



CALIFORNIA ASSOCIATION OF REALTORS®

STEPS TO THE AMERICAN DREAM
A Compendium of
Affordable Housing Resources

Produced by
The Local Governmental Relations Committee
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Steps to the American Dream

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INTRODUCTION

STEPS TO THE AMERICAN DREAM 2000 continues a tradition of providing information and education to REALTORS® and other interested individuals about the myriad of ways they can help ensure that housing remains available and affordable in California.

Affordable housing is becoming a crisis in California. Statistics show an increase in population but not an increase in affordable housing. Over the last few years the price of a home in California has increased causing the number of first-time buyers to decline. Current C.A.R. data shows the current median price for a home in California peaked at \$221, 520 in 1999, for median prices by region visit C.A.R.'s website, <http://www.car.org/economics/archives/datasept99.html>. This increase makes homeownership even less obtainable for low-to-moderate income buyers. In lieu of this problem, many programs have been developed to assist buyers whose income does not allow them to purchase a home using conventional means. STEPS 2000 is a collection of information on these programs that REALTORS® can pass on to their clients to help them achieve the classic American Dream of homeownership.

Affordable housing goes beyond single-family homeownership. Many individuals rely on dependable rental property. STEPS 2000 includes section on Multifamily Housing in an effort to increase the amount of affordable housing available. In a 1999 statement released by *Housing California*, a coalition of affordable housing advocates, California must build at least 250,000 units per year to meet the growth projections. The coalition indicates that California is not meeting its necessary amount by producing an average of only 110,000 units per year. This new section to STEPS TO THE AMERICAN DREAM hopes to provide REALTORS® with information they can use to pass on to investors or any other organization involved in increasing affordable housing.

STEPS TO THE AMERICAN DREAM 2000 contains information on a number of Federal, State, local, for profit and non-profit programs that address various housing and affordability issues such as:

- First-time Homebuyer Assistance
- Multifamily Home Loan Assistance
- Sheltering the Homeless
- Rental Assistance Programs
- Non-Profit Housing Development
- Redevelopment Agency Set-Asides

The context of this manual is intended for use as a tool for those involved in affordable housing. C.A.R. wishes to thank all Associations and individual REALTORS® who provided information that helped create this manual. We also hope that all Associations and REALTORS® will continue to relay information to C.A.R. to keep this information as accurate and useful as possible. If you have information that you would like to see included in STEPS 2000 please email Rick Laezman at richard_laezman@car.org.

FIRST-TIME HOMEBUYER ASSISTANCE PROGRAMS

All levels of government have recognized the income level problems associated with first-time buyers. Recently, programs that encompass not only downpayment assistance, but include lower interest rates and opportunities for at risk buyers with low-to-moderate income have been created. The following provides a general overview of local, state and federal assistance programs.

LOCAL GOVERNMENT ASSISTANCE PROGRAMS

In recent years, many local governments have taken advantage of various resources, such as Community Development Block Grant Funds and redevelopment agency affordable housing set-asides revenue, to provide mortgage assistance to first-time homebuyers.

For most first-time homebuyers, the greatest obstacle to owning a home is the downpayment. To help fill this need, many local governments offer two types of loan programs, downpayment assistance, or silent seconds and primary mortgage loans. While all programs vary depending on the localities requirements, most share common characteristics of:

- First time buyers must not have home ownership with in any property within the last 3 years.
- Purchase price and income level limits are based on area medians for family size, usually to Federal Housing and Urban Development (HUD) standards.

Downpayment Assistance Programs

- Low Interest Rates
- No payment until sale or transfer of home
- Assistance with 3 –20 percent of purchase price
- Interest is between 5-10 percent and is deferred until sale or transfer of the home

Primary First Mortgage Assistance Programs

- Buyer needs 5% down, with 2% coming from gift or grant money
- Low interest rates between 5 and 10 percent
- Some cases the interest is deferred for 5 years

The Mortgage Credit Certificate Program

The Mortgage Credit Certificate Program was created in the 1984 Tax Reform Act by Congress. Mortgage Credit Certificates (MCC's) provide low-to-moderate income homebuyers a tax credit for a specified percentage of the interest that is paid on the mortgage. Through this tax credit the first-time homebuyer's income is effectively increased by reducing the amount owed to federal income taxes, making it easier to qualify for a mortgage by increasing the amount of available income.

If a buyer has a 30-year mortgage of \$130,000 with a 10.75% fixed interest rate; the interest rate amount would be approximately \$ 13,975 during the first year. With a 20% credit, \$ 2,795 of the payment would be given back to the buyer, allowing him more purchasing capabilities.

Mortgage Credit Certificates can be used with conventional, fixed-rate, FHA, VA and privately insured loans for single family and condominiums homes. Variable, refinanced and bond-backed loans that carry a below market

interest rate are not eligible. MCC's have various purchase price and income limits depending on the issuing locality. MCC's that are issued in Federal Target areas usually have less restrictive limits than other areas. Target areas are locations where 50% of the households earn less than that area's median income.

MCC's require the borrower to live in the home for at least three years, have no ownership interest in another property and be within the income limits set by the issuer's standards. MCC's also have a recapture mechanism. If the borrower's income level rises significantly, (more than 5% per year), within the first nine years or if ownership is not maintained longer than five years the recapture mechanism will apply. The recapture mechanism is to help provide future funding of the Mortgage Credit Certificate program.

For information on MCC's in your area, contact your local housing authority.

Mortgage Revenue Bonds

Mortgage Revenue Bonds (MRB) provides loans to first-time, low-to-moderate income buyers who have not owned a home within three years. The borrower's can not earn more than \$72,680 for a family of three or more. MRB loans are offered at a 30-year below-market interest rate between 6.25 and 6.4 percent and have a maximum loan amount, which varies according to the mortgage insurance. Price limits and interest rates may vary within each area.

FHA	\$160,950
VA	\$203,000
Fannie Mae	\$214,600

Qualifying homes must be within the county of the issuing agency. For more information on MRB's please contact your local housing authority. For Orange County contact 714-834-3014 and for Los Angeles County contact 213-367-9054.

STATE FINANCING PROGRAMS

California Housing Finance Agency

The California Housing Finance Agency (CHFA) was founded in 1975 to assist first time homebuyers. CHFA provides low-to-moderate income buyers below market interest rates through private lending institutions. CHFA loans are insured by the Federal Housing Authority, unless the mortgage amount exceeds the loan limit. Those that exceed the limit will be covered by the California Housing Insurance Fund.

Currently loan rates are between 6.25% and 7.25% depending on location of the purchase and the income level of the buyer.

To qualify for a CHFA loan, buyers must meet the following requirements:

- Be a first time homebuyer, defined as not having ownership interest in a primary residence during the previous three years. Requirement waived if the home is located in a federally designated "target area". (Census tract in which 70 percent or more of the households earn 20 percent less than the statewide median income).
- Meet income and purchase price guidelines which have been set by CHFA are determined by the location and size of household.
- Have sufficient funds available to pay the required 3-5% downpayment and closing costs. Some restrictions apply to gift funds.
- Property must be owner occupied for the term of the loan or until sold.
- Meet credit, income and loan requirements of the CHFA lender and the mortgage insurer.

- Have the legal right to permanently live in the United States.

CHFA offers first-time buyers with downpayment and closing cost assistance through three different programs.

- *The Affordable Housing Partnership Program* – a joint effort between CHFA and local governmental agencies whereby a deferred payment subordinate loan from a local agency can be used to assist the homebuyer with the downpayment or closing costs. Homebuyers who receive this direct financial assistance may also be qualified to obtain a CHFA home loan at a 5% rate that is below CHFA standards.
- *Proposition A1: School Faculty Fee Affordable Housing Assistance Program* – funded through the Department of General Service, the School Faculty Fee Program has approximately 39 million dollars to distribute to purchasers of newly constructed properties through three various programs. The *Economically Distressed Area*, the *Maximum Sales of \$110,000* and the *First-Time Homebuyer Low-Income Limits*. Funds for these programs are acquired by the sale of the building permits builders must purchase prior to construction. Individuals may apply for the rebate and are awarded various amounts depending on program and first come first serve priority.
- *100% Loan Program* – offered for low-to-moderate income first time homebuyers. This program includes a 97% CHFA fixed-rate 30-year mortgage and a 3% CHFA downpayment assisted second mortgage. The “sleeping second” loan is offered at a very low simple interest rate with deferred payments until the first mortgage becomes due and payable, the mortgage is refinanced or paid in full, or the property is sold.

CHFA mortgages are subject to Federal Recapture Tax. Recapture is a federal income tax that borrowers may have to pay if they sell or transfer their CHFA-financed home within nine years of purchase. CHFA’s “Guide to Recapture” brochure provides additional information on Federal Recapture Tax and can be obtained by contacting CHFA.

California Housing Finance Authority offers low interest 30 year fixed rate loans, low downpayments usually between 3 to 5%, no downpayment when using the 100% Loan Program, lower fees to borrowers, and FHA, VA, USDA GRH or CaLIF insured loans to those who meet the income and area requirements. For more information visit CHFA’s website at <http://www.chfa.ca.gov> or call 800-925-5626.

California Home and Farm Purchase Program (Cal-Vet)

California Home and Farm Purchase Program (Cal-Vet) is the state version of the VA Home Loan Guarantee Program. The program was initially created in 1921 to help the veterans of the World War I purchase a home or farm relatively inexpensively. The program is administered by California Department of Veterans Affairs and is funded by the sale of California revenue bonds.

Cal-Vet offers assistance to almost all veterans who wish to purchase a home in California. Both active duty and veterans who have served at least 90 consecutive days of active duty must obtain an Eligibility Certificate from the Department of Veterans affairs to qualify.

Cal-Vet also offers reposited homes that can be purchased with a combined Cal-Vet loan. Many of these homes are in need of repair, therefore Cal-Vet offers both the primary and the rehabilitation loan together. Properties include single-family, condominiums and manufactured homes. For a list of available home go to Cal-Vet’s website. <http://www.ns.net/cadva/repos/repoidx.htm>

- Flexible interest rates from 5.95 percent for first time buyers to 7.5 percent on standards loans
- Loan limit of \$250,000 standard home, \$300,000 on farms and \$70,000 on mobile homes
- 2 percent required downpayment

- No fees if the downpayment is 20 percent or if the Veteran has been deemed at least 10% disabled
- No private mortgage required; therefore keeping extra money each month to help cover the cost of the mortgage
- Reusable Loans

Cal-Vet loans may be processed through the local Cal-Vet office or with a mortgage broker. For more information visit - <http://www.ns.net/cadva/calvet/calvet.htm> or call the California Department of Veteran Affairs at (800) 925-5626.

FEDERAL PROGRAMS

Department of Housing and Urban Development (HUD)

The Department of Housing and Urban Development was created in 1965 as part of President Lyndon B. Johnson's War on Poverty. HUD is responsible for all the programs and policies regarding our nations housing needs. Its mission is to stimulate economic growth in distressed communities by increasing homeownership to minority and low-to-moderate income families.

HUD's various programs such as the HUD Homes, FHA and VA loans, the Department of Housing and Urban Development continues to accomplish its goals. For more information on HUD visit their website at <http://www.hud.gov>

HUD Homes

HUD Homes are properties acquired when a borrower defaults on a loan. HUD pays the lender what is owed, takes ownership of the home and tries to quickly sell it at market value. HUD Homes are sold "as is" with no repairs done to the property or structure. Adjustments in the selling price are made when the home is in need of refurbishing. There are many benefits to purchasing a HUD Home, buyers can make a request: an upgrade of the property, have HUD pay all or a portion of the closing costs and ask for a moving expense allowance.

To purchase a HUD Home, buyers must go through their real estate agent. The agent places a bid on the property and if the bid is accepted the buyer has 30 to 60 days to work on the purchasing transaction. HUD Homes can be purchased using FHA or other HUD financing programs. Another benefit to buying a HUD Home is the real estate agents commission is paid for by HUD saving the buyer even more money. For a list of HUD Homes visit their website at <http://www.hud.gov/local/sams/ctznhome.html>

Federal Housing Administration (FHA)

The FHA was established in 1934 under the National Housing Act and was consolidated into the Department of Housing and Urban Development (HUD) in 1965. The FHA's purpose is to improve housing standards and conditions, provide an adequate home financing through mortgage insurance and help stabilize the mortgage market. The FHA has been extremely successful in achieving these goals with its National Homeownership Strategy; it has insured over 24 million homes over the last 65 years.

