This handbook is valid for loans rate locked on or before 10/31/16

CALIFORNIA HOUSING FINANCE AGENCY

CalPLUS℠ FHA Loan Program

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Program Summary

The CalPLUS℠ FHA loan program is a fully amortized thirty 30-year fixed interest rate FHA-insured first mortgage. This loan is combined with the CalHFA Zero Interest Program (ZIP) for down payment and/or closing cost assistance.

The FHA ZIP second loan is only available with CalPLUS and is a silent second loan for either 3.5% or 4.50% of the CalHFA FHA total first mortgage loan amount, including Up Front Mortgage Insurance Premium (UFMIP). The interest rate is zero percent (0.00%) and the payment(s) are deferred for the life of the first mortgage or until the property is transferred or the first mortgage loan is refinanced.

The CalPLUS loan is not subject to Recapture Tax.

Eligibility

Borrower Requirements

Each borrower must

- Be a U.S. citizen, permanent resident alien or qualified alien
- Meet the credit, income and loan requirements detailed in this program handbook, as well as CalHFA Lender Manual, FHA, the CalHFA-approved lender, and CalHFA's master servicer's requirements.

Eligible Homebuyers

This program is available for both first-time and non-first-time homebuyers

Homebuyer Education

Homebuyer Education is required for one occupying first-time homebuyer. Homebuyer Education is not required for non-first-time homebuyer(s).

- Online Homebuyer Education through eHome™
- Face-to-Face Homebuyer Education through NeighborWorks America or through one of the HUD approved Housing Counseling Agencies

Current Homeownership Requirement

At the time of loan closing, no borrowers may have an ownership interest in any residential dwelling (a manufactured home regardless of the type of property ownership, is considered a residential dwelling for this purpose).

Ownership in a timeshare is acceptable.

Exception

The current homeownership requirement is waived when the borrower(s) meets CalHFA's definition of a first-time homebuyer:

FIRST-TIME HOMEBUYERS DEFINITION

All borrowers, including co-borrowers, must reside in the home and meet the definition of a first-time homebuyer. For CalHFA purposes, a first-time homebuyer is defined as a borrower who has not had an ownership interest in any principal residence during the previous three years.

(*continued on next page*)

Eligibility (cont.)

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Owner Occupancy

- All borrowers must occupy the property as their primary residence within sixty (60) days of closing
- Non-occupant co-borrowers are not allowed
- Non-occupant co-signers are allowed per FHA guidelines
- Non-occupant co-signers:
  - must not occupy the property
  - must not be on title or have a vested interest in the property
  - must sign all loan documents except the security instrument(s)
  - will have their income, assets, liabilities and credit histories considered by underwriters

Property Requirements

- Sales price of the home cannot exceed CalHFA's sales price limits established for the county in which the property is located.
- Property must be a single-family, one-unit residence, including FHA-approved condominium/PUDs. It is the responsibility of the lender and not the master servicer to meet these guidelines
- Manufactured homes are permitted with the following parameters:
  - Minimum credit score: 700
  - Maximum LTV/CLTV: 90.00%
  - Maximum loan term: 20 years
  - Maximum age of property: 25 years
  - Manual Underwriting is not permitted on manufactured homes
  - All manufactured homes must meet FHA requirements

Additional Property Guidelines

- Guest houses, "granny" units, and "in-law" quarters are eligible
  - Must be zoned for Single Family Occupancy
  - Cannot be zoned for 2-4 units
  - Must meet investor guidelines and city/county zoning ordinances
  - May not be income-producing; shall be for personal use only
- Leaseholds/Land Trusts and Co-ops are not permitted
- Non-permitted additions/alterations must follow FHA guidelines
- Lot size cannot exceed five (5) acres maximum
- Properties must meet the requirements of FHA and the California Health and Safety Code
- When re-negotiated purchase agreements result in a higher sales price due to a higher appraised value after the original appraisal date, the LTV/CLTV is based off of the lower original purchase price unless:
  - Amended purchase agreement for new construction property is obtained due to improvements

(*continued on next page*)

Eligibility (cont.)

