This handbook is valid for loans rate-locked 3/1/19 through 9/4/19

CALIFORNIA HOUSING FINANCE AGENCY

CalHFA Conventional Loan Program

LAST REVISED: MARCH 1, 2019

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Program Summary

The CalHFA Conventional program is a Fannie Mae HFA Preferred™ fully amortized thirty (30) year fixed interest rate first mortgage. This loan may be combined with either the MyHome Assistance Program (MyHome) or the School Teacher and Employee Assistance Program (School Program). When no CalHFA down payment and/or closing cost assistance subordinate loan programs are being used with the CalHFA Conventional first mortgage loan, the first mortgage loan may be eligible for a lower interest rate. See CalHFA Rate Sheet for details.

The CalHFA Conventional loan is not subject to Recapture Tax.

Eligibility

Borrower Requirements

Each borrower must

- Be either a citizen or other National of the United States, or a "Qualified Alien" as defined at 8 U.S.C § 1641
- Meet the credit, income and loan requirements detailed in this program handbook, as well as CalHFA's Lender Manual, Fannie Mae, the 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 counseling 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

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 master servicer, Lakeview Loan Servicing's (LLS) guidelines. It is the responsibility of the lender and not the master servicer to meet these guidelines.
- Properties that meet Fannie Mae's Geographical Census Tract requirements as defined by the Federal Information Processing Standards (FIPS) code may be eligible for a

(*continued on next page*)

Eligibility (cont.)

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lower interest rate. Each FIPS code will identify the income requirement for that property.

- Use Fannie Mae's HomeReady® Lookup tool for eligibility
  - If there is no income limit, the borrower is eligible for the lower rate.
  - If there is an income limit, the borrower's income must be less than the FIPS posted income limit to be eligible for the lower rate.
  - All borrowers must still meet CalHFA's income limits.

Additional Property Guidelines

- Accessory Dwelling Units (ADU), Guest houses, "granny" units, and "in-law" quarters are eligible
  - The property must be defined as a one-unit property
  - Cannot be zoned for 2-4 units- Multiple accessory units are not permitted
  - Must meet investor guidelines and city/county zoning ordinances
  - Per investor guidelines – If rental income from the ADU is used for credit qualifying, CalHFA will also use the gross rental income for the compliance income calculation
- Leasehold Estates
  - Must follow Fannie Mae guidelines
  - Not permitted with Manufactured Homes
  - All Leasehold Estate documentation must be submitted to CalHFA's Master Servicer with purchase package for review and approval
- Community Land Trust (CLT)
  - CLT loans will only be accepted from a California Community Land Trust Network (CA CLTN) approved lender
  - Can be combined with either the MyHome or the School Program
    - MyHome and School Program loan amounts will be based on the leasehold sale price, including any enforceable restrictions on future re-sale prices
  - All CLT documentation must be submitted to CalHFA's Master Servicer with purchase package for review and approval
  - Must follow Fannie Mae guidelines
- Manufactured homes are permitted per Fannie Mae MH Advantage and Fannie Mae Standard MH guidelines with the following parameters:
  - Minimum credit score: 660
  - Singlewide manufactured homes are not eligible
  - Fannie Mae Desktop Underwriter® (DU®) with Approve/Eligible Findings only
  - Leaseholds are not permitted
  - Appraisal for MH Advantage requires picture of MH Advantage Sticker

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Eligibility (cont.)

Fannie Mae MH Advantage	Fannie Mae Standard MH
Max LTV/CLTV: 97%/105%	Max LTV/CLTV: 95%/105%
Desktop Underwriter® (DU®)	
Use with Fannie Mae HFA Preferred™ only	
Select *MH Advantage* in the Subject Property Type field	Select *Manufactured Home* or *Manufactured Home: Condo/PUD/Co-op* in the Subject Property Type field

- 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
- Refer to the Lakeview program matrix for their Disaster Policy
  - See Lakeview Correspondent Lending website for details
- Escrow Holdbacks will be allowed for minor outstanding repairs not completed prior to loan closing
  - The Property must be habitable and safe for occupancy at the time of loan closing
  - Lenders and/or closing agent will be responsible for managing and disbursing holdbacks
  - Lender must deliver loans that were originated in accordance with FHA and Fannie Mae guidelines
    - Please see Lakeview Loan Servicing website for required documents
- 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
- 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

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Underwriting & Compliance

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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 CalHFA Conventional loan.

Maximum Loan Amount

The maximum first mortgage loan amount cannot exceed Fannie Mae loan limits.

Fannie Mae High Balance Loan Limits

All loans with a loan amount exceeding $484,350 up to $726,525 will be subject to an additional fee. See CalHFA rate sheet for applicable fees.

