

CALHFA CHDAP 2ND TD GUIDELINES



CHDAP STAND ALONE 2nd TD	Mortgage Revenue bond programs are designed primarily for low-to-moderate income in families in California who are First-Time Home Buyers
EMPOWER	<ul style="list-style-type: none"> ▪ Create a separate loan number in Empower. ▪ A Separate HUD-1 MUST be prepared for the 2nd TD (CHDAP) ▪ Advance Packet Empower & Upfront TIL Doc Magic ▪ Closing Packet Empower & Note/Deed of Trust/Final TIL Doc Magic
PRODUCT DESCRIPTION (FHACHDAP=FHA & CHDAP=CONV)	<p>The term of the CHDAP matches the term of the first mortgage not to exceed 30 years.</p> <ul style="list-style-type: none"> ▪ 3% subordinate ▪ 3.25 simple interest ▪ Payments on the Junior loan are deferred for the life of the first loan. ▪ Additional down payment or closing cost ▪ Any Non-CalHFA first mortgage <p>FHA: 203(b); 234(c); in accordance with FHA guidelines</p>
REPAYMENT	Repayment of the principal and interest on the junior loan shall be due and payable at the earliest of the following events: <ul style="list-style-type: none"> ▪ Transfer of title ▪ Sale of the property ▪ Payoff or refinance of the first loan ▪ Upon the formal filing and recording of a Notice of Default (unless rescinded)
MINIMUM DOWN PAYMENT BORROWER CONTRIBUTION	<ul style="list-style-type: none"> ▪ The current requirement of \$1000 minimum borrower contribution has been removed for all loans in the pipeline and for all new reservations made on or after March 01, 2012. ▪ Follow the applicable Conventional and FHA insured first mortgage underwriting guidelines.
RESERVATION AND RATE LOCK	<p>All CHDAP Loans must be reserved with CALHFA Thru Lender Access System (LAS)</p> <ul style="list-style-type: none"> ▪ PBM CalHFA Reservation/Lock Form to be completed by Originating Branch ▪ Email to Secondary (PBM-SECONDARY-LOCKS) <i>Indicate in email subject line CHDAP Reservation/Lock</i> ▪ Reservation of funds and Rate Lock are completed Simultaneously ▪ A Sales Contract must be executed prior to Reservation ▪ Reservation Period: Reserve loan funds at no fee for 45 days for existing/resale properties or 75 days for new construction prior to the loan submission to CalHFA <ul style="list-style-type: none"> ○ Interest Rate Lock: 45 days for existing/resale properties, 75 days for new construction. ○ There is no extension period for the CHDAP 2nd TD.
UNDERWRITING CONDITIONS	<ul style="list-style-type: none"> ▪ Underwriter to review the <i>Income limits and Sales Limits</i> at the time of underwriting. <ul style="list-style-type: none"> ○ http://www.calhfa.ca.gov/homeownership/limits/index.htm ▪ No Cash Back to the borrower in excess of their Escrow Deposit.
CALHFA(CHDAP) SUBMISSION	<p>After PBM Underwriter reviews the file and clears all Prior To Doc conditions, Underwriter submits a copy file to CalHFA for Loan File Pre-Review</p> <ul style="list-style-type: none"> ▪ Refer to the loan submission checklist for minimum documentation requirements. (attached dated 04/16/2011) (Turn Time 7 business days) ▪ Send Package to CalHFA Single Family Lending – MS140 <ul style="list-style-type: none"> ○ Address: 1040 Riverside Parkway Suite 110, West Sacramento CA 95605 ○ Phone : (877) 922-5432 or (916) 326-8033 <p>First come, first serve basis. CalHFA reviewers will notify lenders of each loan approval, suspension rejection by fax. If the package is incomplete the process will be delayed and the file will be suspended until all items are complete and accurate.</p>

