



# Loan Officer Orientation

2024



## Before we begin-Housekeeping

- ***Please remember to mute your lines.***
- ***I will be stopping throughout the presentation for questions.***
- ***A copy of the presentation will be sent out to attendees.***
- ***For any follow up questions about becoming an approved lender you can email [customerservice@housekeys.org](mailto:customerservice@housekeys.org)***
- ***Thank you for taking the time to attend***



# Our Purpose

To Improve Programs that Improve Lives

Program Standardization and Scalability

Be a program administrator for inclusionary housing programs such as the Below Market Rate Ownership Program



# Overall Process to become an approved lender

1. Attend Orientation (today)
2. Complete Loan Officer Participation Form (You will be emailed the link, 30 days to complete)
3. Provide restriction documents to your legal team to get approval to lend on deed restricted properties.
4. Provide HouseKeys with the approval confirmations (for each program) from your legal department to participate.
5. Sign and return the lender agreement (for Morgan Hill / Campbell / Gilroy) to [customerservice@housekeys.org](mailto:customerservice@housekeys.org)
6. Pay the \$350.00 annual fee. Once you complete the above our finance team will send you an invoice with a link where you can provide payment.
7. Once payment is received. Complete the Loan Office Orientation Follow up Form will you contact information. Email [customerservice@housekeys.org](mailto:customerservice@housekeys.org) with questions.



# Options for Approved lenders

- To be approved and listed on our approved lender list on the HK lender Partner Page. \$350.00 fee (if you need a special arrangement for the fee please email [customerservice@housekeys.org](mailto:customerservice@housekeys.org))
- Some lenders participate in one agency.
- **Some lenders select to participate in multiple agencies.**
- You decide and notify us how you would like to proceed. We require Lenders approval confirmation for each program you plan to participate in.
- Loan Officers that have completed the training steps, provided confirmation from their legal department that the restrictions are approved and paid the fee will be added to the approved lender list.



# Our Role as an administrator



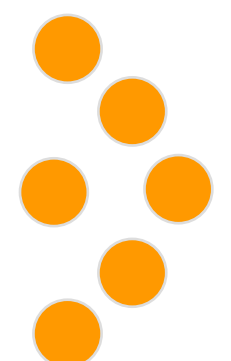
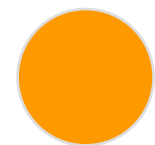
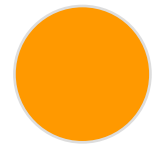
Local Government's Outsource Affordable Housing Tasks & Applicants Find and Apply for Programs



Builders Outsource Applicant Pool Mgmt. & Underwriting (buyers become "Participants")



Participants process service tickets to refinance w/ **Approved Vendors** or to re-sell their units to Eligible Purchasers





## Agencies we administer

City of MORGAN HILL: [www.HouseKeys1.com](http://www.HouseKeys1.com)

City of CAMPBELL: [www.HouseKeys2.com](http://www.HouseKeys2.com)

City of Burlingame: [www.HouseKeys4.com](http://www.HouseKeys4.com) Rental Only

City of GILROY: [www.HouseKeys5.com](http://www.HouseKeys5.com)

City of SAN RAMON: [www.HouseKeys6.com](http://www.HouseKeys6.com)

City of SANTA CLARA: [www.HouseKeys7.com](http://www.HouseKeys7.com)

City of HAYWARD: [www.HouseKeys8.com](http://www.HouseKeys8.com)

City of WEST HOLLYWOOD: [www.HouseKeys9.com](http://www.HouseKeys9.com) Rental Only

Town of LOS GATOS: [www.HouseKeys12.com](http://www.HouseKeys12.com)



# Agencies we administer

City of MOUNTAIN VIEW: [www.HouseKeys13.com](http://www.HouseKeys13.com)

City of LAFAYETTE: [www.HouseKeys14.com](http://www.HouseKeys14.com)

City of SCOTTS VALLEY: [www.HouseKeys15.com](http://www.HouseKeys15.com)

City of ALAMEDA: [www.HouseKeys17.com](http://www.HouseKeys17.com)

City of San Luis Obispo: [www.HouseKeys19.com](http://www.HouseKeys19.com)

City of Marina: [www.HouseKeys21.com](http://www.HouseKeys21.com) – Coming Soon!

County of Contra Costa: [www.HouseKeys22.com](http://www.HouseKeys22.com) – Coming Soon!

City of Marina: Coming Soon!

City of Milpitas: Coming Soon!

More agencies to come!

We are currently working to update our page with lender information, in the future for updates check: <https://www.housekeys.org/lender-partner-page>

\* Please note you can find legal documents for each city on each web page for you to take to your legal team for approval.

You will need to decide if you want to be listed as an approved lender for one or all the agencies listed. If you have trouble finding anything, please reach out to [customerservice@housekeys.org](mailto:customerservice@housekeys.org)





## If you are a broker, remember

If you are a Broker please remember you must get the legal documents approved with each one of the first lenders you plan to work with.

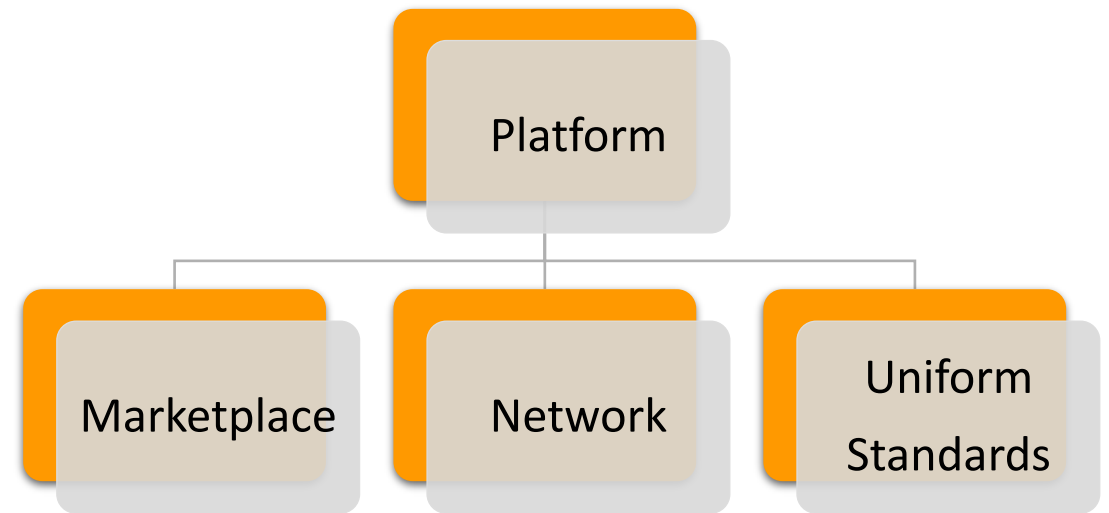
It is your responsibility to ensure the 1<sup>st</sup> mortgage program will work with the inclusionary housing program.

