CALIFORNIA HOUSING FINANCE AGENCY

Extra Credit Teacher Home Purchase Program (ECTP)

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Program Summary

The Extra Credit Teacher Home Purchase Program (ECTP) is a deferred payment, simple interest rate subordinate loan that is combined with a CalHFA first mortgage. Your low to moderate income first-time homebuyer can use this loan for downpayment and/or closing cost assistance. The ECTP loans are available at an amount:

- Not to exceed the greater of $7,500 or 3.50% of the lesser of the sales price or appraised value, or
- Not to exceed the greater of $15,000 or 3.50% of the lesser of the sales price or appraised value in CalHFA-defined high cost areas.

CalHFA allows qualified homebuyers to layer other FHA-approved or Fannie Mae Community Second subordinate loans or grants to maximize affordability (with the exception of MyHome).

Participating Lenders

This program is only available through a CalHFA-approved lender.

Brokers must work through a CalHFA-approved wholesale lender to process your CalHFA loan.

Target Markets

This program is restricted to teachers, administrators, school district employees and staff members working for any California K-12 public school, which includes Charter schools and county/continuation schools. Applicants must also be first-time homebuyers.

Eligible buyers

This program is for first-time homebuyers purchasing an owner-occupied property anywhere in California.

Eligibility

Borrower Requirements

Each borrower must:

- Be a first-time homebuyer
  - Be a U.S. citizen, permanent resident alien or qualified alien
- Meet credit, income and loan requirements of CalHFA's first mortgage loan program, the CalHFA-approved lender and the mortgage insurer/guarantor
- Be currently employed in a California K-12 public school, Charter school, county/continuation school or its school district

Homebuyer Education

Homebuyer education is required. Please refer to CalHFA first mortgage program handbooks for full details.

First-Time Homebuyer Definition

To qualify for the ECTP program, all borrowers, including co-borrowers, must reside in the home and must 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.

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Eligibility (cont.)

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-signors are not allowed on CalHFA Conventional nor CalPLUS Conventional loans
- Non-occupant co-signors are allowed per FHA first mortgage guidelines, but cannot occupy the property, be on title or have a vested interest in the property

Property Requirements

Meet the requirements of the CalHFA first mortgage. Please refer to CalHFA first mortgage program handbook for full details

Income & Sales Price Limits

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

1. Income Limits (w/FHA)
2. Income Limits (w/Conventional)
3. Sales Price Limits

Underwriting & Compliance

Term

The term of ECTP matches the term of the CalHFA first mortgage not to exceed thirty (30) years. Payments on the subordinate loan are deferred for the life of the first loan. ECTP is due and payable when certain events occur. See "Repayment of Subordinate Loan" section.

Maximum Loan Amount

- Amount not to exceed the greater of $7,500 or 3.50% of the lesser of the sales price or appraised value
- Amount not to exceed the greater of $15,000 or 3.50% of the lesser of the sales price or appraised value in CalHFA-defined high cost areas
- When the applicable government insurer/guarantor requires multiple appraisals, CalHFA will base the ECTP loan amount on the lesser of the sales price or lowest appraised value

LTV and CLTV

Loan-to-Value (LTV) to follow the applicable insurer/guarantor investor guidelines and the applicable first mortgage underwriting guidelines

Maximum Combined Loan-to-Value (CLTV) cannot exceed 105%

Income Requirements

Lenders are required to calculate income to qualify borrower(s) for loan approval using investor guidelines. CalHFA will recalculate the borrower's income pursuant to tax compliance guidelines. Watch our training videos for assistance with Income Calculations.

Qualifying Income vs. Tax Compliance Income

Qualifying income is the income used by the lender to determine that the

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Underwriting & Compliance (cont.)

borrower(s) have the ability to meet their monthly obligation. Lender will continue to adhere to the guidelines of their internal underwriting guidelines, mortgage insurer, and this program handbook. This income may differ from the income used by CalHFA for tax compliance purposes. All sources of income must be used to determine program compliance income limits.

Maximum Tax 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 CalHFA ECTP program 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

Underwriting

- Meet the requirements of the CalHFA first mortgage. Please refer to CalHFA first mortgage program handbook for full details
- ECTP may be combined with other down payment and/or closing cost assistance programs with the exception of MyHome Assistance Program

Minimum Credit Score & Qualifying Ratios

Follow the guidelines in the applicable CalHFA first mortgage program handbook for minimum credit score requirements and maximum total Debt-to-Income ratio requirements.