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MANDATORY CALHFA FORMS	<p>All Affidavits must be Originals</p> <ul style="list-style-type: none"> ▪ Military Service Questionnaire ▪ Tax Return Affidavit (12/15/02) (If Applicable)
FEES	<p>Fees must be Itemized on line 800 on new HUD-1</p> <ul style="list-style-type: none"> ▪ Maximum Processing Fee: \$250.00 (PBM) <ul style="list-style-type: none"> ○ Maybe reduced if loan is identified as a Section 32 California High Cost Loan (PBM does not do California High Cost Loans) ▪ Reasonable Recording Fee Maximum \$100.00
HOMEBUYER EDUCATION	<p>Homebuyer education is required for each borrower. CalHFA will accept a homebuyer's education counseling certificate of completion issued through Fannie Mae or Freddie Mac counseling administration agencies, mortgage insurance companies, or HUD-approved homebuyer counselors. CalHFA accepts education completion via online, in-person, or by phone. (ALL BORROWERS)</p> <ul style="list-style-type: none"> ▪ Fannie Mae Homebuyer counseling Counselors/Administrators Search ▪ Freddie Mac Homebuyer counseling Counselors/Administrators Search (APPROVED MI COMPANIES I.E. MGIC) ▪ HUD-approved Housing Counselor
MAXIMUM LOAN AMOUNT	<ul style="list-style-type: none"> ▪ 3% of the Sales price or appraised value of the property, whichever is less. ▪ First Mortgage per PBM Product Code Guidelines
MAXIMUM SALES PRICE LIMITS	<p>Sales price of the home can not exceed CalHFA's sale price limits established for the county in which the property is located.</p> <ul style="list-style-type: none"> ▪ For most current limits on the CalHFA website click on Lenders/Realtors/Nonprofits, Processing Tools & Forms, Income & Sales Price http://www.calhfa.ca.gov/homeownership/limits/index.htm
BORROWER ELIGIBILITY	<p>Borrower must meet the following requirements:</p> <ul style="list-style-type: none"> ▪ Be a First Time Home Buyer ▪ Occupy the property as their primary residence within 60 days of closing: ▪ Non-Occupant Co-Borrowers and Non-Occupant Co-Signors are not allowed. ▪ Property must be owner occupied for the term of the loan or until the property is sold. ▪ Be a U.S. Citizen, permanent resident of CalHFA's program and Tax Act of 2008, FHA, PBM ▪ Max 4 borrowers on a loan ▪ Must have three current consecutive years' tax returns. <p>Exceptions to First-Time Home Buyer requirement:</p> <ul style="list-style-type: none"> ▪ Qualified veterans pursuant to the Heroes Earning Assistance and Relief Tax Act of 2008. ▪ Home is located in federally designated targeted area

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INCOME LIMITS	<p>Borrower's income can not exceed the published CHDAP income limits established for the county in which the property is located. Properties in federally designated targeted areas may have different income limits.</p> <ul style="list-style-type: none"> ▪ For most current limits on CHDAP. Go to the CalHFA website click on Lenders/Realtors/Nonprofits, Processing Tools & Forms, Income & Sales Price Limits http://www.calhfa.ca.gov/homeownership/limits/index.htm; <ul style="list-style-type: none"> ○ Only Calculate the purchasing borrower's income to qualify ○ CalHFA will recalculate the borrower's income pursuant to tax compliance. <ul style="list-style-type: none"> ➤ QUALIFYING INCOME VS. TAX COMPLIANCE INCOME <ul style="list-style-type: none"> • Qualifying income is the income used by the lender to determine the borrowers have the ability to meet their monthly obligation. <ul style="list-style-type: none"> ✓ Lender will continue to adhere to the guidelines of their internal underwriting guidelines, mortgage insurer, and this program handbook. • Maximum Tax Compliance Income Limits <ul style="list-style-type: none"> ✓ The income of all borrowers cannot exceed the published CalHFA CHDAP moderate income limits established for the county in which the property is located. ○ The income may differ from the income used by CalHFA for the tax compliance purposes. 																					
QUALIFYING RATIOS & MINIMUM CREDIT SCORE	<p style="text-align: center;">Minimum Credit Score & DTI Ratios</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 25%;">FIRST MORTGAGE LOAN TYPE</th> <th style="width: 25%;">LTV</th> <th style="width: 25%;">MINIMUM CREDIT SCORE</th> <th style="width: 25%;">MAXIMUM TOTAL DITO RATIO</th> </tr> </thead> <tbody> <tr> <td>Non-CalHFA FHA First Mortgage</td> <td>Follow Insurer Guidelines</td> <td>640</td> <td>Per DU Approved/Eligible</td> </tr> <tr> <td rowspan="4">Non-CalHFA Conventional First Mortgage</td> <td>< or =95%</td> <td>640</td> <td>Per DU Approve/Eligible</td> </tr> <tr> <td>95.01-100%</td> <td>680</td> <td>< or = 45%</td> </tr> <tr> <td>95.01-100%</td> <td>700</td> <td>45.01%</td> </tr> <tr> <td>95.01-100%</td> <td>720</td> <td>50.01%-55%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ▪ Borrowers with no traditional credit history may not take advantage of non traditional underwriting guidelines. ▪ <u>NOTE: REFER TO PBM 1ST MORTGAGE PRODUCTS FOR MINIMUM CREDIT SCORES, LTV/CLTV AND RATIO OVERLAYS.</u> 	FIRST MORTGAGE LOAN TYPE	LTV	MINIMUM CREDIT SCORE	MAXIMUM TOTAL DITO RATIO	Non-CalHFA FHA First Mortgage	Follow Insurer Guidelines	640	Per DU Approved/Eligible	Non-CalHFA Conventional First Mortgage	< or =95%	640	Per DU Approve/Eligible	95.01-100%	680	< or = 45%	95.01-100%	700	45.01%	95.01-100%	720	50.01%-55%
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LTV & CLTV	<ul style="list-style-type: none"> ▪ CHDAP loan that is combined with a non-CalHFA FHA-insured first mortgage loan must follow CalHFA FHA First TD loan program guidelines. ▪ CHDAP loan that is combined with a non-CalHFA Conventional first mortgage loan must follow CalHFA Cal30 program guidelines. ▪ Maximum LTV: 96.50% + Upfront Mortgage Insurance Premium (upfront MIP) as per FHA guidelines ▪ Maximum FHA CLTV 100% ▪ Maximum Conventional CLTV Per PBM Product Guidelines 																					
SELLER CONTRIBUTIONS	<ul style="list-style-type: none"> ▪ Seller contribution are acceptable for non recurring closing cost, up to 6% of the lesser of the sales price or appraised value per FHA Guidelines <ul style="list-style-type: none"> ○ 6% includes all Lenders and/or Realtors credit ▪ Refer to PBM 1st TD product guidelines for Conventional max seller contributions. ▪ Not Allowed to be included in Seller contributions. <ul style="list-style-type: none"> ○ Payment of condominium fees ○ Personal Property ○ Down payment assistance 																					