- Re-negotiation of only seller-paid closing cost when seller-paid closing cost is common and customary of the market and supported by the comparables.
  - See Lakeview Correspondent Lending website for details

- Defects and/or repair conditions identified by the appraiser on the appraisal report must be corrected prior to purchase by Lakeview Loan Servicing
  - All units must be complete with respect to construction or repairs and ready to occupy
  - Escrow Holdbacks must be released prior to purchase

Property Flipping

- Follow FHA first-mortgage underwriting guidelines

CalHFA requires a copy of all appraisals as required by FHA.

When multiple appraisals are required, CalHFA will base the subordinate loan amount(s) on the lesser of the sales price or lowest appraised value.

Lender Eligibility Requirements

To be eligible for this program lenders must be approved by:

- CalHFA
- FHA
- Lakeview Loan Servicing (LLS), CalHFA's master servicer. To seek LLS approval contact the the Counterparty Risk Management team at CRM@Lakeviewloanservicing.com

Broker Eligibility Requirements

Mortgage brokers can find a list of participating CalHFA-approved wholesale lenders on CalHFA's mortgage broker webpage

Underwriting & Compliance

Transaction type

Purchase transactions only

Term

Up to 30 years

FHA's Section of the Act

CalHFA will accept the following FHA Section of the Act mortgage types:

203(b) Home Mortgage Insurance

LTV and CLTV

Loan-to-Value (LTV) to follow FHA first mortgage underwriting guidelines

Combined Loan-to-Value (CLTV) cannot exceed 105.00%

Additional CalHFA subordinate loan(s) and grants may also be eligible to be layered with the CalPLUS FHA loan.

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Underwriting & Compliance (cont.)

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CalHFA Zero Interest Program (ZIP)

CalHFA FHA Zero Interest Program (ZIP) can only be used with the CalPLUS FHA loan for down payment and/or closing cost assistance. Cash back to the borrower from this loan is prohibited. Credit underwriting guidelines and details are inclusive within this program handbook.

- Interest rate: 0.00%
- ZIP is for both first-time homebuyers and non-first-time homebuyers
- The maximum ZIP loan amount options are based on daily rate sheet pricing
  - Either 3.5% or 4.5% of the CalPLUS FHA first mortgage loan amount (including financed UFMIP)

    Example: $200,000 total loan amount = $7,000 3.5% ZIP

    Example: $200,000 total loan amount = $9,000 4.5% ZIP
- Term matches the term of the first mortgage. Payments on the ZIP are deferred for the life of the CalPLUS FHA first mortgage
- The ZIP must be in second position or may be in third position when combined with the MyHome Assistance Program only
- Repayment of the principal on the FHA ZIP shall be due and payable at the earliest of the following events:
  - Transfer of title
  - Sale of the property*
  - Payoff or refinance** of the CalPLUS FHA first mortgage
  - Formal filing and recording of a Notice of Default (unless rescinded)

*ZIP loans behind a CalPLUS FHA first mortgage may be assumed or paid off when the first mortgage is assumed

**Unless the ZIP is subordinated

Maximum Loan Amount

The maximum loan amount (excluding UFMIP) cannot exceed FHA loan limits for the county in which the property is located.

FHA High Balance Loan Limits

All loans with a base loan amount exceeding $417,000 will be subject to an additional fee. See CalHFA rate sheet for applicable fees.

All FHA High Balance Loan fees will be net funded at the time of first mortgage purchase by the master servicer.

Maximum Sales Price Limits

The Sales Price of the home cannot exceed CalHFA Sales Price Limits for the county in which the property is located.

Income & Sales Price Limits

The following reference materials disclose income and sales price limits by county:

1. CalHFA Income Limits
2. Sales Price Limits

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Underwriting & Compliance (cont.)

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Income Requirements

Lenders are required to calculate income to qualify borrower(s) for loan approval using FHA guidelines; in addition, CalHFA will review the borrower's income pursuant to program compliance.

Qualifying Income vs. Program Compliance Income

Qualifying income is the income used by the lender to determine that the borrowers have the ability to meet their monthly obligation. Lender will continue to adhere to the guidelines of their internal underwriting guidelines, mortgage insurer, master servicer and this program handbook. This income may differ from the income used by CalHFA for program compliance purposes. All sources of income must be used to determine program compliance income limits.

