

Homebuyer Readiness Education Session

February 7, 2024



ST. LOUIS DEVELOPMENT CORPORATION



Office of Financial Empowerment
Treasurer, City of St. Louis



COMMUNITY DEVELOPMENT ADMINISTRATION
CITY OF ST. LOUIS

Agenda

Welcome & Introductions

Durrell Smith, VP of Neighborhood Transformation Team

St. Louis Development Corporation

HomeSTL Homebuyers Assistance Program Overview

Lance M. Knuckles, SVP of Strategic Growth

St. Louis Development Corporation (SLDC)

Get in the House! A Guide to Homeownership

Reginald D. Garth, Financial Wellbeing Coach | Certified Credit Counselor, NACC

Glorious Poole

HOPE Inside Powered By City of St. Louis Office of Financial Empowerment

Owning a Home in the City of St. Louis

DeAnna Murphy, Neighborhood Improvement Specialist,

City of St. Louis Neighborhood Stabilization Division

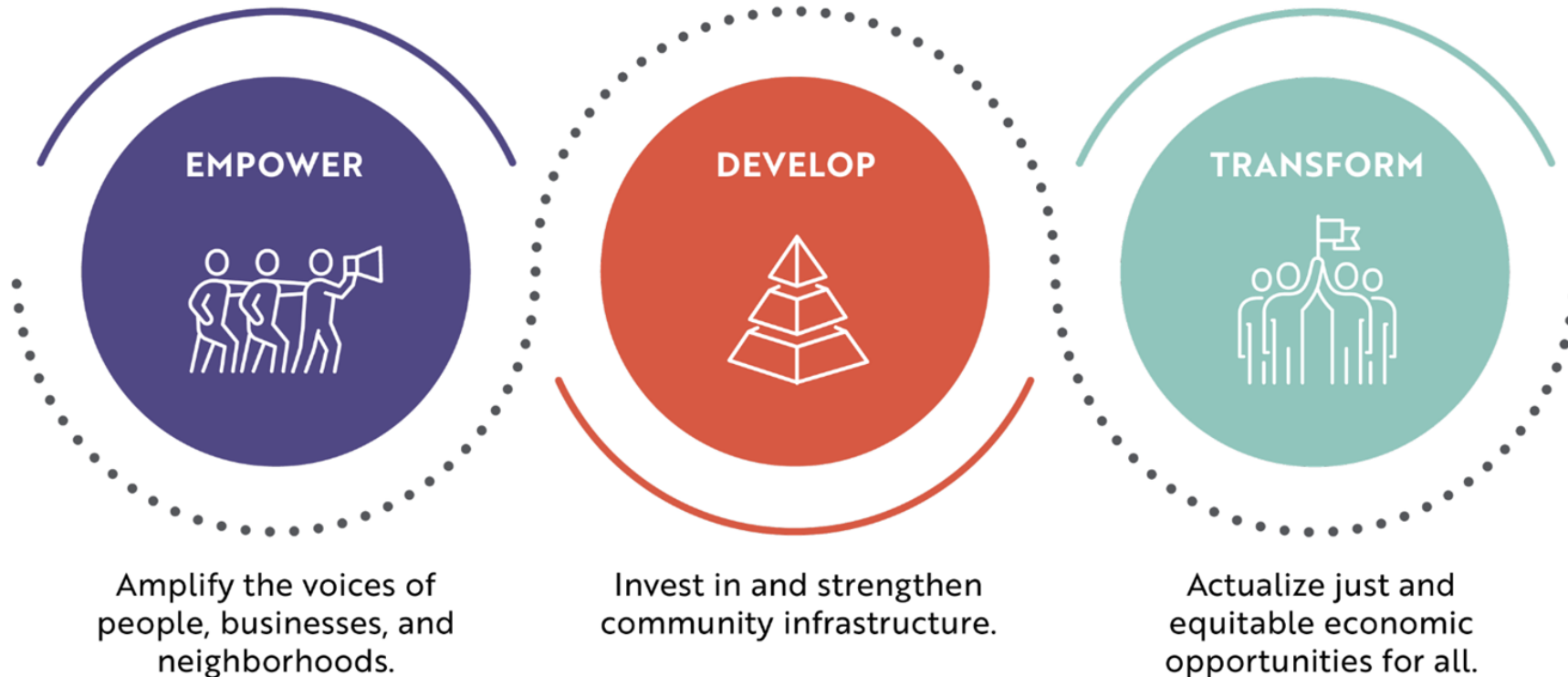
Q&A



Help us understand where you are in your homebuying journey. **Scan the QR code to answer a few questions during the interactive portion of the session.** No personal or private information will be disclosed.

Who is SLDC?

SLDC is the independent economic development agency serving the City of St. Louis, Missouri. It is an action-oriented organization that exists to empower, develop and transform St. Louis through a vibrant, just and growing economy where all people can thrive.



Economic Justice Action Plan



5 PRIMARY GOALS



3 PILLARS

The Economic Justice Action Plan proposes an unprecedented investment in under-invested communities in St. Louis—particularly North City—and is comprised of three strategic pillars: *economic empowerment*, *equitable & inclusive development*, and *neighborhood transformation*. Each pillar is critical to the future of our city and the region at large.

Economic Justice Action Plan

3 Pillars



Equitable & Inclusive Development

Leverage real estate development and business retention, expansion, and attraction ("BREA") efforts to catalyze equitable and inclusive economic growth.



Neighborhood Transformation

Leverage community assets to transform physical, social, and economic aspects of historically disinvested and marginalized neighborhoods to build their collective capacity and wealth-building opportunities.



Economic Empowerment

Invest in an ecosystem that provides opportunities for businesses to launch, grow, and sustain their operations. Create the workforce of the future through mentorship, training, and quality jobs.

Neighborhood Transformation

Leverage community assets to transform physical, social and economic aspects of historically disinvested neighborhoods to build their collective capacity and wealth-building opportunities.