# What are we building?



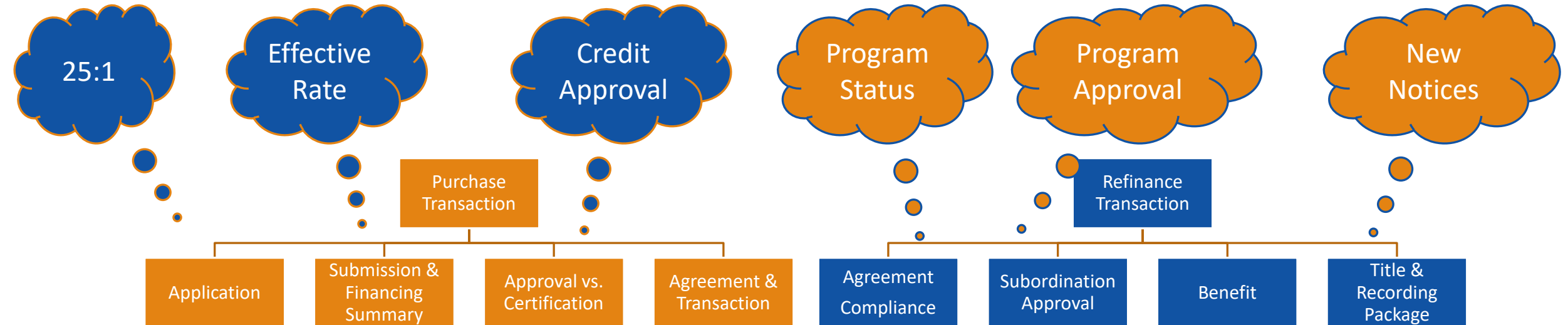
## MyHouseKeys 1.0

MyHouseKeys 2.0 Coming in 2024!





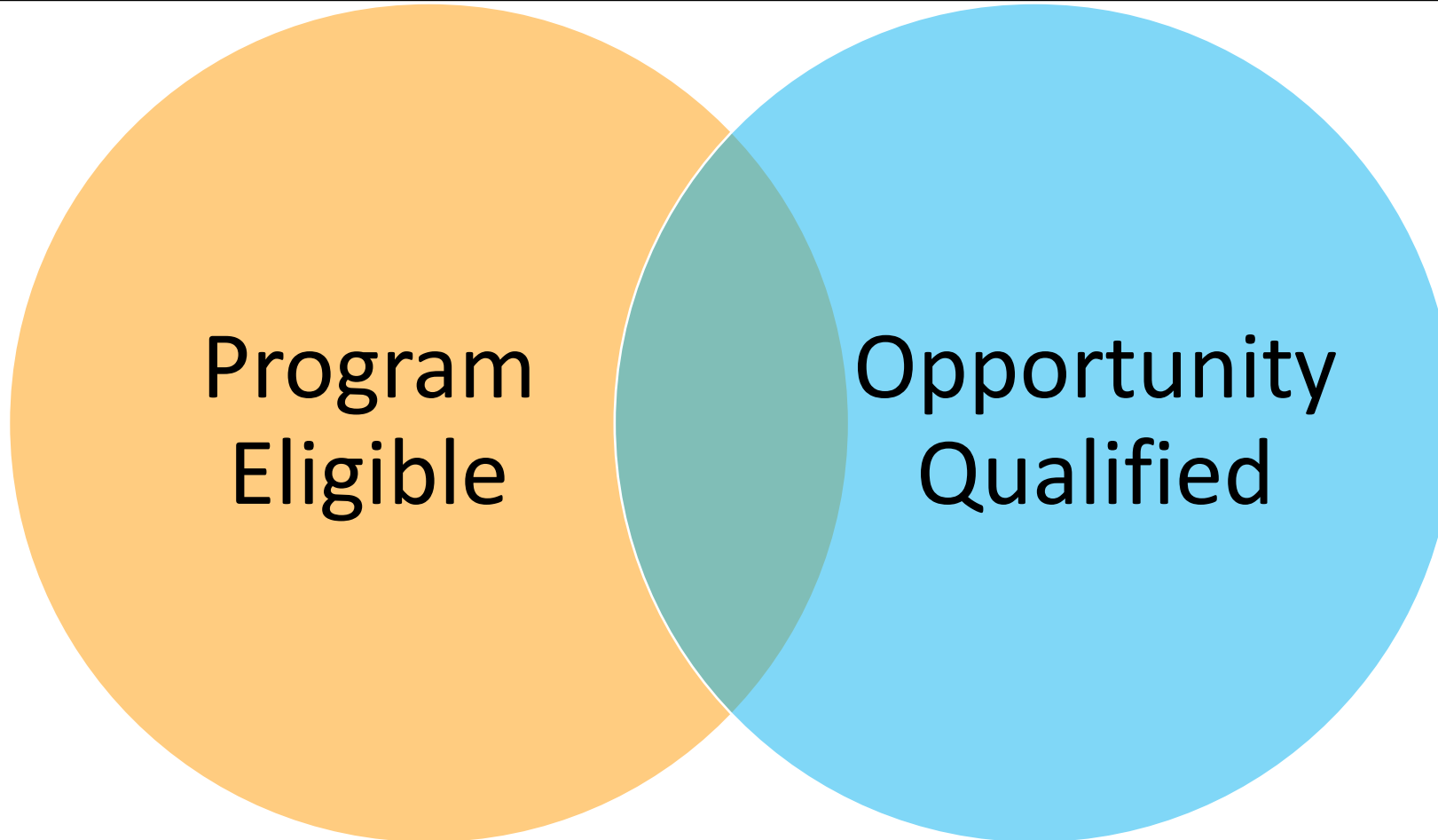
# Impact of Mortgage Financing



The Loan Officer and the Lender must understand the business impact of processing a large volume of prequalification requests. There are possible cost recovery opportunities through refinance transactions. The legal department of the lender should review the restriction agreement for each affordable ownership program. When involved in a refinance transaction, there are legacy agreements that contain varying language. This variation makes coordinating with the program administrator a critical part of the financing process.