Maximum Program Compliance Income Limits

The income of all borrowers cannot exceed the published CalHFA income limits detailed in this program handbook established for the county in which the property is located.

CalHFA will calculate family income for CalPLUS FHA loan eligibility. "Family income" is defined as the annualized gross income of a mortgagor, and any other person who is expected to:

1. be liable on the mortgage
2. be vested on title; **and**
3. live in the residence being financed

Due to federal regulations, CalHFA is required to compile all information regarding borrower's income.

Family income includes:

- Gross pay
- Overtime
- Bonuses
- Commissions
- Part-time employment
- Dividends
- Interest
- Annuities
- Deferred income
- Welfare payments
- Disability payments
- Alimony
- Social security benefits
- Child support payments
- Veterans Administration (VA) compensation
- Pensions
- Human assistance/ services
- Gross rental or leased income
- Unemployment compensation
- Any regularly occurring additional income
- Sick pay
- Income received from Trust or Business & Investments from all sources (both taxable and non-taxable) including but not limited to earnings

Family income excludes:

- Gifts – casual, sporadic or irregular
- Lump sum additions to household assets, such as inheritances, insurance settlement, capital gains, student financial assistance, settlements for personal or property losses
- Education scholarships paid directly to the student

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Underwriting & Compliance (cont.)

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- Foster child care payments, adoption assistance payments if not used to credit qualify for the loan
- Income from household members not on title or the loan
- Food stamps

Verification of employment and other supporting documentation regarding income such as paycheck stubs should be no more than sixty (60) days old at the time of submission to the Agency for loan approval.

For more detailed information see Lender Program Manual

Qualifying Ratios

The maximum total Debt-to-Income (DTI) ratio cannot exceed 45.00% for automated underwriting or 43.00% for manual underwriting.

Minimum Credit Score

- Credit Score 640
  - Manually Underwritten loans: 660
  - Manufactured Housing: 700
- A borrower with no credit score may be eligible as long as an occupant borrower(s)has a credit score that meets the minimum representative credit score requirement
- When all borrowers have a credit score, they must meet the minimum representative credit score requirements. The middle score of the lowest-scoring borrower should be used to determine eligibility
  - If a tri-merged credit report is used, use the middle score
  - If a merged credit report only returns two scores, use the lower score
  - If a merged credit report only returns one score, that score must be used

Automated Underwriting

Acceptable Automated Underwriting Systems:

- Fannie Mae Desktop Underwriter (DU®)
- Freddie Mac Loan Prospector (LP®)

Other customized automated underwriting systems are not acceptable.

Manual Underwriting is allowed with the following parameters:

- Maximum DTI ratio: 43.00%
- Minimum Credit Score: 660
- Must meet FHA requirements

Sales Concessions/Contributions

Concessions/contributions as per FHA guidelines except for the following:

- Payment of condominium fees
- Personal property
- Down payment assistance
- See Lakeview Correspondent Lending website for additional requirements

Miscellaneous Lakeview Loan Servicing Underwriting Guidelines

- Credit Underwriting is the responsibility of the originating lender

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Underwriting & Compliance (cont.)

- Underwriters must consider the income, assets, liabilities and credit histories of co-signers
- Underwriters should:
  - Make sound credit decisions
  - Assure data integrity
  - Include all necessary documents in support of the underwriting decision
- Tax transcripts are required for all years that income is used for credit qualifying
- Verification of Mortgage/Verification of Rents as a stand-alone document is not permitted; 12 months cancelled checks are required if required by AUS
- Non-arm's length transactions must be fully disclosed
- Appraiser must meet all master servicer guidelines, see Lakeview Correspondent Lending website for details
- 2-1 or 1-1 temporary buydowns are permitted as per FHA guidelines
  - Loan must be credit qualified at Note rate

In the case of conflicting guidelines, the lender must follow the more restrictive to meet the credit, income limits, total debt-to-income ratio and loan and property requirements of CalHFA, FHA, the lender or the master servicer.

All loans are subject to audit by both CalHFA and Lakeview Loan Servicing.

