CALIFORNIA HOUSING FINANCE AGENCY

Government Loan Programs

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CalPLUS℠ FHA

FHA first mortgage combined with the CalHFA FHA Zero Interest Program (ZIP) for closing cost. This loan must be combined with the MyHome Assistance Program (MyHome).

CalPLUS℠ Access FHA

Taxable bond financed FHA first mortgage combined with the CalHFA MyAccess Program for down payment and/or closing costs. This loan must also be combined with the MyHome Assistance Program (MyHome).

CalHFA FHA

FHA first mortgage. This loan may be combined with the MyHome Assistance Program (MyHome).

CalReady FHA

Taxable bond financed FHA first mortgage. This loan may be combined with the MyHome Assistance Program (MyHome).

CalHFA USDA

USDA first mortgage. This loan may be combined with the MyHome Assistance Program (MyHome).

CalHFA VA

VA first mortgage. This loan may be combined with the MyHome Assistance Program (MyHome).

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, property, borrower and loan requirements detailed in this program handbook, as well as CalHFA's Lender Manual, the first mortgage investor, the CalHFA-approved lender, the mortgage insurer or guarantor and CalHFA's master servicer's requirements.
- Be a first-time homebuyer.

Exceptions to first-time homebuyer requirement:

- CalHFA FHA, CalReady FHA, CalHFA USDA or CalHFA VA first mortgage without any CalHFA subordinate financing
- Borrowers using HUD Section 184 Indian Home Loan Guarantee Program
- Borrowers using FHA Section 203(h) program

Eligibility *continues from previous page*

Homebuyer Education

Homebuyer education and counseling is required for one occupying first-time homebuyer. Certificates are good for one-year. Homebuyer education and counseling is not required for non-first-time homebuyer(s).

- Online Homebuyer Education through eHome™
- In Person or Virtual Live Homebuyer Education through NeighborWorks America or through one of the HUD-approved Housing Counseling Agencies

First-Time Homebuyer Definition

To qualify for a CalHFA Government loan program with a subordinate loan, all borrowers must meet the definition of a first-time homebuyer.

A first-time homebuyer is defined as a borrower who has not had an ownership interest in any principal residence or resided in the home owned by a spouse 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-signors are not allowed

Property Requirements

- Eligible property types:
  - Single-family, one-unit residence
    - Accessory Dwelling Units (ADU), guest houses, "granny" units, and "in-law" quarters are eligible with the following parameters:
      - 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 an ADU is used for credit qualifying, CalHFA will also use the gross rental income for the compliance income calculation
- Condominium/PUDs must meet all investor and CalHFA's master servicer, Lakeview Loan Servicing's (LLS), guidelines
- Manufactured Housing

Loan Program	Manufactured Housing Permissions
CalPLUS FHA CalHFA FHA CalPlus Access FHA CalReady FHA	**Manufactured homes are permitted with the following parameters:** • **Singlewide manufactured homes are not eligible** • **Manual Underwriting is not permitted on manufactured homes** • **Minimum credit score: 660** • **Maximum DTI: 45.00%** • **All manufactured homes must meet FHA 4000.1, master servicer and CalHFA loan program requirements**
CalHFA VA	**Manufactured homes are not permitted**

Eligibility *continues from previous page*

Loan Program	Manufactured Housing Permissions
CalHFA USDA	**Manufactured homes are permitted with the following parameters:** • **Minimum credit score: 660** • **Maximum DTI: 45.00%** • **Singlewide manufactured homes are not eligible** • **Leaseholds and Community Land Trusts are not eligible** • **Unit must not have ANY alterations or additions since construction in the factory (e.g. decks, porches not allowed)** • **All manufactured homes must meet USDA 7 CFR 3550.73, master servicer and CalHFA loan program requirements**

- Leasehold Estates permitted on FHA loans only
  - Not permitted with Manufactured Homes
  - All Leasehold Estate documentation must be submitted to CalHFA's master servicer with purchase package for review and approval
- Properties must meet the requirements of 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, VA or USDA guidelines
  - Please see Lakeview Loan Servicing website for required documents

Underwriting & Compliance

Transaction type

Purchase transactions only

Term

Up to 30 years

FHA Section of the ACT

CalHFA will accept the following FHA Sections of the ACT mortgage types on the CalPLUS FHA or the CalHFA FHA.