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<p>PROPERTIES</p>	<p>Properties Allowed:</p> <ul style="list-style-type: none"> ▪ Single Family Units ▪ Agency Approved Condominiums ▪ Planned Unit Developments (PUDs) (If Attached Agency Approved) ▪ Five acres Maximum ▪ Meet the requirements of the mortgage insurer/guarantor ▪ The First Mortgage loan amount is limited to investor's guidelines <p>Properties Not Allowed:</p> <ul style="list-style-type: none"> ▪ 2-4 units ▪ Manufacturing Housing ▪ Leaseholds/Land Trust and Co-ops ▪ Investment properties ▪ Properties sold at auction by the builder, developer, or construction lender. ▪ No income producing component <p>All Units must be free and clear of resale controls/restrictions and secondary financing unless previously approved by CalHFA. Properties must meet the requirements of FHA and the California Health and Safety Code. All units must be complete with respect to construction or repairs and ready to occupy.</p> <p>Property Flips:</p> <ul style="list-style-type: none"> ○ CalHFA will no longer overlay additional flipping guidelines <u>for all loans in the pipeline and for all new reservations made on or after March 01, 2012.</u> ○ Follow the applicable Conventional and FHA first mortgage underwriting guidelines.
<p>HAZARD INSURANCE & TITLE REQUIREMENTS</p>	<p>The outstanding principal balance of each first mortgage loans must be covered by an ALTA Lender's Policy of Title Insurance,</p> <ul style="list-style-type: none"> ▪ Naming the lender and CALHFA Homebuyers Fund as their interests appear. ▪ The Policy must have endorsements 100 and 116, 116.2 or 115, 110.5 and 104.1, as applicable. ▪ <u>NO</u> Separate Title Policy required. ▪ A Separate HUD-1 MUST be prepared for the 2nd TD
<p>RECAPTURE</p>	<ul style="list-style-type: none"> ▪ No Recapture on CHDAP
<p>FUNDING</p>	<ul style="list-style-type: none"> ▪ Funding into the month using a Non CalHFA 1st and a CHDAP 2nd TD <ul style="list-style-type: none"> ○ Conventional 5 Business days ○ FHA 5 calendar days ▪ A copy of the CHDAP Note/Deed of Trust to be in the 1st lien loan file. ▪ Complete the Doc/Funding Checklist ▪ Check for all applicable Affidavits are fully executed (Originals) ▪ Loss Payee Clause <ul style="list-style-type: none"> ○ California Housing Finance Agency, its successors and assigns 500 Capitol Mall, Suite 1400 Sacramento, CA 95814

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<p>INSURING & POST CLOSING</p>	<p>Purchase Procedures to CalHFA</p> <ul style="list-style-type: none"> ▪ Complete Subordinate Mortgage Submission Voucher Part II Purchase Submittal and Lender Certification <ul style="list-style-type: none"> ○ See REQUIRED DOCUMENTS FOR PURCHASE (Submission Package File Order 1-5) <ol style="list-style-type: none"> 1. Subordinate MSV Part II: Purchase Submittal and Lender Certification (form) 2. Original and full copy of CalHFA Subordinate Promissory Note showing California Housing Finance Agency, a public instrumentality and a political subdivision of the State of California as Lender/Beneficiary which has been executed by the borrowers (any co-signor required to sign the first Promissory Note must also sign all CalHFA Subordinate Notes) 3. Lender or title company Recorded Deed of Trust showing California Housing Finance Agency, a public instrumentality and political subdivision of the State of California as Lender/Beneficiary and Trustee 4. Final HUD-1 Settlement Statement for 1st and 2nd TD 5. Copy of the Final Truth-in-Lending Disclosure Statement signed by the borrower(s), if changes to the initial Truth-in-Lending Disclosure were required. 6. Loan payment history if any loan curtailments have been made. 7. Signature Affidavit 8. Initial, signed or final, signed Loan Application (copy) • CalHFA CHDAP subordinate closed loan documents are to be sent to: <ul style="list-style-type: none"> ○ CalHFA Single Family Lending – MS140 ○ Attn: Loan Purchase Department ○ 1040 Riverside Parkway, Suite 110 ○ West Sacramento, CA 95605 ○ Telephone (916) 326-8033 ○ Fax (916) 324-6589
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