



## CalHFA Subordinate Loan Underwriting Guidelines when Combined with Government Insured/Guaranteed and Conventional First Mortgages

NOTE: THIS MATRIX IS INTENDED AS AN OVERVIEW OF CREDIT UNDERWRITING ONLY. THE TERM "UNDERWRITING" SHOULD NOT BE CONFUSED WITH TAX ACT, AND CalHFA PROGRAM AND POLICY COMPLIANCE REVIEW. ALL LOANS SUBMITTED TO CalHFA FOR PURCHASE MUST INCLUDE ALL DOCUMENTS REQUIRED BY CalHFA HOMEOWNERSHIP FOR TAX ACT, AND/OR CalHFA PROGRAM AND POLICY COMPLIANCE REVIEW.

**Contacts:** For credit underwriting questions contact CalHFA Mortgage Insurance Services at 916-322-8936. Program compliance questions should be directed to the CalHFA Homeownership Division at 916-324-8088.

		MANUAL UNDERWRITING	AUTOMATED UNDERWRITING	
This matrix is intended as an overview of credit underwriting only. Detailed underwriting may be found in CalHFA Conventional Loan Underwriting Guidelines. Lenders may submit CalHFA Subordinate loans that have either been manually underwritten or underwritten using Fannie Mae's Desktop Underwriting (DU) at a level of Approved/Eligible or Approved/Ineligible that also conform to CalHFA Conventional Loan Underwriting Guidelines. Expanded Approvals (EA) are not acceptable and will require a manual underwriting. Exceptions to a minimum credit score and/or maximum debt-to-income ratio may be acceptable with strong compensating factors on a case-by-case basis on manually underwritten loans only. Lenders are required to ensure all loans submitted are fully documented and include an acceptable automated underwriting findings report and underwriter's conditions of approval with a signed Approval by the Underwriter. CalHFA Mortgage Insurance credit underwriters will perform a credit underwriting on all first mortgage that are combined with CalHFA Subordinate loans in accordance with CalHFA Conventional Loan Underwriting Guidelines regardless of the of first loan type or underwriting method.				
ELIGIBILITY	Borrower Eligibility	First-time homebuyer, income limits, sales price limits, meet CalHFA conventional loan underwriting guidelines regardless of first loan type Refer to the Homeownership section of CalHFA's web site at <a href="http://www.calhfa.ca.gov">www.calhfa.ca.gov</a>		
	Programs	CHDAP may be combined with a CalHFA or non-CalHFA Conventional or Government fixed rate first mortgage loan		
	Loan Purpose	Purchase transactions only		
	Occupancy Type	Owner-occupied primary residence only		
	LTV & CLTV Limits	Maximum underlying first loan LTV according to insurer/guarantor requirements. Maximum CLTV - 102% (90% Maximum LTV/CLTV on Manufactured Housing). Note: When CalHFA subordinate loans are combined with FHA, VA or USDA first loans, the financed upfront MIP or guarantee fee is included with the base loan amount and other subordinate loans in calculating the CLTV.		
	Minimum Contribution Homebuyer Education	3% borrower minimum cash contribution from borrower's own funds toward down payment. Must be seasoned and sourced. Required		
CREDIT	Minimum Credit Score	> 90% LTV: 680 with <=45% DTI <= 90% LTV: 640 with <=45% DTI	Regardless of AU findings: > 95% LTV: 720 with 51 to 55% DTI; 700 with 46 to 50% DTI; 680 with <= 45% DTI 90.01 to 95% LTV: 700 with 51 to 55% DTI; 680 with <= 50% DTI <= 90% LTV: 640 with <= 55% DTI	
	Alternative Credit	Permitted. Minimum of four sources with a 12 month satisfactory payment record. One of the sources must be a 12 month Verification of Rent		
	BK (CH. 7 & 13) / Foreclosure	Minimum three years since discharge date / foreclosure sale and evidence of reestablished credit		
	Collections	If individual account balance is less than \$250, or the total of all such accounts is \$1000 or less, CalHFA does not require that such accounts be paid off at or prior to closing	Determined by automated approval	
	Deferred Student Loans	Even though deferred, the actual payment amount must be included in total debt ratio calculation		
RATIOS & INCOME	Total Debt Ratio (TDR)	> 90% LTV: 680 with <=45% DTI <= 90% LTV: 640 with <=45% DTI	Regardless of AU findings: > 95% LTV: 720 with 51 to 55% DTI; 700 with 46 to 50% DTI; 680 with <= 45% DTI 90.01 to 95% LTV: 700 with 51 to 55% DTI; 680 with <= 50% DTI <= 90% LTV: 640 with <= 55% DTI	
	Temporary Buydowns	Temporary buydowns allowed on fixed rate first mortgages only LTV > 95% qualify at the note rate LTV <= 95% qualify at buydown + 1%	Determined by automated approval	
	Non-Occupying Co-Signer	Permitted with CLTV <= 90%. Occupant borrower(s) total debt ratio max 55%, combined max 45% and 10% down must be from borrowers own funds		
	Boarder Income	Not Permitted		
	PT / OT / 2nd Job / Bonus Income	Permitted with a minimum 12 month history	Determined by automated approval	
PROPERTY	Eligible Property Types	Single Family (no in-law units/granny units), five acre maximum Condominiums must meet FNMA Condominium Project Approval Requirements Manufactured Housing - limited to 90% LTV/CLTV with 10% down payment from borrower's own funds		
	Appraisals	One of the following appraisal forms is required: Uniform Residential Appraisal Report (URAR) Fannie Mae/Freddie Mac form 1004 (Single Family/PUD) Form 1004C (Manufactured Home Appraisal Report) Form 1073 (Individual Condominium Unit Appraisal Report)		
FUNDS TO CLOSE	Minimum Down Payment	Minimum down payment required in accordance with the first loan type. Approved DAPs may be used for additional down payment once the 3% down from borrower's own funds has been met. Manufactured home loans require 10% from borrower's own funds.		
	Cash Reserves	1 month	Determined by automated approval	
	Gift Funds	Permitted. No Maximum. May be used to supplement cash reserves, or additional down payment once the 3% down from borrower's own funds has been met. Must be documented in accordance with Fannie Mae requirements		
	Seller Contributions	Contributions by any interested party towards recurring and/or non-recurring closing costs are limited to: 3% of the purchase price if the first loan's LTV is > 90% 6% if the first loan's LTV is <=90% Any contribution exceeding these limits requires a downward adjustment to the sales price to reflect the amount that exceeds the limits		
MI	Mortgage Insurance Rates	Not Required on CalHFA Subordinate Loans		