



Housing Counseling Services, Inc.

Pre-Purchase Orientation



**Fill out Pre-Self Evaluation for this Class.
See link in the Chat.**

WHAT TO KNOW ABOUT THIS WEBINAR

- Participants are in listen only mode.
- We will receive a Zoom report after the class. No need to “check in.”
- You must remain on this screen to get credit for participation. Polls will be in pop-up windows.
- You may not “miss” more than 15 minutes and still receive a certificate
- Speaker cannot see your questions in real time.
- Use the Q&A function to ask general questions. Use the Chat function to ask personal questions.
- Raise hand function is not available.
- This presentation is available to download at HOUSINGETC.ORG
- The final quiz is the only graded poll (passing is 4/6).
- Email us after the webinar if you had issues answering the poll and/or quiz questions.
- Certificates will be emailed within 5 business days in the name under which you registered for this class



Housing Counseling Services, Inc.

HCS is a non-profit housing, training, advocacy and referral center.

WHAT WE DO!

- **Provide Free Services to the Community (Since 1972)**
- **Help Clients Resolve and Prevent Housing Obstacles**

WHAT WE DON'T DO

- **Provide Loans**
- **Provide Real Estate Listings**
- **Recommend Professionals/Services**

Protect Yourself Against Predatory Lending

- Learn to compare loans and shop around
- Understand and improve your own financial and credit status before applying for a loan
 - Do a good financial analysis
 - Check credit report and credit score
 - Seek counseling

Fair Housing Act & D.C. Human Rights Act

Used by HUD, DC Office of Human Rights and other civil rights organizations to address discrimination in the D.C. housing market on the basis of :

- Race
- Color
- National origin
- Religion
- Sex
- Disability
- Familial status
- Age
- Sexual orientation
- Gender identity
- Marital status
- Political affiliation
- Personal appearance
- Family responsibilities
- Matriculation
- Source of income
- Place of residence or business
- Victim of an intrafamily offense
- Homelessness
- Sealed Eviction record

DISABILITY

- **Reasonable Accommodations** - A reasonable accommodation is a change, exception, or adjustment to a rule, policy, practice, or service that may be necessary for a person with disabilities to have an equal opportunity to use and enjoy a dwelling, including public and common use spaces.
- **Reasonable Modifications** - is a structural change made to existing premises, occupied or to be occupied by a person with a disability, in order to afford such person full enjoyment of the premises. Reasonable modifications can include structural changes to interiors and exteriors of dwellings and to common and public use areas.

SEXUAL DISCRIMINATION

- Complaints of sex discrimination, including discrimination because of **sexual harassment**, actual or **perceived gender identity** or **sexual orientation**, are enforced under the Fair Housing Act.
- Some **LGBTQ+** persons may have claims arising under other provisions of the Act, e.g., race, national origin, color, religion, disability and familial status.
- HUD's Equal Access Rule also requires that eligibility determinations for housing assisted by HUD, or subject to a mortgage insured by HUD, be made regardless of actual or perceived gender identity, sexual orientation, or marital status.

WHAT DOES HOUSING DISCRIMINATION LOOK LIKE?

- “Oh, sorry, we don’t accept people with vouchers.”
- “All of our families with children are here, on the first floor.”
- “Our condo association has strict rules, you may not alter your unit in any way, so that means you may not install grab bars in the bathroom.”
- “This is the only application form we have, if he speaks another language, then your loved one simply won’t be able to apply.”
- “Parking is always a problem at these senior buildings, there is no handicapped parking in front of your building.”
- “This neighborhood isn’t really for you, maybe you should look in another part of town.”
- “Call it an assistance animal if you wish, but we have a no pet policy and that animal is not allowed.”

Where can you file a complaint?

Housing Counseling Services at 202-667-7715

or

**U.S. Department of Housing and Urban
Development
(FHEO)**

1-800-669-9777

BUY IT IN 6 STEPS

STEP 1:

PLANNING

- Savings?
- Steady Income?
- Acceptable Credit History?
- Low Debt(s)?
- Ready for the RESPONSIBILITY?
- Stable Family Life?
- Ready to break your current lease?

Savings

Do you have money in the bank to pay for:

- Down payment (3% - 20% of purchase price)
- Closing Costs (3% - 4% of purchase price)
- POCs (Paid Outside Closing Costs):
 - Appraisal (\$500-\$700)
 - Home Inspection (\$200 - \$600)
 - Insurance (\$250 - \$1,200)
- Maintenance Funds: Leaky Roof, Dead Water Heater, Rent/Mortgage.
- Emergency Funds: Set aside savings in case of job loss or major unexpected expense.

