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

CALIFORNIA HOUSING FINANCE AGENCY

CalPLUS℠ Conventional Loan Program

LAST REVISED: SEPTEMBER 2016

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Program Summary

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

The Conventional ZIP second loan is only available with CalPLUS and is a silent second loan for either 3.00% or 4.00% of the first mortgage loan amount. 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, Fthe CalHFA-approved lender, the mortgage insurer 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 borrower may have an ownership interest in any residential dwelling per Fannie Mae Guidelines (a manufactured home, regardless of the type of property ownership, is considered a residential dwelling for this purpose).

Ownership in a timeshare is acceptable.

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 not allowed

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 condominium/PUDs which are Fannie Mae eligible and meet CalHFA's

(*continued on next page*)

Eligibility (cont.)

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master servicer, Lakeview Loan Servicing's (LLS) guidelines. It is the responsibility of the lender and not the master servicer to meet these guidelines.

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
- Manufactured housing is not permitted
- Leaseholds/Land Trusts and Co-ops are not permitted
- Non-permitted additions/alterations must follow Fannie Mae guidelines
- Lot size cannot exceed five (5) acres maximum
- Properties must meet the requirements of Fannie Mae 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
  - 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 the Fannie Mae first-mortgage underwriting guidelines

CalHFA requires a copy of all appraisals as required by Fannie Mae.

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
- Fannie Mae or have access to HFA Preferred™ through a Desktop Originator (DO) sponsorship

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Eligibility (cont.)

- Lakeview Loan Servicing (LLS), CalHFA's master servicer. To seek LLS approval contact the the Counterparty Risk Management team at CRM@Lakeviewloanservicing.com
- Genworth Mortgage Insurance To seek a Genworth Master Policy, you may apply online

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

LTV and CLTV

Loan-to-Value (LTV) cannot exceed 97.00%

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

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

CalHFA Zero Interest Programs (ZIP)

The CalHFA Conventional Zero Interest Program (ZIP) can only be used with the CalPLUS Conventional 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%
- For both first-time homebuyers and non-first-time homebuyers
- The maximum ZIP loan amount options are based on daily rate sheet pricing
  - Either 3.00% or 4.00% of the CalPLUS Conventional first mortgage loan amount

    Example: $200,000 loan amount = $6,000 3% ZIP

    Example: $200,000 loan amount = $8,000 4% ZIP
- Term matches the term of the first mortgage. Payments on the ZIP are deferred for the life of the CalPLUS Conventional first mortgage
- 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 Conventional ZIP shall be due and payable at the earliest of the following events:
  - Transfer of title

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Underwriting & Compliance (cont.)

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- Payoff or refinance* of the CalPLUS Conventional first mortgage
- Formal filing and recording of a Notice of Default (unless rescinded)

*unless the ZIP is subordinated

Maximum Loan Amount

The maximum first mortgage loan amount cannot exceed $417,000.

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

Income Requirements

Lenders are required to calculate income to qualify borrower(s) for loan approval using Fannie Mae 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 established for the county in which the property is located.

CalHFA will calculate family income for CalPLUS Conventional 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 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

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Underwriting & Compliance (cont.)

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- Education scholarships paid directly to the student
- 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

Family income includes:

Gross pay

Overtime

Bonuses

Commissions

Part-time employment

Dividends

Interest

Annuities

Child support payments

Human assistance/ services

Pensions

Disability payments

Alimony

Unemployment compensation

Sick pay

Income received from Trust or Business & Investments from all sources (both taxable and non-taxable) including but not limited to earnings

Veterans Administration (VA) compensation

Gross rental or leased income

Deferred income

Welfare payments

Social security benefits

Any regularly occurring additional income

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% regardless of automated underwriting decision or compensating factors.

Minimum Credit Score

The minimum credit score is 640

- 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 one borrower has no credit score, mortgage insurance will use the lowest possible credit score to determine mortgage insurance rates)
  - Non-traditional credit is not accepted
- When all borrowers have a credit score, they must all meet the minimum representative credit score requirement. 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

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Underwriting & Compliance (cont.)

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Automated Underwriting

Acceptable Automated Underwriting Systems:

- Fannie Mae Desktop Underwriter (DU®) with an Approve/Eligible recommendation
  - › HFA Preferred must be selected in the Community Lender Product Field
    - » CalHFA subordinate loans must be entered as Community Seconds
  - › Freddie Mac Loan Prospector (LP®) and other customized automated underwriting systems are not acceptable
- Manual Underwriting is not permitted

Sales Concessions/Contributions

Concessions/contributions are permitted per Fannie Mae 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
- 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
  - › UCDP submission Summary Reports from both Fannie Mae and Freddie Mac are required. Lakeview Loan Servicing will not purchase any loan that includes the recently added proprietary messages that indicate 100% of the loans submitted with appraisals from an identified appraiser will be reviewed or Fannie Mae will not accept appraisals from an identified appraiser
- 2-1 temporary buydowns are permitted as per Fannie Mae and master servicer guidelines
  - › Loan must be credit qualified at Note rate
- Borrower may not have an ownership interest in any other residential dwelling at the time of loan closing

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Underwriting & Compliance (cont.)

