



Homeownership Program Bulletin

March 21, 2008

Program Bulletin #2008-10

To: CalHFA Approved Lenders

Revisions to the Following CalHFA Subordinate Financing Programs

CalHFA is committed to helping provide affordable housing to all qualified low and moderate income, first-time homebuyers throughout California. Today's announcement of the changes in the maximum Loan-to-Value (LTV) and maximum Combined-Loan-to-Value (CLTV) limits for all CalHFA loans, including conventional and government insured/guaranteed loans (see Program Bulletin #2008-09) makes it necessary to modify the requirements on subordinate financing provided by CalHFA under the High Cost Area Home Purchase Assistance Program (HiCAP), the CalHFA Housing Assistance Program (CHAP) and the California Homebuyer's Down Payment Assistance Program (CHDAP). On all loan reservations made on and after March 25, 2008, the following changes are in effect:

New Requirements to HiCAP

- The maximum HiCAP loan amount has been changed from \$7,500 to four percent (4%) of the lesser of the sales price or appraised value
- Cannot be combined with CHAP second loan
- Cannot be used in conjunction with an FHA-insured first mortgage loan
- Under no circumstances can the CLTV exceed 102% when utilizing any combination of CalHFA's conventional first mortgage loan and subordinate loan products or approved programs

Existing Requirements to HiCAP

- Can be used in conjunction with a CalHFA conventional first mortgage loan only (e.g. *interest only* PLUSSM, 30-Year Fixed, 40-Year Fixed)
- Can only be used for down payment assistance and not for closing costs
- Must record in second lien position
- Properties must be located in a HiCAP designated area (a list of these areas can be found at <http://www.calhfa.ca.gov/homeownership/programs/hicap.htm>)
- Can be used in conjunction with a California Homebuyer's Downpayment Assistance Program (CHDAP) subordinate loan, an Extra Credit Teacher Program (ECTP) subordinate loan, or a CalHFA-approved program under the Affordable Housing Partnership Program (AHPP)

New Requirements to CHAP

- The maximum loan amount for CHAP has been changed from three percent (3%) to two percent (2%) of the lesser of the sales price or appraised value
- Properties must be located in a CHAP designated area (a list of these areas can be found at <http://www.calhfa.ca.gov/homeownership/programs/chap.htm>)
- Cannot be combined with a HiCAP second loan
- Can be used in conjunction with a CalHFA conventional first mortgage loan (e.g. *interest only* PLUSSM, 30-Year Fixed, 40-Year Fixed)
- Under no circumstances can the CLTV exceed 102% when utilizing any combination of CalHFA's conventional or government insured/guaranteed loans and subordinate loan products or approved programs

Existing Requirements to CHAP

- Can be used in conjunction with an FHA-insured first mortgage loan
- Can only be used for down payment assistance and not for closing costs
- Can be used in conjunction with a California Homebuyer's Downpayment Assistance Program (CHDAP) subordinate loan, an Extra Credit Teacher Program (ECTP) subordinate loan, or a CalHFA-approved program under the Affordable Housing Partnership Program (AHPP)

New Requirements to CHDAP

- Under no circumstances can the CLTV exceed 102% when utilizing any combination of a CalHFA conventional or government insured/guaranteed loans and subordinate loan products or approved programs

Existing Requirements to CHDAP

- CHDAP can continue to be used in conjunction with a CalHFA or non-CalHFA conventional or government insured/guaranteed loans on a statewide basis
- The CHDAP loan amount cannot exceed three percent (3%) of the lesser of the sales price or appraised value and can record in any lien position
- CHDAP can be used for down payment or closing cost assistance

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

Unless otherwise directed, please send all loan files and documents to:
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