

Down Payment Programs 101:

What Every Agent Needs to Know

Presented by:



Welcome!



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Down Payment Resource



About DPR:

- National database and matching engine of ~2,200 homeownership programs.
- Award winning technology helps agents be the down payment hero to buyers.
- Integrated into Spokane Association of REALTORS property listing data.
- Free Down Payment Connect for SAR agents!



TECH100 2017





*We help you connect homebuyers to the
down payment help they need.*

Today, we'll be discussing...

Loans, grants, tax credits and other programs for eligible homebuyers that can help:

- Achieve the down payment faster
- Cover closing costs
- Get into a home sooner than they would have otherwise.

Current State of Homebuyer Programs:

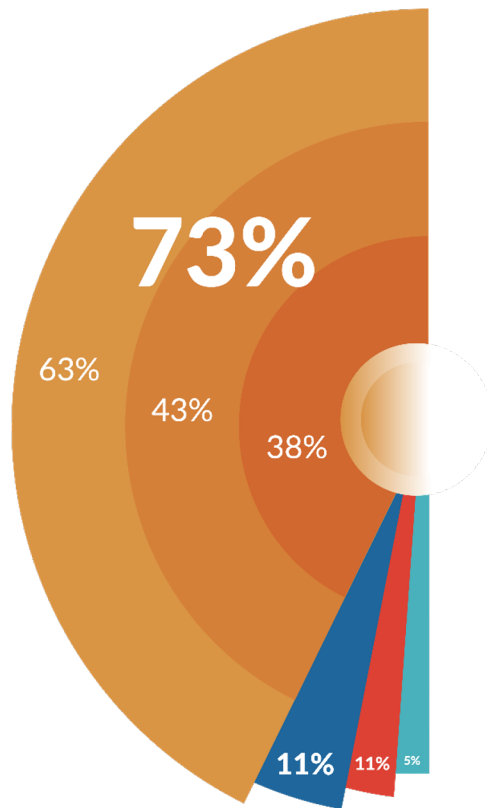
73% DOWN PAYMENT AND CLOSING COST ASSISTANCE

63% of Down Payment or Closing Cost Assistance Programs Have Deferred Payments
43% are Forgivable Loans
38% of all Down Payment or Closing Cost Assistance Programs are Forgivable Loans with Deferred Payments

Grants: Gifts which do not have to be repaid

Second Mortgages: Loans with very low or no interest rate where the payment may be deferred or forgiven incrementally for each year the buyer remains in the home.

Combined First Mortgage & Down Payment Programs



11% ADDITIONAL PROGRAMS

Includes matched savings programs, Housing Choice Vouchers (HCV) and other programs.

11% FIRST MORTGAGE LOANS

Below-market interest rates, lower or no mortgage insurance, or 100% financing.

5% MORTGAGE CREDIT CERTIFICATES (MCCs)

Provide up to \$2,000 in annual tax credits for the life of the loan.

*Data sourced from the Down Payment Resource® database as of January 6, 2022.

DPA is available!

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Common Myth: Down payment programs are not available in my area.

Fact: Down payment programs are available in every market across the country. Some are available statewide, while others serve local communities.



Who offers these programs?



WASHINGTON STATE
**HOUSING FINANCE
COMMISSION**

Housing Authorities

CDFIs

Federal Home Loan Banks

Land Trusts

...and more

Current DPA Trends

- All state housing finance agencies are open and accepting reservations.
- Housing Finance Agencies had record years in 2020 and that continued in 2021 — and that's purchase business.
- Local (city, county, non-profit) programs are still widely available.
- New programs are being added all the time.
- Homebuyer education is still being done online exclusively.
- 84% of all DPAs are funded and available.

Down payment assistance is still available and not going away!

What's Available in Spokane?

- 37 programs, 34 are funded, from 22 agencies.
- Income limits up to \$160k statewide.
- Purchase price limits up to \$548k.
- Down payment help from \$5k to \$70k and an average of \$18,500.

