



Homeownership Program Bulletin

June 8, 2009

Program Bulletin #2009-20

To: CalHFA Approved Lenders

Cal30 Conventional Loan Program Effective Immediately

CalHFA is pleased to announce the Cal30 Conventional Loan Program (Cal30 Conventional) effective for loan reservations made on or after June 8, 2009. Cal30 Conventional uses Fannie Mae's MyCommunityMortgage[®] (MCM[®]) with allowable variances to CalHFA.

CalHFA will use Bank of America, N.A. as the master servicer to facilitate Cal30 Conventional loans. The master servicer will purchase Cal30 Conventional loans directly from originating lenders. Bank of America, N.A. has committed to purchasing loans on a daily basis ensuring timely payment of first mortgage loan proceeds and service release premiums to lenders.

Cal30 Conventional Loan Parameters

- Conventional 30-year amortized, fixed rate loan;
- Maximum loan amount cannot exceed Fannie Mae conforming loan limits;
- Fannie Mae high-balance loan limits are not available;
- Maximum sales price of the home must be within CalHFA sales price limits for the county in which the property is located;
- Maximum Loan-to-Value (LTV) is 95%; Maximum Combined Loan-to-Value (CLTV) is 102% (both LTV/CLTV subject to mortgage insurance availability);
- Borrower(s) income cannot exceed the Cal30 income limits established for the county in which the property is located;
- CalHFA will now accept outside private mortgage insurance (MI) coverage Commitments/Certificates of Insurance from any mortgage insurer that is both Fannie Mae and Bank of America, N.A. approved (CalHFA Mortgage Insurance is not currently available with the Cal30 Conventional Loan Program);
- All Cal30 Conventional loans must meet the requirements and guidelines of Fannie Mae's MCM, CalHFA's program and Tax Act compliance, the private mortgage insurer, if applicable, and Bank of America, N.A.;
- Only the most current version of Fannie Mae's MCM option in Desktop Underwriter[®] (DU[®]) with an Approve/Eligible recommendation is acceptable;
- Manual underwriting is acceptable with a minimum credit score of 640 and maximum Debt-to-Income (DTI) ratio is 45%;

- Cal30 Conventional loans with CalHFA subordinate financing must meet CalHFA's Conventional Loan Underwriting Guidelines;
- Existing single family, one-unit residences including condominiums/PUDs are acceptable;
- Borrower may not own any other residential property at the time of closing;
- Manufactured homes are not allowed;
- Leaseholds and Land Trusts are not allowed;
- All lenders currently approved by Fannie Mae, CalHFA and Bank of America, N.A. are eligible to submit Cal30 Conventional loans. To seek Bank of America, N.A. approval to submit Cal30 loans for purchase, call Kristi Descher at 800.669.6065 extension 8160;
- Servicing of all Cal30 Conventional loans must be released to Bank of America, N.A.;
- Homebuyer education counseling is required for each borrower using this program, with or without subordinate financing.

Allowable Subordinate Financing

- CalHFA subordinate loan(s) will be credit underwritten by CalHFA Credit Underwriters to CalHFA Conventional Loan Underwriting Guidelines;
- CalHFA's California Homebuyer's Downpayment Assistance Program (CHDAP) subordinate loan program (when available) may be used;
- Affordable Housing Partnership Program (AHPP) financing may be used provided the program(s) have been previously approved by CalHFA and Bank of America, N.A. and meets Fannie Mae criteria (see AHPP list for "CalHFA MBS Program Eligible");
- CalHFA's School Facility Fee Down Payment Assistance Program (SFF) (when available) may be used provided that the amount of SFF conditional grant is disclosed and included in the CLTV.

Interest Rates

CalHFA will no longer announce interest rates by Program Bulletin. Interest rates for the Cal30 Conventional will be made available on the CalHFA web site. For rate lock purposes, posted Cal30 interest rates are in effect from 8:00 a.m. through 4:00 p.m., PT, Monday through Friday, excluding State recognized holidays. Interest rates are subject to change without notice.

Reservations, Loan Submission Package and Rate Locking

- Cal30 Conventional reservations, including new construction, will be effective for a maximum of ninety (90) days;
- Reservations will be accepted from 6:00 a.m. to 11:59 p.m. PT, seven days a week through CalHFA's Lender Access System (LAS) (Rate lock times are shown below);
- At the time a loan is reserved, the program guidelines and requirements are established, and the interest rate is floating;
- Because the interest rate is floating, lenders should submit loan packages at the highest qualifying rate to avoid delays at time of Conditional Approval or rate lock;
- On loans requiring private MI, a private MI Commitment/Certificate of Insurance at the highest insurable interest rate must be included in the loan submission package;
- All loans must be Conditionally Approved by CalHFA compliance review prior to locking the interest rate;
- Lenders may request rate locks after issuance of Conditional Approval by CalHFA and prior to reservation expiration;
- Loans can only be locked at a rate that is less than or equal to the interest rate shown on the private MI Commitment/Certificate of Insurance and lender's credit approval;