The FHA continues to help neighborhoods, support affordable housing financing and stabilize credit markets in times of economic disruption with its strong support for minority and first-time buyers. In fiscal year 1997, seventy six percent of FHA loans were given to first-time buyers. Minority groups accounted for 29 percent of all new homeowners. FHA helps mortgage lenders establish loans to individuals who might not qualify under conventional standards.

- *Single Family Mortgage Insurance Section 203 (b) & Single Family Mortgage Insurance for Condominium Units Section 234(c)* – provides mortgage insurance for the purchase or refinancing of a principal residence

or condominium. The borrower is eligible for up to 97 percent financing and is capable of financing upfront mortgage insurance premiums and closing costs into the loan. The maximum mortgage amount for a single-family unit is \$155,250. Properties that are one to four unit structures qualify.

- *Single Family Insurance Disaster Victims Section 203 (h)* –allows up 100 percent financing for borrowers whose homes have been damaged or destroyed beyond reconstruction or repair. No downpayment is required and upfront and closing costs may be financed into the mortgage. Only single unit family housing qualifies.
- *Single Family Mortgage Insurance for Outlying Areas Section 203 (i)* – provides mortgage insurance for homes in rural areas. The borrower is eligible for up to 97 percent of the mortgage with upfront mortgage premiums and closing costs financed into the loan. Eligible properties are one-to-four unit structures.
- *Single Family Rehabilitation Mortgage Insurance Section 203 (k)* – provides mortgage insurance for borrowers who wish to purchase, rehabilitate or improve an existing dwelling. Monthly mortgage insurance premiums are due at closing and the mortgage limits for this loan are the same as 203(b).
- *Single Family Cooperative Program* – Provides assistance in purchasing a Corporation Certificate (stock certificate or membership certificate) and an Occupancy Certificate in a cooperative. Requirements for 203(b) apply.
- *Mortgage Insurance for Low and Moderate Income Buyers Section 221(d)(2)* – provides insurance for low-to-moderate income, displaced by a disaster or urban renewal borrower to purchase or refinance a low cost principal residence. Under this loan a minimum of \$200 can be the cash initial investment. The maximum loan amount is \$36, 000 per unit, with one to four units eligible.
- *Section 237 Single Family Mortgage Insurance for Special Credit Risks Section 237* –insurance for low-to moderate income borrowers who are unable to meet standard credit requirements. Use of this program is at HUD's discretion, borrower does not have to meet FHA credit qualifications and maximum amount loan amount is \$21,000.
- *Single Family Adjustable Rates* – offers borrowers a lower initial interest rate when used with Sections 203(b), 234(c) or 203(k). One to four unit properties are eligible.
- *Energy Efficient Mortgage Loans* – provides insurance for borrowers who wish to incorporate costs of energy efficiency improvements into the mortgage. The limit for improvements is the greater of 5 percent of the property value or \$4000. Section 203(b) requirements apply for the property.
- *Officer Next Door Program* – allows Police Officers to purchase a HUD Home in a revitalization area at 50 percent discount. The officer is encouraged to purchase in the community he protects, but it is not required. If the officer chooses to use a FHA program the downpayment is reduced to \$100.
- *Teacher Next Door Program* – gives teachers an opportunity to purchase a home in a HUD revitalization area at 50 percent off. If the teacher purchases the home using a FHA loan, the downpayment is reduced to \$100.
- *Single Family Construction/Perm Loans* – assists builders in construction financing by allowing borrowers to be approved prior to start of construction.

For more information on FHA loans go to <http://www.hud.gov/progdesc/snglindx.html> or contact a lender in your area by going to <http://www.hud.gov/ll/code/llplcrit.html> or call HUD at (800) 217-6970.

VA Home Loan Guarantee Program

The Servicemen's Readjustment Act was enacted in 1944 as America braced for the return millions of veterans from the battlefields of Europe, Africa and Asia. Among the many benefits granted under the so-called "GI Bill of Rights" was access to no-downpayment, VA-guaranteed mortgage financing. The VA-guarantee program recognized that veterans were denied the chance to save for a downpayment and that returning veterans would immediately be starting families and would be in the market for a home.

Under VA financing, the Federal Government guarantees a certain percentage of a loan. The amount is determined according to the price of the purchase. This differs from the FHA program under which 100 percent of the loan is insured. Currently the maximum VA loan amount is \$203,000 depending on the borrower's income level and the appraised price of the property. A veteran's maximum guarantee entitlement is \$36,000 or up to \$50,750 on loans over \$144,000 depending on each situation. Lenders usually allow up to four times the veteran's entitlement amount without a downpayment depending on the buyers credit and property appraisal. The federal loan guarantee reduces the risk exposure of lenders making VA-guaranteed mortgages very acceptable to the lending industry.

In order to qualify for the VA Home Loan Program veterans must complete the VA Form 26-1880. Most Veterans of wartime eras qualify, including reservists whose duty was activated during various conflicts. There is a minimum active duty time requirement and a time limit to when reservists can apply for their VA loan benefits. VA guarantee loans offer:

- No downpayment, unless the price of the home exceeds the program limit.
- Negotiable interest rates.
- Limits to the buyers' closing costs.
- 30 year loans with a choice of repayment plans.
- No mortgage insurance premiums.
- VA Home buying counseling.

For more information regarding the VA Program and how to receive eligibility requirements visit <http://www.vba.va.gov/bln/loan/index.htm>, or contact a local mortgage lender or the Department of Veterans Affairs Regional Loan Center at (888) 869-0194.

United States Department of Agriculture Rural Development Rural Housing Service (RHS)

The Rural Housing Service offers homeownership to buyers in rural areas. RHS provides home loans, guarantees, grants and other home assistance programs for rural families. RHS guarantees make homeownership even more affordable when combined with other loan programs. For example, Fannie Mae offers a low-to-no downpayment home loan that has an RHS guarantee.

- *Direct Loan Program* – offers loans to buyers with incomes below 80 percent of the area median income. This loan makes it possible for individuals who typically do not qualify for conventional loans to own a home.
- *Guaranteed Loan Program* – allows families to borrow up to 100 percent of the appraised value. This guarantee makes loans more attractive to lenders because they will receive full compensation should the borrower default.

CONVENTIONAL PROGRAMS

Conventional financing assistance programs are offered by private (i.e., non-government) lenders. These lenders include savings and loan institutions, commercial banks and mortgage banking companies. While several of the affordable financing programs discussed below are sponsored by the quasi Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, this financing is conventional in nature because it is provided through institutional lenders. These loans are also called conforming loans because the primary lender drafts the loan according to the secondary purchaser's terms.

In 1938 the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) were created as a part of the Federal Housing Agency authorized to purchase FHA insured loans. By 1970 both the FNMA and FHLMC were private owned corporations with no government financial assistance. Their stability is supervised by the Office of Federal Housing Enterprise Oversight and the President is allowed appoint members to their boards of directors. All FNMA and FHLMC stock is freely traded on the New York Stock Exchange and all financial obligations are those of the corporations. The U.S. Government guarantees no obligation.

Federal National Mortgage Assistance (Fannie Mae)

Fannie Mae's Community Lending programs were designed to assist low-to-moderate income homebuyers with the two largest barriers in homeownership, downpayment and qualifying income. There are eight different types of loans available within the Community Lending Program. All maintain similar characteristics:

- low downpayment requirements
- low qualifying income
- closing cost assistance
- low cash revenue requirements
- acceptance of non-traditional credit histories

All are designed to increase homeownership of individuals whose income is less than 100 percent of the area median income. Some high-cost areas that are targeted for revitalization may exceed the income barrier. California homebuyers may earn up to 140% of the median income.

- *Fannie Mae's Community Home Buyer's Program (CHBP)* – assists homebuyers whose income levels do not exceed more than 100% of the area median income (This income cap can be removed if used along with the FannieNeighbors® Program). This 5 percent downpayment, 15-to-30 year fixed-rate loan with a 33/38 debt-to-income ratio, requires no cash reserves, but does require homebuyers education.
- *FannieNeighbors®* – is a nationwide program created to increase homeownership and revitalization in minority and low-to-moderate income communities. Income limits are removed only if borrowers are purchasing within central cities, eligible low-income or minority census tracts or in a HUD designated underserved area.
- *3/2 Option* – requires the borrower to provide only 3 percent of the downpayment from their own savings and the remaining 2% can come from gift money, a grant, or an unsecured/ secured loan from a nonprofit organization or government agency. Debt ratios of 33/38 are allowed on a 15-to-30 year fixed-rate loan. No cash reserves required at closing, homebuyer education is required and post-purchase early delinquency counseling is recommended.
- *Fannie 97®* - is designed for buyers with a sufficient income to handle monthly mortgage, but have difficulty with the downpayment. A low 3% downpayment, one month's mortgage reserve, homebuyer education and

post-purchase early delinquency counseling are required. Borrowers may choose a 25-year loan with a debt ratio of 33/36 or a 30-year loan with a debt ratio of 28/36.

- *Community Seconds® Mortgage Loans* – is a “sleeping” second loan that is typically provided by a government agency, non-profit organization, employer or private foundation to assist buyers in purchasing a home with another Fannie Mae Community Lending mortgage. These loans are offered at little to no long term interest rates that are not due until the home is refinanced or sold. Low homebuyer downpayment and education counseling are required.
- *Lease-Purchase Mortgage Loans* – allows non-profit organizations to purchase homes that they then lease to lower income families with an option to buy. Part of the rent is put into a saving for the future downpayment. Fannie Mae purchases the long-term, fixed rate, first mortgages with the non-profit as the borrower and permits a one-time assumption by the renter. The Lease-Purchase Mortgage Loan can be used in combination with other Community Lending Mortgages to increase affordability.
- *Community Land Trust Mortgage Loans* – are community land trusts (typically a private nonprofit corporations), that acquire land to preserve long-term affordable housing within communities. The community land trust purchases the land, builds homes on the property, then sells the homes and leases the land the homes are on to low-income families. A lender will originate a first leasehold mortgage loan to a family, then Fannie Mae will purchase the leasehold from the approved lender. The Community Land Trust Mortgage Loans can be used in combination with other Community Lending Mortgages to increase affordability. Homebuyer education is required.
- *Community Reinvestment Act or CRA Portfolio Transactions* – requires that large lenders appropriate a specific amount of loan capability to be used for low-income homebuyers. CRA loans require more flexible credit history and pricing terms by focusing on the credit history and worthiness of the buyer. Fannie Mae is able to work with community groups and lenders to create more housing opportunities.

Other Fannie Mae Loans

Fannie Mae maintains its commitment to providing affordable housing to all. With their Products for Untapped Markets, Fannie Mae offers loans to buyers that are not fully represented in a conventional buyers market. For instance individuals in rural or manufactured housing have different needs than traditional single-family type buyers. Other non-traditional loan assistance programs offered help employers give an extra benefit to employees and help disabled buyers.

- *Employer-Assisted Housing Plans (EAH)* program offers assistance to employers who wish to give their employees a homeownership benefit. EAH works with employers and tailors programs that best suit their needs. Employers can offer loans, grants, loan guarantees or accessibility to various mortgage programs. All of Fannie Mae’s mortgage loan programs are offered to EAH options.
- *HomeChoice* is a single-family, low-to-moderate income mortgage loan for families with disabilities. Loans are offered at a fixed 15-to-30 year term. Fannie Mae works in a partnership with members of local organizations that create homeownership opportunities for disabled people.
- *Community Living Loans* assist disabled individuals by providing the financing needed for residential group home facilities. Eligible properties are one-to-two unit structures that dedicated to providing permanent housing for people with disabilities.

In a partnership with the Rural Housing Service, Fannie Mae provides low-to-moderate income borrowers homeownership opportunities in rural areas.

- The *Direct Leveraging Loan Program* offers low interest rates, low-to no downpayment and easier guidelines to determine debt ratios. Half of the mortgage is subsidized by the Rural Housing Service (RHS) and the other half is a conventional 30-year loan that may be purchased by Fannie Mae.
- Under the *Section 502 Guaranteed Rural Housing Loan* the same offer of no-to-low downpayment and low interest rates is given to buyers whose income is less than 115% of the area median income. Rural communities under this program are defined as those that have less than 20,000 people. Loans are only partially insured by RHS, originated by conventional methods and purchased by Fannie Mae. Lenders may retain some credit risk or pass it on to Fannie Mae.

