

For CalHFA loans rate locked on or before 03/02/2020



CALIFORNIA HOUSING FINANCE AGENCY

CalPLUSSM

FHA Loan Program

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Program Summary

The CalPLUSSM 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 closing cost and/or prepaid items only.

The FHA ZIP second loan is only available with CalPLUS and is a silent second loan for either 2.00% or 3.00% 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 FHA loan is not subject to Recapture Tax.

Eligibility

Borrower Requirements

Each borrower must

- Be a first-time homebuyer
- 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 Lender Manual, FHA, the CalHFA-approved lender, and CalHFA’s master servicer’s requirements.

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 [eHomeTM](#)
- Face-to-Face Homebuyer Education through [NeighborWorks America](#) or through one of the [HUD approved Housing Counseling Agencies](#)

First-Time Homebuyer Definition

To qualify for the CalPLUS FHA loan program, 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 a borrower who has not had an ownership interest in any principal residence during the previous three years.

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.

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Eligibility (cont.)

- Property must be a single-family, one-unit residence, including FHA-approved condominium/PUDs.
 - › FHA Single-Unit condominium project approval process is not allowed
 - › It is the responsibility of the lender and not the master servicer to meet these guidelines
- Manufactured homes are permitted with the following parameters:
 - › Singlewide manufactured homes are not eligible
 - › Not available on Limited 203(k)
 - › Manual Underwriting is not permitted on manufactured homes
 - › All manufactured homes must meet FHA 4000.1, Master Servicer and CalHFA loan program requirements
- Leasehold Estates
 - › Must follow FHA guidelines
 - › All Leasehold Estate documentation must be submitted to CalHFA's Master Servicer with purchase package for review and approval
- 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
- Refer to the Lakeview program matrix for their Disaster Policy
 - › See [Lakeview Correspondent Lending website](#) for details

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
 - › 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
 - › 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

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Eligibility (cont.)

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 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
- Limited 203(k)
- Energy Efficient Mortgages (EEM)

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.

CalHFA Zero Interest Program (ZIP)

CalHFA FHA Zero Interest Program (ZIP) can only be used with the CalPLUS FHA loan for closing cost and/or prepaid items only. ZIP funds may not be used to pay off borrower debt. Any excess ZIP funds must be applied as a principal reduction to the first mortgage or ZIP loan; 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 first-time homebuyers; unless the borrower has been affected by a California natural disaster as described below
 - › See Subordinate Financing Section below for full details
- The maximum ZIP loan amount options are based on [daily rate sheet pricing](#)

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Underwriting & Compliance (cont.)

- › Either 2.00% or 3.00% of the total CalPLUS FHA first mortgage loan amount (including financed UFMIP)

Example: \$200,000 total loan amount = \$4,000 2.00% ZIP

Example: \$200,000 total loan amount = \$6,000 3.00% 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 or School Teacher and Employee 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

Maximum Loan Amount

The maximum loan amount (excluding UFMIP) cannot exceed current 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 current FHA loan limits 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](#)

Income Requirements

Lenders are required to calculate income to qualify borrower(s) for loan approval using FHA 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.

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Underwriting & Compliance (cont.)

Qualifying Ratios

The maximum total Debt-to-Income (DTI) ratio cannot exceed 45.00% for automated underwriting or 43.00% for manual underwriting. A MCC may not be used for credit qualifying purposes.

Minimum Credit Score

- Credit Score 660
- All borrowers must meet the minimum representative credit score requirements
 - › Borrowers with no credit score are not permitted
- 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

Automated Underwriting: All loans must be submitted through FHA Total Scorecard through either Fannie Mae Desktop Underwriter (DU[®]) or Freddie Mac Loan Product Advisor (LPA[®]).

Other customized automated underwriting systems are not acceptable.

Manual Underwriting is allowed with the following parameters:

- Maximum DTI ratio: 43.00%
- Borrowers without a credit score are not permitted
- Must meet FHA requirements
- Not permitted on Manufactured Homes
- Non-traditional credit is not allowed

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
- 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
- Non-arm's length transactions must be fully disclosed

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Underwriting & Compliance (cont.)

- 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; 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 and/or closing cost
 - › 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.

Exceptions to First-time Homebuyer Requirement

- Borrowers utilizing Section 184 Indian Home Loan Guarantee Program
- Borrowers affected by natural disasters in California
 - › 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

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Subordinate Financing (cont.)

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

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.

Other Programs and Assistance

This program may be layered with a Mortgage Credit Certificate (MCC). The MCC credit may not be used for credit qualifying purposes.

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](#) and any 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

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
- Lender may charge a maximum total processing fee of \$50 on the 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 sixty (60) 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
- 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
- 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, 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 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 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 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. [ZIP Interest Rate Disclosure](#)

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
 - › 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
- 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:

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
 - » Register via MERS:
 - Investor: 1000645 California Housing Finance Agency
 - Servicer: 1000645 California Housing Finance Agency

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Post-Closing Loan Delivery & Purchase (cont.)

- » After loans are purchased transfer via Mortgage Electronic Registration System (MERS)
- 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 or School Teacher and Employee Assistance Program only.

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. [Subordinate Promissory Note](#)
5. [Subordinate Deed of Trust](#)

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Sales Tools and Marketing Materials

1. [Government Program Matrix](#)
2. [Government Program Frequently Asked Questions](#)
3. [Scenario Calculator](#)
4. [Loan Submission, Review and Purchase Flow Chart](#)
5. [CalPLUS w/ZIP Flyer](#)
6. [CalPLUS w/ZIP Fillable Flyer](#)
7. [CalPLUS w/ZIP Spanish Flyer](#)
8. [CalPLUS w/ZIP Spanish Fillable Flyer](#)
9. [Lending Heroes Flyer](#)
10. [Lending Heroes Fillable Flyer](#)
11. [Lending Heroes Spanish Flyer](#)
12. [Lending Heroes Spanish Fillable Flyer](#)
13. [Lending Heroes Korean Flyer](#)
14. [5 Easy Steps to Buying Your First Home Flyer](#)
15. [5 Easy Steps to Buying Your First Home Spanish Flyer](#)
16. [CalHFA and Listing Agents: a Great Team! Flyer](#)
17. [5 Tips for CalHFA Doc Draw and Closing Flyer](#)

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