- 203(b) Home Mortgage
- Energy Efficient Mortgages (EEM)
- Limited 203(k)
- HUD 184 Indian Home Loan Guarantee Program
  - Cannot be combined with EEM or 203(k)
- 203(h) Mortgages to victims of a Presidentially Declared Major Disaster Area
  - CalHFA FHA and CalReady FHA only

Underwriting and Compliance *continues from previous page*

- Applications for mortgage insurance must be within one (1) year of the declaration
- Must have zero 30-day mortgage or rental late payments in 12 months prior to disaster
- Maximum DTI is 45.00%
  - Current mortgage work-out payments must be included in DTI
- Purchase of undamaged homes only
  - Reconstruction properties are not permitted
  - Cannot be combined with 203(k)
  - Manufactured Homes are not permitted
- Manual underwriting or downgrades are not permitted

LTV and CLTV

Loan Program	LTV	CLTV
CalPlus FHA, CalHFA FHA, CalPlus Access FHA and CalReady FHA	96.5%	105%
HUD 184	97.75%	100%
FHA 203(h)	100%	105%
CalHFA VA	100%	105%
CalHFA USDA	100%	105%

Maximum Loan Amount

The maximum first mortgage loan amount cannot exceed current applicable FHA, USDA or VA loan limits for the county in which the property is located.

- The maximum loan amount for a VA loan is The FHFA High-Cost Loan Limit
- All loans with a loan amount exceeding the current Federal Housing Finance Agency (FHFA) posted loan limits will be subject to an additional fee that is net funded at the time of purchase by CalHFA's master servicer. See CalHFA rate sheet for applicable fees.

Income Limits

Income cannot exceed CalHFA Income Limits.

Income Requirements

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

Qualifying Ratios

The maximum total Debt-to-Income (DTI) ratio cannot exceed:

- 50.00%
  - For borrowers with credit scores greater than or equal to 700
  - No Manual Underwriting or Manual downgrades allowed
- 45.00%

Underwriting and Compliance *continues from previous page*

  - For borrowers with credit scores less than 700
  - No Manual Underwriting or Manual downgrades allowed
  - Properties with Manufactured Homes
- 43.00%
  - Manual underwrite or Manual downgrade allowed

MCC may not be used for credit qualifying purposes.

Minimum Credit Score

- The minimum credit score is 640 for all Government loan programs
- Borrower(s) with no credit score are not permitted
- Non-traditional credit is not accepted
- CalHFA FHA, CalPlus FHA, CalPlus Access FHA and CalReady FHA must have a minimum credit score of 660 under the following scenarios:
  - Manually underwritten loans
  - Manufactured housing
- All borrowers must 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

Loan Program	Acceptable Automated Underwriting Systems
CalPlus FHA, CalHFA FHA, CalPlus Access FHA, and CalReady FHA	All loans must be submitted through Fannie Mae's Desktop Underwriter® (DU®) and receive an "Approve/Eligible", or Freddie Mac's Loan Prospect Advisor (LPA) and receive an "Accept" recommendation. The FHA Scorecard option must be used.
HUD 184	Manual Underwriting only. AUS is not allowed.
CalHFA VA	All loans must be submitted through Fannie Mae Desktop Underwriter (DU®) and receive an "Approve/Eligible", Freddie Mac Loan Product Advisor (LPA®) and receive an "Accept" recommendation.
CalHFA USDA	All loans must be submitted through Guaranteed Underwriting System (GUS). GUS Underwriting Recommendation of Accept / Eligible only.