HOUSING ACCESSIBILITY

Expand Access to Homeownership and Safe, Stable and Affordable Housing

1. Increase the pipeline of homeownership and affordable housing opportunities for residents.
2. Fund the production and preservation of housing as diverse as our city.
3. Work with other City Departments to improve the city code enforcement process.

Housing Accessibility – Outcomes & Impact (Projected by 2026)

- Development of at least **1,000 additional housing units**
- Offer at least **40 homebuyer education sessions** (pre-and post-closing) through partner organizations
- Provide access to **home repair assistance programs** to at least 100 residents



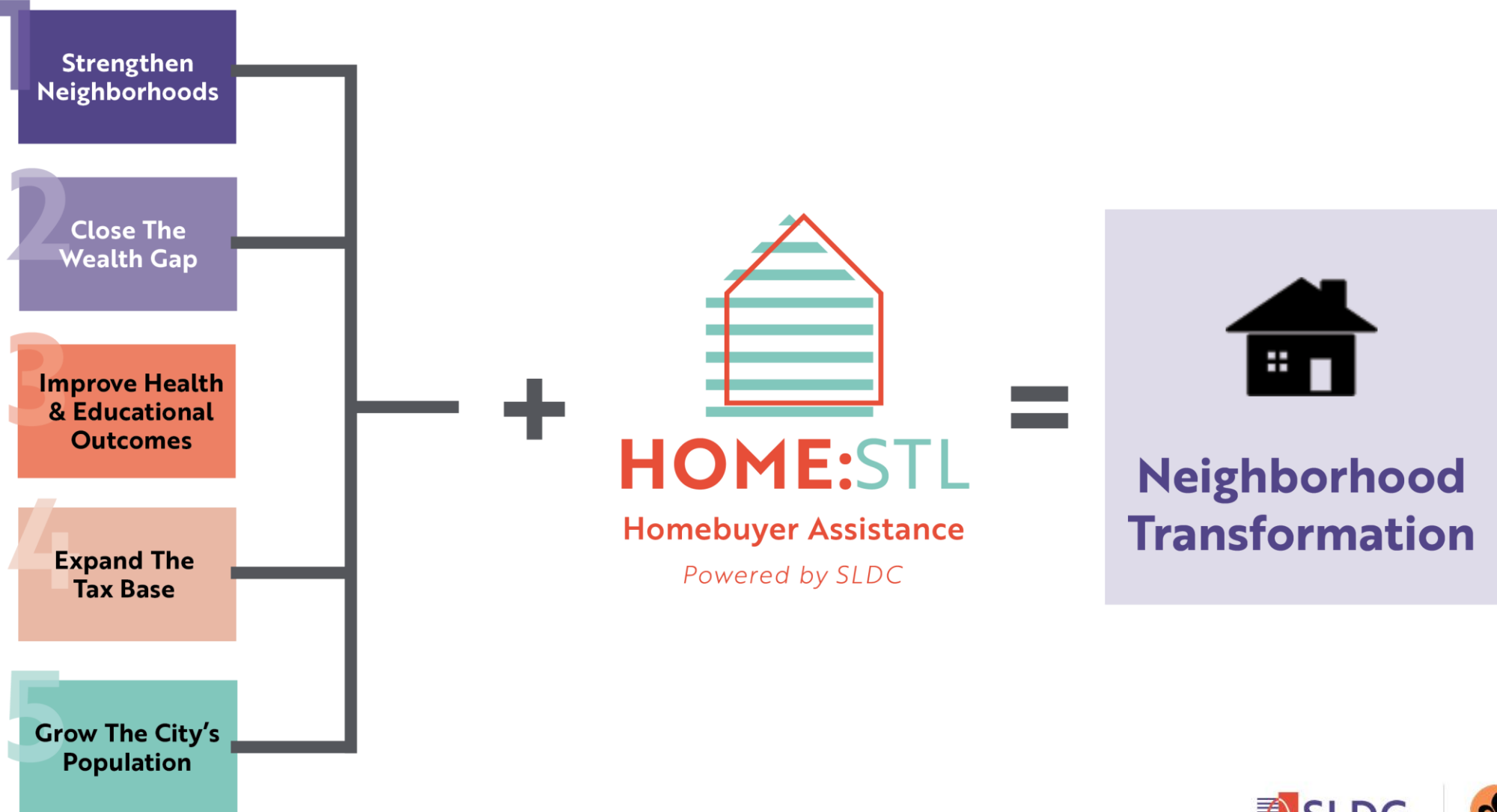
HomeSTL Homebuyer Assistance Program – Coming March 2024!

- Homeownership creates a pathway to building generational wealth.
- To make homeownership affordable for qualified homebuyers at or below 80% AMI purchasing a home in the City of St. Louis, SLDC is creating a Homebuyer Assistance Program: HomeSTL
- Anticipated launch: March 2024

The HomeSTL Homebuyer Assistance Program is wholly funded with Coronavirus State and Local Fiscal Recovery Funds (SLFRF) passed through the St. Louis City Community Development Administration (CDA). SLDC does not determine creditworthiness or make mortgage lending decisions. Meeting HomeSTL eligibility requirements does not guarantee funding.



HomeSTL: Economic Justice in Action





About HomeSTL

- HomeSTL is designed to provide homebuyer assistance to first time homebuyers* seeking to purchase a home in the City of St. Louis and/or purchasing a home within a HUD Qualified Census Tract (QCT)
- Eligible and credit qualified homebuyers may use homebuyer assistance for closing costs, down payment, permanent interest rate reduction, prepaids and/or principal reduction (no cash back to borrower)
- HomeSTL is a forgivable loan with 0% interest and no monthly payments for up to 15 years

Home STL Requirements

- Must be first time homebuyer*
- Household income limit cannot exceed City of St. Louis 80% AMI
- Buyers must meet credit and income qualifications of program
- Complete an approved homebuyer education course
- Secure pre-approval with eligible mortgage lender
- Purchase an owner-occupied, single-family home within the City of St. Louis

Once the HomeSTL Program is launched, availability is first-come first-serve until funds are exhausted.

