

QUESTIONS TO ASK WHEN APPLYING FOR A HOME LOAN

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



Real Estate MATTERS

Department of Real Estate Office Locations

Sacramento — *Principal Office*

2201 Broadway
Sacramento, CA 95818-2500
(916) 227-0864

Fresno

2550 Mariposa Mall, Suite 3070
Fresno, CA 93721-2273
(559) 445-5009

Los Angeles

320 W. 4th Street, Suite 350
Los Angeles, CA 90013-1105
(213) 620-2072
Spanish Language Consumers (Español)
(213) 576-6878

Oakland

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

San Diego

1350 Front Street, Suite 1063
San Diego, CA 92101-3687
(619) 525-4192



Department of Real Estate Sources of Home Loans



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Introduction

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

To find a lender, you can:

- Contact your bank or financial institution.
- Consult a non-profit housing counseling agency in your area.
- Ask family members, friends, and coworkers.
- Ask your real estate agent.

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

Federal Programs

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

State Programs

California Housing Finance Agency (CalHFA): CalHFA administers several different homeownership programs, all geared toward fulfilling the dream of first-time homeownership for California families. CalHFA offers 30-year fixed rate mortgage loans with interest rates and fees that are typically lower than conventional home loans, with caps on fees and rates,

TIPS TO BORROWERS

- ✓ Ask for a Mortgage Loan Disclosure Statement and/or a Good Faith Estimate. These documents will tell you the cost of the loan.
- ✓ If using the services of a mortgage broker, contact the California Department of Corporations at www.corp.ca.gov or (866) 265-2677 and/or the Department of Real Estate at www.dre.ca.gov or (877) 373-4542 to make sure the mortgage broker is properly licensed and consider asking the mortgage broker for references.
- ✓ Check for special programs you may qualify for with federal, state or local government.
- ✓ Do not sign blank forms or forms you do not understand.
- ✓ Ask for copies of the forms you complete or sign.

saving borrowers hundreds of dollars on their home loan and monthly mortgage payment. CalHFA also provides down payment assistance with deferred payments that do not need to be repaid until the home is sold, refinanced, or paid in full. For more information, contact CalHFA at www.calhfa.ca.gov or 1-877-922-5432.

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

Department of Housing and Community Development (HCD): HCD offers several programs that help homebuyers, primarily those with low to moderate income levels. The programs operate for the most part by funding local public agencies and private nonprofit or for-profit entities, which in turn produce affordable housing or make loans and grants to end users at the local level. For more information about HCD's programs, contact HCD at www.hcd.ca.gov/fa

or (916) 322-1560 to obtain a copy of the Loan and Grant Program Directory.

City & County Programs

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

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

Freddie Mac & Fannie Mae

Freddie Mac and Fannie Mae are private "government-sponsored enterprises" that provide financial products and services through banks, savings and loans and mortgage bankers to help low to moderate income families purchase homes, especially in inner-cities, rural areas and other underserved areas. Both Freddie Mac and Fannie Mae offer online tutorials about the home purchase and loan processes. For more information, contact Fannie Mae at www.fanniemae.com or 1-800-732-6643; Freddie Mac at www.freddiemac.com or 1-800-373-3343; or ask your real estate agent, mortgage broker or lender.

Visit the California Department of Real Estate for more important information:

<http://www.dre.ca.gov>