For more information on any Fannie Mae Program contact the Western Regional Office at (626) 396-5100 or visit the website at: <http://www.fanniemae.com>

Federal Home Loan Mortgage Corporation (Freddie Mac)

Community Development Loans (CDL) create opportunities for low-to-moderate income and minority buyers by working with national, regional, and local organizations and public agencies that are highly committed to strengthening communities through homeownership. Each organization that participates brings together its best efforts and resources to meet local housing needs. The following are some mortgage products used by Freddie Mac to assist underserved borrowers in an effort to stabilize neighborhoods.

- *Affordable Gold 97* – offers a three percent downpayment from personal cash loan, where the remaining two percent and closing costs, may be funded by gifts, grants or other sources. Loans are at a 15,20 and 30-year fixed-rate, with a flexible ratio and reserve requirements to help buyers better qualify.
- *Affordable Gold 3/2* – works with various organizations and agencies to assist homebuyers in target communities. Buyers put a 3% downpayment and the remaining 2% is contributed by other sources.
- *NeighborWorks®* - program features low-downpayments usually less than 2 percent for a home valued at \$80,000 and beginning at two percent for homes valued over \$80,000. This program can also be used on multiple housing units.
- *Home Works!* – program allows for purchase and rehabilitation all in one transaction. A local governmental agency sets up a HOME-funded reserve and loan guarantee program, agrees to provide rehabilitation monitoring and administration. Freddie Mac buys the loans even before rehabilitation is complete.

Freddie Mac HomeStep Program

Freddie Mac HomeSteps is a programs designed to sell repossessed, existing homes at a fair market price. Most homes are completely refurbished and are in ready-to-move-in condition. However, there is a selection of homes that need repairs and are offered for greater savings to the homebuyer. HomeSteps offers special financing to ensure greater savings at the closing and on monthly mortgage payments. HomeSteps offers:

- Competitive interest rates
- 5% low downpayment
- No mortgage insurance requirements
- Lower escrow and no application fees

For more information, a list of HomeSteps properties or a HomeSteps lender visit - <http://www.homesteps.com/index.html>. For HomeSteps rates call the 24 hour line at (972) 702-2033.

OTHER HOME BUYING ASSISTANCE PROGRAMS

Mortgage Insurance

Mortgage insurance (MI) enables homebuyers to obtain conventional home loans with relatively small downpayments. Prior to the advent of MI, lenders of conventional mortgages traditionally required a downpayment of at least 20 percent of the home's purchase price. As noted earlier, saving enough money to make a downpayment of ten or twenty percent is one of the greatest barriers to homeownership today. Having insurance helps first-time and moderate-income purchasers surmount this obstacle by reducing the downpayment required to obtain a mortgage to as little as five percent of the purchase price. Mortgage insurance is offered by both private and federal programs. Downpayment requirements may vary depending on the insurance issuer.

Lenders typically require mortgage insurance on low downpayment mortgages because loss experience and studies have shown that a borrower with less than 20 percent invested in a home is more likely to default on a mortgage should problems arise. In other words, there is a good correlation between the size of the downpayment made on a mortgage and the eventual likelihood that the mortgage will be paid-off according to its terms.

Although it is the borrower who normally pays for MI, the insurance coverage protects the lender, not the borrower. The insurance protects lenders against default-related losses on conventional first mortgages made to mortgage borrowers who make downpayments of less than 20 percent of the home's purchase price. MI typically provides lenders with a default guarantee covering the top 20-to-25 percent of the mortgage balance. The lender assumes the risk for the remaining (uninsured) portion of the loan.

As of July 1999 lenders are required automatically cancel mortgage insurance on new mortgages once the equity in a home reaches 22 percent. Homeowners may request to cancel at 20 percent equity levels. Lenders are required to provide homeowners with the information needed to cancel their insurance. If the loan was sold to Freddie Mac or Fannie Mae, homeowners should contact their lenders once equity reaches 20 percent because they have more lenient requirements for insurance. Equity levels are determined according to the purchase price of the home any increased values do not apply. However, if the homeowner feels that his property has increased significantly in value, dropping the loan to value ratio below 75 percent, than the homeowner may request a new appraisal and cancel the MI. There are some exceptions to cancellations, such as existing mortgages and high-risk loans.

Fannie Mae and Freddie Mac currently require mortgage insurance on all low downpayment programs with a Loan to Value (LTV) ratio of 90-95 percent. A downpayment of 3 percent requires coverage of at least 18%. Downpayments of 5 percent require coverage between 25 and 18 percent. Loans with 10 percent down require 17 to 12 percent insurance coverage. There are several different options available to borrowers to increase initial buying power and reduce monthly payments while maintaining a security and safety level for lenders. At the inception of the loan, lenders can either add a small percentage rate increase or add additional points at the close of the deal. For more information on Freddie Mac Mortgage Insurance go to http://www.freddie.mac.com/sell/flexible_mi/consumi.htm and for more information on Fannie Mae Mortgage Insurance go to <http://www.fanniemae.com/news/pressreleases/0136.html> .

Homebuyer Education and Housing Counseling

The home buying process can be a long and difficult endeavor. There are numerous amounts of programs and information available to buyers. First-time and low-to-moderate income buyers have several programs through all levels of government and non-government organizations willing to assist. Deciding on which program to use, how they are used in accordance with other programs and actually trying to use them, can be long and confusing. Homebuyer's counseling can help make the process more attractive by providing buyers with knowledge of the basic steps of purchasing, financing and maintaining mortgage payments. Many lenders require homebuyer education on first-time buyer loans. For a list of locations in the Southern California area go to <http://www.car.org/consumerinfo/buy/scanph.html>

Redevelopment Agency Affordable Housing Set-Asides

The tax increment is the financial backbone of the redevelopment agency. As projects are developed and property values increase, the agency retains all of the resulting increase in property tax revenues. Other local governments (e.g., counties, cities, school districts and special districts), whose jurisdictions overlap, receive property tax revenues based on the property values existing before the redevelopment agency was created. The agency takes the tax increment revenue and spends it on infrastructure and other public improvements that facilitate additional redevelopment projects.

State law requires all redevelopment agencies to set aside 20 percent of their tax increment dollars to be spent on programs to provide housing for low- and moderate-income households. The agency must spend twenty percent of this money on projects that provide affordable housing to individuals and families whose income falls below the area median income. For example, many of the programs described in this manual are funded with local redevelopment agency set-aside money.

In the fiscal year 1996/1997 redevelopment agencies had over \$487 million to spend on affordable housing statewide. Programs they offered included:

- Acquisition and Rehabilitation
- First-time buyer
- Rental Housing
- Mobile Home Parks
- New Construction for Owners and SELF-HELP Organizations
- New Construction for Rental Families and Seniors
- Rehabilitation for Owners and Renters

Many redevelopment agencies have made good use of their set-aside dollars. The previous list is an example how redevelopment agencies can put their affordable housing set-aside money to good use. It represents a highlight of the variety of programs to which redevelopment agencies can apply their money. REALTORS® can present this material (along with the material in the other sections of this manual) to any local redevelopment officials having trouble deciding how to put their affordable housing set-aside money to use in the community.

Homebuyer Assistance

Redevelopment Agencies have been highly involved in creating small communities of affordable housing. The Agency makes land offers to developers who are interested in building multi-unit complexes. The developer must set aside a percentage of the units for affordable housing. Some units will be restricted to either low-to-moderate income buyers. Or if the units are rentals, than the holding percentage will be for those who earn less than 100 percent of the median area income.

The Redevelopment Agencies acquire the land, sell the titles to developers at very reasonable prices so it can replenish its funds to maintain the program. Some of the money from the sale will be set aside to help first-time buyers with silent second loans. The Agencies also stay very involved in the plan and design of the units to ensure that the complex enhances the area.

MULTIFAMILY DEVELOPMENT ASSISTANCE

STEPS 2000 includes this section on multifamily loans to help increase the amount of affordable and decent rental properties. As stated earlier, not everyone can purchase a house, many individuals rely on rentals to call home. However, because the amount of decent rentals appears to be vanishing, many suffer in substandard homes because the lack of supply has caused rents to increase making housing very expensive. A study by the Department of Housing and Urban Development (HUD) in 1995 stated that 8.6 million individuals are at risk renters, meaning they earn either poverty level or below poverty incomes, paying more than 40 percent of their incomes to housing needs. HUD offers rental assistance and other housing programs for these low income renters, however the waiting lists are long and it can take up to several years for individuals to get assistance.

FEDERAL PROGRAMS

Department of Housing and Urban Development and FHA Insured Mortgages

- *Mortgage Insurance for Rental and Cooperative Housing Section 221(d)(3) and 221(d)(4)* – assists private industry in the construction or rehabilitation of rental or cooperative housing, for low-to-moderate income and displaced families. Non-profit and cooperative sponsors use Section 221(d)(3); for-profit sponsors use Section 221(d)(4). Both non-profit and for-profit sponsors have the same requirements. The only difference is that non-profits are eligible for up to 100% insurance on the project, while for-profits are only eligible for up to 90%. Sponsors are responsible for filing the application with HUD, allowing HUD an opportunity to review the proposed project. These sections have replaced some of HUD's older programs that are no longer in use.
- *Rental Housing Insurance Section 207-* provides mortgage insurance to finance a broad range of rental housing. Properties must consist of five or more units of detached, semi-detached, walk-up or elevator style housing. Borrowers must submit an application to the local HUD office pre-project acceptance.
- *Mortgage Insurance for Rental Housing in Urban* –Section 220 program, HUD insures lenders against the risk of default on mortgages to finance the construction or rehabilitation of detached, row, walk-up, or elevator-type rental housing or to finance the purchase of properties that have been rehabilitated by a local public agency. Loans are created for up to 40 years at up 90% of the repair and rehabilitation and the value of the property before repairs. HUD charges lenders a mortgage premium on the mortgage amount, an application processing fee of \$3 for every \$1000 of the mortgage and an inspection fee of \$5 for every \$1000 of the mortgage.
- *Risk Sharing Pilot Program* – was developed to increase the amount of affordable multifamily units. HUD insures loans originated by a Qualified Participating Entity (QPE) or its approved lenders. QPE's are lenders such as Freddie Mac, Fannie Mae, Federal Housing Finance Board and other financial agencies. This is a risk sharing program hoping to increase the amount of loan consumers by dividing the risk between various agencies. If the borrower defaults, the QPE pays the costs associated with the loan and will seek at least 50% reimbursement from HUD.

For more information on these or any other loan visit <http://www.hud.gov>

Freddie Mac

Freddie Mac offers a wide variety of multifamily products that increase housing on all income levels. To continue the national efforts on increasing affordable housing, Freddie Mac offers various tax credit and swap programs to new and current mortgage borrowers. These programs can be used in conjunction with most mortgage programs.

- *Conventional Cash Mortgage Purchase* – There are two types of loans under this program, small and large with funding from \$300,000 to \$50 million. Investments in garden, mid-rise, high-rise or cooperative housing must meet Freddie Mac's quality and geographical requirements. Eligible borrowers can be a partnership, corporation, trust, joint venture, limited liability, or an individual.
- *Tax Credit Forward Commitment Pilot Program* – provides financing for both acquisition of property and development for newly constructed housing in one loan. Properties eligible are those that qualify for a nine-percent tax credit under the Internal Revenue Section 42 code. From \$3 million to \$15 million can be borrowed at a fixed rate, with up to 24 months of interest only loan period.
- *Multifamily Second Mortgage* – allows lenders to sell their second mortgages to current Freddie Mac first loan borrowers. There are three types of second mortgage loans available to borrowers. *Coterminous* offers second loans for existing Freddie Mac mortgages that mature at the same time. *Noncoterminous* loans for existing Freddie Mac Mortgages that exceed the first loan rate. *Split Mortgages* offers the second loan at the same time as the first Freddie Mac loan. All eligible loans must be in good standing with the original borrower or approved transferee. All properties must be in good financial positions.
- *Senior Housing and Assisted Living Pilot Program* – offers financing for private-pay rental housing that accommodates senior living. Properties must include independent living, congregate and assisted living units. Also eligible are properties that include set-asides for skilled nursing, residents with Alzheimer's or other special needs. Qualified properties must be garden, mid-rise or high rise units with proven operating history.

For more information on these or any other loan visit: <http://www.freddiemac.com/multifamily/prod.htm>

Fannie Mae

Fannie Mae has a commitment to preserving and increasing the current amount of affordable housing units. With a budget of over \$10 billion, Fannie Mae has been the largest lender for multifamily investors. With their two different loan types Fannie Mae ensures housing for individuals who earn well below the area median income level. A Federal Low Income Housing Tax Credit is given to properties that meet or exceed the income and occupancy restrictions, ensuring that individuals pay no more than 50% of their median income for shelter.