Coming in March 2024!

** First time homebuyers cannot have owned or co-owned a home in the last three years and must not have any ownership interest in residential property at time of closing.*

The HomeSTL Homebuyer Assistance Program is wholly funded with Coronavirus State and Local Fiscal Recovery Funds (SLFRF) passed through the St. Louis City Community Development Administration (CDA).

SLDC does not determine creditworthiness or make mortgage lending decisions. Meeting HomeSTL eligibility requirements does not guarantee funding.



HomeSTL Homebuyer Roadmap

Program Portal

- Program Guidelines & Eligibility
- Homebuyer Resources
- Complete Approved Homebuyer Education Course
- SLDC Approved Lenders (TBD)
- Readiness Self Assessment

Pre-Approval

- Secure Pre-Approval (SLDC approved lender)
- Secure SLDC preliminary income verification documentation
- SLDC reserves funds (90-days w/one 45-day extension if required)

Approval

- SLDC approved lender provides all required program and income verification documents
- SLDC conducts income verification
- SLDC completes final program funds approval

Home Purchase/Closing

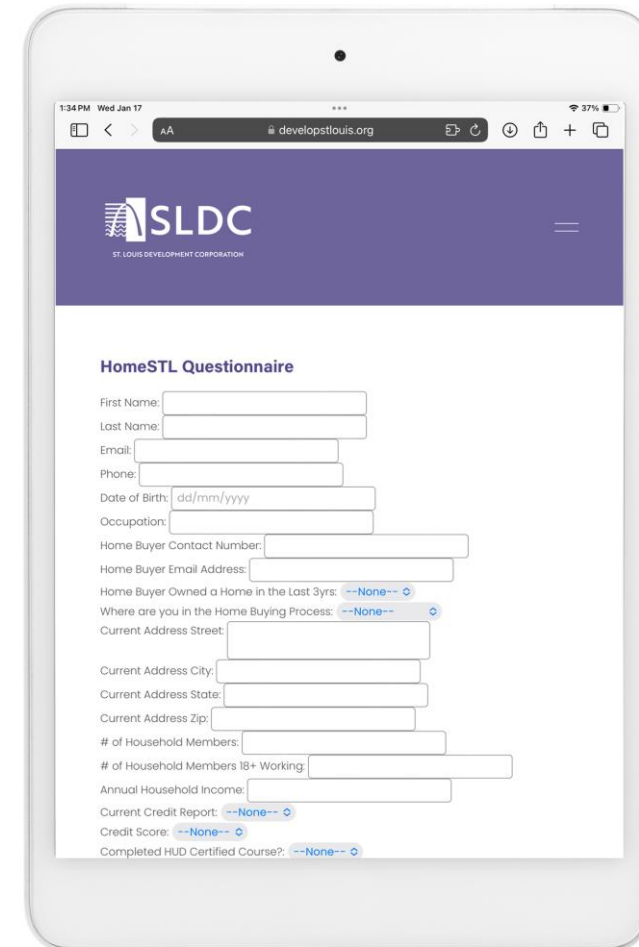
- Closing Date
- SLDC approved lender prepares all closing documents (including SLDC required legal documents)
- SLDC approved homebuyer signs closing documents (homeownership assistance legal documents include: promissory note, deed of trust and recapture agreement)
- SLDC provides funds at closing table

90-day reservation of program funds

Program Portal – Updates Coming with March Launch

www.developstlouis.org/homestl

<https://www.developstlouis.org/homestlquestionnaire>



Reginald D. Garth, Financial Wellbeing Coach | Certified Credit
Counselor, NACC & Glorious Poole

HOPE Inside Powered By City of St. Louis Office of Financial
Empowerment





Office of Financial Empowerment
Treasurer, City of St. Louis

Office of Financial Empowerment

The St. Louis Office of Financial Empowerment (OFE) is a public-private partnership that helps citizens make better financial decisions.

Founded in 2014 by St. Louis City Treasurer Tishaura O. Jones, OFE has an office in St. Louis City Hall Room 220 to provide financial education and credit counseling free of charge. OFE works with banks and non-profits to provide financial management classes on various topics, including How to Purchase a Home; Entrepreneurship; Investing and Public Service Student Loan Forgiveness.

stlofe.org



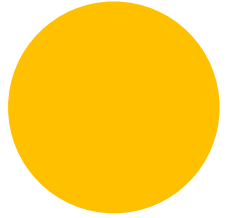
Get In The House! A Guide to Homeownership