- Rate Lock Requests will be accepted between the hours of 8:00 a.m. and 4:00 p.m., PT, Monday through Friday excluding State recognized holidays;
- To lock a rate, lenders must complete and submit a Rate Lock Request, via the interest rate table on CalHFA's web site;
- Rate locks will not be accepted by CalHFA if received via either fax or telephone;
- Cal30 Conventional loan interest rates will be locked for the lesser of sixty (60) days from the rate lock date or the remainder of the ninety (90) day reservation period;
- CalHFA subordinate loan(s) (when available) will be locked at reservation for a period of up to ninety (90) days;
- When a Cal30 Conventional loan is combined with a CalHFA subordinate loan, the expiration of both loans will be the lesser of sixty (60) days from the rate lock date of the Cal30 loan, or the remainder of the ninety (90) day reservation period;
- Cal30 Conventional loans must be funded, delivered and purchased by Bank of America, N.A. within the rate lock period, which may be less than sixty (60) days;
- When CalHFA subordinate loans are available and used in conjunction with Cal30 Conventional, those subordinate loans must be delivered to and purchased by CalHFA within the rate lock period, which may be less than sixty (60) days;
- Reservations may be cancelled at any time prior to rate lock, and re-reserved at the then-current program guidelines and requirements;
- If a reservation is cancelled after rate lock, a new reservation for the same borrower cannot be entered into within thirty (30) days of the cancellation date of the previous reservation;
- Loans suspended or rejected by CalHFA Credit Underwriting or the Homeownership Division that are subsequently cleared for approval will not have the reservation period extended;
- Rate lock extensions are not allowed; no loan will be purchased by Bank of America, N.A. or CalHFA after the rate lock has expired;
- In order to maximize the rate lock period, loans should be submitted within the first thirty (30) days of the reservation period;
- Lenders should factor in processing/underwriting time frames for CalHFA compliance and credit underwriting (when applicable) and Bank of America, N.A. when submitting loan files.

Mortgage Insurance

- Private MI is required on Cal30 Conventional loans with an LTV greater than 80.00% and are subject to the requirement(s) of private MI coverage;
- CalHFA will accept private MI Commitments/Certificates of Insurance from any Fannie Mae and Bank of America, N.A. approved mortgage insurer;
- Lenders must follow Fannie Mae's MCM guidelines for private MI coverage.

Fees

- Maximum 1.5% origination fee (or combination of origination fee and discount points);
- Maximum total of \$550 for processing, underwriting, and document preparation fees;
- Bank of America, N.A. funding fee of \$150;
- Bank of America, N.A. funding fee can be paid by the lender, the borrower, or from seller contributions;
- Fannie Mae's current Adverse Market Delivery Charge (AMDC) can be paid by the lender, the borrower, or from seller contributions;
- Fannie Mae's Loan Level Price Adjustment (LLPA) is discounted for this Cal30 Conventional loan and can be paid by the lender, the borrower, or from seller contributions;

- See interest rate table for the current LLPA and AMDC. These fees will not count toward the CalHFA maximum allowable fees;
- Service Release Premium (SRP) will be paid to lender by Bank of America, N.A. at time of loan purchase;
- Lenders will sell Cal30 Conventional loans to Bank of America, N.A. at par pricing.

Service Release Premium

Cal30 Conventional loans must be service released to Bank of America, N.A. The one-time service release premium to lenders is 50 basis points (.50%) paid upon purchase of the loan. Bank of America, N.A. is prepared to purchase loans on a daily basis ensuring rapid payment of both first mortgage loan proceeds and service release premiums to lenders.

Processes and Procedures

- CalHFA will review all loan packages for program and Tax Act compliance;
- CalHFA will credit underwrite all loans with CalHFA subordinate financing;
- When applicable, loan submission package must include a private MI Commitment/Certificate of Insurance at the highest insurable interest rate possible to avoid delays at time of Conditional Approval and rate lock;
- Loans can only be locked at a rate that is less than or equal to the interest rate shown on the private MI Commitment/Certificate of Insurance and lender's credit approval;
- In addition to the current procedure of issuing loan reservation confirmations and Conditional Approval notices, CalHFA will now issue Rate Lock Confirmation notices via fax at the time of rate lock;
- CalHFA's Conditional Approval notice will instruct lenders on submitting purchase packages. Cal30 Conventional loan purchase packages must be sent to:

Bank of America, N.A.
Attn: Bond Department
8501 Fallbrook Avenue
West Hills, CA 91304
MS: CA9-901-03-03

For questions relevant to Bank of America, N.A. policies and procedures, call 800.669.6065 extension 8160 or visit Bank of America, N.A. web site at <http://bankofamerica.com/bondloans> for access to the lender manual;

- Lenders must follow with Bank of America, N.A. delivery requirements;
- CalHFA subordinate loan purchase package submission procedures remain unchanged;
- CalHFA subordinate loans will only be purchased after the Cal30 Conventional loan has been purchased by Bank of America, N.A.

Documentation

Originating CalHFA-approved lenders must use the most current CalHFA Loan Submission Check List found on our web site to submit Cal30 Conventional loans.