Subordinate Financing

CalHFA Subordinate Financing

This program may be layered with the following down payment and/or closing cost assistance options for first-time homebuyers only:

- MyHome Assistance Program
  - May be used for closing cost and/or down payment assistance
  - In the case of conflicting guidelines, the lender must follow the more restrictive
  - Must be recorded in Second Lien Position
  - For full MyHome underwriting guidelines and details see the MyHome Program Handbook
- Extra Credit Teacher Program (ECTP)
  - May be used for down payment assistance and/or closing cost
  - In the case of conflicting guidelines, the lender must follow the more restrictive
  - For full ECTP underwriting guidelines and details see the ECTP Program Handbook

MyHome and ECTP may not be combined.

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Subordinate Financing (cont.)

Non-CalHFA Subordinate

This program may be layered with FHA-approved subordinate programs to be used for closing costs and/or down payment assistance as per individual requirements.

- The locality subordinate loan must meet FHA underwriting guidelines
- The maximum CLTV must meet CalHFA requirements
- In the case of conflicting guidelines, the lender must follow the more restrictive

Other Programs and Assistance

This program may be layered with CalHFA Mortgage Credit Certificate Tax Credit Program (MCC Tax Credit Program) or other Mortgage Credit Certificate (MCC) programs for first-time homebuyers only.

- The MCC credit may be used for credit qualifying purposes as per investor guidelines
- In the case of conflicting guidelines, the lender must follow the more restrictive
- For full CalHFA MCC Tax Credit Program underwriting guidelines and details see MCC Tax Credit Program Handbook, or log onto the MCC Administrator's web site at www.ehousingplus.com

CalHFA Loan Process (Submission, Approval & Purchase)

The lender must upload to CalHFA's MAS a fully approved loan package per CalHFA's Loan Submission Checklist for program policy, compliance review and desktop underwriting validation.

CalHFA will review loan files on a first-come, first-served basis. CalHFA reviewers will notify lenders of each conditional loan approval, suspension and/or rejection via MAS.

Suspended loan files will not be reviewed until **all** suspense items are uploaded to MAS.

Upon receipt of the Conditional Approval, the lender is authorized to close the loan(s). After closing, the lender will upload a closed first mortgage purchase package to CalHFA's master servicer Lakeview Loan Servicing and any CalHFA subordinate loan (i.e. ZIP, MyHome or ECTP) purchase package(s) to CalHFA for purchase.

Lenders must submit applicable ZIP, MyHome or ECTP purchase packages to CalHFA at the same time the first mortgage is submitted to the master servicer to ensure that the purchase of all loans meet the rate lock expiration.

All loans must meet the rate lock expiration date.

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Fees

Service Release Premium (SRP)

- Lenders will earn a 1.00% Service Release Premium to release servicing to Lakeview Loan Servicing (LLS) at time of purchase
- LLS will purchase loans directly from lender on a daily basis

Lender Allowable Fees (Origination & Processing)

- Customary lender origination fees not to exceed the greater of 3% of the loan amount or $3,000
- Other customary third party fees such as credit report fee, appraisal fee, insurance fee or similar settlement or financing cost
- No additional fees are allowed for ZIP
- In all cases the lender must meet federal and California lending laws regarding fees and charges

Master Servicer Fees

- LLS funding fee is $250 per loan
- Tax Service fee to LLS is $75 per loan
- Life of Loan Flood Certificate fee to LLS is $10 per loan
- Funding fees paid by the borrower or seller must be disclosed and documented on the final Closing Disclosure
- Other customary master servicer fees may apply
- LLS will not purchase High Cost Loans
- Lenders should refer to their legal/compliance department on how to disclose fees

Reservations, Rate Locks & Extensions

Interest rates are available on the CalHFA Interest Rate page. Interest rates are subject to change at any time without notice.

Reservations and Rate Locks

- Reservations with a floating rate will be accepted from 6:00 a.m. to 11:59 p.m. Pacific Time, seven days a week
- Rate locks will only be accepted between the hours of 8:00 a.m. to 3:00 p.m. Pacific Time, Monday through Friday, excluding state-recognized holiday, and days that the U.S. financial markets are closed for business. Only lenders with full MAS access may lock the interest rate
- Lenders will have the option to float(90 days for existing/resale properties or 120 days for new construction properties) or lock the interest rate for either sixty (60) days or ninety (90) days for both existing/resale properties and new construction properties
- CalHFA ZIP loans will be reserved and locked at the time the CalPLUS first mortgage is locked. The ZIP will receive the same reservation, lock and purchase periods as the first mortgage

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Reservation & Rate Lock (cont.)