- *Targeted Affordable Forwards* – provides for new construction or substantial rehabilitation of properties that follow the guidelines determined by Fannie Mae's Affordable Financing. At least 20% of the units must have restricted rents affordable to those whose income is no more than 50% of the area median income. Also, 40% of the units must have restricted rents affordable to those whose income is no more than 60% of the area median income.
- *Market Rate Forwards* – provides financing for the construction of or rehabilitation of moderate-income housing. Residents earning less than 100% of the area median income must occupy Fifty-one percent of all units.

Fannie Mae offers *Conventional Financing* to multifamily investors with no income or rent restrictions. These products are offered through approved Delegated Underwriting and Servicing lenders (DUS). This approved

network of lenders can approve applications for up to \$20 million without submitting loans to Fannie Mae. Conventional products include various features such as fixed or adjustable rates, various loan periods and tax enhancement program possibilities.

For more information on these or any other loans visit:

http://www.fanniemae.com/multifamily/affordable_fin/affordable_fin.html

CALIFORNIA HOUSING FINANCE AGENCY

CHFA's Multifamily Rental Housing Programs provide permanent financing for the acquisition, rehabilitation, or new construction of rental housing that includes affordable rents for low and moderate income families and individuals. The following information provides CHFA's loan options.

- *Housing Development Loan Program* – is a long term, fixed rate, tax-exempt and taxable financing loan that helps maintain support and development for new and rehabilitated affordable rental projects. This program is very flexible. Every investor is encouraged to apply. Loans must meet minimum Agency affordability requirements.
- *Tax Exempt 501(c)(3) Loan Program* – Loans given for those investors willing to work with government assisted housing projects. Loans under this program will be given a lower interest rate and a higher loan-to-value mortgage.
- *Special Needs Housing Program* – provides mortgage financing for programs that will service individuals with disabilities or those with AIDS. Housing must include all aspects of safe and sanitary living.
- *Predevelopment Loan Program* – is available to qualified non-profit sponsors who wish to create affordable rental housing. This loan allows the developer to include property acquisition and development costs to be within a single mortgage.

For information on these and any other CHFA loan program contact (800) 323-8718, or visit CHFA's website at:

<http://www.chfa.ca.gov/programs/multi/multi.htm>

RENTAL AND HOMEOWNERSHIP ASSISTANCE

SHELTERING THE HOMELESS –REALTOR® INVOLVEMENT

Homeless Advocates estimate that approximately one million Californians experience homelessness each year. While the stereotypical homeless person is often thought of as a male substance abuser, a growing number of studies indicate that there is an ever-increasing proportion of the homeless who are families and single mothers with children. Furthermore, many of these people are "episodically homeless," that is they are not chronically homeless, but fall through the cracks on occasion.

Among the most common reasons cited by these people for their homelessness is the lack of affordable housing and the inability to find a better paying job, even though many of the adults have some level of education beyond the high school level. A growing percentage of the homeless have full- or part-time jobs. However, because of low-minimum wages and housing become increasingly more expensive, low-income people are reliant on small paychecks to pay more than 40% of monthly wages for housing. This causes a problem when an incident of illness or other factors keep the main wage earner from working.

Increasingly, government and the private sectors are realizing that they must work together to attack the problem of sheltering the homeless. As part of the latter group, REALTORS® in a number of areas are stepping

in to provide assistance in sheltering the homeless and giving them the necessary support services to get them back on their feet. The following examples document some of these efforts:

Sheltering the Homeless in Berkeley

Berkeley Association REALTORS®

Contact Persons: Donald Clark
(510) 848-4288

In February of 1989 the Berkeley Association, led by then President Laurie Capitelli, decided to be an active participant in the fight against homelessness. The association established a committee of 30 volunteers to spearhead a drive to raise money for transitional housing in the area. The Committee sent an individual letter to every Association member and affiliate asking them to pledge whatever they desired to the campaign. In some cases, Association members instructed escrow to send a check to the Association, in other cases, personal checks are written. Often times, brokers or managers will match agent contributions.

When the amount of funds from the drive reaches \$7000-\$10,000, the Committee convenes a meeting of a special meeting which decides how to allocate the funds. At the onset, the Committee determines what projects to fund that would assist persons in escaping the cycle of homelessness. Three groups providing transitional shelter and support services in the Berkeley-Oakland area have been the recipients of funding to date: Berkeley/Oakland Support Services, Women's Daytime Drop-In Center and Berkeley Ecumenical Chaplaincy to the Homeless.

Sheltering the Homeless in San Jose

San Jose Real Estate Association Foundation

Contact Persons: Julie Chancerelle
(408) 445-8500

The San Jose Real Estate Association Foundation was formed in 1991 to provide a unified means of gathering funds and putting them to work where they are most needed within the community. The non-profit Foundation is funded primarily by donations of the Real Estate Association's membership and investment of those funds. Contributions have been made voluntarily with dues statements, pledges at escrow, by direct donation, through fundraisers and from event proceeds sponsored by the Association and affiliate organizations.

The Foundation has established methods of investment of funds received to establish a perpetual resource. At least 60 percent of each year's contributions will be invested. Fully 30 percent of the funds received each year will be directed to immediate needs. A maximum of 10 percent of contributions will be used to administer and publicize the Foundation and to further fund-raising efforts.

The Foundation will focus charitable efforts on needs related to affordable housing, education, and multi-cultural arts located within Santa Clara County. Any non-profit agency wishing to obtain funds from the foundation for projects in any one of the three subject areas will have to meet specific standards. The agency will be required to have a strong board of directors. It must serve Santa Clara County and have a history of successful programs. Grants are distributed twice a year, with an average gift amount of \$500-\$1500. Requests must be for a specific project. Sponsoring agencies also are requested, but not required, to have a history of receiving matching funds.

RENTAL ASSISTANCE PROGRAMS

Studies show that an alarming number of renters, whose income level is often at or only slightly above minimum wage, must spend much more than the standard thirty percent of their income for housing. Many pay over 50 percent, and some as much as 90 percent. These people are unable to accumulate comfortable savings to pay for expensive move-in costs or for those crisis situations that often occur. According to Housing California, a statewide coalition of advocates for more affordable housing, California ranks 45th in the nation in providing affordable housing for low-to-moderate income level families. They claim that since there is such a shortage of supply in housing that even designated affordable housing sectors are raising rents and increasing security deposits.

Recognizing this dilemma, this section provides a brief introduction to the basic elements of security deposit guarantee programs, other forms of one-time rental assistance and suggests ways in which individual REALTORS® or local Associations can become involved with such programs. In addition, this section describes several current local programs and provides contact information for those programs. This information is designed to assist Associations of REALTORS® which want to become more involved in helping renters secure safe and affordable housing.

Basic Elements of Security Deposit Guarantee Programs

Virtually all rental property owners require some type of security deposit from new renters. Often, the amount of the security deposit is equal to two month's rent. For many low- or moderate-income people who live from paycheck to paycheck, the required security deposit is a large up-front cost that they cannot afford, even if they can afford to pay monthly rent.

A security deposit guarantee program provides these would-be renters with the means to move into rental housing. No money is actually loaned to the renters. Instead, a security deposit guarantee program allows the renter to pay his or her security deposit in installments.

Another important component of a security deposit guarantee program is that it must be able to provide landlords with the assurance that they will receive their security deposits. Thus, prospective tenants must be screened to determine their financial standing. Once approved for a security deposit guarantee, a prospective tenant usually is required to sign a repayment agreement which spells out exactly how long the tenant has to pay the security deposit. In addition, the program usually issues a standby Letter of Credit to the landlord in the amount of the security deposit in the event that the tenant "defaults" and does not pay the security deposit in full.

While there are many ways in which a security deposit guarantee program can be structured, there are several features common to all such programs. Individual REALTORS® or Associations of REALTORS® can become involved in security deposit guarantee programs through one or more of these features:

Sponsoring organization(s) - The sponsor of the program has the primary responsibility of fundraising and garnering public support for the program. The sponsor's role is to network with other organizations to provide publicity for the program and to solicit contributions, usually to benefit the default fund.

In addition, the sponsoring organization may play a role in "recruiting" both tenants and landlords to the program. The sponsor can familiarize landlords with the program and start up a list of those landlords who will accept program applicants.

An Association of REALTORS® could ideally serve as a sponsor for a security deposit guarantee program, as exemplified by the efforts of the Santa Barbara Board of REALTORS®. Sometimes, local housing authorities or nonprofit organizations act as sponsors (e.g., Monterey County Housing Council).

Screening organization - The responsibility of interviewing tenants who want to participate in the security deposit guarantee program falls on the screening organization. The organization must investigate the applicant's background, check his or her credit history, and evaluate his or her ability to repay the security deposit guarantee.

Inasmuch as this is a fairly technical element of the program, often the local housing authority or housing referral agency acts as the screening organization. Associations of REALTORS® interested in starting a security deposit guarantee program in their area may find that tenant screening is already done in connection with other federal, state, or local rental assistance programs.

Loan committee - Ultimately, a decision must be made for each program applicant as to whether or not to issue a security deposit guarantee on behalf of that applicant. This is the responsibility of the loan committee, although this function may be performed by the screening organization.

If a separate loan committee is established for the program, the Association of REALTORS® may wish to request a seat on it. As in the Santa Barbara Association case, an Association that serves as a sponsoring organization for the program can also serve on the loan committee.

Default fund - The default fund is the pool of money which acts as security for all guarantees made through the program. Should a tenant participating in the program default on his or her security deposit, the program pays the landlord the amount defaulted from this fund.

Administrative fund - This fund finances the operating expenses of the program (e.g., salaries of program administrators, processing fees for applications, photocopying, etc.). Sometimes, administrative fund expenses can be absorbed into existing housing authority budgets if, for example, housing authority staff performs the initial tenant screening.

WHAT REALTORS® CAN DO

Local Associations can play critical roles in the development or support of security deposit guarantee programs. In those areas where REALTORS® are interested in pursuing such programs, the following are a few suggestions which may be of help:

Contact local shelter organizations. Local groups such as the apartment association, church charities or other housing and homeless support groups may already have a security deposit guarantee program in place. If they do not, they may be interested in helping their Association of REALTORS® start up such a program.

Contact the local housing authority. The city or county housing authority may be willing to assist in setting up a security deposit guarantee program. They may be willing to pick up the administrative costs of the program (as in Santa Barbara's case) or they may agree to do the screening and credit checks of program applicants. Likewise, the local housing authority may be able to help with start-up money for the default fund (such as through Community Development Block Grant funds).

Garner support from the local business community. This is where the bulk of funds for the default fund can be raised. In addition, some local businesses may be willing to help with the program's administrative expenses.

Contact programs already in place. The programs listed in this paper can serve as a starting point for REALTORS® interested in sponsoring security deposit guarantee programs in their areas. The contact persons indicated next to each program name can provide a wealth of information and may even be able to work with local Associations to set up new security deposit guarantee programs.

NON-PROFIT HOUSING DEVELOPMENT

Over the years Non-Profit organizations have become increasingly important to affordable housing efforts. Most federal, state and local governments support non-profit efforts by creating private-public partnerships that are capable of making large and valuable contributions. Community Development grants, tax credits and various government sponsored loan programs combine with non-profit agencies and their abilities to reach individuals in targeted communities to increase affordable housing supplies. The following are organizations that REALTORS® can get involved with to help everyone reach the American Dream of homeownership.

Habitat for Humanity

Headquarter Office
121 Habitat Street
Americus, Georgia 31709-3498
(912) 924-6935

Habitat for Humanity International is a nonprofit, Christian housing ministry that seeks to eliminate poverty housing and homelessness from the world. They invite individuals of all backgrounds, races and religions to join together and build homes for those in need. Habitat for Humanity's work is done on a community level, allowing all to get involved. There are independent affiliates in all 50 states and in 64 different countries.

Families in need of decent shelter apply to local Habitat affiliates, who then choose a participant based on need and ability to repay the no-interest loan. Each agency must follow a non-discriminatory standard policy.

For more information on how to get involved in your area go to: http://www.habitat.org/local/WWW_Affiliates.fm

Self-Help Housing Programs

Self-Help Enterprises, Visalia
Contact: Peter Carey
(559) 651-1000

Self-Help housing programs employ the concept of "sweat equity" in which future owners help construct their homes as a substitute for a down payment. Ordinarily under these programs, a non-profit organization provides technical assistance in the form of locating lots, securing construction and mortgage funds, and finding and qualifying owner-builders.