70% of Spokane listings are eligible for DPA!

Common Program Requirements



- Only for owner-occupant buyers
- Minimum buyer investment
- Homebuyer education
- Must qualify for 1st mortgage

Most Common Homebuyer Programs

1. Down Payment Assistance
2. Affordable 1st Mortgage
3. Mortgage Credit Certificate



Most Common Homebuyer Programs

Down Payment Assistance



Down Payment Assistance Programs

✓ GRANT PROGRAMS

Gifts provided by an eligible third party which do not have to be repaid by the homebuyer.

✓ REPAYABLE SECOND MORTGAGE PROGRAMS

Down payment loan delivered at closing often as a 0% interest second loan, but some may accrue interest and some may be amortizing loans. Typically range from 5-year to 30-year loans with varying repayment terms.



✓ DEFERRED OR SILENT SECOND PROGRAMS

Postpone repayment of the original down payment assistance until one of several events occurs — typically, when the borrower sells, refinances, rents or moves out of the original home purchased.



✓ FORGIVABLE SECOND MORTGAGE PROGRAMS

Some or all of the original down payment assistance amount is forgiven, often a percentage of the loan is forgiven each year for a predefined number of years.



- Most common homebuyer program
- Non-profit or government funded
- Employer Assisted Housing (EAH)
- Several to tens of thousands of dollars available

Down Payment Assistance Programs

Eligible Uses:

- Down payment
- Closing costs
- Prepaid expenses
- Repairs



Down Payment Assistance Programs

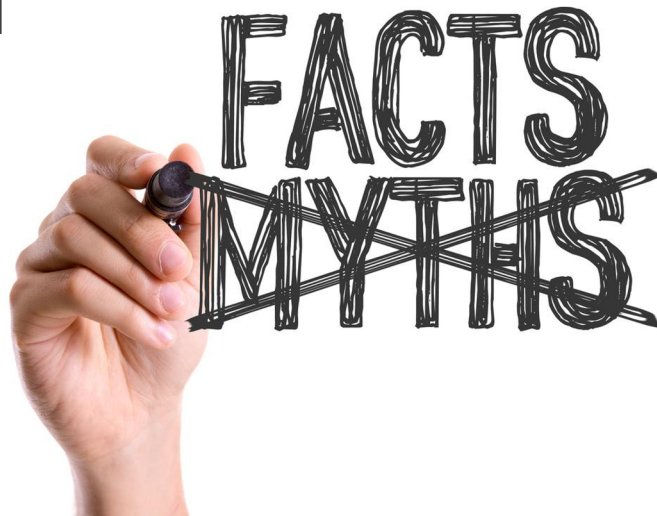
Common Myth: Down payment programs are only for *first-time* homebuyers.

Fact: 38% of homebuyer programs don't have a first-time homebuyer requirement.

A “first-time home buyer” simply hasn't owned a home in 3 years.

Eligible Buyers:

1. First-time homebuyers
2. Repeat Buyers
3. Current Owners



Down Payment Assistance Programs

Program Terms:

- Grant
- Forgivable
- Deferred payments
- Affordability period
- 2nd lien
- Subordinate loan



Down Payment Assistance Programs



Eligibility:

- Income limits
- Sales price limits
- Property location
- FICO
- Homeownership History
- Military service
- Profession

Down Payment Assistance Programs

Advantages:

- Lower LTV (Loan-to-Value)
- Lower DTI (Debt-to-Income)
- Improve mortgage insurance pricing
- Lower monthly payments
- Supplement cash to close
- Retain savings / liquidity
- Increase purchasing power



Down Payment Assistance Programs

Homebuyer Education:

- Often required
- HUD-certified
- Online options
- Prepared buyers
- *Successful* owners



Most Common Homebuyer Programs

Affordable 1st Mortgage



Affordable 1st Mortgage

Features:

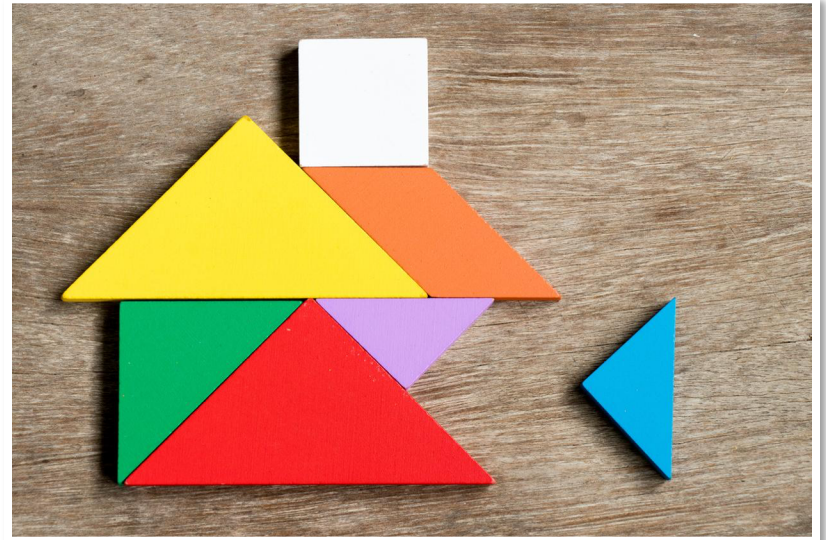
- Reduced interest rate
- Expanded 1st mortgage options
- Reduced mortgage insurance costs
- Combine with down payment assistance
- Combine with tax benefit of MCCs



Affordable 1st Mortgage

Advantages:

- Reduce buying costs
- Lower monthly payments
- Increase purchasing power
- Expedite homeownership



Most Common Homebuyer Programs

Mortgage Credit Certificate
(MCC)



Mortgage Credit Certificate (MCC)

Features:

- Federal income tax credit, not a deduction
- Annual tax benefit
- Life-of-loan value
- Offset mortgage interest cost
- Deduct remaining mortgage interest paid



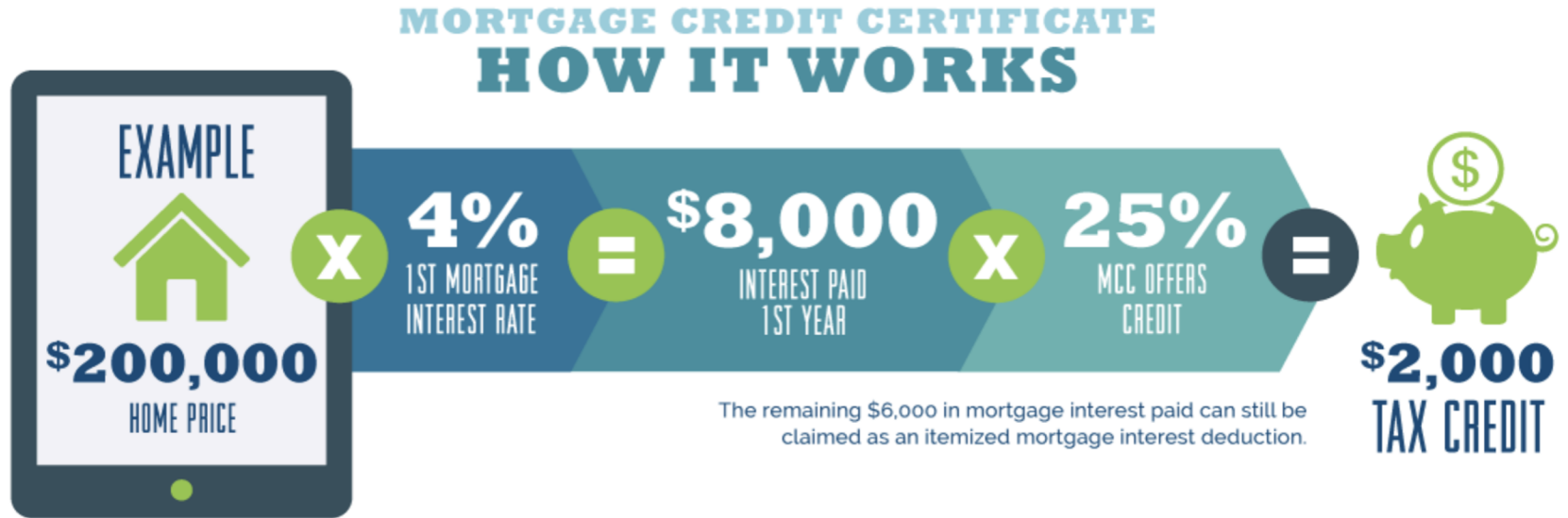
Mortgage Credit Certificate (MCC)