- All CalHFA subordinate loan(s) will receive the same reservation, lock and purchase periods as the CalHFA first mortgage
- Lender should factor in its own processing/underwriting time frames, as well as CalHFA compliance and conditional approval review, and master servicer review for purchase time frames when locking interest rates and submitting loan files
- Lenders may not lock a loan in MAS with an interest rate that is higher than the interest rate reflected on the CalHFA Conditional Approval
- If the current rate is higher than the rate on the CalHFA Conditional Approval, please resubmit all updated loan documents at the higher rate including Approved/Eligible DU® findings, lender-signed HUD 92900-LT, and final underwriting approval for CalHFA re-approval

Delivery Timeframes and Extensions:

- Files should be received by the master servicer by the 45th day for sixty (60) day rate locks or the 75th day for ninety (90) day rate locks, or earlier, to ensure time to clear conditions and purchase prior to rate lock expiration
- CalHFA offers rate lock extensions in 15 day increments up to a maximum of 60 days from the original expiration date
- Under no circumstances will CalHFA extend a rate lock period longer than 120 days for existing properties or 210 days for new construction properties from the original expiration date
- Please see the Rates & Reservation page for full details and FAQs

Basic Home Protection Coverage

Mandatory Home Warranty Insurance Coverage

- CalHFA requires that all first-time homebuyer(s) obtain a one-year home warranty protection policy
  - Non-first-time homebuyers are not required to obtain a home warranty protection policy
- The insurance must cover the following items at a minimum:
  - Water Heater(s)
  - Air Conditioning
  - Heating
  - Oven/Stove/Range
- Home Warranty to be paid through close of escrow
- Home Warranty must be disclosed on Final Settlement Statement or copy of insurance declaration page required
- Exception to Home Warranty:
  - If borrower is purchasing a new construction property from a builder and the builder is providing the home warranty
  - Borrower is not a First Time Homebuyer

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Pre-Closing Loan Submission

Loan Submission Process

A lender makes reservations through CalHFA's Mortgage Access System (MAS). Refer to the Loan Submission Checklist for minimum documentation requirements.

CalHFA FHA loan submission packages are to be sent electronically through MAS.

Forms

The following forms will be needed when submitting a CalPLUS FHA loan to CalHFA:

1. CalHFA Borrower Affidavit
2. Tax Return Affidavit

Post-Closing Loan Delivery & Purchase

All CalHFA First Loans:

- Use the master servicer Loan Purchase Checklist located on the Lakeview Correspondent Lending website to ensure you are submitting a complete and accurate package.
- Notes are to be endorsed to Lakeview Loan Servicing, LLC
- Deed of Trust to be assigned to Lakeview Loan Servicing, LLC
  - Loans are to be registered via Mortgage Electronic Registration Systems (MERS)
  - Register via MERS:
    - Investor: 1010298 Lakeview Loan Servicing
    - Servicer: 1010298 Lakeview Loan Servicing
    - Subservicer: 1000723 LoanCare LLC
- CalPLUS FHA closed loan files are to be sent electronically to the master servicer via the Lakeview Correspondent Lending website within ten (10) business days
- Logon link will be in the top right section of the website
- Loss Payee Clause:

  LoanCare, LLC
  ISAOA/ATIMA
  PO Box 202049
  Florence, SC 29502-2049

All loan deficiencies will be posted on the client facing website which is accessible 24 hours a day

All loans must be program approved and deficiency free before they can be purchased

All CalHFA Subordinate Loan(s):

- All CalHFA subordinate loans must be funded, delivered and purchased by CalHFA concurrently with the first mortgage
- CalHFA subordinate loan purchase packages are to be sent electronically through MAS
  - Use the Loan Purchase Checklist to ensure you are submitting a complete and accurate package.
- Subordinate loan documents are to be drawn in lender's name

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Post-Closing Loan Delivery & Purchase (cont.)