Reginald D. Garth – FWC, CCC



Office of Financial Empowerment
Treasurer, City of St. Louis

Benefits of Homeownership



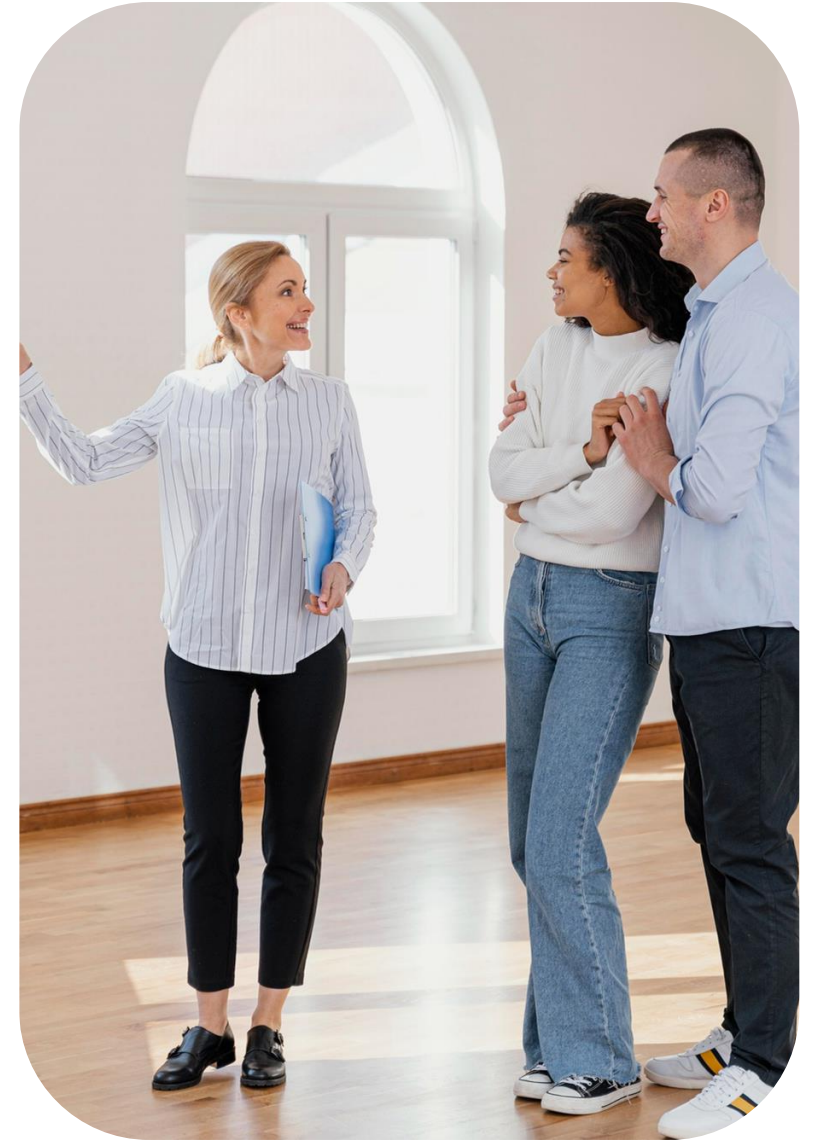
Homeownership is the best and fastest way to build wealth and establish a healthy credit life.

Stable Investment	Homeownership builds equity. Building equity means increasing the difference between your home value and the amount you owe on your mortgage. Rent does not build equity at all.
Tax Benefits	Interest paid on a mortgage is deductible under the tax code.
Community	Homeownership cultivates community because you and your neighbors have financial stake in your neighborhood, collectively.
Future Planning	As you pay your mortgage you build equity and that can later be used to pay for things like home improvements or life goals.
Being Prepared	Understanding the personal responsibility that comes with homeownership.

Before You Buy...

Did you:

- Prepare your finances – How much can you afford?
- Check your credit – Where are you credit-wise and what do you need to get where you need to be?
- Prequalify for the right loan – What loan works best for you?
- Get a realtor – Who is helping you to search and choose the right house for you and has your best interest in mind?
- Lock in the mortgage – When the offer is accepted, did you lock in your rate?





Prepare Your Finances



Office of Financial Empowerment
Treasurer, City of St. Louis

How much can you afford?


Take into account the following before you begin:

- Income
- Debt
- Savings
- Other Financial Obligations


You can go online and use a mortgage affordability calculator to help you plan out how much you can afford when purchasing a house.





Example of a Mortgage Affordability Calculator*


 **Affordability Calculator**


You can Afford:	\$168,243.00
Monthly Income:	\$8,333.33
Mortgage Payment:	\$1,000.00
Principal+Interest:	\$625.00


Income (yearly): 


Down Payment: 


Term (years) : 


Rate (%) : 

Monthly Debts: 

Property Tax (yearly): 

Insurance (yearly): 

HOA (monthly): 

Others (monthly): 



Check Your Credit



Office of Financial Empowerment
Treasurer, City of St. Louis

FICO Score vs Other Credit Scoring Systems



FICO Score

- The industry standard for 35 years and used in over 90% of lending decisions
- Makes lending decisions consistent fast and fair.
- Gives you a better understanding of your credit and more confidence when you apply.



Other Credit Scores

- Can be significantly different than your FICO Score.
- Not consistently used in lending decisions if at all.
- Can cause you to under or overestimate your credit worthiness.





What is Credit?!

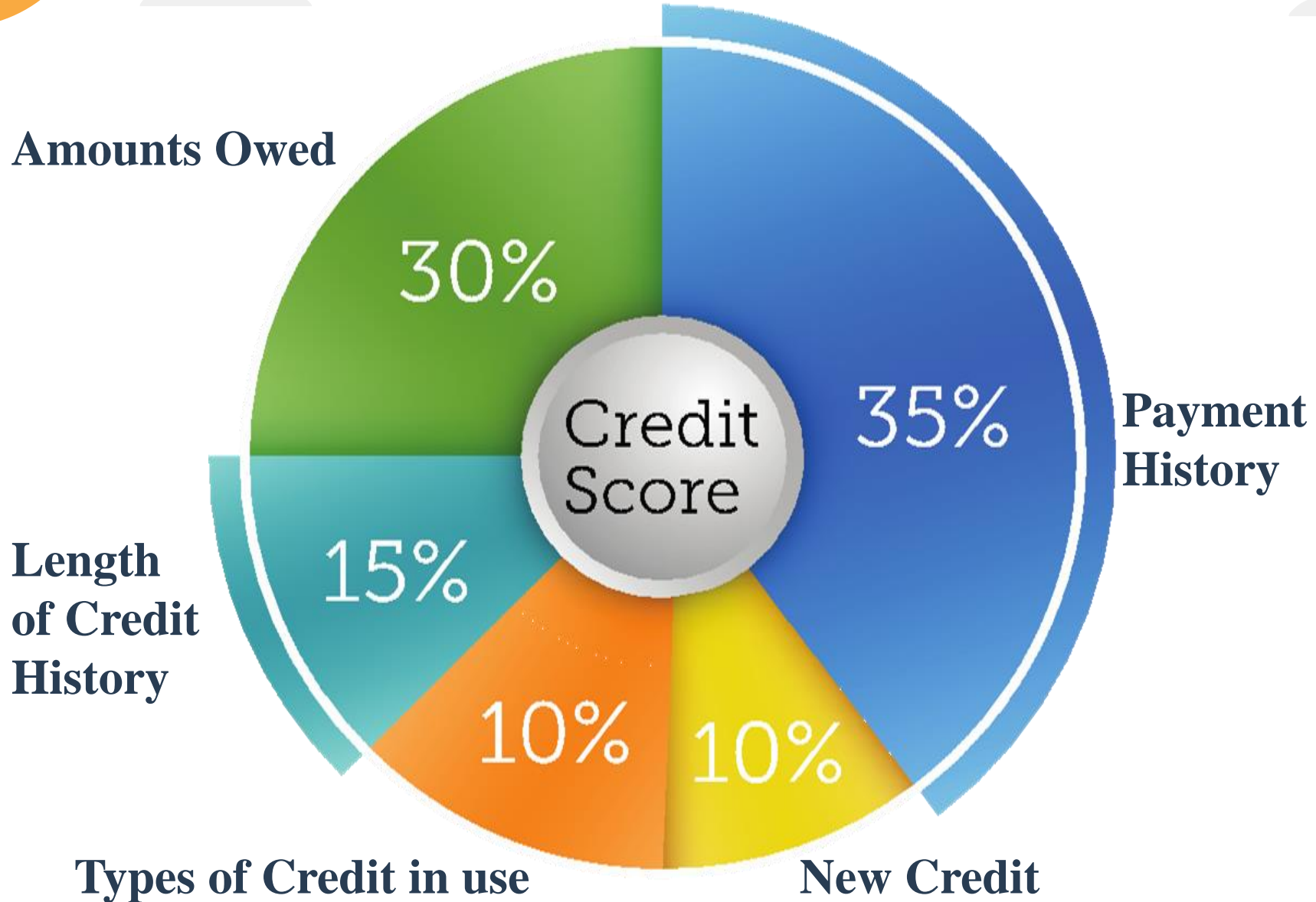
Credit is your financial ability to borrow money and to pay it back upon an agreed time.

