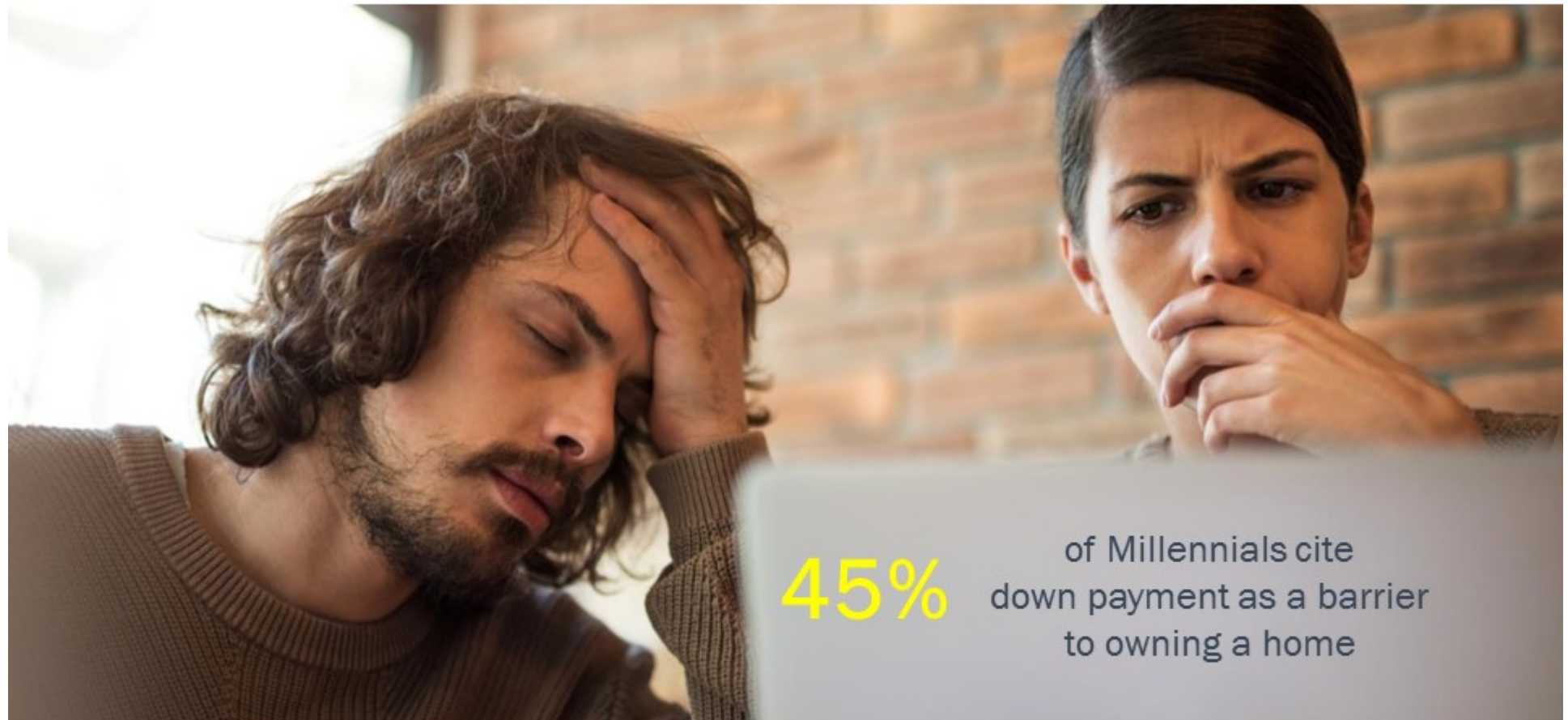
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- Lower MI Requirements
- No Upfront MIP
- Monthly BPMI is Cancellable



LTV	Standard Coverage	Charter Coverage
95.01 – 97.00%	35%	18%
90.01 – 95.00%	30%	16%
85.01 – 90.00%	25%	12%
80.01 – 85.00%	12%	6%





45%

of Millennials cite  
down payment as a barrier  
to owning a home

# Coverage Requirements



## Standard Agency

LTV	Coverage
95.01 - 97.00%	35%
90.01 - 95.00%	30%
85.01 - 90.00%	25%
80.01 - 85.00%	12%



## HomeReady<sup>®</sup> & Home Possible<sup>®</sup>

LTV	Coverage
95.01 - 97.00%	25%
90.01 - 95.00%	25%
85.01 - 90.00%	25%
80.01 - 85.00%	12%

## Housing Finance Agency (HFA)

LTV	Coverage
95.01 - 97.00%	18%
90.01 - 95.00%	16%
85.01 - 90.00%	12%
80.01 - 85.00%	6%



# Housing Finance Agency (Products)

MGIC

<http://www.gsfahome.org/programs/dpa/overview.shtml>



## Features at a Glance<sup>(1)</sup>

- Non-repayable grant for down payment and/or closing costs;
- Grant sized up to 5% of the loan amount;
- Program NOT limited to first-time homebuyers;
- FICO score requirement from 640 and up;
- Available with various mortgage loans; and
- ***NOW available with eligible refinances.***

(1) Certain restrictions apply on all programs. See a [GSFA Platinum Participating Lender](#) for complete program guidelines, current interest rates, loan applications, applicable fees and annual percentage rates (APRs.)