Homes are constructed by "family-workers" that commit to working 40 hours a week for a period of approximately 10 months. Participants must have a good credit rating and qualify for the financing arrangements that the program provides. Their labor (sweat equity) is credited as a down payment. Participants working generally in groups of ten are trained and supervised by construction supervisors employed by the non-profit. Families do approximately 65 percent of the work with subcontractors doing the more technical work.

Self-Help Housing in rural areas is financed by the U.S. Department of Agriculture Farmers Home Administration in the form of technical assistance grants to non-profit developers of low-income housing. In urban areas funding has been available from the California Housing and Community Development Department and the California Housing Finance Agency. Cities often contribute Redevelopment Agency funds in the form of writing down the cost of the land or the cost of the mortgage.

Self-Help Housing services a wide area of California. Including cities such as, Bakersfield, Visalia, Madera, Mariposa, Modesto, Merced, Fresno and Hanford. For more information please contact above location.

California Cities Home Ownership Authority (CHOA)

Contact: (909) 949-9233

California Cities Home Ownership Authority is a non-profit organization that increases homeownership through a lease purchase program. Buyer's pay the monthly rent with a portion of the rent going towards the downpayment. After three years of renting, the buyer has the option of buying the home and needs only an additional one percent down. CHOA pays all the closing costs, saving the buyer even more money.

Current Cities participating in CHOA are: Artesia, Bell Gardens, Compton, Cudahy, Hawaiian Gardens, Huntington Park, Maywood, Pasadena, Rancho Cucamonga and Upland.

APPENDIX I: LOCAL PROGRAM INFORMATION

The following information provides location, contacts and in some cases links to various first-time homebuyer programs within California. The information is alphabetized by county.

ALAMEDA COUNTY

Mortgage Credit Certificates for the county and cities within are handled by Amy Hodgett 510-370-5934. The following cities within the county offer first-time homebuyers assistance. Please contact the city for further information.

Berkeley	510-644-6590.	Downpayment Assistance Program.
Emeryville	510-596-4316.	Downpayment Assistance Program.
Fremont	510-494-4500	Downpayment Assistance Program.
Hayward	510-583-4244	Downpayment Assistance Program.
Livermore	925-373-5210	Downpayment Assistance Program.
Oakland	510-238-7293	Downpayment Assistance Program.
San Leandro	510-577-6004	Downpayment Assistance Program.

BUTTE COUNTY

The following cities within the county offer First-Time Homebuyers assistance. Please contact the city for further information.

Chico	530-895-4862	Downpayment Assistance Program.
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CONTRA COSTA COUNTY

Mortgage Credit Certificates for the county and cities within are handled by Kara Douglas 925-335-1265. The following cities are designated as Federal Target Areas and have easier eligibility requirements for buyers in these areas.

Martinez
San Pablo

FRESNO COUNTY

Mortgage Credit Certificates for the county and cities within are handled by Robert Friesen 559-443-8492. Fresno County offers a Downpayment Assistance Program for various cities within the county. Please contact 559-443-8492 for further information. The following cities within the county offer first-time homebuyers assistance. Please contact the city for further information.

Clovis	559-297-2496	Downpayment Assistance Program.
Fresno	559-498-1136	Forgiving Silent Second Program Grant Program.
Mendota	559-443-8492	Downpayment Assistance Program.
Reedley	559-443-8492	Downpayment Assistance Program.
Sanger	559-879-6329	Downpayment Assistance Program.
San Joaquin	553-693-4311	Downpayment Assistance Program Homebuyer Programs including loans and counseling.

HUMBOLT COUNTY

Mortgage Credit Certificates for the county and its cities are handled by Robert Morelli 707-449-4583. The city of **Eureka** is considered a Federal Target Area. For more information please contact Robert Morelli.

IMPERIAL COUNTY

The following cities within the county offer assistance to first-time homebuyers.

Calexico	760-768-2177	First-Time Homebuyer Assistance
El Centro	760-337-4545	Downpayment Assistance Program

KINGS COUNTY

The county offers a downpayment assistance program for various cities within the county. Please contact 559-582-3211 for more information. The following cities within the county offer assistance to first-time homebuyers.

Armona	760-337-4545	Downpayment Assistance
Hanford	760-337-4545	Downpayment Assistance
Kettleman City	760-337-4545	Downpayment Assistance
Stratford	760-337-4545	Downpayment Assistance

LOS ANGELES COUNTY

Mortgage Credit Certificates for the county and its cities are handled by Shelia Frye 323-890-7083. Los Angeles county also offers downpayment assistance in the form of loans and grants to various cities within the county. For more information contact Jewel Warren-Reed 323-890-7211. The following are various cities that offer first-time homebuyers assistance.

HOP Participants

Agoura Hills	El Segundo	Paramount
Arcadia	Glendora	Rancho Palos Verdes
Artesia	Hawaiian Gardens	San Dimas
Azusa	Irwindale	San Fernando
Bell	La Canada Flintridge	San Gabriel
Bell Gardens	La Harbra Heights	San Marino
Beverly Hills	La Mirada	Santa Fe Springs
Calabasas	La Puente	Sierra Madre
Claremont	La Verne	Signal Hill
Commerce	Lawndale	South El Monte
Covina	Lomita	South Pasadena
Cudahay	Malibu	Temple City
Culver City	Manhattan Beach	Walnut
Diamond Bar	Maywood	West Hollywood
Duarte	Monrovia	

MADERA COUNTY

The following cities have first-time homebuyer programs within the county.

Chowchilla	559-665-8615	Downpayment Assistance
Madera City	553-674-5695	Downpayment Assistance

MARIN COUNTY

Mortgage Credit Certificates for the county and cities within are handled by Maurice Wolohan at 415-257-9543. The county also offers various first-time homebuyers programs. Please contact 415-257-9543 for more information.

MENDOCINO COUNTY

Mortgage Credit Certificates for the county and cities are handled by Helen Miller at 707-257-9543. The county has designated Federal Target Areas, please contact Helen Miller for more information.

MERCED COUNTY

The county offers a First-Time Buyers Program to various areas within the county. Please contact 209-722-3501 for more information.

MONTEREY COUNTY

The following cities provide first-time homebuyers assistance programs.

Monterey 831-646-5615

NAPA COUNTY

Mortgage Credit Certificates for the county and cities within are a handled by Jenny Gomez at 707-258-7833. For more information please contact Jenny Gomez.

ORANGE COUNTY

Mortgage Credit Certificates for the county and cities within are handled by Laurie Pernas at 714-834-6009. The county also offers some first-time homebuyers assistance, for more information contact 714-834-3014. The following cities offer MCC's and/or homebuyer assistance.

Anaheim	714-765-4340	Downpayment Assistance
Fullerton	714-738-6877	Downpayment Assistance
Garden Grove	714-741-5140	Downpayment Assistance
La Habra	562-694-2051	Downpayment Assistance
Orange	714-834-3014	Downpayment Assistance
Tustin	714-573-3128	Downpayment Assistance
Westminster	714-898-3311	Downpayment Assistance
Yorba Linda	714-967-7105	Downpayment Assistance

PLACER COUNTY

The following cities offer first-time homebuyer assistance. Please contact 916-774-5270 for more information.

Rocklin
Roseville

RIVERSIDE COUNTY

Mortgage Credit Certificates for the county and its cities are handled by Allan Bayer at 800984-1000. The county also offers a Downpayment Assistance Program for the county and its cities, contact 909-955-8916 for more information. The follow is a list of cities that participate in the Riverside programs.

Banning	Jurupa	Perris
Baumont	Indio	Riverside
Blythe	La Quinta	Rubidoux
Calimesa	Mead	San Jacinto
Cathedral City	Mira Loma	Temecula

Canyon Lake
Corona
Desert Hot Springs
Highgrove

Murrieta
Norco
Nuevo
Palm Desert

Thousand Palms
Valle Vista
Wildomar

SAN DIEGO COUNTY

Mortgage Credit Certificates for most of San Diego County are handled by Kathy Stone at 619-292-3300. For the city of Oceanside contact Sharon Torabi at 760-966-4588 and for the city of San Diego contact Meredith Bryant at 619-525-3639. The following are various cities that offer assistance to first-time homebuyers.

Carlsbad	760-434-2810	Downpayment Assistance Program
Chula Vista	619-691-5047	Downpayment Assistance Program
Escondido	760-839-4532	Downpayment Assistance Program
La Mesa	619-292-3300	Downpayment Assistance Program
National City	619-336-4252	Downpayment Assistance Program
Oceanside	760-966-4187	Downpayment Assistance Program
San Diego	619-525-3639	Downpayment Grants and Loans
Santee	619-258-4100	First-time Homebuyer Program

SAN FRANCISCO COUNTY

Mortgage Credit Certificates for the county and cities within are handled by Jeanne Lu at 415-554-4663. For information on designated Federal Target Areas within the county contact Jeanne Lu.

SAN LUIS OBISPO COUNTY

Mortgage Credit Certificates for the county and cities within are handled by George Moylan at 805-543-4992. The following are various cities that offer first-time homebuyer programs.

Paso Robles 805-237-3970 First-time Homebuyers program.

SAN MATEO COUNTY

Mortgage Credit Certificates for the county and cities within are handled by Scott Coe at 650-802-5045. The following are various cities that offer first-time homebuyer programs.

Bellmont	650-595-7416	Downpayment Assistance Program
East Palo Alto	650-802-5033	
Foster City	650-802-5033	
San Carlos	650-802-5033	
San Mateo	650802-5033	Loan up to \$50,000 Program Below-Market Rate Program 30 year, no payment for 5 years Program

SANTA BARBARA COUNTY

Mortgage Credit Certificates for the county and cities within are handled by John Polanskey at 805-736-3423. The following are various cities that offer first-time homebuyer programs.

Lompoc	805-875-8213	Downpayment Assistance Program
Santa Barbara	805-564-5461	Downpayment Assistance Program

SHASTA COUNTY

Mortgage Credit Certificates for the county and cities within are handled by Steve Veatch at 530-245-6433. The county also provided a downpayment assistance program to various cities. For more information contact 530-225-5160.

SOLANO COUNTY

Mortgage Credit Certificates for the county and cities within are handled by Lark Solis at 707-428-7457. The following are various cities that offer first-time homebuyer assistance programs.

Fairfield	707-428-7457	Downpayment Assistance Program
Dixon	916-414-4433	First-time Homebuyer Program
Vacaville	707-449-5675	Downpayment Assistance Program

SONOMA COUNTY

The following are various cities that offer first-time homebuyer assistance programs.

Petaluma	707-778-4301	Below Market Rate Program
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STANISLAUS COUNTY

Crese	209-538-57462	First-time Homebuyer Program
Modesto		Downpayment Assistance Program
Turlock	209-668-5560	First-time Homebuyer Program

TULARE COUNTY

Mortgage Credit Certificates for the county and cities within are handled by Margaret Lowe 559-627-3700. The county also provides a First-time Homebuyer Program, for more information contact 559-627-3700.

Tulare	209-685-2300	First-time Homebuyer Program
Woodlake	559-651-1000	Home Buyer Assistance Program

VENTURA COUNTY

Mortgage Credit Certificates for the county and cities within are handled by Kathy Stone at 619-292-3300. The following are various cities that offer first-time homebuyer assistance.

Thousand Oaks	805-449-2121	Downpayment Assistance Program
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APPENDIX II: HIGHLIGHTED PROGRAM DESCRIPTIONS

Security Deposit Guarantee Program and Emergency Rent Payment Program - Monterey

Housing Advocacy Council of Monterey County

Contact Persons: Marilyn Dorman, Executive Director - (831) 424-9186

The Security Deposit Guarantee Program in Monterey County is run by the Housing Advocacy Council of Monterey County (HAC), a non-profit organization that is involved with affordable housing issues. The program has been in existence since 1987.

Under the Security Deposit Guarantee Program, persons living in, or moving to Monterey County, who have incomes of 80 percent of the county median or less, can qualify for assistance. To participate in the program, a qualified household must first find a suitable rental unit and have the landlord sign a coupon which indicates his/her willingness to participate in the program. Once the tenant finds a rental, he/she makes an appointment with the Housing Advocacy Council (HAC), which obtains information about the tenant relating to credit history, former landlord references, income/expense ratio, and the amount of the guarantee. HAC accepts or rejects the applicant based on a point screening system. The point system is based on a scale of 15 total points with the most weight given to the reference from the former landlord and the income-expense ratio.