Borrowing money is a service and that service has a cost. That cost is interest. Because you are using money from a lender, Credit is **NOT YOUR MONEY!**

CREDIT IS NOT MY MONEY!
CREDIT IS NOT MY MONEY!
CREDIT IS NOT MY MONEY!!!



What Makes up Your Credit Score



Debt-to-Income Ratio

DTI Measures the amount of income a person generates in order to manage their debts.



Three Main Points of DTI



Getting the “Yes!”

A DTI of 43% is typically the highest ratio a borrower can have and get qualified for a home loan.



What Lenders Want

Lenders would like for borrowers to have ratios of no more than 36%



Keeping it on the Low

A low DTI means you have sufficient income to manage your debt and makes you more likely to get a credit product.

How to know what is your Debt-to-Income Ratio

Monthly debt payments



Gross monthly income



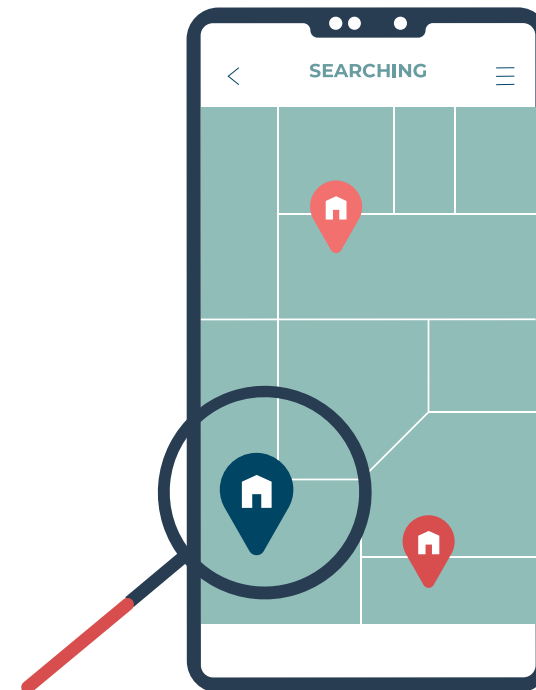
Debt-to-income ratio



Points of Note

When you get before a lender, there are two important questions to ask:

- What Credit Score do they require
- What DTI do they require



Get Your Credit Report!

Annual Credit Report.com

EQUIFAX[®]

 **Experian**[®]

TransUnion[®] 

pre-approval

vs

pre-qualification

Prequalify for the Right Loan



Office of Financial Empowerment
Treasurer, City of St. Louis

Pre-Qualified vs Pre-Approved



Pre-Qualify

- Provides an estimate of how much you can borrow based on data the borrower gives to the lender.
- Not as strong as a pre-approval.
- Done for free over the phone or online.
- Does not include credit history.

Pre-Approved

- Provides a definitive answer to how much one can borrow as well as interest rate.
- Speeds up the buying process.
- Requires completion of mortgage application and submission of documents that give the lender a clear picture of the borrower.

Most Common Home Loans



Conventional

Most common type of mortgage. Amount you pay may fluctuate due to property tax and insurance rates. You could qualify for these loans with a 620 score and DTI of 50%.



Federal Housing Administration (FHA)

Insured by the Federal Housing Administration. Can allow you to buy a house with a 3.5% down payment of 3.5%.



Veteran Affairs (VA)

VA loans are insured by the Dept. of Veteran Affairs. You can buy a house with \$0 down and lower interest rates. You must meet service requirements of the US Military to qualify.



Fixed-Rate

Fixed-Rate has the same interest rate and principle payment throughout the life of the loan. Amount may fluctuate due to changes in property tax and insurance rates.



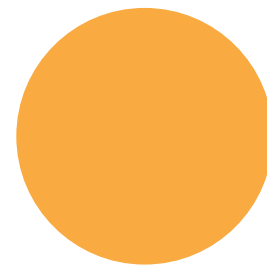
What You Need For The Loan

This is typical documentation needed from borrowers to complete a mortgage loan:

- 1. Two years most recent W2s** for all applicants on the loan.
- 2. Two years most recent Federal Tax Returns** for all applicants on the loan –all pages and schedules filed, including K1s if applicable If client holds 25% or more ownership in a company, business tax returns are needed.
- 3. Most recent paystubs** covering at least 30 days.
- 4. Most recent two months, or quarterly, statements of checking, savings, investment, and retirement accounts** –all pages.
- 5. Name and phone number of insurance agent**
- 6. Government issued identification like a driver's license.**



Get a Realtor!