Benefits:

- Reduce income tax liability
- Increase qualifying income
- Re-issue through refi



Mortgage Credit Certificate (MCC)



Unique Features and Benefits

For All Homeownership Programs



Targeted Areas

- No FTHB requirement
- More down payment \$\$\$
- Higher income limits
- Higher sales price limits
- Specific locations



Targeted Professions

- Teachers/Educators
- Law Enforcement
- Firefighters
- Health Care Workers
- Municipal Employees



Military and Veteran Benefits

- No FTHB requirement
- Combine with VA loans
- Increase equity out of the gate
- Cover closing costs



Accessing Down Payment Information



Look for these buttons on listings!



[Find Down Payments](#)



[Get Down Payment Help](#)



[Down Payment Money is available](#)
SEE IF YOU'RE ELIGIBLE

Down Payment Connect



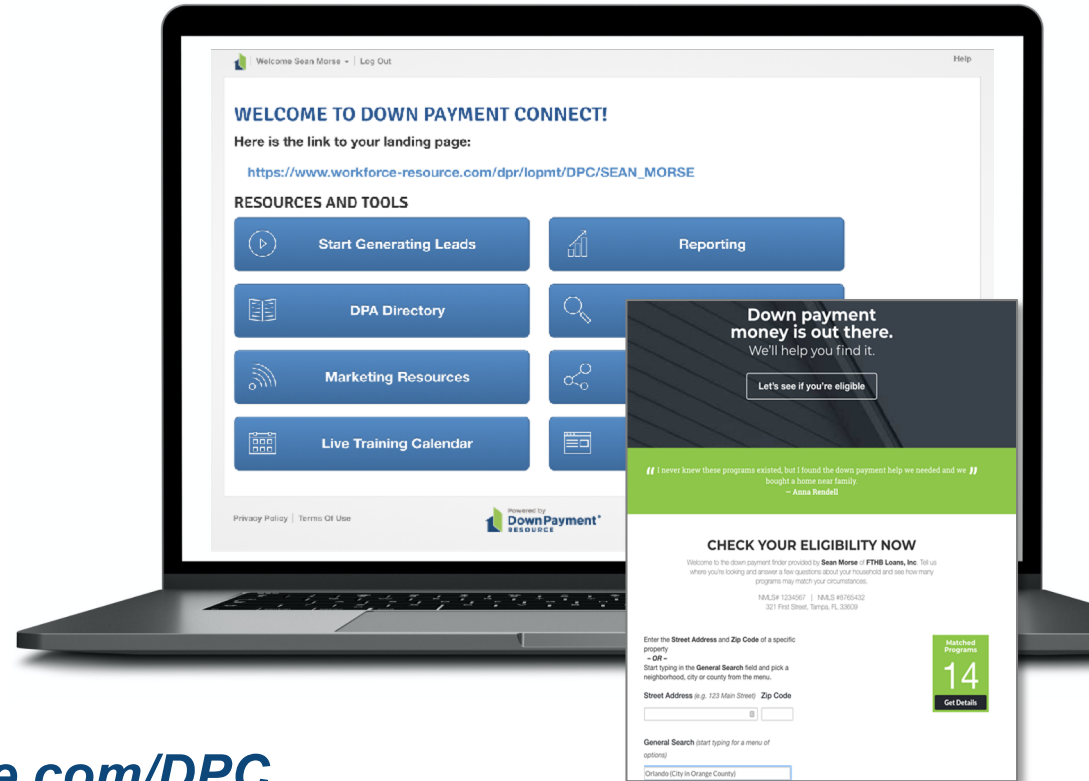
Free for SAR Members

- Personalized lead-generation landing page.
- Drive unlimited traffic and leads to your page.