**Questions?**

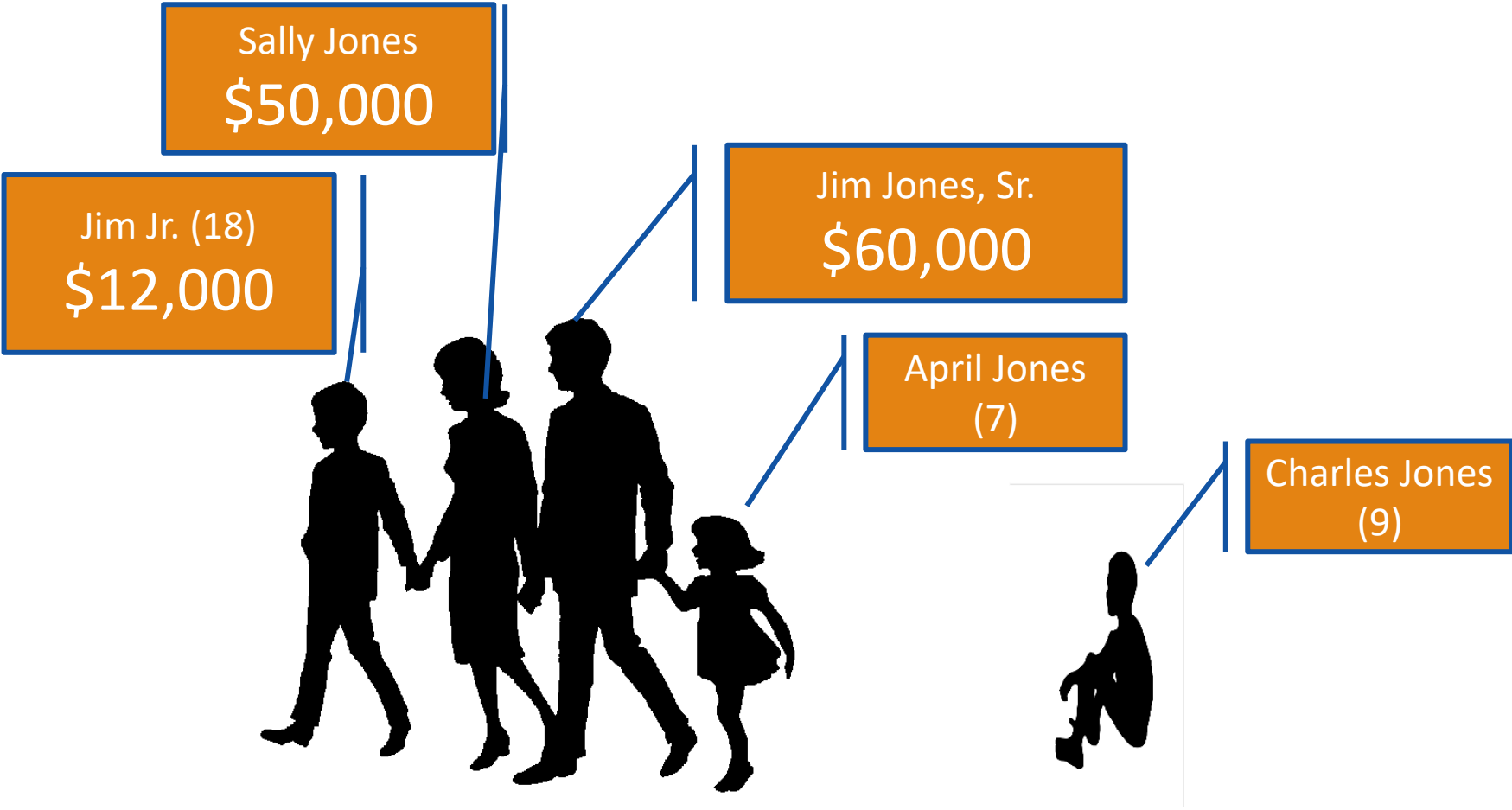
# Sweet Spot





# The Jones Household Profile Overview

## Eligibility Underwriting



**\$122,000**  
**12-Month Projected**  
**Maximum Income**  
*(Lender Income = \$110,000)*



# *Household Profile Overview*

## *Determining Your Household Income*

	Number of Persons in Household (State Issued Income Limits as of April 26, 2021) Alameda County, California							
HHLD Size/ Income Level	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>Median 100% (AMI)</b>	<b>87,900</b>	<b>100,500</b>	<b>113,050</b>	<b>125,600</b>	<b>135,650</b>	<b>145,700</b>	<b>155,750</b>	<b>165,800</b>
<b>Low 80%</b>	<b>76,750</b>	<b>87,700</b>	<b>98,650</b>	<b>109,600</b>	<b>118,400</b>	<b>127,150</b>	<b>135,950</b>	<b>144,700</b>
<b>Very Low 50%</b>	<b>47,950</b>	<b>54,800</b>	<b>61,650</b>	<b>68,500</b>	<b>74,000</b>	<b>79,500</b>	<b>84,950</b>	<b>90,450</b>



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## Total Annual Gross Income (Before Taxes)

**40% Max**

HOUSING PAYMENT  
(MORTGAGE, TAXES, HOA DUES,  
INSURANCE)

**45% Max**

ALL PAYMENTS

(HOUSING, CAR LOANS, STUDENT LOANS,  
CREDIT CARDS, ETC.)

40%

35%

30%

5%

10%

15%





# Housing Affordability Inputs

A home is considered “affordable” if the rent or housing payment is at or below 30% of the gross annual income for the occupying household. For higher income levels, this number can climb to 35%. In the following section, we detail how this affordability calculation translates into a maximum mortgage amount and affordable purchase price.

1

Median  
Household  
Income  
(Changes  
Annually)