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

Maximum LTV for Fannie Mae High Balance Loan Limits: 95.00%

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. CalHFA will use the lender's credit qualifying income to determine if the loan exceeds the maximum program income limit. Income not used by the lender for credit qualifying will not be used by CalHFA.

MAXIMUM PROGRAM 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.

When multiple CalHFA loan programs are used in combination, the most restrictive income limits will apply.

Qualifying Ratios

The maximum total Debt-to-Income (DTI) ratio cannot exceed 45.00% regardless of automated underwriting decision or compensating factors. A MCC may not be used for credit qualifying purposes.

Minimum Credit Score

The minimum credit score is 640

- Manufactured Housing: 660
- 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 and receives an approve eligible findings

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Underwriting & Compliance (cont.)

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(When one borrower has no credit score, mortgage insurance will use the middle credit score of the borrower with a 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

Automated Underwriting

Acceptable Automated Underwriting Systems (AUS):

- 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 permitted
- Manual Underwriting is not permitted

Sales Concessions/Contributions

Concessions/contributions as 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
- 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

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Underwriting & Compliance (cont.)

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
- 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 Express on the Genworth Mortgage Insurance website.

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Subordinate Financing

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CalHFA Subordinate Financing

This program may be layered with the following down payment and/or closing cost assistance options for first-time homebuyers only; unless the borrower has been affected by a California natural disaster as described below

- 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
- School Teacher and Employee Assistance Program (School Program)
  - May be used for 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 School Program underwriting guidelines and details see the School Program Handbook

MyHome and School Program may not be combined.

Borrowers affected by natural disasters in California

To be eligible for CalHFA Financing:

- Previous property must be located in an area declared as a Major Disaster and posted on the Federal Emergency Management Agency (FEMA) website
- Previous property must have been the borrower's primary residence
- Previous property must have been destroyed or declared uninhabitable with supporting documentation supplied from either (i) the insurance company or (ii) the local government jurisdiction
- Borrowers affected by a declared Major Disaster are eligible to purchase a new home using CalHFA loan programs within three (3) years of that Major Disaster's declaration date

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

Subordinate Financing (cont.)

- Must be recorded in subordinate lien position to CalHFA Subordinate Financing

Other Programs and Assistance

This program may be layered with Mortgage Credit Certificate (MCC). The MCC credit may not be used for credit qualifying purposes. In the case of conflicting guidelines, the lender must follow the more restrictive.

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 Notice of Commitment, 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 CalHFA subordinate loan (i.e. ZIP, MyHome or School Program) purchase package(s) to CalHFA for purchase.

Lenders must submit applicable ZIP, MyHome or School Program 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.

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

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Fees (cont.)

- 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 sixty (60) days for both existing/resale properties and new construction properties
- 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 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 Notice of Commitment
- If the current rate is higher than the rate on the CalHFA Notice of Commitment, please resubmit all updated loan documents at the higher rate including Approved/Eligible DU® findings Transmittal Summary (1008) and final underwriting approval for CalHFA's re-approval

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Reservations, Rate Locks & Extensions (cont.)

Delivery Timeframes and Extensions:

- Files should be received by the master servicer by the 45th day 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 120 days from the original expiration date
- Under no circumstances will CalHFA extend a rate lock period longer than 120 days for both existing properties or 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 Closing Disclosure 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

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

Forms

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

- CalHFA Borrower 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
- Deeds of Trust are to be assigned to Lakeview Loan Servicing, LLC
  - All loans must be registered with Mortgage Electronic Registration Systems (MERS) at the time of delivery to Lakeview Loan Servicing, LLC, and MERS transfer of beneficial rights of servicing rights must be initiated by the Lender, to Lakeview Loan Servicing, LLC within 24 hours of loan purchase
  - Register via MERS:
    - Investor: 1010298 Lakeview Loan Servicing
    - Servicer: 1010298 Lakeview Loan Servicing
    - Subservicer: 1000723 LoanCare LLC
- CalHFA 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:

  Lakeview Loan Servicing, LLC
  c/o 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

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Post-Closing Loan Delivery & Purchase (cont.)

- Servicer: 1000645
  California Housing Finance Agency

- Loss Payee Clause:

  California Housing Finance Agency
  Its successor and/or assigns
  Single Family
  Loan Administration – MS 350
  500 Capitol Mall, Suite 400
  Sacramento, CA 95814

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. Subordinate Deed of Trust
5. Subordinate Promissory Note

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Frequently Asked Questions

This handbook is valid for loans rate-locked 3/1/19 through 9/4/19

What is the CalHFA Conventional Loan Program?

The CalHFA Conventional program is a CalHFA fully amortized thirty (30)-year fixed interest rate first mortgage.

Who can originate CalHFA Conventional?

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

- CalHFA
- Fannie Mae or have access to HFA Preferred through a 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) owns a rental property; can they keep the property and still be eligible for the CalHFA Conventional?

