

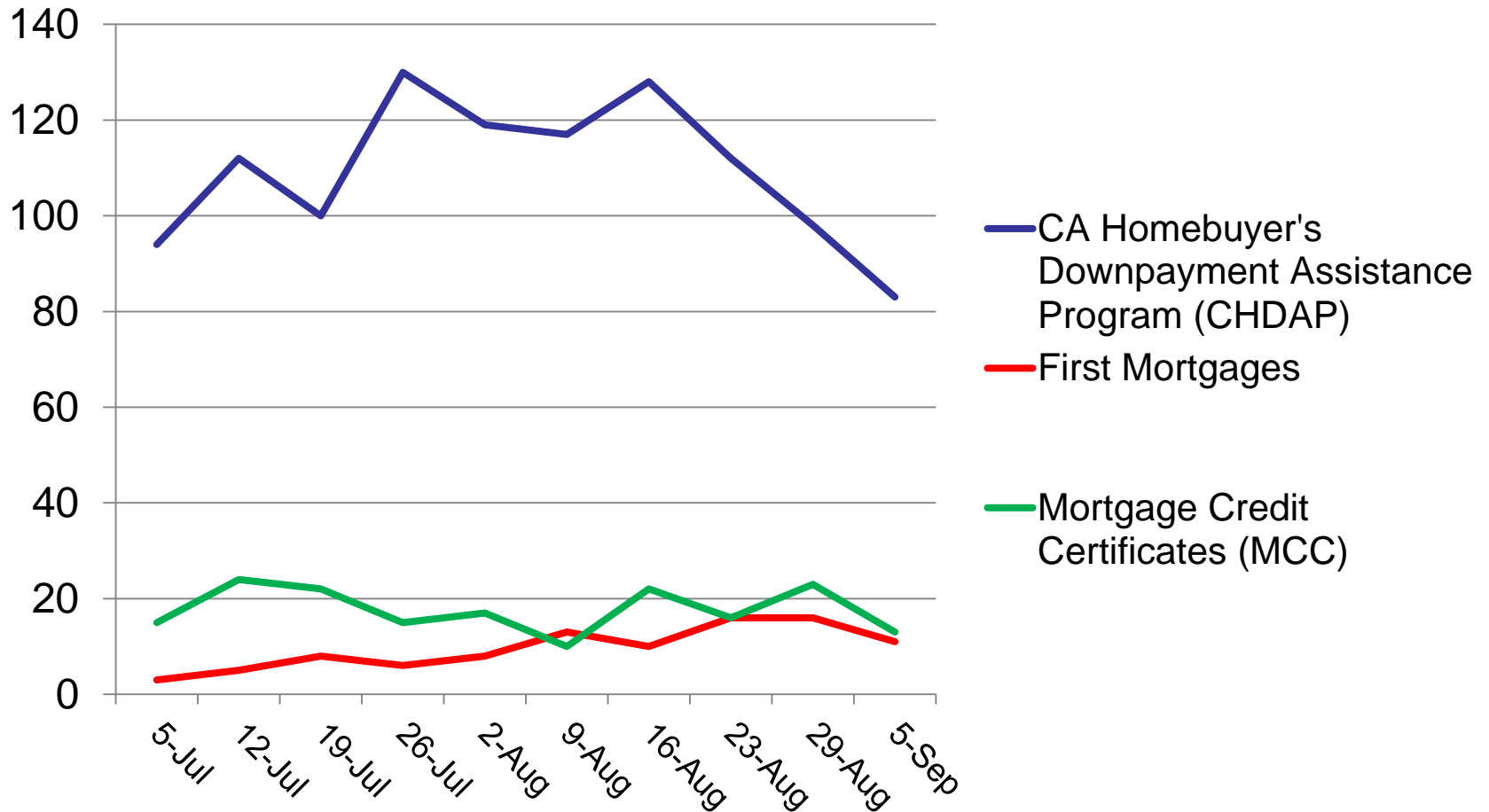
# **Single Family Lending Program Adjustments**