2

Housing  
Affordability  
Percentages

3

Interest Rates

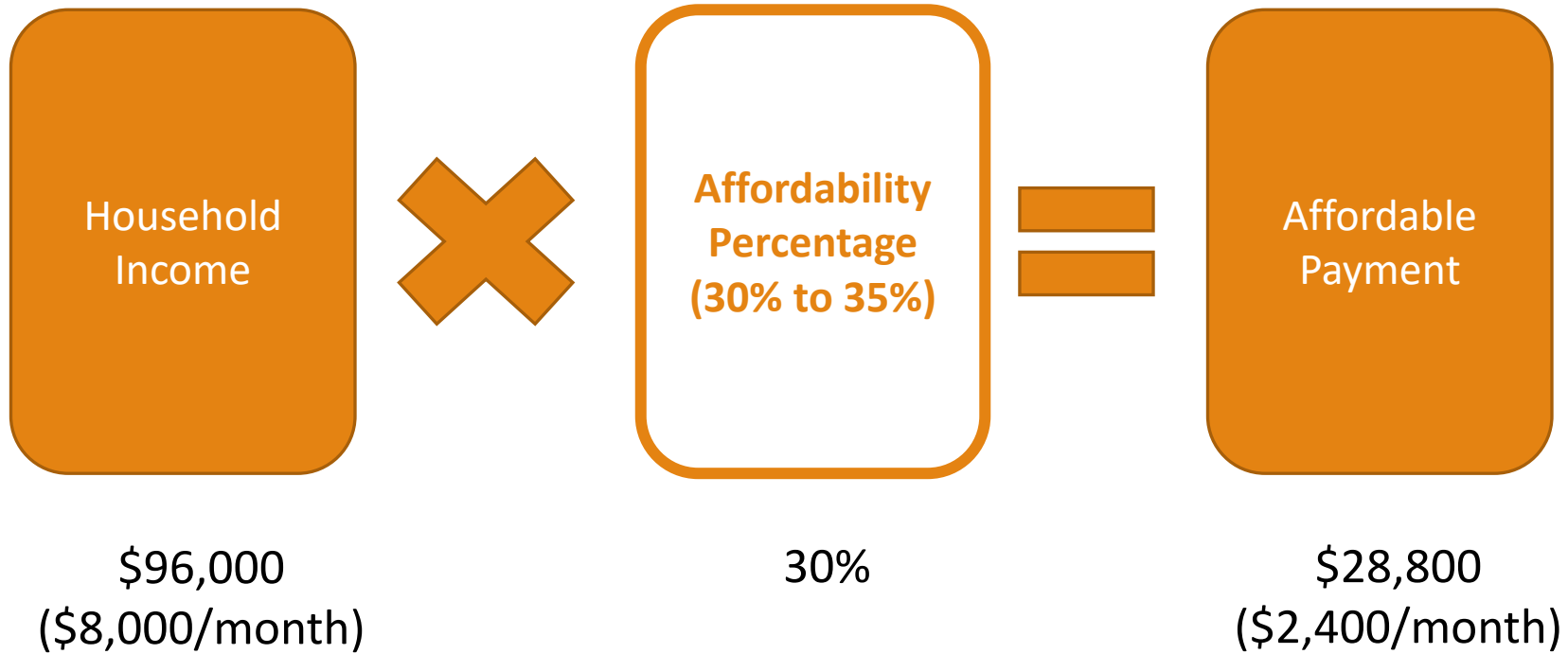
4

Non-  
Mortgage  
Housing  
Payment  
Assumptions



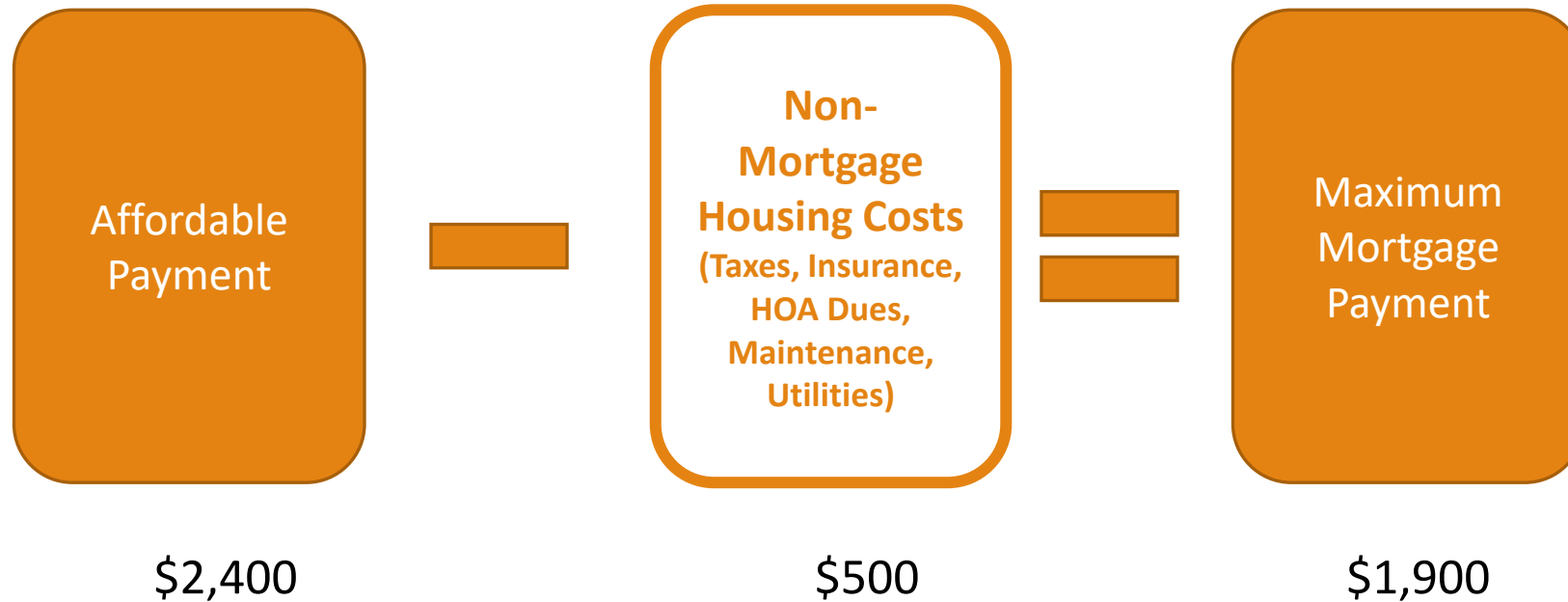
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# Affordability Calculator: Part 1