Engage and Educate Buyers

- Let them know DPA help is out there.
- Enable them to search for programs themselves.

- Engage and educate new buyers
- Buyers complete a program search
- Generate leads
- Tap into growth markets
- Run digital marketing campaigns
- Details of all DPAs in your market.



DownPaymentResource.com/DPC

Down Payment Connect



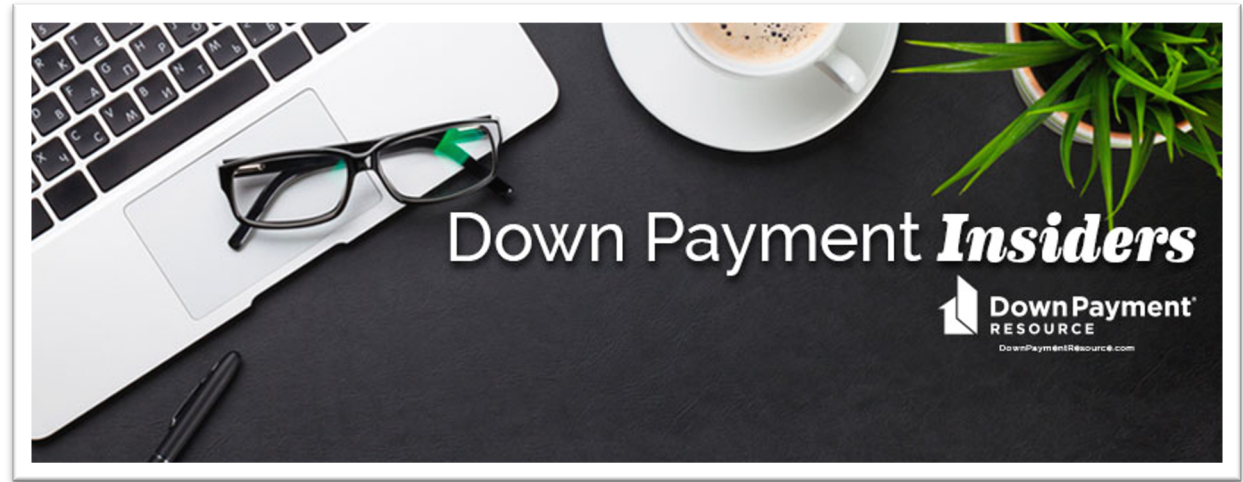
Am I paying for leads?

- No, you are generating your own in a *creative* new way with a *unique* tool.
- Free for SAR members.

Who else gets those leads?

- Nobody. They are *yours* and yours alone.
- Nobody else is copied.
- They aren't sold or resold elsewhere.

Join 9,000 Down Payment Insiders!



[*facebook.com/groups/DownPaymentInsiders*](https://facebook.com/groups/DownPaymentInsiders)

Agent Case Study: Amber Bennett

Amber uses **Down Payment Connect** to help build her business and educate homebuyers.

- Includes link in her email signature, alongside her photo
- Promotes her link as part of open house events
- Uses as her Instagram profile link, and in social media posts
- Highlights listings that are eligible for down payment assistance

“The leads I get from my Down Payment Connect online search page provide me with useful details about the type of home they want and their household. I use that information to customize a sales meeting with new clients.”

Amber Bennett, Real Estate Agent, Stellar MLS Member





**DPA customers
become customers
for life!**



Contact Us!

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