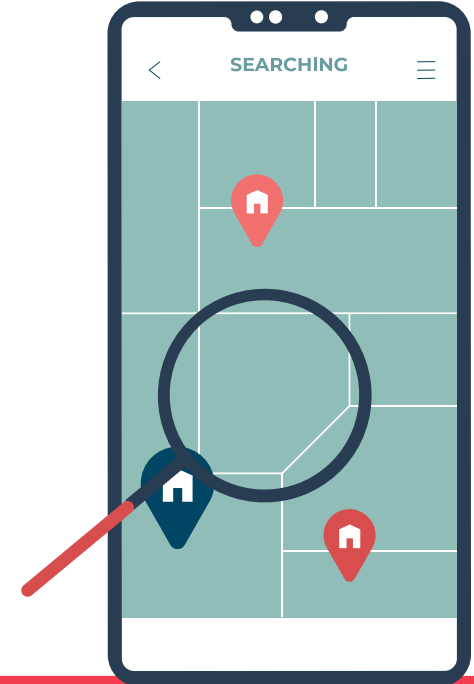


Office of Financial Empowerment
Treasurer, City of St. Louis

Why A Realtor?!

Real Estate agents will guide you through the home search by helping you meet and stay on budget. Realtors provide :

- Objective information and opinions
- Give you expanded search power
- Help in negotiating the sale
- Up-to-date knowledge on the industry
- Fair and Ethical treatment





Closing Time!



Office of Financial Empowerment
Treasurer, City of St. Louis



When Should You Lock in a Rate?

- After you have shopped lenders and are approved for a home loan, you want to lock in your interest rate. You should feel comfortable with the rate which results in the monthly payment that fits your budget.
- Keep in mind that lock periods can be typically 45 – 60 days. Additionally, when shopping lenders, you get 45 days to choose your rate. This is called “Rate Shopping”. Rate Shopping is when you are applying for a home loan, your credit score is pulled once and it counts against you. If you apply for other home loans during the 45 day period **YOUR CREDIT SCORE IS NOT AFFECTED.**



Your Mortgage Payment

Here is a breakdown of all the components of your monthly mortgage payments:

- **Principal & Interest:** The portion of your loan principal and interest due each month. As is reflected in an amortization table, as each payment is made a larger percentage of your payment goes towards paying down your principal balance.
- **Escrows: Property taxes and homeowners insurance** are items your lender collects through your monthly mortgage payment and pays on your behalf. Each year your escrow payment is evaluated and recalculated. Any overages are refunded to you, while shortages will be factored into your monthly payments.
- **Mortgage Insurance:** If you have less than 20% equity in your home, monthly payments will include mortgage insurance. (PMI)



Closing Costs

Closing Costs usually consist of the following:

- Origination Fee Note
- Appraisal
- Credit Report
- Flood Letter
- Title Insurance
- Title Transaction Fees
- Courier Fees
- Recording Fees
- Survey

Other charges may include the following inspections, as applicable:
building, radon, termite, re-inspection fee for new construction, and other
municipal inspections.



At The Close

On closing day, you meet with the Title company with your Lender and Realtor to complete the transaction and sign ALL the paper work – you're ready to GET IN THE HOUSE!

- Have your down payment, closing costs, and escrows at closing.
- Lender uses funds from down payment and mortgage to pay seller after paying off any existing liens. Listing and selling agents are paid from the transaction itself per the contract with buyer and seller.
- You get the keys to your home after getting the YES on the loan!





THANKS!

Start Your Credit Journey!

Reginald Garth

reginald.garth@operationhope.org

314-350-3928

stlofe.org



Office of Financial Empowerment
Treasurer, City of St. Louis

DeAnna Murphy | Neighborhood Improvement Specialist

City of St. Louis Neighborhood Stabilization Division & Citizens
Service Bureau



OWNING A HOME IN THE CITY OF ST. LOUIS



Responsibilities as a Neighbor and a Resident

Neighborhood Stabilization Division and Citizens Service Bureau



What We Do...



Empower residents to sustain a quality environment within their neighborhood.

Effectively and efficiently register and route City Services.

Provide information, assistance, education and intervention within communities.

We are here to help...

- **Citizens who want to join or form Block Units and Neighborhood Groups.**
- **Monitor Problem Properties in the area.**
- **Assist in routing city services where needed.**
- **Communicate and relay ongoing problems to city departments.**
- **Citizens come up with solutions through the various resources available.**
- **Educate citizens on the city's role in maintaining infrastructure.**
- **Educate citizens to understand "their" role in maintaining the community.**