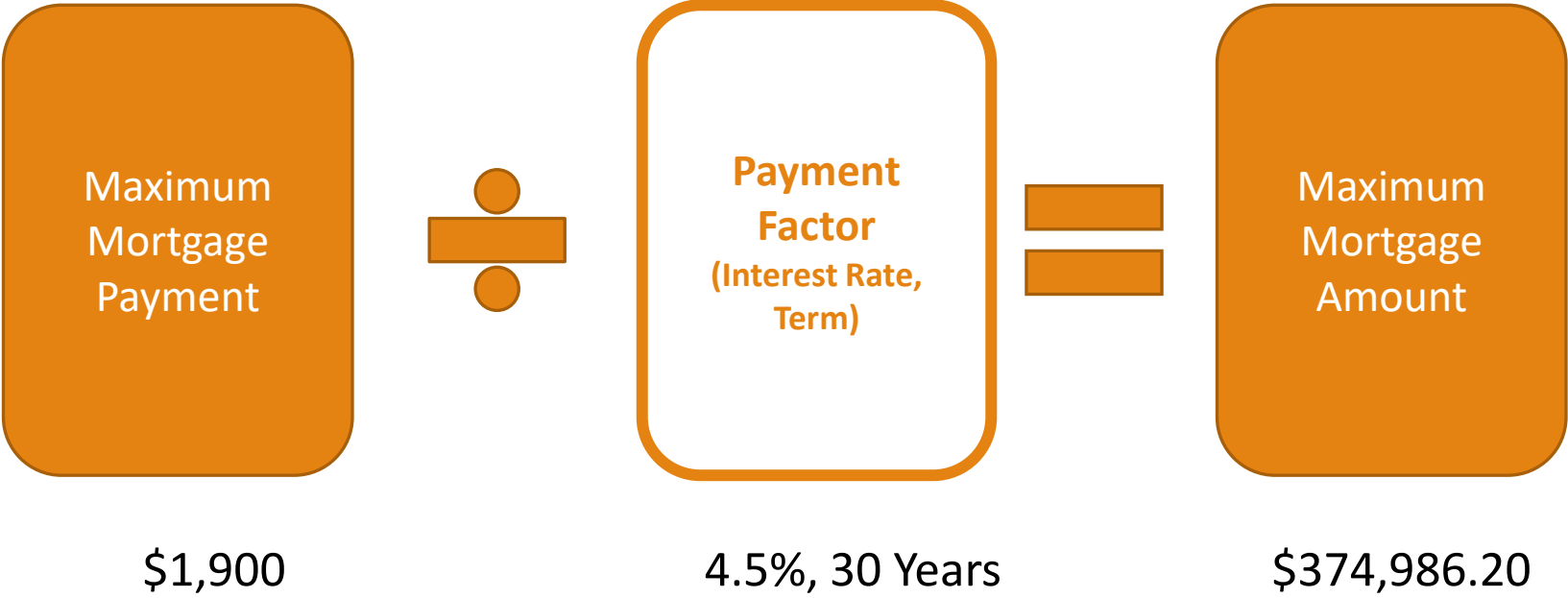
# Affordability Calculator: Part 2





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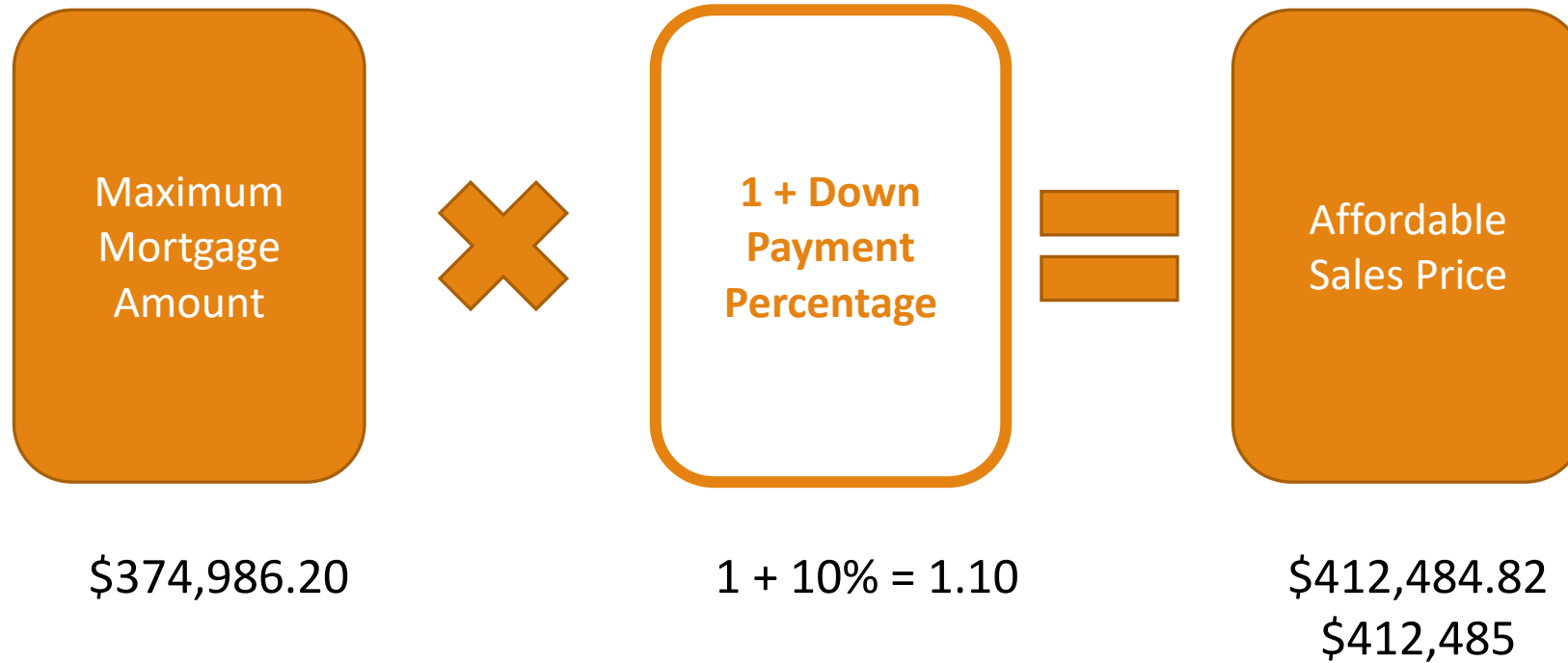
# Affordability Calculator: Part 3





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# Affordability Calculator: Part 4

