



Hello there!

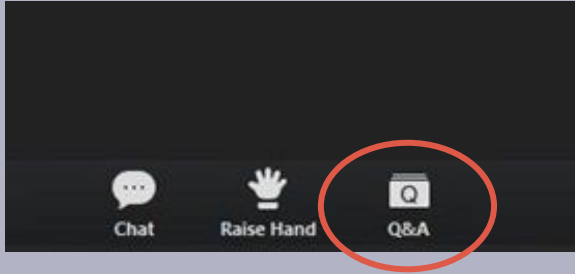
Welcome to the webinar

Financing Your ADU with Redwood Credit Union

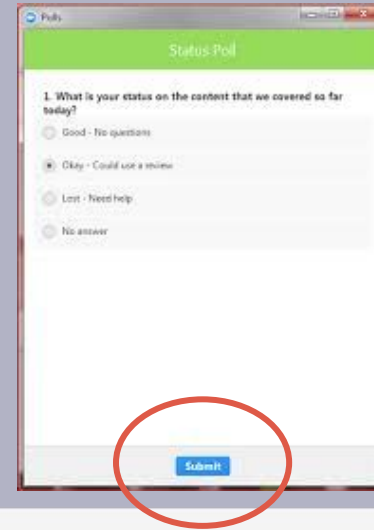
February 23, 2022


Napa Sonoma **ADU**

Zoom Logistics



Audience Q&A



Interactive polls



Where did you learn of the webinar?

- Napa Sonoma ADU Newsletter
- Napa Sonoma ADU Webpage
- My city or county's website, newsletter or social media
- Facebook
- NextDoor
- News media source
- Word of mouth
- Another organization
- Other
- Redwood Credit Union

Renée J. Schomp

Director

Napa Sonoma ADU Center

E-contact:

<https://napasonomaadu.org/stay-in-touch>

Phone:

707.804.8575



Scott Johnson

ADU Expert,
*Napa Sonoma
ADU Center*

+

Founder,
Pocket Housing LLC





Redwood
Credit Union®

FOR ALL THAT YOU LOVE.



Laureen Barnes
Mortgage Lending Manager
lbarnes@redwoodcu.org
707-545-4000 x30191



Sean Charter
Assistant Manager – Construction
Lending
scharter@redwoodcu.org
707-576-5339

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Agenda

- **ADUs 101**
- **Redwood Credit Union financing options**
- **Redwood Credit Union ADU-specific loan product**
 - **What it is**
 - **Why it's so helpful**
 - **How to qualify for it**
- **Audience Q&A**

About the Napa Sonoma ADU Center

Napa Sonoma  ADU

We're a nonprofit here to help
Napa & Sonoma County
homeowners build ADUs.





Napa Sonoma ADU Resources

- ADU calculator
- Local ADU rules
- Address Lookup Tool
- ADU Workbook
- Stories & floor plans
- Webinars
- Vendor registry
- Newsletter & social media

Support for homeowners

- **Contact Us:**
<https://napasonomaadu.org/stay-in-touch>
- **Phone:** 707.804.8575





ADU Feasibility Consults

#1
Questionnaire

2
Prescreening

#3
**Hour-long
site visit**

#4
**ADU Feasibility
Report**

Sign up on our website:
napasonomaadu.org/consultations

What type of ADU build do you think you'll choose?

- **Traditional stick build** -- construction on-site
- **Prefab Modular:** built as a complete unit in a factory and certified at the state level by HCD
- **Prefab Manufactured:** built as a complete unit in a factory and certified at the federal level by HUD
- **Prefab Panelized:** e.g., framing package, structurally insulated panels or SIPs, etc.
- **Prefab** -- I don't know the exact type



PART 1

ADUs 101



Types of Accessory Dwelling Units



DETACHED

free-standing structure, such as a backyard cottage



GARAGE APARTMENT

converted former garage space



ATTACHED

shares at least one wall with the primary home



ABOVE GARAGE

unit built above garage



INTERIOR CONVERSION

built from existing converted space (e.g., an attic or a basement)

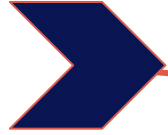


JUNIOR ADU

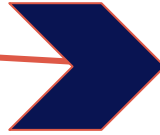
interior conversion no larger than 500 sf

ADU Process Map

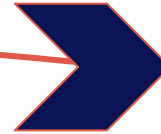
Pre-Development



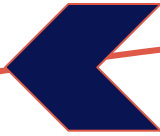
Design Development



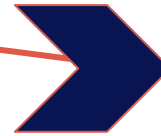
Permitting



Construction



Move-in!