Six (6) additional documents are required (as applicable):

- Homebuyer education counseling certificate of completion issued through Fannie Mae or Freddie Mac-identified counseling administration agencies, mortgage insurance companies, or a HUD-approved Housing Counselor. Homebuyer education counseling must be completed face-to-face, by telephone, or online by each applicant;
- Fannie Mae Form 1004D verifying the completion of any required repairs;

- Life of Loan Standard Flood Hazard Determination Certificate;
- Copy of private MI Commitment/Certificate of Insurance;
- The originating lenders must use MERS documents and register the Mortgage Identification Number (MIN #) on the MERS Online System;
- Copy of DD214 if a veteran is seeking the veteran exception to the first-time homebuyer requirement.

All of us at CalHFA thank you for your business and we look forward to continuing to support your affordable housing loan needs. 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

Attachment

Cal30 Income Limits

Cal30 Income Limits

Effective 6/08/2009

County/Persons	<u>1</u>	<u>2</u>	<u>3</u>	<u>4 or more</u>
Alameda	\$75,000	\$85,700	\$96,450	\$107,150
Alpine	\$58,300	\$66,650	\$74,950	\$83,300
Amador	\$57,100	\$65,300	\$73,450	\$81,600
Butte	\$46,850	\$53,550	\$60,250	\$66,950
Calaveras	\$53,000	\$60,550	\$68,150	\$75,700
Colusa	\$46,850	\$53,550	\$60,250	\$66,950
Contra Costa	\$75,000	\$85,700	\$96,450	\$107,150
Del Norte	\$46,850	\$53,550	\$60,250	\$66,950
El Dorado	\$61,150	\$69,900	\$78,600	\$87,350
Fresno	\$46,850	\$53,550	\$60,250	\$66,950
Glenn	\$46,850	\$53,550	\$60,250	\$66,950
Humboldt	\$46,850	\$53,550	\$60,250	\$66,950
Imperial	\$46,850	\$53,550	\$60,250	\$63,140
Inyo	\$50,150	\$57,300	\$64,500	\$71,650
Kern	\$46,850	\$53,550	\$60,250	\$66,950
Kings	\$46,850	\$53,550	\$60,250	\$66,950
Lake	\$46,850	\$53,550	\$60,250	\$66,950
Lassen	\$48,350	\$55,300	\$62,200	\$69,100
Los Angeles	\$52,150	\$59,600	\$67,050	\$74,500
Madera	\$46,850	\$53,550	\$60,250	\$66,950
Marin	\$81,300	\$92,900	\$104,550	\$116,150
Mariposa	\$47,550	\$54,300	\$61,100	\$67,900
Mendocino	\$46,850	\$53,550	\$60,250	\$66,950
Merced	\$46,850	\$53,550	\$60,250	\$66,360
Modoc	\$46,850	\$53,550	\$60,250	\$66,950
Mono	\$56,300	\$64,300	\$72,350	\$80,400
Monterey	\$56,550	\$64,600	\$72,700	\$80,750
Napa	\$68,700	\$78,500	\$88,350	\$98,150
Nevada	\$58,050	\$66,300	\$74,600	\$82,900
Orange	\$72,300	\$82,650	\$91,140	\$91,140
Placer	\$61,150	\$69,900	\$78,600	\$87,350
Plumas	\$51,400	\$58,750	\$66,100	\$73,450
Riverside	\$54,200	\$61,900	\$69,650	\$77,400
Sacramento	\$61,150	\$69,900	\$78,600	\$87,350
San Benito	\$67,550	\$77,200	\$86,850	\$96,500
San Bernardino	\$54,200	\$61,900	\$69,650	\$77,400
San Diego	\$62,950	\$71,900	\$80,900	\$89,900
San Francisco	\$81,300	\$92,900	\$104,550	\$116,150
San Joaquin	\$53,400	\$61,050	\$68,650	\$76,300
San Luis Obispo	\$59,450	\$67,950	\$76,450	\$84,950
San Mateo	\$81,300	\$92,900	\$104,550	\$116,150
Santa Barbara	\$59,150	\$67,600	\$76,050	\$84,500
Santa Clara	\$88,600	\$101,300	\$113,950	\$126,600
Santa Cruz	\$70,400	\$80,450	\$90,500	\$100,550
Shasta	\$46,850	\$53,550	\$60,250	\$66,950
Sierra	\$47,800	\$54,650	\$61,450	\$68,300
Siskiyou	\$46,850	\$53,550	\$60,250	\$66,950
Solano	\$66,700	\$76,250	\$85,750	\$95,300
Sonoma	\$67,400	\$77,000	\$86,650	\$96,250
Stanislaus	\$50,050	\$57,200	\$64,350	\$71,500
Sutter	\$46,850	\$53,550	\$60,250	\$66,950
Tehama	\$46,850	\$53,550	\$60,250	\$66,950
Trinity	\$46,850	\$53,550	\$60,250	\$66,950
Tulare	\$46,850	\$53,550	\$60,250	\$65,660
Tuolumne	\$48,950	\$55,950	\$62,950	\$69,950
Ventura	\$72,300	\$82,650	\$92,950	\$103,300
Yolo	\$60,950	\$69,700	\$78,400	\$87,100
Yuba	\$46,850	\$53,550	\$60,250	\$66,950