Credit Basics

- **Your Credit Score: Tri-Merge credit report**
- **Order your report from one or all of the credit reporting agencies:**
 - Equifax: 1-800-685-1111 www.equifax.com
 - TransUnion: 1-800-888-4213 www.transunion.com
 - Experian: 1-800-397-3942 www.experian.com
 - Annual Credit Report Service
 - 1-877-322-8228
 - www.annualcreditreport.com

Boosting Your Score

- Pay your bills on time
 - OR
- Contact the creditor
- Keep balances low on credit cards
- Pay off debt rather than moving it between credit cards
- Get current on any missed payments
- Limit inquiries

Protect your credit

- Limit inquiries
- Keep your pre-approval search within a 30-day period
- Do not let other merchants pull your credit
- We will need to pull your report for the program application.
- A lender can only pull your report with your permission.
- For pre-qualification it is not needed, but for a pre-approval it is.
- Report errors
- Report theft
- Always remember if you put a freeze on your credit reports.
- DO NOT FORGET TO LIFT IT WHEN YOU ARE READY TO HOME SHOP



Please complete a
knowledge-check
before we continue...

STEP 2: FINANCING



1st Trust Loans

- Where does most of the money come from?
 - Conventional (3%-20% down)
 - FHA (3.5%)
 - VA (0% down)
 - FHA 203(K)
 - Affordable Mortgages (Next slide)
 - Conventional: Private Mortgage Insurance (PMI) w/ <20% down
- FHA: Mortgage Insurance Premium (MIP) for the life of the loan
- VA: No mortgage insurance

DC Open Doors Product Highlights

| Mortgage Loan Product | FHA w/out Down Payment Assistance | FHA Plus w/ Down Payment Assistance | HFA Preferred HFA Advantage w/out Down Payment Assistance (Fannie Mae / Freddie Mae) | HFA Preferred HFA Advantage w/ Down Payment Assistance (Fannie Mae / Freddie Mae) |
|----------------------------------|--|--|--|--|
| Product LTV | 96.5% | 96.5% | 97% | 97% |
| Down Payment Assistance * | None | 3.50% Subordinate Loan | None | 3.00% Subordinate Loan |
| Funds Available | Unlimited | Unlimited | Unlimited | Unlimited |
| DCHFA Requirements | Maximum borrower income of \$145,560 | Maximum borrower income of \$145,560 | Maximum borrower income of \$145,560 | Maximum borrower income of \$145,560 |
| Minimum Credit Score** | 640 | 640 | 640 | 640 |
| Maximum Debt to Income | 45% | 45% | 50% | 50% |
| Pre-purchase Homebuyer Education | Not Required | Not Required | Required for 1 st time homebuyers | Required for 1 st time homebuyers |
| Additional Product Requirements | All FHA/Investor underwriting requirements imposed | All FHA/Investor underwriting requirements imposed | DU Approve/Eligible or LP Accept Findings & adhere to all Investor underwriting requirements | DU Approve/Eligible or LP Accept Findings & adhere to all Investor underwriting requirements |

For more information visit www.dcopendoors.com

HPAP (2nd Trust Loan)

- The Home Purchase Assistance Program provides down payment and closing cost assistance in the form of a second trust loan to purchase property in the District of Columbia.
- Maximum Down payment Assistance: \$202,000
- Closing Cost Assistance: \$4,000
- Total Maximum Loan Amount: \$206,000
- Its gap financing, therefore you will only receive what is needed.
- Interest Rate: 0%
- Minimum amount of assets to Apply: \$500
- Buyer has to put down at least: The greater of \$500 or 50% of your liquid assets over \$3,000. (this includes all nonretirement funds: stocks, bonds, CDs, etc.) (Plus POCs!)
 - \$7,000 in the bank
 - - \$3,000
 - $\$4,000 \div 2 = \$2,000$

HOME PURCHASE ASSISTANCE PROGRAM (HPAP) Homebuyer Assistance Table

Effective for HPAP Loans Closed After August 23, 2024

Please note that closing cost assistance for all eligible households will be up to \$4,000.

The per client gap financing assistance will cap at \$202,000.