September 16, 2014  
Board Presentation

## Where We Are Now...

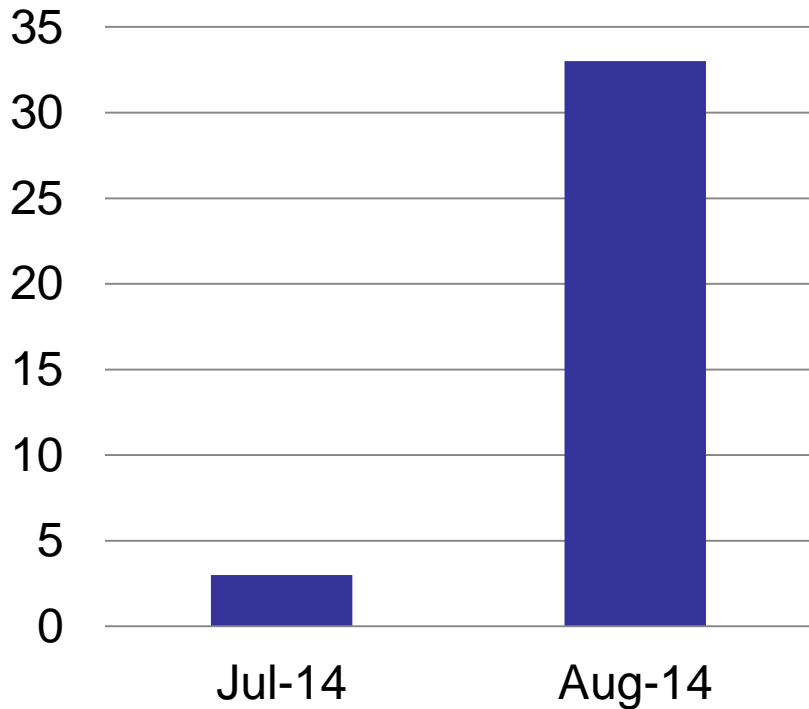
- 8/26/13 - CalHFA FHA first mortgages released
  - 2/10/14 – manual underwriting available
  - 3/24/14 – increased maximum Debt-To-Income ratio
- 5/19/14 - CalHFA Conventional first mortgages & Cal-EEM (Energy Efficient Mortgage) released
- 6/16/14 - First mortgage programs extended to Non-First-Time Homebuyers
- 6/23/14 - Allowable lender fees increased