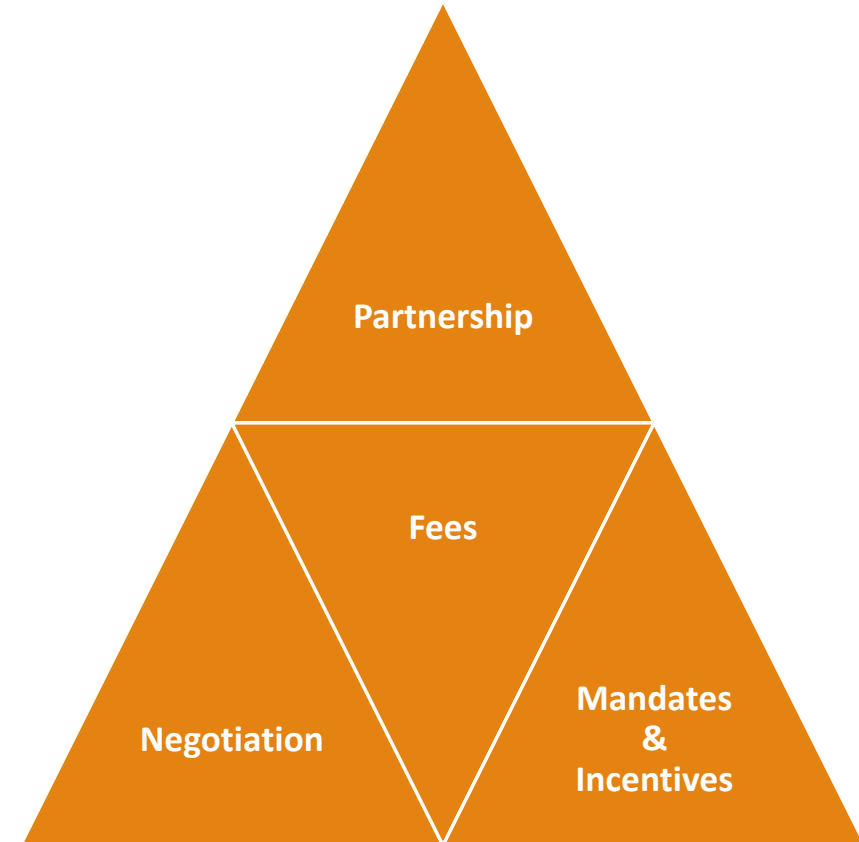




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# Program Structure

LOCAL  
GOVERNMENTS  
DO NOT BUILD  
**HOUSING**





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## Program Structure Cont.

Two Major Sources of Affordable Housing Funding:

1. TAX CREDITS
2. BOND FUNDING

Two Major Sectors of Affordable Housing:

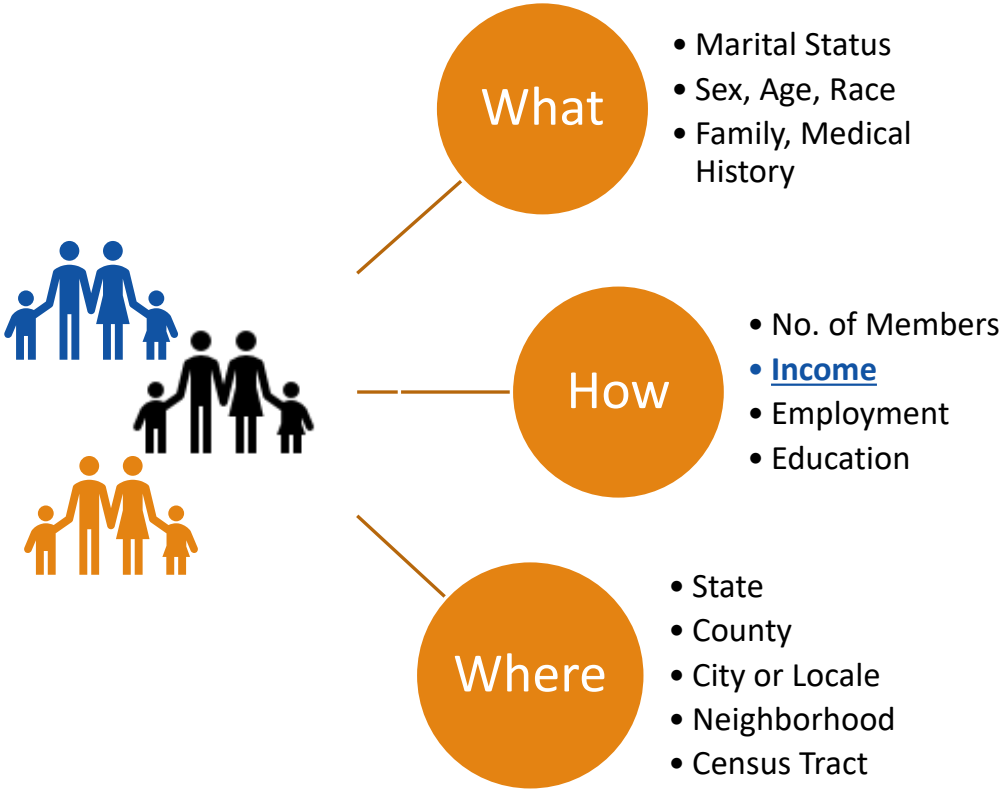
1. Multi-Family(Rent) Affordable Housing
2. Single-Family (Own) Affordable Housing

**Questions?**





# Household Eligibility



Income Category	4-Person Median Income for Contra Costa County 2022
Extremely Low	42,850
Very Low	71,400
Low Income	109,600
<b>Median Income (50<sup>th</sup> Percentile or 100% AMI)</b>	<b>142,800</b>
Moderate Income	171,350



# Household Eligibility

Eligibility Factors	Typical Requirements
<b>First Time Homebuyer</b>	Strict or 3 Year Qualification Exception
<b>Minimum and Maximum Household Size</b>	Minimum 1 Per Bedroom / Maximum 2 Per Bedroom Plus One Additional Person
<b>Maximum Household Income Category</b>	<u>Projected Total Household Income (12 Months)</u> Lower to Moderate Income Category (See Project Agreement)
<b>Household Priority/Preference</b>	Live, Work, Civic Employees, Veterans, etc.
<b>Maximum Assets</b>	Percentage of Purchase Price or HHLD Income
<b>Household Location</b>	Target County, Place, Census Tract, etc.



# Application Qualification

Qualification Factors	Typical Requirements
<b>Minimum Credit Scores</b>	Median Scores 620 to 650
<b>Max Housing Payment</b>	35% to 40% of Average Monthly Income
<b>Max Total Debt Payments</b>	<b>40% to 45% of Average Monthly Income</b>
<b>Minimum Down Payment</b>	3% to 20% of the Purchase Price
<b>Minimum Months of Post Purchase Cash Reserves</b>	1 to 3 Months of Total Housing Payment (Post Purchase)
<b>Education Requirements</b>	Orientation Class, Group Full-Day Education Course, 1-On-1 Counseling Session