The Emergency Rent Payment Program provides eviction prevention for low-income renters living in the Monterey County. The program began serving the clients in the Fall of 1992. State and local government, the United Way and foundation money provides the funding for this program.

Eden Council for Hope and Opportunity, Inc. (ECHO) Alameda County

Contact: Marjorie Rocha, Executive Director, (510) 581-9380

City of Hayward 510-581-9380

City of Livermore 510-449-7340

City of Berkeley 510-845-9030

City of Oakland 510-836-4826

The Eden Council for Hope and Opportunity, Inc. (ECHO) offers several forms of financial assistance to individuals and families to cover housing expenses. The Rental Assistance Programs provides recipients with move-in costs or delinquent rent due to temporary financial setback. ECHO offers Security Deposit Guarantees and/ or first months rent fees in Fremont, Hayward, Livermore, Oakland, Pleasanton and San Leandro. Applicants must prove income and any debts they have or might have to previous landlords.

ECHO first began as a rental housing assistance program. The non-profit now offers assistance in other homeownership areas. They offer Education and Fair Housing Counseling, Tenant/Landlord Counseling and Mediation, Home Equity Conversion Counseling, Shared Housing Counseling, HUD Mortgage Default assistance and Emergency Grant Programs. Individuals interested in any of these programs are encouraged to contact local area.

Officer Next Door Program

CURRENT STATUS

Effective August 2, 1999, HUD changed the status of the OND Sales Program from a temporary program to a permanent part of HUD's single family property disposition program. In announcing the change, HUD also highlighted changes to the program's requirements designed eliminate potential abuses.

BACKGROUND

In August 1997, as part of National Homeownership Week, President Clinton and HUD Secretary Andrew Cuomo announced their Urban Homestead Initiative, a series of programs designed to boost homeownership in

the nation's central cities. Part of the President's Urban Homestead Initiative was the "Officer Next Door Program". The purpose of the Officer Next Door Sales Program is to promote safe neighborhoods by encouraging law enforcement officers to purchase, and live in as their sole residence, homes located in economically distressed neighborhoods. Designed to reduce crime and stabilize neighborhoods, pilot program gives police officers a 50% discount on the purchase of HUD-owned homes in designated "Revitalization Areas".

Specifically, the Officer Next Door Program (OND) authorizes the direct sale of HUD homes at a 50% discount to police officers, a unit of local government, or a nonprofit organization in revitalization areas and exception areas that meet certain criteria. It is intended that the full 50% discount be passed on to the officer if the property is first purchased by a local government agency or nonprofit organization. However, if a real estate broker is engaged to handle the sale of the property, the discount is to be reduced by the amount of the broker's commission or closing costs paid. In other words, if an officer chooses to utilize the services of an agent in an OND transaction, the officer is required to pay for any agent's commission out of his or her own pocket or discount. Consequently, officers who use real estate agents for OND purchases actually realize a less than 50% discount on their home purchase.

After purchasing an OND home, officers are obligated to live in the property as their primary residence for three years from the date of closing. After the three-year residency period, ownership restrictions associated with the OND program are lifted and the officer is free to sell the home.

The OND implementing procedures allow government agencies, nonprofits, and officers to access a complete listing from HUD of all newly acquired insurable and uninsurable properties available in the designated area of interest. HUD or other agencies are encouraged to invite officers into their offices for a face to face discussion of how the program operates in regard to property availability, discount, how to prepare and submit a sales contract, the role of a real estate broker if they choose to use one, and how to view properties. HUD staff is required to inform the police officer that the discount will be reduced by the amount of any broker commission claimed.

REALTOR® experience with the OND program has been mixed. Some REALTORS® report successful OND transactions with officers who sought their expertise despite the fact that the agent's commission is not included in the discount. Other REALTORS® have reported difficulties with HUD field offices, including charges of favoritism and incidents where HUD allegedly provided misinformation to officers who used REALTORS® causing the officer to dismiss their REALTOR® or lose priority status. Others complain that the program is purportedly designed to encourage officers to live in the "revitalization areas" that they police, yet the program offers HUD homes in non-blighted communities and access is not restricted to officers who work in the designated area.

REVISIONS

Since 1997, the OND Sales Program has been operated as a temporary program under HUD's authority to make single family properties available, and through a series of regulatory waivers authorized by the Assistant Secretary for Housing-Federal Housing Commissioner. One change to the program occurred at the end of 1977 when HUD expanded the definition of law enforcement officer in order to increase the number of officers eligible to participate in the OND Sales Program.

In addition, in January 1998, the following changes to the OND Sales program were instituted as the result of reported abuses:

A. Second Mortgage

To qualify to purchase a home through the OND Sales Program, a law enforcement officer must agree to execute a second mortgage and note. Previously, the OND Sales Program only required the inclusion of a

covenant in the deed. If a law enforcement officer fails to meet the continuing obligations of the OND Sales Program, the amount of the second mortgage will be due and payable. The amount of the second mortgage will be reduced, according to a schedule established by HUD, periodically over the owner-occupancy term.

B. Initial and Annual Certification

In order to continue to be eligible for the OND Sales Program, a law enforcement officer must certify initially and once annually, for each year of the owner-occupancy term, that he or she continues to own and live in the home as his or her sole residence, and that the law enforcement officer does not own any other residential real property.

C. Multiple Homes

During the entire duration of the owner-occupation term, a law enforcement officer may not own any other residential real property other than the home purchased through the OND Sales Program.

D. Single-Unit Homes

Only single-unit homes are eligible for purchase through the OND Sales Program.

Teacher Next Door Initiative

Directive Number: FR-4526-N-01

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4526-N-01]

SUMMARY: HUD announces the creation of the Teacher Next Door Initiative(TND Initiative). This initiative, modeled after HUD's successful Officer Next Door Sales Program, will help more teachers become homeowners and help revitalize economically distressed neighborhoods by enabling eligible teachers to purchase HUD-acquired homes located in HUD-designated revitalization areas at a 50% discount from list prices. The goal of the TND Initiative is to encourage teachers to live and work in urban school districts, where they are needed most, and to enhance the community's quality of life by promoting the integration of dedicated role models and mentors into the community.

FOR FURTHER INFORMATION CONTACT: Joe McCloskey, Director, Single Family Asset Management Division, Office of Insured Single Family Housing, Room 9286, U.S. Department of Housing and Urban Development, 451Seventh Street, SW, Washington, DC 20410-8000; telephone (202) 708-1672(this is not a toll-free number). Hearing- or speech-impaired individuals may access this number via TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

SUPPLEMENTARY INFORMATION:

I. Background

A vital part of HUD's mission is to promote homeownership and accelerate the revitalization of cities. In support of these goals, HUD initiated the Officer Next Sales Program (OND Sales Program) (See the interim rule published in the Federal Register on July 2, 1999, 64 FR36210). The OND Sales Program enables full-time law enforcement officers to purchase HUD-acquired homes located in HUD-designated revitalization areas at a 50% discount from list prices. To date, more than 2,700 purchase contracts have been accepted from law enforcement officers.

II. The Teacher Next Door Initiative

The success of the OND Sales Program has led to the development of the Teacher Next Door Initiative (TND Initiative). This program, modeled after the OND Sales Program, will help more teachers become homeowners and help revitalize economically distressed neighborhoods by enabling eligible teachers to purchase HUD-

acquired homes located in HUD-designated revitalization areas at a 50% discount from list prices. The goal of the TND Initiative is to encourage teachers to live and work in urban school districts, where they are needed most, and to enhance the community's quality of life by promoting the integration of dedicated role models and mentors into the community.

The homes made available through the TND Initiative are homes previously insured by the Federal Housing Administration (FHA). These homes are acquired by HUD when their owners fail to make mortgage payments and the homes are foreclosed upon. To qualify for the 50% discount, a home must be located in a revitalization area. Revitalization areas are typically low- or moderate-income neighborhoods with many vacant properties and often high crime rates that are considered good candidates for economic development and improvement. Currently, about 4,000 of the 47,000 homes owned by HUD are located in revitalization areas.

III. Requirements of the TND Initiative

The following requirements apply to the TND Initiative:

(a) Eligible teachers. To be eligible to participate in the TND Initiative, a person must be employed full-time by a public school, private school, or Federal, state, county, or municipal educational agency as a state-certified classroom teacher or administrator in grades K-12.

(b) Residency requirement. The teacher must agree to live in the home purchased through the TND Initiative as their sole residence for at least three years. In addition, the teacher must not own any other residential real property during this time. The teacher will be required to certify at the time of purchase and once annually, for each of the three years, that he or she continues to live in the home as his or her sole residence and that he or she does not own any other residential real property.

(c) Second mortgage. The teacher must agree to execute a second note and mortgage on the home purchased through the TND Initiative. The amount of the second mortgage will be the difference between the list price of the home and the discounted selling price. The second mortgage will have a term of three years. The amount of the second mortgage will be reduced, according to a schedule established by HUD, periodically over the three year term. At the end of the three year term, the amount of the second mortgage will be zero. If the teacher sells the home, does not continue to live in the home as his or her sole residence, or becomes an owner of any other residential real property before the three year residency requirement is complete, he or she will owe HUD the amount due on the second mortgage.

(d) FHA mortgage insurance. If the home is eligible for an FHA-insured mortgage, the teacher may choose to finance the home with an FHA-insured mortgage. In this case, the downpayment for the home will be \$100.

(e) Local governments, school districts, and nonprofit organizations. Local governments, school districts, and private nonprofit organizations may purchase homes through the TND Initiative, if they intend to resell these homes directly to eligible teachers under the terms and conditions of the TND Initiative. To avoid the cost of a dual closing, local governments, school districts, and private nonprofit organizations will have to assign the sales contract to an eligible teacher before, or at the time of, closing or participate in a three-party closing with the eligible teacher.

(f) Real estate brokers. Teachers may use the services of a real estate broker. Any fee required by the broker, however, will be deducted from the 50% discount on the home.

(g) Single-unit homes. Only single-unit homes are eligible under the TND Initiative. Detached homes, condominiums, and townhouses are all eligible under the Initiative.

(h) Revitalization areas. Homes purchased through the TND Initiative must be located in HUD-designated revitalization areas.

(i) One year program. The TND Initiative is a temporary program that will operate from November 1999 to November 2000.

IV. For More Information About the TND Initiative

Teachers, local governments, public school districts, private nonprofit organizations, and other interested persons can receive a brochure about the TND Initiative by calling (800) 483-7342, or by visiting HUD's Web site at <http://www.hud.gov>.

Dated: November 30, 1999.

William C. Apgar,

Assistant Secretary for Housing-Federal Housing Commissioner.

[FR Doc. 99-31632 Filed 12-6-99; 8:45 am]BILLING CODE 4210-27-P

Teacher Mortgage Program

\$200 Million Initiative Introduces "Teacher Flextm" from Bank of America, Zero-Down Mortgages from California State Teachers Retirement System

4/13/00

Thousands of California's public and private teachers can buy homes with a 30-year fixed rate mortgage and little or no downpayment through a major new \$200 million statewide initiative involving the California State Treasurer's Office, Bank of America, Freddie Mac and others.

The Teacher Mortgage Program is intended to help teachers and administrators live in the communities of their choice despite California's high housing costs. The Teacher Mortgage Program includes a new affordable mortgage product from Bank of America called Teacher Flextm, a new mortgage product from the California State Teachers Retirement System (CalSTRS), and homeownership initiatives sponsored by local communities. Freddie Mac will purchase up to \$200 million in first mortgages originated under these efforts.

"When California communities are unable to attract teachers to their schools because of a painful shortage of affordable homeownership opportunities, we must use our combined expertise and financial resources to remedy this situation," said Craig Nickerson, Freddie Mac's vice president of community development lending. "The clear remedy is to make homeownership more accessible to California's teachers."

California's Department of Education estimates the state must recruit an estimated 300,000 teachers over the next ten years. However, teacher salaries in California average \$46,129, while median home prices in California range from \$120,000 in San Bernardino County to \$350,000 in San Jose.

"Making home purchases affordable for teachers is one of the keys to improving the quality of education in California," said California State Treasurer Phillip Angelides. "This is but one example of ways we can invest to meet a 'double bottom line' - achieving good returns and simultaneously strengthening the fabric of our society." As part of the Teacher Mortgage Program, the Treasurers Office will invest up to \$100 million in Freddie Mac securities backed by Bank of America's Teacher Flex product as well as the new mortgage assistance program from CalSTRS requiring no downpayment. The CalSTRS Home Loan Program includes a first mortgage from a commercial lender with a 95 percent loan-to-value ratio and a second five percent deferred payment mortgage from CalSTRS to make up the difference. Freddie Mac will purchase only the first mortgages for inclusion in the Treasurer's investment strategy.