Underwriting and Compliance *continues from previous page*

Manual Underwriting

Loan Program	Manual Underwriting
CalPlus FHA CalHFA FHA CalPlus Access FHA CalReady FHA	Manual Underwriting is allowed with the following parameters: • Maximum DTI Ratio cannot exceed 43.00% • Minimum credit score: 660 • Borrowers without a credit score are not permitted • Must meet FHA requirements • Not permitted on Manufactured Homes • Non-traditional credit is not allowed
HUD 184	Manual Underwriting is required
FHA 203(h)	Manual Underwriting or downgrades are not allowed
CalHFA VA	Manual Underwriting is not allowed
CalHFA USDA	Manual Underwriting is not allowed

Miscellaneous Lakeview Loan Servicing (LLS) Underwriting Guidelines

- Credit and property underwriting are the responsibility of the CalHFA approved lender
- LLS will not purchase high cost loans
- 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
- 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, 1-1, and 1-0 temporary buydowns are permitted as per FHA, VA, USDA and master servicer guidelines
  - Loan must be credit qualified at Note rate
  - Temporary buydowns must be disclosed on the Final CD
  - Temporary Buydown Agreement must be forwarded to LLS prior to loan purchase
  - Buydown funds will be net funded by LLS at time of first mortgage purchase

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

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

Basic Home Protection Insurance *continues from previous page*

- Exception to Home Warranty:
  - Borrower(s) purchasing a new construction property
  - Borrower(s) are not first-time homebuyers and are not using MyHome or MyAccess
- The Home Warranty must cover the following items:
  - Water Heater(s)
  - Air Conditioning
  - Heating
  - Oven/Stove/Range
- Home Warranty must be disclosed on Final Closing Disclosure or copy of warranty coverage will be required

Subordinate Financing

MyHome Assistance Program

- Must be a first-time home buyer
- May be used for closing cost and/or down payment assistance
- Cannot be used for debt payoff
- Must be recorded in Second Lien Position
- For full MyHome underwriting guidelines and details see the MyHome Program Handbook

MyAccess Program

- Can only be used with CalPLUS Access FHA
- Must be a first-time home buyer
- May be used for closing cost and/or down payment assistance
- Cannot be used for debt payoff
- Term matches the term of the first mortgage
- Payments on MyAccess are deferred for the life of the CalPlus Access FHA first mortgage loan
- The maximum MyAccess loan amount is based on daily rate sheet pricing
  - 2.50% of the CalPLUS Access FHA first mortgage total loan amount
- MyAccess is in third position behind the MyHome Assistance Program
- Repayment of the principal and interest on MyAccess shall be due and payable at the earliest of the following events:
  - Transfer of title
  - Payoff or refinance of the CalPLUS Access FHA first mortgage
  - Formal filing and recording of a *Notice of Default* (unless rescinded)

CalHFA Zero Interest Programs (ZIP)

- Can only be used with CalPLUS FHA
- Must be a first-time home buyer
- Can only be used for closing costs
- Cannot be used for down payment or debt payoff
- Zero interest rate
- Term matches the term of the first mortgage.

- Payments on ZIP are deferred for the life of the CalPLUS FHA first mortgage
- The maximum ZIP loan amount options are based on daily rate sheet pricing
  - Either 2.00% or 3.00% of the CalPLUS FHA first mortgage loan amount
- ZIP is in third position behind the MyHome Assistance Program
- Repayment of the principal on ZIP shall be due and payable at the earliest of the following events:
  - Transfer of title
  - Payoff or refinance of the CalPLUS FHA first mortgage
  - Formal filing and recording of a Notice of Default (unless rescinded)

Non-CalHFA Subordinate

This program may be layered with non-CalHFA down payment and/or closing costs assistance subordinate loans per individual first mortgage 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

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.

Fees

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

Lender Allowable Fees

- Customary lender 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 no more than $50 on ZIP and $250 on MyAccess
- In all cases the lender must meet federal and California lending laws regarding fees and charges

Master Servicer Fees

Lakeview Loan Program Fees	Fees Per Loan
Funding Fee	$250
Tax Service Fee	$85

- 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
- Lenders should refer to their legal/compliance department on how to disclose fees