The closing cost assistance is distinct from, and in addition to, gap financing assistance, which is shown below.

| Maximum Assistance | Household Size | | | | | | | |
|---|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Per household income less than or equal to: | | | | | | | | |
| Up to 50% Median Family Income (MFI) Households | | | | | | | | |
| \$202,000 | \$54,150 | \$61,900 | \$69,600 | \$77,350 | \$83,550 | \$89,750 | \$95,900 | \$102,100 |
| 51%- 80% Median Family Income (MFI) Households | | | | | | | | |
| \$161,600 | \$69,400 | \$79,300 | \$89,250 | \$99,150 | \$105,350 | \$111,550 | \$117,750 | \$123,950 |
| \$141,400 | \$74,400 | \$85,000 | \$95,650 | \$106,250 | \$112,900 | \$119,550 | \$126,150 | \$132,800 |
| \$101,000 | \$84,400 | \$96,450 | \$108,500 | \$120,550 | \$128,100 | \$135,600 | \$143,150 | \$150,700 |
| 81%- 110% Median Family Income (MFI) Households | | | | | | | | |
| \$80,800 | \$106,100 | \$121,300 | \$136,450 | \$151,600 | \$161,100 | \$161,100 | \$161,100 | \$161,100 |
| \$70,000 | \$119,100 | \$136,100 | \$153,150 | \$170,150 | \$180,800 | \$180,800 | \$180,800 | \$180,800 |

The amount of financial assistance provided to households earning up to 110% of the Median Family Income (MFI) shall be the combined total of gap financing assistance and closing cost assistance.

The income limits established shall be reviewed and revised as needed by the Department of Housing and Community Development to stay current with the incomes of households in the Washington, DC area. The review and revisions will be done periodically, provided that the current median income established by the Secretary of the U.S. Department of Housing and Urban Development for the Washington, DC Metropolitan Statistical Area is available.

#FairShot

frontdoor.dc.gov



HPAP Requirements

- First Time Homeowner
- DC Resident
- Meet Income Requirements
- Possess Minimum Savings of \$500 to Apply
- Acceptable Credit
- Ability to Secure a 1st Trust Loan
- Stable Income
- May be combined with EAHP (if applicable)
- 8-Hour HCS Homeownership Training Course



Important DC Residency Info

- DC residency is defined as:
 - Primarily residing in DC
 - Paying taxes to the DC Government (i.e. paystubs show DC taxes being withheld)
 - Paystubs also reflect a DC home address
 - DC driver's license or picture ID with DC address
 - Bills and bank statements reflect a home address in DC

EVERY HPAP Loan is due back
at some point...

WHEN depends on a few things...

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HPAP “Very Low & Low-Income” Repayment

- Repayment deferred while owner occupied.
 - Is only due back once sold, not primary residence or cash-out refinance
- It is NOT a grant
- It is still a loan

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HPAP “Moderate-Income” Repayment

- Monthly payments of principal only begin in year six (6)
- Amortized over a forty (40) year period

Employer Assisted Housing Program (EAHP) (2nd trust loan)

Maximum Loan: \$20,000

- **For: Down payment and closing costs**

Maximum Grant: \$5,000 toward closing costs

- **\$1,000 grant for every \$2,500 contributed by you**
- **Grant is for down payment and closing costs**

Repayment deferred while owner occupied

- **WITHIN 1st 5 YEARS** it is repayable with interest rate matching that of your 1st trust loan
- **If AFTER 5 YEARS** home ceases to be primary residence, or loan is refinanced to take “cash out” or property ceases to be primary residence then you pay *60 monthly installments of principal only*

EAHP Eligibility

- D.C. Gov Employee in Good Standing for at Least 1 Year
 - *Exemption: Teachers, Police Officers, Firefighters, EMTs eligible from first date of hire*
- No Income Limits
- First – Time Home Owner *in D.C.*
- Acceptable Credit
- Stable Employment
- Able to Secure 1st Trust Loan
- May be combined with HPAP (if applicable)
- 8-HR HCS Homeownership Training Course

First Responders

- *Police Officers, Firefighters, Paramedics, EMTs & Corrections Officers*
- \$10,000 Recoverable Grant
- Released after 5 years under two conditions
 - Completion of 5 years if service commitment with same agency
 - Occupancy as primary residence for first 5 years

First Responders

- If not forgiven (if conditions unmet):
 - Remains a deferred loan repayable under same conditions as EAHP
- Always combines w/ EAHP; may be combined w/ HPAP
- Matching grant of up to \$15,000
 - \$1,500 for every \$2,500 contributed



Please complete a
knowledge-check
before we continue...



STEP 3: SHOP AROUND

Working With an Agent

- Different types of agency
 - Representation for the buyer, seller or both (dual agency)
- What should you look for in an agent?
- What does a buyer's agent do?
 - Helps you find a property
 - Helps you negotiate a contract
 - Helps you get to settlement
- How does a buyer's agent get paid?