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- Note to be endorsed to CalHFA
- MERS Deed of Trust must be assigned to CalHFA
  - Loans are to be transferred via Mortgage Electronic Registration Systems (MERS)
  - Register via MERS:
    - Investor: 1000645 California Housing Finance Agency
    - Servicer: 1000645 California Housing Finance Agency

- Loss Payee Clause:

  California Housing Finance Agency
  Its successor and/or assigns
  Single Family Servicing – MS 980
  500 Capitol Mall, Suite 400
  Sacramento, CA 95814

ZIP Lien Position:

- The ZIP must be in second position or may be recorded in third lien position behind a MyHome Assistance Program only.

CalHFA MCC Tax Credit Closing Package(s):

- All final Closing Packages for the MCC application and documents should be submitted to the MCC Program Administrator at:

  eHousingPlus
  3050 Universal Boulevard
  Suite 190
  Weston, FL 33331
  954.217.0817

Checklists

Use the Loan Purchase Checklist to ensure you are submitting a complete and accurate package.

Lender must use the following forms:

1. Most current version of standard FHA Fixed Rate Note
2. Most current version of standard FHA Deed of Trust
3. Lender must also use other applicable documents (e.g., PUD Rider, etc.)
4. ZIP (FHA only) Promissory Note
5. ZIP (FHA only) Deed of Trust
6. MSVII - Subordinate

Frequently Asked Questions

This handbook is valid for loans rate locked on or before 10/31/16

What is the CalPLUS FHA Loan Program?

CalPLUS FHA loan program is a fully amortized 30-year fixed interest rate FHA-insured first mortgage. This loan is combined with the CalHFA FHA Zero Interest Program (ZIP) for down payment assistance only.

The FHA ZIP second loan is only available with CalPLUS FHA and is a silent second loan for either 3.5% or 4.5% of the CalPLUS FHA total first mortgage loan amount, including Up Front Mortgage Insurance Premium (UFMIP). The interest rate is zero percent (0.00%) and the payment(s) are deferred for the life of the first mortgage or until the property is transferred or the first mortgage loan is refinanced.

Who can originate CalPLUS FHA?

Lender Eligibility Requirements

To be eligible to participate in this program, lenders must be approved by:

- CalHFA
- FHA
- Lakeview Loan Servicing (LLS), CalHFA's master servicer
- To see LLS approval, contact the Counterparty Risk Management team at CRM@lakeviewloanservicing.com

My borrower(s) wants to sell their current primary residence, are they eligible for the CalPLUS FHA?

Yes, at the time of loan closing, the borrower may not have an ownership interest in any residential dwelling. Evidence must be provided to document that the other property(ies) has been disposed.

My borrower(s) owns a rental property; can they keep the property and still be eligible for the CalPLUS FHA?

Yes, if they meet CalHFA's first-time homebuyer definition.

My borrower is not a first-time homebuyer. How many years' tax returns do I need to submit for the CalPLUS FHA?

One (1) year tax returns are required for a non-first-time homebuyer.

Do I need to make a reservation in the Mortgage Access System (MAS) before submitting a loan file to CalHFA?

Yes. The CalHFA-approved lender must make a reservation in our MAS prior to loan submission.

Does CalPLUS FHA allow additional subordinate financing?

Yes. The MyHome Assistance Program or Extra Credit Teacher Purchase Program (ECTP) and FHA-approved subordinate loan programs may be layered with CalPLUS FHA. In the case of conflicting guidelines, the more restrictive will apply.

What areas of California are eligible for CalPLUS FHA?

CalPLUS FHA is a state-wide program. Properties located anywhere within the State of California may be eligible for the program.

Are there sales price limits on CalPLUS FHA?

Yes. The sales price of the property must be within CalHFA's published sales price limits. These sales price limits can be found on the CalHFA web site.

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FAQ's (cont.)

What is the maximum loan amount for CalPLUS FHA?

The maximum total loan amount (excluding Up Front Mortgage Insurance Premium) cannot exceed FHA loan limits for the county in which the property is located.

All loans with a base loan amount exceeding $417,000 will be subject to an additional fee. See CalHFA rate sheet for applicable fees.

Are condominiums eligible for CalPLUS FHA?

Yes. CalHFA will allow approved condominiums that meet FHA Condominium Project requirements.