- A manufactured home, regardless of the type of property ownership is considered a residential dwelling for this purpose
- An ownership interest in a timeshare is acceptable

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

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

Mortgage Insurance

- Mortgage insurance is required for all loans that are 80.01% LTV or higher
- Mortgage insurance must be ordered through Genworth Mortgage Insurance Company using their Housing Finance Agency (HFA) MI rates

Mortgage Insurance Options

- Either borrower paid monthly, split premium or single premium mortgage insurance is acceptable
  - Financed mortgage insurance premium must be included in the LTV and CLTV

LTV	Coverage
95.01-97% LTV	18%
90.01-95% LTV	16%
85.01-90% LTV	12%
80.01-85% LTV	6%

Genworth Mortgage Insurance Rates

For information regarding Genworth Mortgage Insurance's current HFA MI rates, please see rate card or Rate Express on the Genworth Mortgage Insurance website.

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 downpayment 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

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Subordinate Financing (cont.)

- For full ECTP underwriting guidelines and details see the ECTP Program Handbook

MyHome and ECTP may not be combined.

Non-CalHFA Subordinate

This program may be layered with a Fannie Mae approved Community Seconds program used for closing costs and/or down payment assistance per individual requirements.

- The locality subordinate loan must meet Fannie Mae Community Seconds 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 website 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

Loan Level Price Adjustment (LLPA)

- There are no LLPAs when using HFA Preferred™

Servicing 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

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Reservation & Rate Lock (cont.)

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- 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
- 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
- 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 HUD-1 or copy of insurance declaration page will be 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

Pre-Closing Loan Submission

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

CalPLUSConventional loan submission packages are to be sent electronically through MAS.

Forms

The following forms will be needed when submitting a CalPLUS Conventional Loan to CalHFA:

1. CalHFA Borrower Affidavit
2. Tax Return Affidavit

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Post-Closing Loan Delivery & Purchase

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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 Conventional 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
  - 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

(*continued on next page*)

Post-Closing Loan Delivery & Purchase (cont.)

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ZIP Lien Position:

The ZIP must be in second position or may be recorded in third 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

Forms

Lender must use the following forms:

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

Frequently Asked Questions

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

What is the CalPLUS Conventional Loan Program?

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

The Conventional ZIP second loan is only available with CalPLUS and is a silent second loan for either 3.00% or 4.00% of the first mortgage loan amount. 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?

Lender Eligibility Requirements

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

- CalHFA
- Fannie Mae or have access to HFA Preferred™ through a Desktop Originator (DO) sponsorship
- Lakeview Loan Servicing (LLS), CalHFA's master servicer. To seek LLS approval contact the the Counterparty Risk Management team at CRM@Lakeviewloanservicing.com
- Genworth Mortgage Insurance To seek a Genworth Master Policy, you may apply online

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

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 Conventional?

No, at the time of loan closing, the borrower may not have an ownership interest in any residential dwelling.

My borrower is not a first-time homebuyer, how many years' tax returns do I need to submit for the CalPLUS Conventional?

One (1) year tax return is 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 LAS prior to loan submission.

Does CalPLUS allow additional subordinate financing?

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

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FAQ's (cont.)

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

What areas of California are eligible for CalPLUS?

CalPLUS 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?

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 website.

What is the maximum loan amount for CalPLUS?

The maximum total first mortgage loan amount cannot exceed $417,000.

Are condominiums eligible for CalPLUS?

Yes.

Is a manufactured home eligible for CalPLUS?

No. CalPLUS Conventional loan program does not permit manufactured housing.

What automated underwriting engines do you allow for CalPLUS?

CalHFA will only accept the most recent version of Fannie Mae's Desktop Underwriter® (DU®) with the HFA Preferred™ option.

What are the minimum credit score requirements for CalPLUS?

The minimum credit score for the CalPLUS Conventional loan program is 640

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

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?

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?

A minimum representative credit score of 640 is required for all borrowers who have a credit score. When the borrower's spouse has no credit score they may be eligible if they obtain Approve/Eligible findings.

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

No, non-traditional credit reports are not eligible for the CalPLUS Conventional.

Is manual underwriting permitted for CalPLUS?

No. Manual underwriting is not permitted.

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FAQ's (cont.)

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

What is the maximum age of credit documents for CalPLUS?

CalHFA will follow Fannie Mae guidelines for the age of the credit documents; however, all income documents must be sixty (60) days old or less at the time of submission to CalHFA.

What is the maximum LTV/CLTV for CalPLUS?

The maximum LTV is 97.00%. The maximum CLTV is 105%.

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?

No, CalHFA does not require a minimum borrower investment from the borrower. Please follow Fannie Mae HOMEReady™ and Genworth Mortgage Insurance guidelines.

What fees and related charges are allowed for CalPLUS?

CalHFA allows:

- 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 the 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 Certification 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 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.

Is homebuyer education required for CalPLUS?

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?

2-1 temporary buydowns are permitted

- Follow the master servicer guidelines
- The borrower must be qualified based on the note rate, considering the borrower's current obligations and other mortgage-related obligations

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FAQ's (cont.)

Will co-signers be allowed for CalPLUS?

No, non-occupant co-signers are not permitted.

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

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

Is there a re-lock fee for the CalPLUS?

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 reservation after Conditional Approval. The sixty (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?

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, 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?

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.

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 CalPLUS rate lock extension?

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.

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

FAQ's (cont.)

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

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 the CalPLUS?

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 the CalPLUS 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?

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

Sale Tools And Marketing Materials

1. Conventional Program Matrix
2. Scenario Calculator
3. Loan Submission, Review and Purchase Flow Chart for Conventional
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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