Freddie Mac will also purchase \$100 million in mortgages made under Bank of America's Teacher Flex program. Teacher Flex is designed to help more teachers buy homes even if they have limited savings and have only recently began their teaching career. For example, Teacher Flex allows teachers to put up a minimum of \$500 in cash to meet the program's three percent downpayment requirement. The balance can come from grants and downpayment assistance programs provided by local governments and non-profits, gifts from family members, or installment loans.

Teacher Flex also enables teachers with no established credit history to qualify by simply documenting their rent payments during the last 12 months. Other features enable teachers to use income earned through extracurricular activities, like tutoring. According to Bank of America, there are no income limits.

"Bank of America cares about the quality of education in California. Providing a special home loan program just for teachers will help school districts across the state attract and retain teachers in our primary and secondary schools," said Stephanie Smith, National Manager of Community Lending Mortgages for Bank of America. Locally, Freddie Mac is also working with San Jose, Sacramento, and other California jurisdictions to develop teacher mortgage programs that respond to unique market conditions or take advantage of local subsidies. Details about the Teacher Mortgage Program can be found at a special new website: www.homesforteachers.com.

Freddie Mac is a stockholder-owned corporation chartered by Congress in 1970 to create a continuous flow of funds to mortgage lenders. By supplying lenders with the money to make mortgages and packaging the mortgages into marketable securities, Freddie Mac sustains a stable mortgage credit system and reduces the mortgage rates paid by homebuyers. Over the years, Freddie Mac has opened the doors for one in six homebuyers in America and two million renters.

Bank of America, with \$633 billion in assets, is the largest bank in the United States. It has full-service operations in 21 states and the District of Columbia and provides financial products and services to 30 million households and two million businesses, as well as providing international corporate financial services for business transactions in 190 countries. The company's stock (ticker: BAC) is listed on the New York, Pacific and London stock exchanges and certain shares are listed on the Tokyo Stock Exchange.

Contacts:

Jim Lewis, California State Treasurer's Office, 916-653-2995

Peter Magnani, Bank of America, 415-953-2418

The Whittier Police Residence Incentive Program

To help increase homeownership for Whittier law enforcement officers in the neighborhoods they patrol, a new home-buyer assistance initiative was announced today by State Representative Bob Pacheco, Whittier Mayor Allan Zolnekoff, Chief of Police Brad Hoover, and Fannie Mae, (FNM/NYSE), the nation's largest source of financing for home mortgages.

The Whittier Police Residence Incentive Program is a new employer assisted housing (EAH) benefit offered by the Whittier Community Development Department that will provide financial assistance to help up to 130 local law enforcement officers become homeowners throughout the city. The new housing effort was announced at the home of Detective Michael Davis, the first Whittier police officer to purchase a home using this new benefit. EAH benefits help employers recruit and retain employees by providing valuable financial assistance and other resources to help employees realize the dream of homeownership. Whittier law enforcement officers can receive up to \$10,000 in down payment and closing cost assistance through the Whittier Police Residence Incentive Program.

Steps to the American Dream

"City police officers need the opportunity to purchase homes in the neighborhoods where they work," said State Rep. Pacheco. "This program is an important tool in our efforts to revitalize communities and help our police officers become even bigger assets to our communities."

"As hard-working families become priced out of the housing market, employers can make a big difference to help their employees achieve homeownership," said Mayor Zolnekoff. "Employer assisted housing is an innovative way to recruit, retain, and reward employees. I encourage local businesses to follow the Whittier Police Department's lead by working with Fannie Mae to create a similar plan for their employees." The Whittier Community Development department worked closely with Fannie Mae to develop the Whittier Police Residence Incentive Program. The city will lend police officers up to \$10,000 each in home-buyer assistance funds to purchase a home in the City of Whittier. Funds may be used for the purchase of the property and closing costs, and can be coupled with a mortgage obtained by a borrower's lender. The non-interest bearing loan is forgiven by one-tenth each year, until it is completely forgiven after ten years. There are no income limits to participate in the program.

"Community stability is a priority to the Whittier Police Department and its officers, and that means living, as well as serving, in those communities," said Police Chief Hoover. "This benefit enables the officers who protect us daily to be vital residents of the community, to better know its residents, and to rebuild neighborhood pride." Fannie Mae's EAH initiative helps employers develop an innovative benefit that assists their employees with homeownership. The company has pledged to help 1,000 employers nationwide establish employer-assisted housing initiatives by the end of the decade, as part of its \$2 trillion "American Dream Commitment," to increase homeownership rates and serve 18 million targeted American families.

"One of the biggest obstacles to homeownership is having the available cash necessary for the down payment and closing costs," said Barbara Zeidman, director of Fannie Mae's Los Angeles Partnership Office. "This new Whittier Police Incentive Program will help up to 130 police officers overcome this major financial barrier to purchasing a home in the city they serve and protect. Fannie Mae is committed to increasing homeownership for Whittier residents, and we look forward to continuing this valuable partnership with the city."

Fannie Mae's participation in the Whittier Police Incentive Program is part of its "House Los Angeles," a five-year, \$10 billion investment plan to provide affordable homeownership and rental housing for 100,000 families.

For more information on the Whittier Police Residence Incentive Program, Whittier police officers may call (562) 464-3380.

For more information on Fannie Mae's Employer Assisted Housing initiative, House Los Angeles or a list of participating lenders, consumers may call Fannie Mae's Consumer Resource Center at 1-800-7FANNIE (1-800-732-6643), Monday through Friday, 6:00 a.m. to 3:00 p.m. PST.

APPENDIX III. DIRECTORY OF SOCIAL HOMEBUYER COUNSELING AGENCIES

(Source: Southern California Association of Non-Profit Housing)

LOS ANGELES COUNTY

ACORN Housing Corporation

1010 S. Flower Street, Suite 218

Los Angeles, CA 90015

(213) 748-1345

Pre-purchase and Default/Foreclosure Counseling

American Capital Financial Corporation

1800 W. Beverly Boulevard, Suite 201 Montebello, CA 90640 (323)

726-1206

Provide three hours of homebuyer education and counseling using a Fannie Mae videotape. Pre-purchase and post-purchase counseling Additional classes/topics: Mortgage Credit Certificates, City Program Additional locations: West Covina, Monrovia

American Financial Services

56 E. Holly Street, Suite 220

Pasadena, CA 91103

(626)395-9620

Provide three hours of homebuyer education in group classes using Fannie Mae "A Guide to Homeownership" booklet. Additional classes/topics: Mortgage Credit Certificates, Silent Sec(Additional locations: South Pasadena, Glendora

Bank of America Mortgage

38 Executive Park, Suite 250

Irvine, CA 92714

(949) 260-5561

Provide counseling on as needed basis. Additional locations: Throughout California

CA Real Estate Services

P.O. Box 46

Los Angeles, CA 90078

(323) 512-2053

Provide 5- 10 hours of pre-purchase homebuyer education through classes.

California Federal Bank

5700 Wilshire Boulevard, Suite 31 IA Los Angeles, CA 90036 (323) 692-3101

Conduct four hours of pre-purchase homebuyer education in both one-on-one and in group classes.

Consumer Credit Counseling of Los Angeles

2501 Cherry Avenue, Suite 260 Long Beach, CA 90806 (213) 808-4222

One-on-one debt counseling only. Call CCC at 323-890-9512 fbi locations with pre-purchase counseling and other services.

Consumer Credit Counseling Service of L. A.

500 Citadel Drive, Suite 300

Commerce, CA 90040 (323) 890-9512

Provide eight hours of pre-purchase and post-purchase counseling homebuyer education, both one-on-one and

group classes. Additional classes/topics: Debt Counseling, Home Maintenance (Additional locations: Throughout Los Angeles County)

Countrywide Home Loans

55 S. Lake Avenue

Pasadena, CA 91101

(800) 577-3732, Ext.3250

Provide telecounseling using Countrywide Home Loans manual an Fannie Mae, "A Guide To Homeownership."

Potential buyers are prequalified to determine readiness to purchase are counseled up to 12 months over the telephone. Spanish and Eng

Hope America

11257 De Foe Avenue

Pacoima, CA 91331

(818) 993-8168

Conduct 16 hours of pre-purchase and default counseling and home education, both one-on-one and group classes. Additional locations: In San Fernando Valley

Housing Alternatives

956 W. 81st Street

Los Angeles, CA 90044

(323) 971-4553

Provide eight hours of homebuyer education.

Inglewood Neighborhood Housing Services

335 E. Manchester Boulevard, 2nd Floor

Inglewood, CA 90301

(310) 674-3756

Conduct eight hours of homebuyer education and counseling, both one-on-one and group classes in English and Spanish. Pre-purchase post-purchase counseling. Additional classes: Economic Independence (in conjunction with I account). Cost/Fees: \$10

Institute for Homeowner Education & Awareness

9135 S. La Cienega Boulevard, Suite 102

Inglewood, CA 90301

(323) 735-3780

Conduct 4 - 8 hours of homebuyer education. Pre-purchase and post-purchase counseling. Additional locations: Los Angeles Cost/Fees: Varies

Los Angeles Partners in Homeownership

(323) 890-7190 Provide three hours of pre-purchase and post-purchase counseling through group seminars.

Lenders and real estate agent referrals.

Los Angeles Neighborhood Housing Services, Inc.

111 S. Flower Street, Suite 209

Los Angeles, CA 90007

(213) 749-7797 Ext. 23, 18 or 27

Conduct 8-24 hours of homebuyer education and counseling in or one and group classes. Pre-purchase and post-purchase counseling Additional classes/topics: Budgeting, Credit, Purchase Contracts Property Inspections, Mortgage Processing & Underwriting & Insurance, Maintenance & Security. Additional locations: Pacoima Cost/Fees: \$50 during class and \$200 at close of escrow.

My Front Door

1336 Wilshire Boulevard, 2nd Floor
Los Angeles, CA 90017
(213) 413- 1130

Provide six hours of pre-purchase and post-purchase counseling through one-on-one and group classes.
Additional topics/classes: Debt counseling, counseling conducted to persons with disabilities. Cost/Fees: \$10

Nehemiah West Housing Corporation

1915 W. Stockwell Street
Compton, CA 90222
(310) 604-0400

Provide three hours of pre-purchase and post-purchase counseling an homebuyer education to purchasers of Nehemiah West homes, both on-one and group classes. Additional classes/topics: Credit Repair, Escrow Procedures

Neighborhood Revitalization Services, Inc.

4005 Foothill Boulevard La Crescenta, CA 91214 (818)248-8778

Provide 16-30 hours of pre-purchase counseling and homebuyer education and default counseling.

New Economics For Women

303 S. Loma Drive
Los Angeles, CA 90017
(213) 483-2060

Conduct 2-3 hours of pre-purchase homebuyer education and counsel Additional classes/topics: Life As A Homeowner; Affordability Analysis, homebuyer assessment loan application assistance, finding a home,

On Your Feet

13907 Ventura Blvd.
Sherman Oaks, CA 91423
(818)379-6566

Conduct 2-3 hour seminars in pre-purchase counseling with case manager. For city or county clients in subsidized housing only.

Operation Hope

3721 S. La Brea Avenue
Los Angeles, CA 90016
(323)290-2405

Conduct 3-9 hours of one-on-one pre-purchase counseling. Participation in a 6-month program required. Home Buyer program includes a savings program matched \$1 for \$1 up to \$5,000. Additional classes/topics: Credit Counseling/Credit Management Additional locations: Maywood, Watts Cost/Fees: \$500 paid at closing of escrow from loan fees.

Pasadena NHS, Inc.

456 W. Montana Street
Pasadena, CA 91103
(626) 794-7191

Conduct classes of 14 or 24 hours of one-on-one and group session (homebuyer education and counseling. Pre-purchase counseling and default counseling. Offsite homebuyer education available through Home Choice Coalition for persons with disabilities.