# Lender Package

Documents	Typical Requirements
<b>Pre-approval Letter</b>	To included Sales Price, 1 <sup>st</sup> Mortgage and all other financing, Interest Rate (must be fixed) and Term
<b>1008 (Transmittal Summary)</b>	With acceptable Ratios for the program
<b>1003 (Loan Applications)</b>	For all borrowers and to include the Lender Information Pages
<b>Credit Reports</b>	For all applicants on the loan (and non-borrowing spouses)
<b>DU (Desktop Underwriting Form) or LP</b>	Should match the 1008 and 1003
<b>Verifications on Employment and Previous Employment</b>	For all adult household members
<b>NOTE – The homes are offered at Below Market Value as affordable homes. They are priced lower with restrictions. The difference between the Market Rate and the restricted price is the Cities asset. The property is to be Appraised as Market Value. Mortgage Insurance should not be a part of the transaction.</b>	

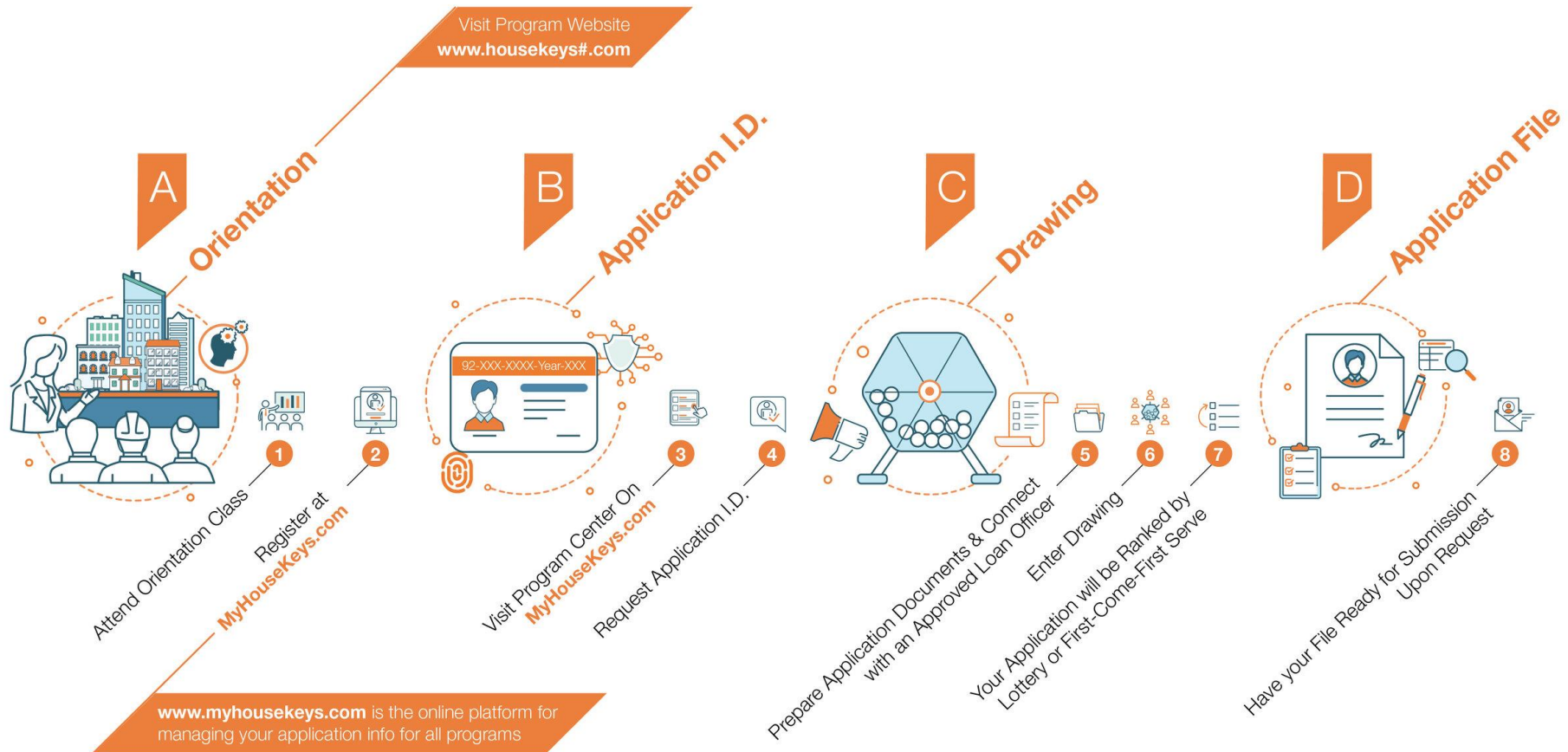


HouseKeys

# FINANCING EXAMPLE

<b>PURCHASE PRICE</b>	\$600,000	
<b>BUYERS MINIMUM DOWN PAYMENT = 3%</b>	3% of the Purchase Price =	\$ 18,000
<b>MAXIMUM LOAN AMOUNT</b>		\$582,000
<b>DAP / Grant</b>	\$100,000	minus
<b>DOWN PAYMENT ASSISTANCE</b>	\$100,000	minus
<b>MINIMUM DOWN PAYMENT</b>	\$ 18,000	minus
<b>NEW MAXIMUM LOAN AMOUNT</b>	\$382,000	
Reminder City Restriction needs to be in 2 <sup>nd</sup> position		Note: this is an example only. Programs may have different down payment requirements.

# HouseKeys Customer Process



# The Process

NEW  
CONSTRUCTION  
CHALLENGES

CREDIT  
APPROVAL

1. Housing "Opportunity" Created	2. Household Joins Applicant Pool	3. Applicant Pool Matched to Opportunity	4. File Processing & Underwriting	5. Escrow Timeline	6. Applicant becomes Participant
PROJECT OWNER	APPLICATION ID	OPPORTUNITY DRAWING	HOUSEHOLD ELIGIBILITY REVIEW	CONTRACT FINANCING AGREEMENT	FINAL FINANCING SUMMARY
DEVELOPER AGREEMENT	APPLICATION FORMS	- Lottery - First Come First Serve	APPLICANT QUALIFICATION REVIEW	SIGNATURE ROUTING	RECORDING PACKAGINGS
AFFORDABLE HOUSING COMMITMENT (% OF TOTAL UNITS)	SUPPORTING DOCS	RANKING NUMBER	CONDITIONS	Note: Applicant must remain eligible through to close of escrow	OWNERSHIP TITLE
	FINANCING SUMMARY (Prequal(s))	PRIORITY OR PREFERENCE REVIEW	CERTIFICATION		SALE AGREEMENT RELEASE
	PROGRAM PREFERENCE OR PRIORITY QUALIFICATION	<b>SUBMISSION REVIEW NUMBER [FILE REQUEST]</b>	<u>FILE EXPIRATION (After 6 months)</u>		RESALE AGREEMENT RECORDING