# First Mortgage Reservations Are Slowly Gaining

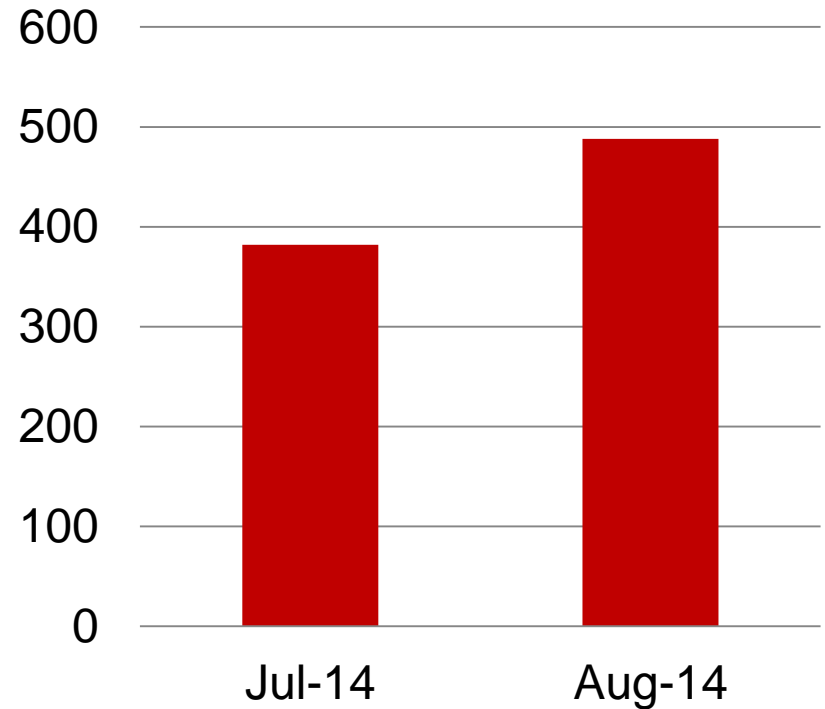


# CHDAP Standalones Continue Strong

## First Mortgages Purchased



## CHDAP Stand-Alones Purchased



## CHDAP Standalones Have Lower FICOs

	CalHFA Conventional First	CalHFA FHA First	CHDAP Stand- Alone
Average first Loan Amount	\$244,883	\$216,551	\$210,539
Average CHDAP Amount	\$8,599	\$7,141	\$6,439
Average Income	\$65,314	\$60,298	\$61,020
Average DTI	39.338%	41.426%	40.687%
Average Credit Score	721	686	679
Top Counties	Sacramento, Contra Costa, Los Angeles, Orange, Placer	Sacramento, Contra Costa, Riverside, San Bernardino, Los Angeles	San Bernardino, Los Angeles, Sacramento, Riverside, Solano
Ethnicity	White – 43% Hispanic – 32.2% African American – 13.4%	Hispanic - 33.7%, White – 30.2% African American – 24.3%	Hispanic 57.33% White – 24.66% African American – 9.33%

## Improving First Mortgage Ease of Use

- Increase the Combined Loan To Value requirement from 103% to 105%
  - Accommodates additional down payment assistance
  - Matches Fannie Mae's requirement on the HFA Preferred Conventional loan product
- Eliminate the borrower cash contribution
- Reduce the Home Warranty requirement for first-time homebuyers to one year
- Eliminate the homebuyer education requirement for non-first-time homebuyers

## Improving First Mortgage Ease of Use

- After January 1, 2015, require all CalHFA approved lenders to originate four CalHFA first mortgages within six-month period
  - Those failing must go through re-certification and agree, in writing, to meet the requirement
- Now accepting FHA loans for manufactured homes
- Protecting down payment assistance
  - Limit CHDAP use to our EEM first mortgages
  - Limit CHDAP use to our manufactured home mortgages
- Increase the fee from \$350 to \$500 on MCCs without a CalHFA first mortgage

## Improving Down Payment Assistance

- Augment the Zero Interest Program (ZIP) down payment assistance on the CalPLUS Conventional mortgage product
  - Significantly enhances the CalPLUS Conventional Product
  - Enables borrowers to pay Mortgage Insurance as a single premium
  - Eliminates monthly mortgage insurance payments
    - E.g. \$250,000 sales price = \$120.60+ per month savings



CalPLUS Conventional - Sales Price Comparison				
Single Premium Mortgage Insurance				
	21.80%	32.30%	20.20%	12.50%
% of total volume	21.80%	32.30%	20.20%	12.50%
Sales Price	\$ 150,000	\$ 200,000	\$ 250,000	\$ 300,000
1st Mtg.	\$ 142,200	\$ 190,000	\$ 241,200	\$ 290,000
ZIP +*	\$ 10,766	\$ 12,200	\$ 13,736	\$ 15,200
CHDAP 3%	\$ 4,500	\$ 6,000	\$ 7,500	\$ 9,000
Loan to Value **	94.800%	95.000%	96.480%	96.667%
Combined Loan to Value	104.977%	104.100%	104.974%	104.733%
Interest Rate	4.750%	4.750%	4.750%	4.750%
P&I	741.78	991.13	\$ 1,258.21	1512.78
Taxes	\$ 156.25	\$ 208.33	\$ 260.42	\$ 312.50
Mortgage Insur	\$ -	\$ -	\$ -	\$ -
Hazard Insur	\$ 41.40	\$ 55.41	\$ 70.30	\$ 84.58
Total PITI	\$ 939.43	\$ 1,254.87	\$ 1,588.93	\$ 1,909.86
Sales Price + Closing Cost***	\$ 159,783	\$ 213,054	\$ 266,874	\$ 320,265
1st mortgage	\$ 142,200	\$ 190,000	\$ 241,200	\$ 290,000
ZIP +	\$ 10,766	\$ 12,200	\$ 13,736	\$ 15,200
CHDAP	\$ 4,500	\$ 6,000	\$ 7,500	\$ 9,000
Borrower out of pocket	\$ 2,317	\$ 4,854	\$ 4,438	\$ 6,065
* ZIP + = 3% ZIP plus \$6,500 DPA added				
**If monthly mortgage insurance is chosen; the amount of the first mortgage would be reduced, thus reducing the LTV				
*** assumes 4% for closing cost, plus the cost of the single premium mortgage insurance				

## Improving Soundness of CHDAP Loans

- Combined Loan To Value remains at 103%
- Debt-To-Income cannot exceed 43%
- Must conform to all other CalHFA first mortgage requirements (e.g. Homebuyer Education and Home Warranty)
- Certification that the borrower was provided a payment analysis of a CalHFA first mortgage vs. the mortgage they received