# GSFA Platinum Income Limits



GSFA Platinum® Income Limits for Freddie Mac first mortgages listed by county:

County	Income Limit	County	Income Limit	County	Income Limit
Alameda	\$158,080	Madera	\$98,000	San Luis Obispo	\$122,240
Alpine	\$125,920	Marin	\$158,080	San Mateo	\$158,080
Amador	\$112,640	Mariposa	\$102,240	Santa Barbara	\$123,360
Butte	\$98,000	Mendocino	\$98,000	Santa Clara	\$168,320
Calaveras	\$112,320	Merced	\$98,000	Santa Cruz	\$136,160
Colusa	\$98,000	Modoc	\$98,000	Shasta	\$98,000
Contra Costa	\$158,080	Mono	\$118,560	Sierra	\$98,000
Del Norte	\$98,000	Monterey	\$101,600	Siskiyou	\$98,000
El Dorado	\$111,840	Napa	\$132,000	Solano	\$124,160
Fresno	\$98,000	Nevada	\$114,720	Sonoma	\$121,440
Glenn	\$98,000	Orange	\$107,520	Stanislaus	\$98,000
Humboldt	\$94,240	Placer	\$111,840	Sutter	\$98,000
Imperial	\$98,000	Plumas	\$98,000	Tehama	\$98,000
Inyo	\$115,200	Riverside	\$98,240	Trinity	\$98,000
Kern	\$98,000	Sacramento	\$111,840	Tulare	\$98,000
Kings	\$98,000	San Benito	\$168,320	Tuolumne	\$98,000
Lake	\$98,000	San Bernardino	\$98,240	Ventura	\$141,280
Lassen	\$107,680	San Diego	\$117,600	Yolo	\$111,840
Los Angeles	\$107,520	San Francisco	\$158,080	Yuba	\$98,000
		San Joaquin	\$98,000		



## 1. New Loan Options:

- Freddie Mac HFA (with GSFA Paid MI) - \$1,000 Grant
- Freddie Mac HFA (with GSFA Paid MI) - 2.5% Grant

## 2. GSFA Affordable Subsidy

- Promotional offer for Low Income borrowers
- $\leq 50\%$  AMI = 2.0%-sized subsidy
- $\leq 80\%$  AMI = 0.5%-sized subsidy

- ⦿ Lender does NOT obtain Mortgage Insurance for these loans
  - “LPMI Initial Disclosure” IS required and must be included in file sent to US Bank for purchase
- ⦿ No manual underwriting
- ⦿ Follow all other GSFA Platinum Program guidelines and standard agency underwriting guidelines



# GSFA Paid Comparison (720 Fico)



## SCENARIO

30-year fixed rate mortgage loan GSFA Platinum Mortgage Options

This slide is for example purposes only; Interest Rate published 06/12/17, subject to change.

Category	Freddie Mac HFA 3% DPA Grant	Freddie Mac HFA (with GSFA Paid MI) \$1,000 DPA Grant	Freddie Mac HFA (with GSFA Paid MI) 2.5% DPA Grant
First Loan Interest Rate	4.500%	4.500%	5.000%
Purchase Price	\$200,000	\$200,000	\$200,000
LTV	97%	97%	97%
Down Payment Required	3.00% = \$6,000	3.00% = \$6,000	3.00% = \$6,000
Total First Loan	\$194,000	\$194,000	\$194,000
GSFA Platinum Grant	3% = \$5,820	\$1,000	2.5% = \$4,850
Monthly P & I	\$983	\$983	\$1,042
Monthly MI	(18% coverage) 0.65% = \$105	NO MI PAYMENT	NO MI PAYMENT
Total Monthly Payment	\$1,088	\$983	\$1,042
Down Payment Needed	\$6,000-\$5,820 <b>= \$180</b>	\$6,000 - \$1,000 <b>= \$5,000</b>	\$6,000-\$4,850 <b>= \$1,150</b>

- ⦿ Promotion for reservations July 1, 2017 – Dec 31, 2017
- ⦿ For low-income borrowers
- ⦿ Additional incentive (subsidy) available:
  - Can be used for down payment and/or closing costs
  - No repayment requirement
  - Based on qualifying income only
  - Lender is reimbursed by Servicer at time of purchase
- ⦿ Subsidy Size:
  - Income  $\leq$  50% AMI = 2.0% of the loan amount
  - Income  $\leq$  80% AMI = 0.5% of the loan amount

(Example: \$200,000 loan with 2.0% subsidy = \$8,000)



# GSFA Affordable Subsidy

MGIC

- Based on qualifying income
- Published in separate document titled "GSFA Affordable Subsidy Promo Terms"
- Available in GSFA Platinum Participant Guide

