



Homeownership Program Bulletin

May 2, 2007

Program Bulletin #2007-09

To: CalHFA Approved Lenders

First-Time Homebuyer Exemption for Veterans

The Tax Relief and Health Care Act of 2006, H.R. 6111 exempts veterans from the first-time homebuyer requirement for loans made or financed with CalHFA qualified mortgage bonds ("QMB") issued on or prior to December 31, 2007. Consequently, loans to veterans reserved with CalHFA from the date of this bulletin through April 30, 2008 can qualify for the exemption.

Effective immediately CalHFA will purchase first mortgages reserved during 2007 even if the borrower owned a home during the previous three years, as long as one or more borrower is a veteran. A veteran is defined as a person who served in the active military, naval or air service and was discharged or released under conditions other than dishonorable. As with any QMB borrower, the veteran must occupy the home, financed by CalHFA, as his or her permanent residence. A veteran may only take advantage of this special exception one time.

This loan for non-first-time homebuyer veterans may be combined with the High Cost Area Home Purchase Assistance Program (HiCAP) and the CalHFA Housing Assistance Program (CHAP). The exemption, however, does not extend to the following CalHFA subordinate financing: California Homebuyer's Downpayment Assistance Program (CHDAP), Homeownership In Revitalization Areas Program (HIRAP), Extra Credit Teacher Program (ECTP) or School Facility Fee Down Payment Assistance Program – Program #2 (SFF #2). If a CHDAP, HIRAP, ECTP, or the SFF #2 program is also being used, the veteran must qualify as a first-time homebuyer.

When reserving a CalHFA first mortgage loan using this exemption, the lender must determine that the borrower is a veteran. When the loan is submitted to CalHFA for Conditional Approval, a copy of the veteran's DD214 must be included to verify veteran status.

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:
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