Fees

Lender Allowable Fees (Processing)
Maximum total processing fee of $250

Reservations, Delivery Timeframes & Extensions

Reservations

- Follow the applicable CalHFA first mortgage loan program handbook
- Lender must reserve ECTP with first mortgage using CalHFA Mortgage Access System (MAS) prior to loan submission. Only lenders with full MAS access may lock the interest rate
  - All ECTP loans will have the same rate lock, delivery and expiration date as the CalHFA first mortgage loan
  - 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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Reservations, Delivery Timeframes & Extensions (cont.)

Delivery Timeframes

- Subordinate loan files should be submitted to CalHFA concurrently when submitting loans to the master servicer.
  - It is suggested that files are received 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
- All loans must be approved, closed, delivered and purchased by CalHFA prior to the reservation expiration date

Extensions

- All loans must be approved, closed, delivered and purchased by CalHFA prior to the reservation expiration date
- Lender must request an extension via email (ratelocks@calhfa.ca.gov)from CalHFA's Secondary Marketing Unit prior to expiration of the existing rate lock
- All ECTP loans will automatically be extended when the first mortgage is extended
- Please see the Rates & Reservation page for full details and FAQs

Repayment

Repayment of the principal and interest on the subordinate loan shall be due and payable at the earliest of the following events:

- Transfer of title
- Sale of the property*
- Payoff of the first loan
- Refinance of the first loan, unless the ECTP is resubordinated
- Upon the formal filing and recording of a Notice of Default (unless rescinded)

*ECTP loans behind an FHA first mortgage may be assumed or paid off when the first mortgage is assumed

Loan Submission Forms

Checklist

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.

Subordinate Loan Submission

The following Subordinate Loan Origination forms will be needed for loan submission to CalHFA:

1. Tax Return Affidavit
2. CalHFA Borrower Affidavit (for non-MRB loans)

Post-Closing Loan Delivery & Purchase Procedures

ECTP

- All CalHFA ECTP loans are to be funded, delivered and purchased by CalHFA concurrently with 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
- Loan documents are to be drawn in the 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:

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

ECTP Lien Position:

- The ECTP must be in second lien position

All CalHFA First loans

- 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)
- CalHFA 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

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 Blvd., Ste. 190
  Weston, FL 33331
  954.217.0817

Forms

Checklist

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

Subordinate Post-Closing Loan Delivery & Purchase

The following Subordinate Loan Purchase forms will also be needed for loan submission to CalHFA:

Use when combined with CalHFA FHA, CalPLUS FHA or Cal-EEM

1. ECTP (FHA only) Deed of Trust
2. ECTP (FHA only) Promissory Note

Use when combined with CalHFA Conventional or CalPLUS Conventional first mortgage loan programs

1. ECTP (Conventional only) Deed of Trust
2. ECTP (Conventional only) Promissory Note

Use when combined with all first mortgage programs

1. MSV Part II - Subordinate
2. Allonge to CalHFA (if applicable)
3. Assignment of Deed of Trust to CalHFA
4. Modification of Permanent Deed of Trust (if applicable)
5. MSV Part II - Addendum (Purchase Submittal and Lender Certification)(if applicable)

Questions

Questions regarding the California Homebuyer's Downpayment Assistance Program should be directed to CalHFA-approved lenders or CalHFA's Single Family Lending Division at:

California Housing Finance Agency
Single Family Lending – MS 300
P.O. Box 4034
Sacramento, CA 95812-4034
Phone: 877.9.CalHFA
Email: sflending@calhfa.ca.gov

Sale Tools And Marketing Materials

1. FHA Program Matrix
2. Conventional Program Matrix
3. Scenario Calculator
4. Loan Submission, Review and Purchase Flow Chart for FHA
5. Loan Submission, Review and Purchase Flow Chart for Conventional
6. ECTP Flyer
7. ECTP Fillable Flyer
8. ECTP Spanish Flyer
9. ECTP Spanish Fillable Flyer
10. ECTP 8.5x11 Poster
11. ECTP 8.5x14 Poster
12. ECTP 13x19 Poster
13. Lending Heroes Flyer
14. Lending Heroes Fillable Flyer
15. Lending Heroes Spanish Flyer
16. Lending Heroes Spanish Fillable Flyer
17. Lending Heroes Korean Flyer
18. 5 Easy Steps to Buying Your First Home Flyer
19. 5 Easy Steps to Buying Your First Home Spanish Flyer
20. CalHFA and Listing Agents: a Great Team! Flyer
21. 5 Tips for CalHFA Doc Draw and Closing Flyer