**GSFA AFFORDABLE SUBSIDY**

**INCOME LIMITS**

County Name	Area Median Income (AMI)	50% of AMI	80% of AMI
Alameda	\$97,400	\$48,700	\$77,920
Alpine	\$74,200	\$37,100	\$59,360
Amador	\$79,900	\$39,950	\$63,820
Butte	\$62,600	\$31,300	\$50,080
Calaveras	\$69,200	\$34,600	\$55,360
Colusa	\$59,000	\$29,500	\$47,200
Contra Costa	\$97,400	\$48,700	\$77,920
Del Norte	\$59,900	\$29,950	\$47,920
El Dorado	\$75,200	\$37,600	\$60,160
Elisabet	\$59,000	\$29,500	\$47,200
Glenn	\$59,000	\$29,500	\$47,200
Humboldt	\$59,000	\$29,500	\$47,200
Imperial	\$49,700	\$24,850	\$39,760
Inyo	\$71,200	\$35,600	\$58,160
Kern	\$53,000	\$26,500	\$42,400
Kings	\$59,200	\$29,600	\$47,120
Lake	\$59,000	\$29,500	\$47,200
Lassen	\$68,800	\$34,400	\$55,040
Los Angeles	\$64,300	\$32,150	\$50,880
Madison	\$51,300	\$25,650	\$41,040
Marin	\$97,400	\$48,700	\$77,920
Mariposa	\$65,300	\$32,650	\$52,480
Menocino	\$59,000	\$29,500	\$47,200
Mendocino	\$48,500	\$24,250	\$38,800
Madera	\$59,000	\$29,500	\$47,200
Mono	\$75,800	\$37,900	\$60,640
Monterey	\$63,100	\$31,550	\$50,480
Napa	\$91,000	\$45,500	\$72,800
Nevada	\$69,600	\$34,800	\$55,680
Orange	\$64,300	\$32,150	\$50,880
Packer	\$75,200	\$37,600	\$60,160
Plumas	\$62,600	\$31,300	\$50,080
Sacramento	\$75,200	\$37,600	\$60,160
San Diego	\$113,300	\$56,650	\$90,640

GSFA Affordable Subsidy

GSFA Affordable Subsidy Promotional - GSFA Platinum Programs

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July 1, 2017

# Private MI May Be Cancelled



## Original value

### Automatic Termination @ 78% LTV

based solely on the initial **amortization schedule**

### Borrower requested @ 80% LTV

based solely on the initial **amortization schedule**

**OR**

on the date the loan balance **actually reaches** 80% of the original value:

**AND**

- ✓ good payment history
- ✓ borrower satisfies any Lender's requirements that there is no decline in property value and that no subordinate liens exist



## Current value

### Borrower requested

Fannie Mae and Freddie Mac typically require:

- the loan be seasoned at least 2 years AND
- the borrowers have an acceptable payment history AND
- the LTV based on a current appraisal is:
  - 75% LTV or lower if less than 5 years have elapsed since the loan originally closed OR
  - **80% LTV or lower** the LTV if more than 5 years have elapsed since the loan originally closed

# Private MI May Be Cancelled



## When to ask your lender to cancel your MGIC mortgage insurance

If you have enough equity in your primary home and made your mortgage payments on time, cancelling your mortgage insurance is a simple process.

### Cancellation based on original value

According to the Homeowners Protection Act of 1998 (HPA), you can ask your lender to cancel mortgage insurance when your mortgage balance reaches 80% of your home's original value, either because:

- You've made all of your scheduled payments or
- You've made extra payments to reduce the principal balance ahead of schedule

In addition to your good payment history:

- Your request must be in writing
- Your property value must be at least the same as its original value and
- There are no subordinate liens on your property

If you meet these requirements, your lender must cancel the mortgage insurance on your loan.

### Cancellation based on current value

You can also ask your lender to cancel mortgage insurance based on your equity due to your home's value appreciating. (This scenario is not covered under the HPA, and lender/investor requirements may vary.)

In addition to your good payment history:

- If your mortgage is at least 2 years old but less than 5, you generally need at least 25% equity in your home
- If your mortgage is more than 5 years old, you typically need at least 20% equity
- Your lender will typically require an appraisal to verify your home's value

Your lender may have additional requirements.

### Automatic cancellation — no asking required!

Under the HPA, your lender must cancel mortgage insurance on your loan — with certain exceptions — when:

- You reach 22% equity in your home based on the original property value and
- Your mortgage payments are current



# Homeownership Starts with Education



[www.mgic.com/directory](http://www.mgic.com/directory)

MGIC Homebuyer Education (<https://homebuyers.mgic.com/>)



## *The formula for successful homeownership? Homebuyer education!*

Regardless of whether you're a first-time homebuyer or you're looking to buy your next home, getting educated about the major step you're about to take is a must. The more information you have, the more likely you are to be successful.

Some loan programs require homebuyer education. Consult with your lender to make sure you fulfill your homebuyer education requirements with an approved program.





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<https://mgic-connects.com>

Our mortgage industry blog, MGIC Connects, is where experts share their insights beyond private mortgage insurance to help readers learn about mortgage finance, housing trends, real estate news and social media in the mortgage industry.