Southland Title

7530 N. Glenoaks Boulevard

Burbank, CA 91504

(818) 884-5761

Provide five hours of closing and post-purchase counseling and homebuyer education. Additional locations: Los Angeles, Santa Monica (Call for other locations)

The Home Loan Counseling Center

4060 S. Figueroa Street

Los Angeles, CA 90037

(323) 846-8100

Provide 6 hours of pre-purchase and post-purchase counseling and homebuyer education. Default counseling available. English and Spanish one-on-one and group classes. Off-site counseling available to persons with disabilities through the Home Choice program. Additional classes/topics: Credit counseling; Maintenance and Re

The Phoenix Project

12440 E. Firestone Boulevard, Suite 107

Norwalk, CA 90650

(800) 808-2380

Provide 20 hours of pre-purchase and post-purchase counseling.

Washington Mutual

(Contact your local branch)

Conduct three hours of homebuyer education and counseling, both one-on-one and in group classes. Pre-purchase and post-purchase counseling. Additional topics/classes: Realtors, Rights, Payment, Qua] Budgets. Additional locations: Throughout California

Watts Home Ownership Center

1701 E. Imperial Highway

Los Angeles, CA 90059-2525

(323) 564-3111

Provide eight hours of pre-purchase and post-purchase homebuyer education.

West Angeles Community Development Corporation

3045 S. Crenshaw Boulevard Los Angeles, CA 90016 (213)748-4497

Provide 12 hours of pre-purchase counseling and homebuyer education through group classes.

ORANGE COUNTY

Bank of America Mortgage

38 Executive Park, Suite 250

Irvine, CA 92714

(949) 260-5561

Provide counseling on an as needed basis. Additional locations: Throughout California

California Federal Bank

5700 Wilshire Boulevard, Suite 31 IA

Los Angeles, CA 90036

(323) 692-3101

Conduct four hours of pre-purchase homebuyer education and cow in both one-on-one and in group classes. Additional locations: Throughout California

Catholic Charities of Orange County

1506 Brookhollow Drive, Suite 112

Santa Ana, CA 92705-5405

(714) 662-7500

Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling.

Consumer Credit Counseling Service of Orange County

26440 La Alameda

Mission Viejo, CA 92691

(714) 547-2227

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Consumer Credit Counseling Service of Orange County

8907 Warner Avenue, Suite 223

Huntington Beach, CA 92647

(714) 547-2227

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Consumer Credit Counseling Service of Orange County

2115 N. Broadway

Santa Ana, CA 92706-2613

(714) 245-1690

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Consumer Credit Counseling Service of Orange County

2501 E. Chapman Avenue, Suite 100

Fullerton, CA 92631

(714) 547-2227

Default/Foreclosure Counseling, Pre-purchase Counseling

Consumer Credit Counseling Service of Orange County

1920 Old Tustin Avenue

Santa Ana, CA 92711

(714) 547-2227

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling Locations: Throughout Orange County

Countrywide Home Loans

55 S. Lake Avenue

Pasadena, CA 91101

(800) 577-3732, Ext.3250

Provide telecounseling using Countrywide Home Loans manual and Fannie Mae, "A Guide To Homeownership." Potential buyers are prequalified to determine readiness to purchase are counseled up to 12 months over the telephone. English and Spanish

Fair Housing Council of Orange County

1222 N. Broadway

(714) 569-0825

Santa Ana, CA 92701

Two to three hours of pre-purchase and post-purchase counseling in English, Spanish and Vietnamese.

Neighborhood Housing Services of Orange County

350 Hillcrest Street
La Habra, CA 90631
(714) 547-7143

Provide three to five hours of pre-purchase and post-purchase seminars in La Habra and Santa Ana monthly. English and Spanish

Washington Mutual

(Contact your local branch)

Conduct three hours of homebuyer education and counseling, both one-on-one and in group classes. Pre-purchase and post-purchase counseling. Additional topics/classes: Realtors, Rights, Payment, QualiBudgets. Additional locations: Throughout California

RIVERSIDE COUNTY

Bank of America Mortgage

38 Executive Park, Suite 250
Irvine, CA 92714
(949) 260-5561

Provide counseling on an as needed basis. Additional locations: Throughout California

California Federal Bank

5700 Wilshire Boulevard, Suite 31
Los Angeles, CA 90036
(323)
692-3101

Conduct four hours of pre-purchase homebuyer education and counseling in both one-on-one and in group classes. Additional locations: Throughout California

Consumer Credit Counseling Service of Inland Empire

370 W. Grand Boulevard, Suite 104
Corona, CA 91720-2174
(909) 781-0114

Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Consumer Credit Counseling Service of Inland Empire

P.O. Box 51149
Riverside, CA 92517
(909) 781-0114

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Consumer Credit Counseling Service of Inland Empire

27715 Jefferson Avenue, Suite 113
E Temecula, CA 92590-2660
(909) 781-0114

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling.

Consumer Credit Counseling Service of Inland Empire

100 1 S. Palm Canyon, Suite 103
Palm Springs, CA 92262
(909) 781-0114

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Consumer Credit Counseling Service of Inland Empire

23700 Sunnymead Boulevard

Moreno Valley, CA 92556

(909) 781-0114

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Consumer Credit Counseling Service of Inland Empire

6370 Magnolia Avenue, 2nd floor

Riverside, CA 91760

(909) 781-0114

Default/Foreclosure Counseling, Rental counseling, pre-purchases counseling.

Consumer Credit Counseling Service of Inland Empire-Beaumont

499 E. 6th Street Beaumont, CA 92223-2215

(909) 781-0114

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Consumer Credit Counseling Service of Inland Empire-Hemet

1700 E. Florida Avenue

Hemet, CA 92544-4679

(909) 781-0114

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Countrywide Home Loans

55 S. Lake Avenue

Pasadena, CA 91101

(800) 577-3732, Ext. 3558

Provide telecounseling using Countrywide Home Loans manual and Fannie Mae, "A Guide To Homeownership." Potential buyers are prequalified to determine readiness to purchase are counseled up to 12 months over the telephone.

Washington Mutual

(Contact your local branch)

Conduct three hours of homebuyer education and counseling, both in one-on-one and in group classes. Pre-purchase and post-purchase counseling. Additional topics/classes: Realtors, Rights, Payment, QualiBudgets. Additional locations: Throughout California

SAN BERNARDINO COUNTY

Bank of America Mortgage

38 Executive Park, Suite 250

Irvine, CA 92714

(949) 260-5561

Provide counseling on an as needed basis. Additional locations: Throughout California

California Federal Bank

5700 Wilshire Boulevard, Suite 31

Los Angeles, CA 90036
(323) 692-3101

Conduct four hours of pre-purchase homebuyer education and counseling in both one-on-one and in group classes. Additional locations: Throughout California

Consumer Credit Counseling Service of Inland Empire

P.O. Box 15090
Ft. Irwin, CA 923 10
(909) 781-0114

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Consumer Credit Counseling Service of Inland Empire

421 N. Sierra Way
San Bernardino, CA 92410-4831
(909) 781-0114

Home Equity Conversion Mortgage Counseling, Default/ Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Consumer Credit Counseling Service of Inland Empire

1669 N. E Street
San Bernardino, CA 92405
(909) 781-0114

Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling.

Consumer Credit Counseling Service of Inland Empire

14298 Saint Andrews Drive, Suite 1
Victorville, CA 92392-4367
(760) 781-0114

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Consumer Credit Counseling Service of Inland Empire

170 N. Yucca Avenue
Barstow, CA 92311
(909) 781-0114

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Countrywide Home Loans

55 S. Lake Avenue
Pasadena, CA 91101
(800) 577-3732, Ext.3558

Provide telecounseling using Countrywide Home Loans manual and Fannie Mae, "A Guide To Homeownership." Potential buyers are prequalified to determine readiness to purchase are counseled up to 12 months over the telephone.

Inland Mediation Board

1005 Begonia Avenue
Ontario, CA 91762
(909) 984-2254

Conduct three hours of pre-purchase homebuyer education seminars twice a week. English and Spanish

Homebuyer Education Directory

Neighborhood Housing Services of the Inland Empire, Inc.

1390 N. D Street

San Bernardino, CA 92405

(909) 884-6891

Home Equity Conversion Mortgage Counseling, Default/ForeclosCounseling, Rental Counseling, Pre-purchase Counseling

Neighborhood Partnership of Montclair

9916 Central Avenue

Montclair, CA 91763

(909) 624-9110

Default/Foreclosure Counseling, Pre-purchase Counseling

Cost/Fees: \$25 per couple for homebuyer education class

Washington Mutual

(Contact your local branch)

Conduct three hours of homebuyer education and counseling, both one-on-one and in group classes. Pre-purchase and post-purchase counseling. Additional topics/classes: Realtors, Rights, Payment, QuaBudgets.

Additional locations: Throughout California

SANTA BARBARA COUNTY

Bank of America Mortgage

38 Executive Park, Suite 250

Irvine, CA 92714

(949) 260-5561

Provide counseling on as needed basis.

Additional locations: Throughout California

California Federal Bank

5700 Wilshire Boulevard, Suite 31 IA

Los Angeles, CA 90036

(323) 692-3101

Conduct four hours of pre-purchase homebuyer education and counseling in both one-on-one and in group classes. Additional locations: Throughout California

Countrywide Home Loans

55 S. Lake Avenue

Pasadena, CA 91101

(800) 577-3732,Ext.3558

Provide telecounseling using Countrywide Home Loans manual and Fannie Mae, "A Guide To Homeownership." Potential buyers are prequalified to determine readiness to purchase are counseled up to 12 months over the telephone.

Housing Authority of the County of Santa Barbara

815 W. Ocean Avenue

Lompoc, CA 93436-6526

(805) 736-3423

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Washington Mutual

(Contact your local branch)

Conduct three hours of homebuyer education and counseling, both in one-on-one and in group classes. Pre-purchase and post-purchase counseling. Additional topics/classes: Realtors, Rights, Payment, Quality Budgets. Additional locations: Throughout California

VENTURA COUNTY

Bank of America Mortgage

38 Executive Park, Suite 250

Irvine, CA 92714

(949) 260-5561

Provide counseling on an as needed basis. Additional locations: Throughout California

Cabrillo Economic Development Corporation

110 11 Azahar Street

Saticoy, CA 93035

(805) 659-3791

Provide 8 hours of one-on-one and group counseling. Pre-purchase post-purchase.

California Federal Bank

5700 Wilshire Boulevard, Suite 31

Los Angeles, CA 90036

(323) 692-3101

Conduct four hours of pre-purchase homebuyer education and counseling in both one-on-one and in group classes. Additional locations: Throughout California

Consumer Credit Counseling Service of Ventura

290 Maple Court

Ventura, CA 93003

(805) 644-1500

Pre-purchase and post-purchase counseling.

Consumer Credit Counseling Service of Ventura County

80 N. Wood Road, Suite

312 Camarillo, CA 93010

(805) 383-7700

Home Equity Conversion Mortgage Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

Countrywide Home Loans

55 S. Lake Avenue

Pasadena, CA 91101

(800) 577-3732, Ext.3558

Provide telecounseling using Countrywide Home Loans manual and Fannie Mae, "A Guide To Homeownership." Potential buyers are prequalified to determine readiness to purchase are counseled up to 12 months over the telephone.

Washington Mutual

(Contact your local branch)

Conduct three hours of homebuyer education and counseling, both in one-on-one and in group classes. Pre-purchase and post-purchase counseling. Additional topics/classes: Realtors, Rights, Payment, Quality Budgets. Additional locations: Throughout California

SELECTED HOMEBUYER EDUCATION RESOURCES

American Homeowner Education & Counseling Institute

1156 - 151h Street, N.W. , Suite 1220
Washington, D.C. 20005
888-ABECI-99 www.aheci.org

"Helping Families Build Assets: Nonprofit Homeownership Program

The Enterprise Foundation by Peter Werwath 10227 Wincopin Circle, Suite 500
Columbia, MD 21044-3400
410-964-1230
<http://www.enterprisefoundation.org>

"A Guide to Homeownership"

Fannie Mae
3 900 Wisconsin Avenue, N. W.
Washington, D.C. 20016-2899

"GE's Community Home Buyer's Program" Study Guide

GE Capital Mortgage Insurance 6601 Six Forks Road Raleigh, NC 27615

Neighborhood Reinvestment Training Institute

Neighborhood Reinvestment Corporation 1325 G Street, N.W., Suite 800
Washington, DC 20005
202-376-2642
<http://www.nw.org>

Instructor's Guide and Participant's Manual

United Guaranty Services, Inc.
230 N. Elm Street/27401 P.O. Box 21367
Greensboro, NC 27420-1367
800-334-8966

National Foundation for Consumer Credit

8611-2nd Avenue, Suite 100
Silver Spring, NM 209 10
(301) 589-5600