Live Chat

Chat live with a CSB representative



Tweet @stlcsb

Report to CSB on twitter



Report Online

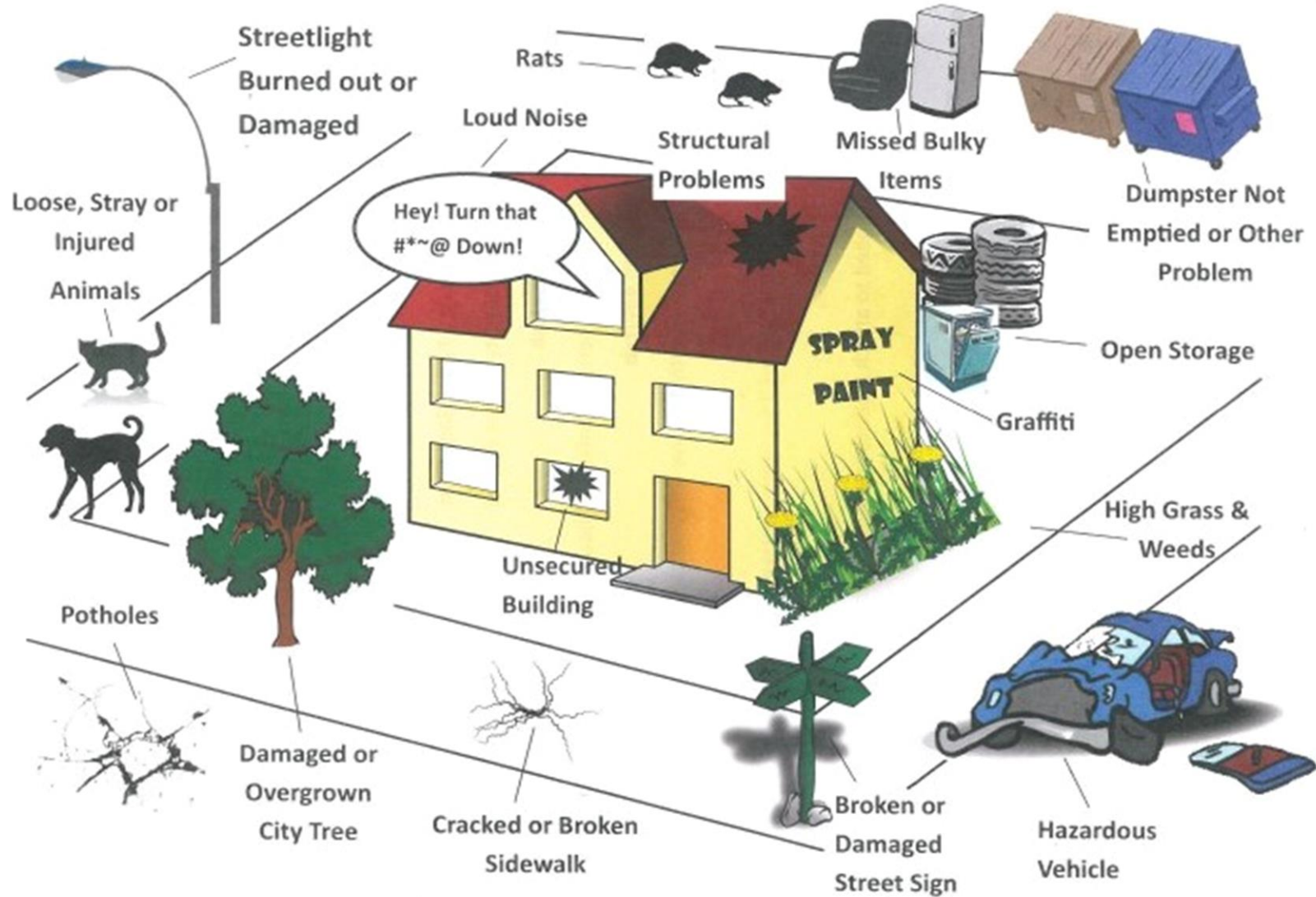
Submit your request to CSB online



Report By Phone

Call CSB at 314-622-4800

When To Call Citizens' Service Bureau 314- 622-4800



Owner's Responsibilities:

In addition to building maintenance, all property owners are expected to keep the area around their property clean and free of debris.



Owner's Responsibilities include:



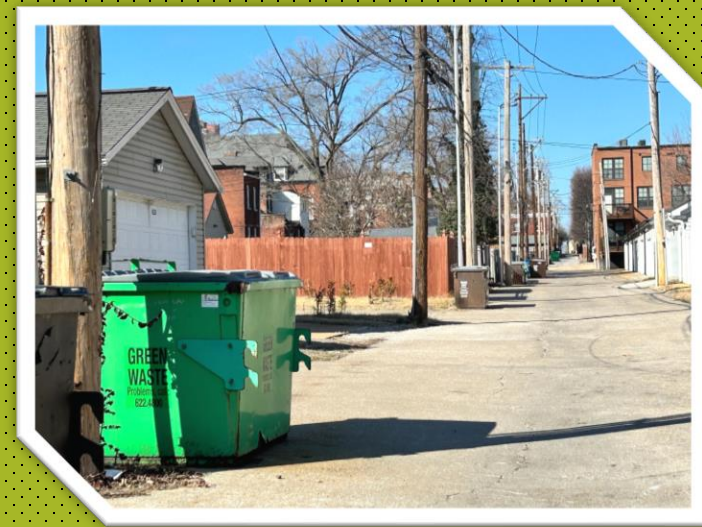
Cutting Grass and removing weeds on the lot and in the tree lawn.



Keeping alleyways clear of obstructions.



Clearing scattered trash and debris from around your property.



Grass and Weeds:

“...unattended vegetation and noxious weeds which have attained a height of seven (7) inches or more... are hereby declared a public nuisance. Every owner, occupant, or person in control of any lot or land within the City shall cause such lot or lands to be kept free from such noxious weeds and vegetation by destroying them...”

St. Louis, Missouri - Code of Ordinances §
11.04.040



Maintenance beyond the fence line:



**Where
would you
rather live?**



Responsibilities from the curb to alley

The City generally cannot clean-up scattered trash.

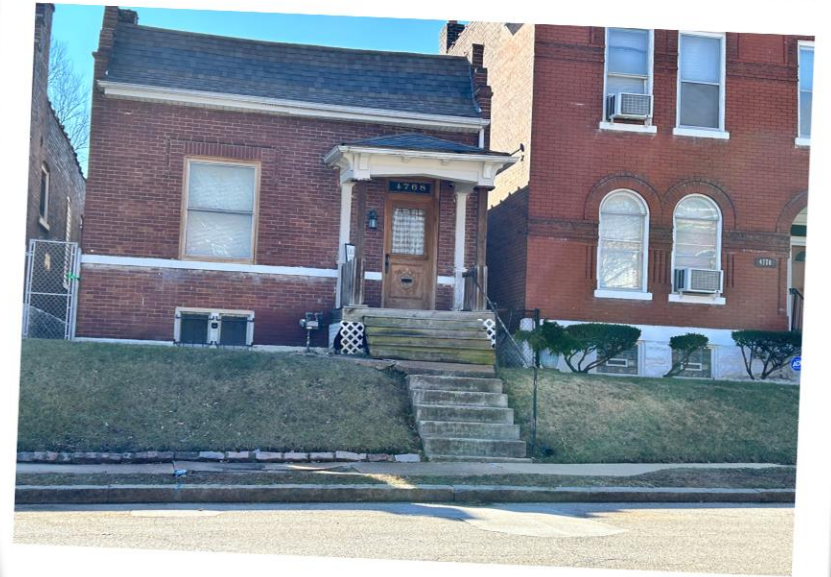
We depend on responsible property owners, residents, neighborhood groups, and good neighbors to keep our shared spaces clean.



