



Homeownership Program Bulletin

March 6, 2006

Program Bulletin #2006-03

To: CalHFA Approved Lenders

CalHFA 40-YEAR FIXED MORTGAGE Effective March 7, 2006

CalHFA is pleased to announce our new 40-Year Fixed Mortgage. This conventional loan may be funded up to 100% of purchase price or appraised value, whichever is less. Borrowers do not need to come up with funds for a down payment although HiCAP, CHDAP, HIRAP, ECTP and AHPP loan programs may still be utilized where applicable and eligible (CHAP is not available with this program). The 40-year loan is available for resale housing as well as newly-constructed, not-previously-occupied units. The School Facility Fee (SFF) grant may also be used for new units in combination with the 40-Year Fixed Mortgage and other CalHFA first mortgage products, where applicable.

The interest rate for this program is stated on our "Interest Rate Schedule" as published on our web site and is subject to change. There will not be a rate differential given to low income borrowers and/or high cost counties under this program. All CalHFA conventional loans exceeding 80% loan-to-value (LTV) must be insured by CalHFA Mortgage Insurance Services, and include HomeOpeners[®], a Mortgage Protection Program. Mortgage insurance premiums will be determined by actual LTV/purchase price ratios and the mortgage insurance premium schedule in effect on the date of reservation. Underwriting standards for the 40-Year Fixed Mortgage are identical to other CalHFA conventional loans with similar LTV ratios.

The process for reservation, submission, approval, funding and purchasing is the same as with all other CalHFA conventional loan programs. Reservations for the 40-Year Fixed Mortgage will be accepted immediately through either the CalHFA Single Loan (SL) or the Builder-Lock (BLOCK) forward commitment process reservation system as applicable. For information on reservations, please review the Agency's Lender Program Manual on the CalHFA web site.

CalHFA's standard conventional Note and Deed of Trust must be utilized and are available on CalHFA's web site. Electronic versions are also available via email or on disk. CalHFA-approved Lenders originating 40-Year Fixed Mortgage loans are responsible for providing all required Truth In Lending and other required disclosures, as they are with any other loan program. The following is the Truth In Lending Disclosure for CalHFA's 40-Year Fixed Mortgage:

TRUTH IN LENDING DISCLOSURE

Loan Type	Loan Amount	Term	Interest Rate*	APR*	Estimated Monthly Pmt**
40-Yr Fixed Mortgage	\$300,000	40yr (480 mos)	5.750%	6.6634%	\$2,211.17

*Interest rate is for comparison only. The APR includes typical finance charges, such as lender fees and mortgage insurance. This disclosure is for illustrative purposes only. It does not reflect any specific loan terms. The APR quoted by CalHFA-approved Lenders may vary.

**The estimated payment amount includes estimated taxes, property and/or mortgage insurance. Lenders usually require these amounts to be included in the monthly payment.

For questions about this bulletin, contact CalHFA Homeownership Programs by phone 916.324.8088; by fax 916.324.6589; by email at homeownership@calhfa.ca.gov and you can always visit CalHFA's web site at: www.calhfa.ca.gov

Please send all loan files and documents to:
CalHFA Homeownership Programs
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Sacramento, CA 95814

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