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 CalHFA 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 MAS prior to loan submission.

Does CalHFA Conventional allow additional subordinate financing?

Yes. The MyHome Assistance Program (MyHome) or School Teacher and Employee Assistance Program (School Program) and Community Second subordinate loan programs may be layered with CalHFA Conventional. In the case of conflicting guidelines, the more restrictive will apply.

What areas of California are eligible for CalHFA Conventional?

CalHFA 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 CalHFA Conventional?

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 CalHFA Conventional?

The maximum total loan amount cannot exceed Fannie Mae loan limits.

All loans with a loan amount exceeding $484,350 up to $726,525 will be subject to an additional fee. See CalHFA rate sheet for applicable fees.

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

Maximum LTV for Fannie Mae High Balance Loan Limits: 95.00%

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FAQ's (cont.)

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Are condominiums eligible for CalHFA Conventional?

Yes.

Is a manufactured home eligible for CalHFA Conventional?

Yes, manufactured homes are permitted per Fannie Mae MH Advantage and Fannie Mae Standard MH with the following parameters:

- Minimum credit score: 660
- Singlewide manufactured homes are not eligible
- Fannie Mae Desktop Underwriter® (DU®) with Approve/Eligible Findings only
- Leaseholds are not permitted
- Appraisal for MH Advantage requires picture of MH Advantage Sticker

Fannie Mae MH Advantage	Fannie Mae Standard MH
Max LTV/CLTV: 97%/105%	Max LTV/CLTV: 95%/105%
Desktop Underwriter® (DU®)	
Use with Fannie Mae HFA Preferred™ only	
Select *MH Advantage* in the Subject Property Type field	Select *Manufactured Home* or *Manufactured Home: Condo/PUD/Co-op* in the Subject Property Type field

What automated underwriting engines do you allow for CalHFA Conventional?

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 CalHFA Conventional?

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

- Manufactured Homes: 660

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

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 CalHFA Conventional?

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

Do all of my borrowers need to meet the minimum credit score requirement for CalHFA Conventional?

A minimum representative credit score of 640 (or 660 for borrowers purchasing a manufactured home) is required for all borrowers who have a credit score. When any co-borrower has no credit score they may be eligible if they obtain Approve/Eligible findings.

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FAQ's (cont.)

This handbook is valid for loans rate-locked 3/1/19 through 9/4/19

Can I use Non-Traditional credit for CalHFA Conventional?

No, non-traditional credit is not eligible for the CalHFA Conventional.

Is manual underwriting permitted for CalHFA Conventional?

No. Manual underwriting is not permitted.

What is the maximum age of credit documents for CalHFA Conventional?

CalHFA will follow Fannie Mae guidelines for the age of the credit documents.

What is the maximum LTV/CLTV for CalHFA Conventional?

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

Does the borrower have to have a cash down payment for the CalHFA Conventional?

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 CalHFA Conventional?

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.
- $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 CalHFA Conventional 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 CalHFA Conventional?

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

Is homebuyer education required for CalHFA Conventional?

Homebuyer Education counseling 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

(*continued on next page*)

FAQ's (cont.)

This handbook is valid for loans rate-locked 3/1/19 through 9/4/19

Is a temporary buydown available for CalHFA Conventional?

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

Will co-signers be allowed for CalHFA Conventional?

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

Will non-occupying co-borrowers be allowed for CalHFA Conventional?

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

Is there a re-lock fee for the CalHFA Conventional?

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 CalHFA Conventional reservation after the Notice of Commitment was issued. 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 CalHFA Conventional?

CalHFA Conventional 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 CalHFA Conventional, 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 Notice of Commitment.

What is the rate lock period for the CalHFA Conventional?

Lenders may lock the interest rate for sixty (60) 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 prior to the expiration of the current rate lock. Rate lock extension fees are posted on the Rates & Reservation page of the CalHFA website.

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FAQ's (cont.)

This handbook is valid for loans rate-locked 3/1/19 through 9/4/19

Can my borrower pay for the cost of the CalHFA Conventional 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.

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

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 CalHFA Conventional?

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 CalHFA Conventional 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 CalHFA Conventional?

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

Sales Tools And Marketing Materials

1. Conventional Program Matrix
2. Scenario Calculator
3. Loan Submission, Review and Purchase Flow Chart for Conventional
4. Lending Heroes Flyer
5. Lending Heroes Fillable Flyer
6. Lending Heroes Spanish Flyer
7. Lending Heroes Spanish Fillable Flyer
8. Lending Heroes Korean Flyer
9. 5 Easy Steps to Buying Your First Home Flyer
10. 5 Easy Steps to Buying Your First Home Spanish Flyer
11. CalHFA and Listing Agents: a Great Team! Flyer
12. 5 Tips for CalHFA Doc Draw and Closing Flyer