ANNUAL COMPLIANCE

# The Transaction

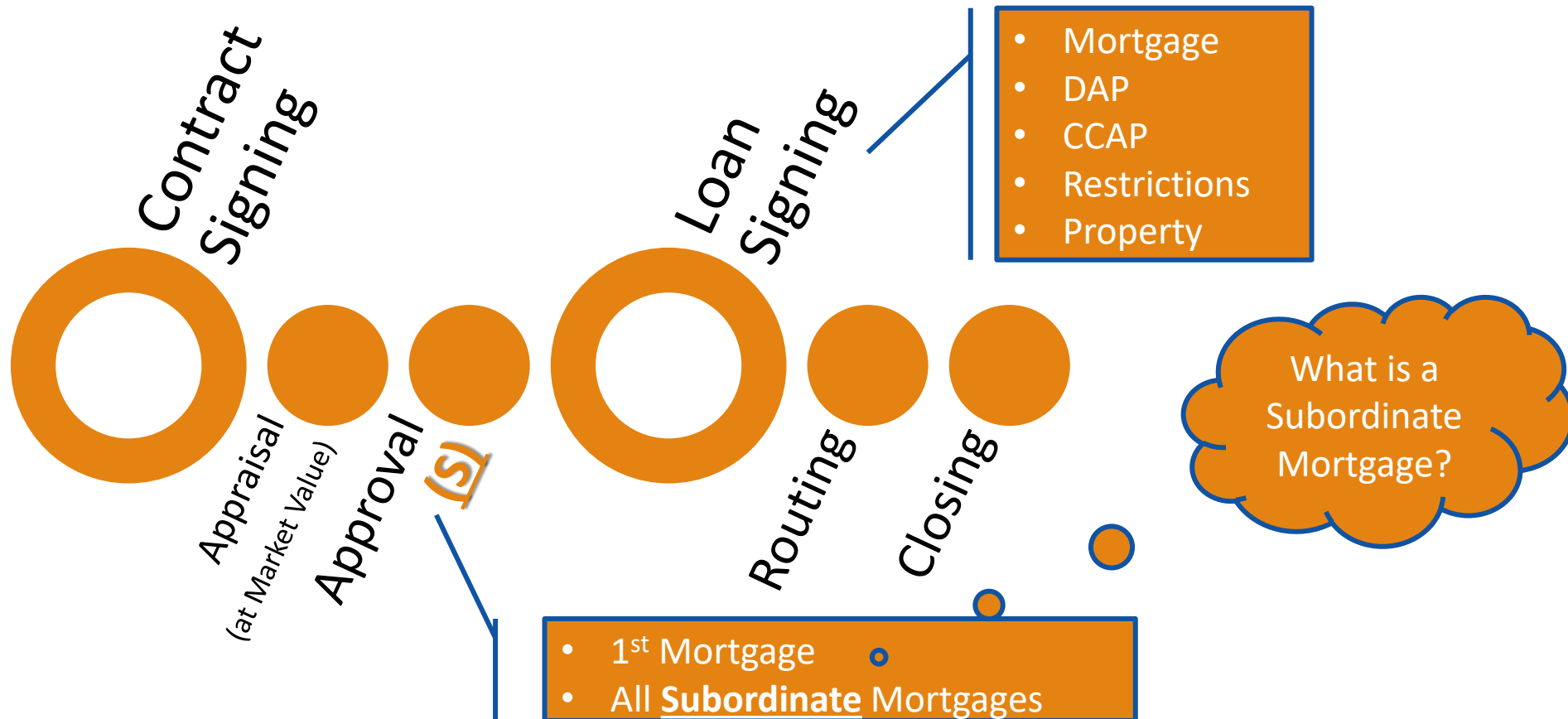
MONEY	DOCUMENTATION	CHALLENGES
<ol style="list-style-type: none"> <li>1. First Mortgage (Bank, Broker, Banker)</li> <li>2. Subordinate Mortgage Type 1</li> <li>3. Subordinate Mortgage Type 2</li> <li>4. Tax Credit Programs</li> <li>5. Grants</li> <li>6. Gift Funds</li> <li>7. Down Payment</li> </ol>	<ol style="list-style-type: none"> <li>1. Contract</li> <li>2. Financing documents</li> <li>3. Ownership Documentation</li> <li>4. Estimated and Final Closing Statements</li> <li>5. Restriction Agreements</li> </ol>	<ol style="list-style-type: none"> <li>1. New Construction Timeline</li> <li>2. Obtaining all Approvals</li> <li>3. Obtaining all Signatures</li> <li>4. Coordinating all Funding Wires</li> </ol>
FINANCING SUMMARY	TRANSACTION SUMMARY	COMMUNICATION SUMMARY





# Basic Buyer Process

## Plan For an estimated 90 - 180 Day Escrow or longer



# ACTION ITEMS-For Applicants

- 1. Attend Orientation
- 2. Add Our Contact Information to Your Contacts and Email ([customerservice@housekeys.org](mailto:customerservice@housekeys.org))
- 3. Obtain Application I.D. [<https://www.myhousekeys.com>]
- 4. Check Website and Email for Opportunity Drawing (Lottery) Notification
- 5. Connect with an Approved Loan Officer
- 6. Attend Live HUD-Approved First Time Homebuyer Group Class (Certificate is good for 2 Years)
- 7. Complete Program Application

# Participation File

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AGREEMENTS

INCLUSIONARY SALE AGREEMENT

RESALE RESTRICTION AGREEMENT

PROGRAM ASSET



OCCUPIED HOUSING  
UNIT (Owner/Partner)

ANNUAL  
COMPLIANCE

ANNUAL COMPLIANCE  
CERTIFICATION



# Expectations for Approved Loan Officers

- Obtain approval for BMR legal documents in the cities you wish to participate.
- Complete all necessary lender agreements.
- Pay the annual fee of \$350.00
- Respond to customer inquiries.
- Communication with us if your volume is too much.
- Understand there is reputational risk for both yourself and HouseKeys.
- Become familiar with guidelines for different agencies.
- Become familiar with the customer process you can attend an orientation or FAQ session in listen only mode.



# Resources

## Website Quick Reference

HUD Approved Counseling Agencies  
(for FTHB education requirement)

<https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>

Phone Number

1-877-460-KEYS (5397)

Email

[customerservice@housekeys.org](mailto:customerservice@housekeys.org)

To register and obtain an application  
number

[www.myhousekeys.com](http://www.myhousekeys.com)

California Department of Housing  
and Community Development  
Income Limits (updated 6/6/2023)

<https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/income-limits-2023.pdf>

# Virtual Tour of webpages



**Thank you for attending!  
Questions?**