

INTRODUCTION

Home loans are available through many different sources, including mortgage banking companies, commercial banks, community banks, credit unions, mortgage brokers, and other financial institutions.

To find a lender, you can:

- ✓ Contact your bank or financial institution. Sometimes lenders can offer better mortgage terms to current customers.
- ✓ Consult a non-profit housing counseling agency in your area (see Federal Programs below).
- ✓ Ask family members, friends, and coworkers.
- ✓ Ask your real estate agent.

Additionally, there are many government programs that offer home loans and/or assistance to home buyers.

FEDERAL PROGRAMS

There are a variety of homebuyer assistance programs sponsored by the federal government including programs that offer down payment assistance for low to moderate income home purchasers; mortgage insurance programs; special home loan programs for veterans, teachers and law enforcement officers; and loans to help revitalize inner-city housing. The Department of Housing and Urban Development (HUD) has established a network of HUD-approved housing counseling agencies that can provide information on federal programs and give you advice on buying a home, resolving credit issues, and other related issues. For more information, contact HUD at www.hud.gov or 1-800-569-4287 to find a HUD-approved housing counseling agency in your area. Mortgage brokers and lenders should also be able to provide information about federal homebuyer assistance and home loan programs.



STATE PROGRAMS

California Housing Finance Agency (CalHFA): CalHFA was created as the state's affordable housing bank by the State of California in 1975. CalHFA administers several different homeownership programs, all geared toward fulfilling the dream of first-time homeownership for California families. CalHFA offers 30-year fixed rate mortgage loans at interest rates that are typically much lower than conventional home loans, saving borrowers hundreds of dollars on their monthly mortgage payment. CalHFA also provides down payment assistance with deferred payments that do not need to be repaid until the home is sold, refinanced, or paid in full. For more information, contact CalHFA at www.calhfa.ca.gov or 1-800-789-2432.

Department of Veterans Affairs (CalVet): CalVet offers home loans to eligible veterans at a low interest rate, with low or no down payment, and with low loan fees. CalVet loans can also be used for construction and rehabilitation. For more information, contact CalVet at www.cdva.ca.gov or 1-800-952-5626.

Department of Housing and Community Development (HCD): HCD operates several programs that help homebuyers, primarily those with low to moderate income levels. The programs operate for the most part by funding local public agencies and private nonprofit or for-profit entities, which in turn produce affordable housing or make loans and grants to end users at the local level.

For more information about HCD's programs, contact HCD's Division of Community Affairs at www.hcd.ca.gov/ca or (916) 322-1560 to obtain a copy of the Loan and Grant Program Directory.

Individuals seeking information on housing assistance programs for low to moderate income households should contact their city and/or county planning, community development and housing departments. The California Planners Book of Lists at www.opr.ca.gov/planning/PlanningPubs.html contains contact information for cities and counties.

CITY & COUNTY PROGRAMS

Most cities and counties in California offer homebuyer assistance programs designed to meet the needs of their respective communities. These programs may offer home loans to first time buyers, provide downpayment assistance, offer funding for property rehabilitation and community revitalization, etc. Many of the previously described federal and state homebuyer assistance programs are administered by cities and counties. To find out what programs are available in your community, contact your local planning, community development and/or housing departments. Contact information can be found in the California Planners Book of Lists at www.opr.ca.gov/planning/PlanningPubs.html.

Additionally, many counties in California participate in the Mortgage Credit Certificate (MCC) program. A qualified home buyer can obtain an MCC, which acts as a federal income tax credit. It reduces an individual's income tax and increases net earnings, thus allowing a buyer to more easily qualify for a mortgage. To see if your community has an MCC program, contact your local housing or redevelopment agency or ask your real estate agent, mortgage broker or lender.

FREDDIE MAC & FANNIE MAE

Freddie Mac and Fannie Mae are private "government-sponsored enterprises" that provide financial products and services through banks, savings and loans and mortgage bankers to help low to moderate income families purchase homes, especially in inner-cities, rural areas and other underserved areas. Both Freddie Mac and Fannie Mae offer online tutorials about the home purchase and loan processes.

For more information, contact Fannie Mae at www.fanniemae.com or 1-800-732-6643; Freddie Mac at www.freddie.com or 1-800-373-3343; or ask your real estate agent, mortgage broker or lender.



QUESTIONS TO ASK WHEN APPLYING FOR A HOME LOAN

- Who is the lender?
- What is the interest rate and term of the loan?
- What is the monthly payment for principal and interest?
- How much are the property taxes and insurance?
- What is the annual percentage rate?
- What are points?
- How many points am I paying?
- Is a rebate being paid by the lender to the broker?
- When will I receive a "Good Faith Estimate" of my costs for the loan?
- Is the interest rate fixed or adjustable?
- If it is adjustable, when do my payments change?
- Is there a limit on how much the interest rate can be increased?
- Is there a prepayment penalty?
- Is there a balloon payment? When is it due and how much is the payment?
- Are there any "up front" fees to pay?
- If I have to pay "up front" fees, are they refundable?
- How long does loan approval take?
- When will the loan close and how much money must I have at closing?
- If I have a rate "locked in," is it in writing?
- What happens if interest rates change during the loan process?
- If the loan does not go through, is there a cancellation charge?
- Is the loan assumable by someone later? Is there a fee?
- How do the loan and escrow processes work?

TIPS TO BORROWERS

- ✓ Ask for a Mortgage Loan Disclosure Statement and/or a Good Faith Estimate. These documents will tell you the cost of the loan.
- ✓ If using the services of a mortgage broker, contact the California Department of Corporations at **www.corp.ca.gov** or (866) 265-2677 and/or the Department of Real Estate at **www.dre.ca.gov** or (916) 227-0864 to make sure the mortgage broker is properly licensed and consider asking the mortgage broker for references. *Using the Services of a Mortgage Broker* available at **www.dre.ca.gov/mlbrkr.htm** may also be helpful to you.
- ✓ Check for special programs you may qualify for with federal, state or local government.
- ✓ Do not sign blank forms or forms you do not understand.
- ✓ Ask for copies of forms you complete or sign.
- ✓ *Never* be afraid to ask questions!

DEPARTMENT OF REAL ESTATE

2550 Mariposa Mall, Suite 3070
Fresno, CA 93721 (209) 445-5009

320 West 4th Street, Suite 350
Los Angeles, CA 90013-1105 (213) 620-2072

1515 Clay Street, Suite 702
Oakland, CA 94612-1462 (510) 622-2552

2201 Broadway (P.O. Box 187000)
Sacramento CA 95818-2500 (916) 227-0864

1350 Front Street, Suite 3064
San Diego, CA 92101 (619) 525-4192

Web site: **www.dre.ca.gov**

DEPARTMENT OF CORPORATIONS

Consumer Service Office
1515 K Street, Suite 200
Sacramento, CA 95817
Telephone: 866-ASK-CORP (866-265-2677)

Web site: **www.corp.ca.gov**

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SOURCES OF HOME LOANS



ARNOLD SCHWARZENEGGER
Governor
State of California

DALE BONNER
Secretary
Business, Transportation and Housing Agency

JEFF DAVI
Commissioner
Department of Real Estate