Trash and Debris

All persons owning or occupying any private property, public building or premises shall keep such premises, as the case may be, including the **sidewalk, parkway, gutter, street, and alley** (to the center line thereof) adjoining or abutting to the place so occupied free and clear of litter”

St. Louis, Missouri - Code of Ordinances § 11.18.060



Bulk

- Place your items out by 6:00 am on the Monday of your collection week.
- No more than three items.
- No containers or bundles over 100 lbs. or over 6' long and 2' in diameter.
- Large items need not be dismantled
- Place small loose items in a container.
- Do not lean items on Refuse bins.
- Collectors are not permitted to pick-up items on private property.
- Check city website for pickup schedule, additional details and BOAT-E* items.

*Batteries, Oil, Appliances, Tires, Electronics



Open Storage

The Building Division will cite property owners for “open storage” violations, including:

- Metal debris.
- Derelict vehicles and trailers.
- Car parts.
- Broken furniture.
- Appliances.
- Lumber, bricks and rock not stacked 12” off of the ground.





Live Chat

Chat live with a CSB representative



Tweet @stlcsb

Report to CSB on twitter



Report Online

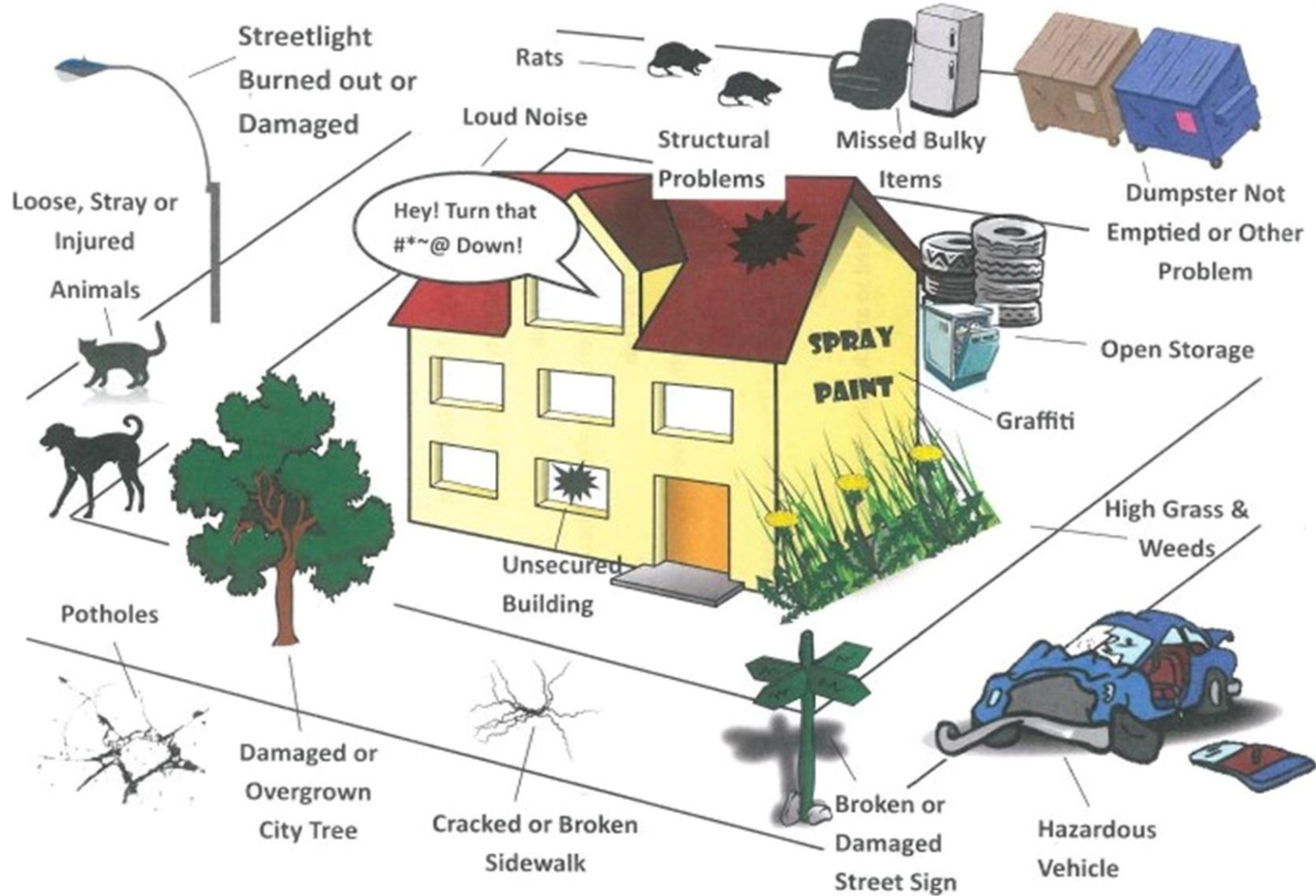
Submit your request to CSB online



Report By Phone

Call CSB at 314-622-4800

When To Call Citizens' Service Bureau 314- 622-4800



THANK YOU!

- Visit www.developstlouis.org/homestl for updates
- Stay tuned in March for HomeSTL launch!