Is a manufactured home eligible for CalPLUS FHA?

Yes, manufactured homes are permitted with the following parameters:

- Minimum credit score: 700
- Maximum LTV: 90.00%
- Maximum loan term: 20 years
- Maximum age of property: 25 years
- Manual Underwriting is not permitted

What automated underwriting engines do you allow for CalPLUS FHA?

CalHFA will only accept the most recent version of Fannie Mae's Desktop Underwriter® (DU®) with the FHA Scorecard option or Freddie Mac's Loan Prospector (LP) with the FHA Scorecard option.

What is the minimum credit score requirement for CalPLUS FHA?

CalHFA's minimum credit score is 640 except under the following circumstances:

- Manually Underwritten loans: 660
- Manufactured Housing: 700

Does CalHFA use the lowest credit score to determine the minimum representative credit score for CalPLUS FHA?

No. The middle score of the lowest scoring borrower is used to determine eligibility.

- If a tri-merged credit report is used, use the middle score
- If a merged credit report only returns two scores, use the lower score
- If a merged credit report only returns one score, that score must be used

My borrower only has one credit score, is that okay for CalPLUS FHA?

Yes, one credit score is acceptable with DU Approve/Eligible findings.

Do all of my borrowers need to meet the minimum FICO score requirement for CalPLUS FHA?

Yes, a minimum representative credit score is required for all borrowers that have a credit score.

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FAQ's (cont.)

This handbook is valid for loans rate locked on or before 10/31/16

Can I use a Non-Traditional credit report for CalPLUS FHA?

Yes. Non-traditional credit reports may be eligible for CalPLUS FHA as long as the credit report has been scored and meets the minimum representative credit score.

Is manual underwriting permitted for CalPLUS FHA?

Yes, manual underwriting is allowed with the following parameters:

- Maximum DTI ratio: 43.00%
- Minimum Credit Score: 660

What is the maximum age of credit documents for CalPLUS FHA?

CalHFA will follow FHA guidelines for the age of the credit documents; except all income documents must be sixty (60) days or less at the time of submission to CalHFA.

What is the maximum LTV/CLTV for CalPLUS FHA?

The maximum LTV is per FHA guidelines. The maximum CLTV is 105%.

The ZIP is for either 3.5% or 4.5% of the total first loan amount. Does the total loan amount include UFMIP?

Yes. The ZIP loan amount is calculated on the loan amount of the first mortgage + UFMIP.

Can I use the ZIP for closing cost?

Yes. ZIP may be used for down payment and/or closing cost.

Does the borrower have to have a cash down payment for the CalPLUS FHA?

No, CalHFA does not require a minimum borrower investment from the borrower. Please follow FHA guidelines.

What fees and related charges are allowed for CalPLUS FHA?

CalHFA allows:

- Customary origination fees not to exceed a the greater of 3% of the loan amount or $3,000
- Other customary fees such as credit report fee, appraisal fee, insurance fee or similar settlement or financing cost. No additional fees are allowed for ZIP
- $250 funding fee (payable to CalHFA's master servicer)
- $75 tax service fee (payable to CalHFA's master servicer)
- $10 Life of Loan Flood Certificate fee (payable to CalHFA's master servicer)
- In all cases the lender must meet federal and California lending laws regarding fees and charges

Does CalPLUS FHA require the borrower to be a first-time homebuyer?

No. This program is open to both first-time and non-first-time homebuyers.

Does the Federal Recapture Tax apply to CalPLUS?

No. Federal Recapture Tax does not apply to this program.

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FAQ's (cont.)

Is homebuyer education required for CalPLUS FHA?

Homebuyer Education is required for one occupying first-time homebuyer.

Homebuyer Education is not required for non-first-time homebuyer(s).

- Online Homebuyer Education through eHome™
- Face-to-Face Homebuyer Education through NeighborWorks America or through one of the HUD approved Housing Counseling Agencies

Is a temporary buydown available for CalPLUS FHA?

Yes. 2-1 or 1-1 temporary buydowns are allowed on CalPLUS.

- Follow the master servicer guidelines
- The borrower must qualify at the Note rate.

Will co-signers be allowed for CalPLUS FHA?