National Association of Realtors (NAR) Settlement

- Beginning in July 2024, new rules will take effect regarding the payment of real estate commissions
- Buyers will need to have a written agreement with their agent concerning who will pay the commission and how it is to be paid
- The buyer may establish the amount he/she is willing to pay the agent The buyer will acknowledge that the agent is eligible for any commission offered by the seller.
- How the commission is to be paid and by whom will be stated in an addendum to the contract. This is negotiable
- The commission could be a flat fee or a percentage of the sales price
- Please note that some companies charge a flat fee to the buyer and the seller in addition to any commission



Please complete a
knowledge-check
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STEP 4:
**SUBMIT
OFFER**

Submit an Offer

- Offering Price
- What “conveys” with the property?
- Earnest Money Deposit
- Pre-Approval Letter
- Proposed Settlement Date
- Contingencies
 - Financing; Appraisal; Inspection



Please complete a
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STEP 5:

HOME INSPECTIONS



Home Inspections

All HPAP/EAHP Purchases Require an Inspection

- Every buyer should have an inspection whether using a program or not.
- DO NOT miss your inspection
- Investigate. Online reviews. Certifications. Licensing.
- An inspection is recommended even if the property is brand new or is a condo.





Please complete a
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FINAL STEP: Settlement

| What does a Settlement Agent do? | What is your role in the settlement process? |
|---|---|
| <ul style="list-style-type: none">• Administer the settlement process as a <u>neutral party</u>• Title & Lien Search• Land Survey• Sell <u>title insurance</u> | <ul style="list-style-type: none">• Choose your settlement agent• Document Review• Final Walkthrough• Apply for tax benefits• Bring: ID, certified check, your personal checkbook (just in case).• Sign settlement docs• Get the keys! |



Please complete a
knowledge-check
before we continue...

WE ARE NOT DONE BUT WE WILL NOT FIELD ANY QUESTIONS
UNTIL WE FINISH THE FINAL EXAM AND THE FINAL SLIDE

- Please complete our post-self evaluation.
- And prepare for our final quiz.
- We will now discuss the requirements to move forward with an application for HPAP/EAHP and the application process for those who feel they are ready.

**Fill out Post-Self Evaluation for this Class.
See link in the Chat.**

WE WILL **NOT FIELD QUESTIONS** UNTIL WE FINISH THIS SLIDE

ARE YOU READY TO APPLY FOR HPAP/EAHP?

- *D.C. resident and/or D.C. government employee?*
- *600 credit score or better?*
- *No open judgments, liens, or collections over \$2,000?*
- *Can you break your lease?*
- *At least \$500 in checking/savings?*
- *Two years of stable income?*

- *Don't forget: if you put a freeze on your credit reports REMEMBER TO LIFT IT WHEN YOU ARE READY TO HOME SHOP. IF YOU DO NOT, YOU COULD BE CHARGED FOR A CREDIT PULL WITH NO REPORT!!!*

Married Couples

- *HPAP: Married couples must apply together in all cases. If unable to, then the second spouse must be listed as a household member on the application.*

After receiving your PPO certificate then comes the HPAP/EAHP Application Process

- To start the application process, you will need to participate in the HPAP/EAHP Prep webinar first, where we will go into full detail about the HPAP/EAHP application process. We will also go over the checklists along with the steps that you will need to take to submit all the paperwork.
- In order to get into the HPAP/EAHP Prep webinar, you will need to fill out a Response Report through a link that you will receive from our counseling department.
- As part of the required Response Report package, you will be asked to upload the following documentation:
 - a. Most recent 30 days of paystubs
 - b. Most recent 2 months of bank statement
 - c. Government issued ID

HPAP/EAHP Application Process

- Once you complete the HPAP/EAHP Prep webinar, you will have the opportunity to start the application process.
- Once your HPAP/EAHP application is approved, you will receive a Notification of Eligibility (NOE) letter from the Greater Washington Urban League (GWUL) or the District of Columbia Housing Finance Agency (DCHFA)
- Once you have your NOE, we can schedule you for the 8-hour Homeownership Training webinar, where we will go into full details about all the steps in the buying process.
- Once you complete this course and homework assignments, we will issue you an 8-hour Homeownership Training Certificate.

Pre-Purchase and Credit Counseling

- HCS now provides 1-1 Pre-Purchase and Credit Counseling.
- To schedule an appointment, please contact:

Bethania King

bethaniaking@housingetc.org

(202)-667-7706

WHAT'S NEXT?

- If eligible, you will receive an email within 5 business days with your certificate and instructions for moving forward with the application process.
- The email will include instructions on your next steps in applying for HPAP/EAHP.
- Please do not email us about your certificate, quiz score or eligibility before 5 business days
- Always check your spam box if you have not received an email by then
- If you missed more than 15 minutes total or failed/didn't take the final, training@housingetc.org will email you saying so
- If that is the case, you can retake the webinar
- This presentation is available to download at the webinar registration page on HOUSINGETC.ORG
- Email us for alternate final quiz only if you were not able to answer the final quiz in the pop-up window:
- Our email is training@housingetc.org
- Certificates will be made in the name under which you registered for this class