Budgeting & Finance



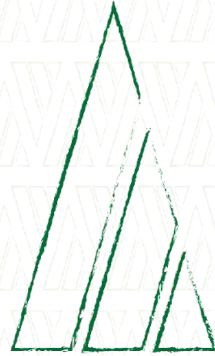
Types of construction

- Site-Built Construction
- Prefab:
 - Panelized
 - Modular
 - Manufactured

PART 2

A new way to finance your ADU





ADU Financing

with Redwood Credit Union

February 23rd, 2022



Redwood Credit Union®

Established Jan 19th, 1950

- Financial cooperative based on the premise of “people helping people”
- Initially served employees of the County of Sonoma
- Now serving those who live or work in Sonoma, Marin, Napa, Mendocino, Lake, San Francisco, Solano, or Contra Costa Counties
- Offer traditional residential financing with a variety of first and second lien mortgage products
- More recently, we also offer construction financing options for rebuilds and new home builds



Redwood Credit Union®

The RCU Difference

- We are a full-service financial institution and local lender who has been in our community for over 70 years
- From volunteerism to financial resources, RCU strives to support the communities in which it operates
- Established the RCU Community Fund, a registered 501(c)(3), after the Lake County Valley Fire of 2015
- Created our Construction Lending team after the Tubbs Fire of 2017
- Offer flexible financing with competitive rates and low fees, working with members to achieve their financial goals and dreams of homeownership

Traditional Financing Options

- Home Equity Line of Credit (HELOC)
 - Fixed Rate 2nd Mortgage
 - 1st Mortgage Cash-Out Refinance
-
- Qualification for all options is based on the current property value and without the benefit of any potential rental income
 - These options will provide either an available credit line or lump sum of cash to complete your project. You will be responsible for the management of these funds in relation to your project.



ADU Construction Loan

ADU Construction Loan

Amortization	20 Year Fixed Rate
Draw Period	12 months, w/ Interest Only payments
Rate	4.375%
Loan Amount	Up to \$300,000

• What It Is

- A 20 Year Fixed Rate 2nd Mortgage with a 1-year Interest Only draw period
- A second lien product – you can leave your first mortgage in place

• Why It's So Helpful

- Can qualify on the “as complete” future property value
- Can use the future rental income for qualification
- Up to 90% CLTV/HCLTV enables access to more of your home's equity
- RCU partners with you to help manage your project

• How to Qualify For It

- RCU will look at standard credit qualifications
 - RCU will partner for the assessment of your property value
 - RCU can process the application as a preapproval upfront
-

What Project Documentation is Required for the ADU Construction Loan?

- Approved building permit
 - Complete set of plans and specifications w/ approving authority “stamp of approval”
 - Fixed price construction contract and line-item project budget

 - Contractor’s current license
 - Contractor’s W-9
 - Contractor’s Certificate of General Liability Insurance
 - Contractor’s Workers Compensation Insurance
-

How Does the ADU Construction Loan Compare to Our Other 2nd Lien Products?

ADU Construction Loan

Existing Second Lien Loan Products

Fixed Rate

HELOCs are variable with the Prime rate

20 Year Amortization

Maximum of a 15-year amortization

Up to 90% CLTV/HCLTV

Up to 85% CLTV/HCLTV

Use future value and proposed rents to qualify

Use existing value and current income to qualify

RCU will be the funds manager

You act as your own funds manager

What Does the Funds Management Look Like?

Contractor submits a
draw request

An inspection is
scheduled and
completed

Required paperwork
&/or invoices are
received from the
contractor

Payment is made
upon member
approval



Redwood
Credit Union®

FOR ALL THAT YOU LOVE.



Permit-Ready ADU Plans Program

coming soon...

ADU Webinars


Register for upcoming webinars
& view past webinars
on-demand:
napasonomaadu.org/aduevents



On-Demand
All You Need to Know
About Prefab &
Modular ADUs!

On-Demand
How to Do an
ADU Permit
Application

March
More to come!



**We are here to
help you**

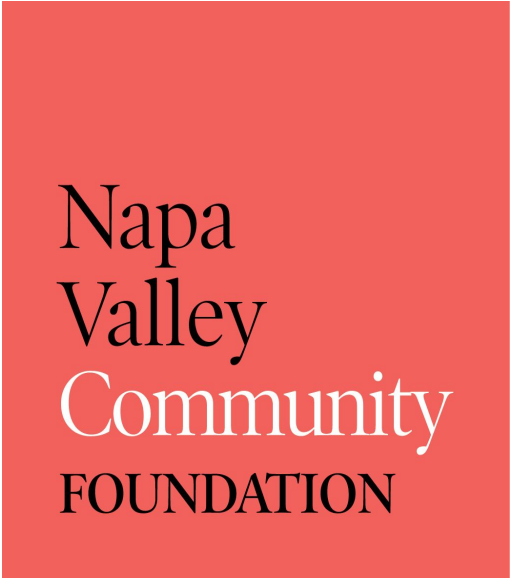
Reach out to us anytime!

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707.804.8575

Thanks to our
foundation
supporters



COMMUNITY
FOUNDATION
SONOMA
COUNTY



**...and
thank
YOU!**