Yes. Per FHA guidelines. The lender will consider the co-signer's income, assets, liabilities and credit history in determining creditworthiness.

Will non-occupying co-borrowers be allowed for CalPLUS FHA?

No. Non-occupying co-borrowers are not permitted.

Is there a re-lock fee for the CalPLUS FHA?

There is no re-lock fee. If the rate lock expires or the loan is cancelled, it can only be re-reserved and locked after a sixty (60) day waiting period, subject to guidelines in effect at that time.

I had to cancel a CalPLUS FHA reservation after Conditional Approval. The 60 days has now passed and I have re-reserved the loan. Do I need to submit a new file to CalHFA?

Yes. The lender must submit a new file to CalHFA with current documentation. Every file that has a new reservation number must have its own file and go through the approval process.

When will I be able to lock my interest rate for CalPLUS FHA?

CalPLUS has two locking options. The rate can be locked at reservation or at any time during the reservation period if the float-to-lock option is chosen. All lenders must have full MAS access to lock the interest rate.

I have chosen the float option for CalPLUS FHA, and my loan has already been conditionally approved by CalHFA, but the rate has increased since approval. Do I need to have my loan re-underwritten?

Yes. Lenders may not lock a loan in MAS with an interest rate that is higher than the interest rate reflected on the CalHFA Conditional Approval.

What is the rate lock period for the CalPLUS FHA?

The lenders will have the option of locking the interest rate for either sixty (60) days or ninety (90) days for both existing/resale properties and new construction properties.

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FAQ's (cont.)

I cannot close my loan in time. Can I get a rate lock extension?

All rate lock extensions must be requested through CalHFA's Secondary Marketing Unit via email (ratelocks@calhfa.ca.gov) prior to the expiration of the current rate lock. Rate lock extension fees are posted on the Rates & Reservation page of the CalHFA website.

Can my borrower pay for the cost of the rate lock extension of the CalPLUS FHA?

Yes. The borrower(s) or seller(s) may be charged with the cost of the extension fee for the first mortgage, however you must follow TRID fee requirements. At the time of purchase by CalHFA's master servicer, the rate lock extension fee(s) are to be net funded from the lender's proceeds. Late fees on subordinate loans may not be charged to the borrower(s) and will be net funded at the time of purchase by CalHFA.

What if the borrower changes properties? Can I cancel the existing reservation and re-reserve the CalPLUS FHA?

Yes, reservations are borrower, property and lender specific. If the borrower changes properties, the existing reservation must be cancelled before a new reservation is made. The underwriting and program guidelines in effect at the time of the re-reservation will apply.

My borrower had a loan reservation with another lender, but now they want to go through me. Can I reserve for the CalPLUS FHA?

If the rate was not locked on the other lender's reservation, the new lender may reserve the loan once the previous reservation is cancelled by the original lender. If the rate was locked by CalHFA, the new lender may reserve the loan after the sixty (60) day wait period from the original rate lock expiration.

Does CalPLUS FHA need to be delivered to the master servicer by the rate expiration date?

No. The loan must be delivered and purchased by the master servicer prior to the rate lock expiration date. CalHFA suggests loan delivery by the 45th day for sixty (60) day rate locks or the 75th day for ninety (90) day rate locks, or earlier to ensure time to clear conditions and purchase prior to expiration date.

How often does the master servicer purchase for CalPLUS FHA?

The master servicer will purchase approved loans on a daily basis.

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FAQ's (cont.)

Sale Tools And Marketing Materials

1. FHA Program Matrix
2. Scenario Calculator
3. Loan Submission, Review and Purchase Flow Chart for FHA
4. CalPLUS w/ZIP Flyer
5. CalPLUS w/ZIP Fillable Flyer
6. CalPLUS w/ZIP Spanish Flyer
7. CalPLUS w/ZIP Spanish Fillable Flyer
8. Lending Heroes Flyer
9. Lending Heroes Fillable Flyer
10. Lending Heroes Spanish Flyer
11. Lending Heroes Spanish Fillable Flyer
12. Lending Heroes Korean Flyer
13. 5 Easy Steps to Buying Your First Home Flyer
14. 5 Easy Steps to Buying Your First Home Spanish Flyer
15. CalHFA and Listing Agents: a Great Team! Flyer

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