



CalHFA - Conventional Loans - FNMA

California Housing Finance Agency (CalHFA) – Conventional Loans - FNMA

This is a summary of information and may NOT be complete program guidelines. Follow standard Kind Lending guidelines and agency information for the underlying program unless noted here.

Information is subject to change at any time.

Links to Content:

- [Transaction Parameters](#)
- [Resources](#)
- [AUS Requirements](#)
- [DPA – Down Payment & Closing Cost Assistance – Subordinate Financing](#)
- [Loan Terms](#)
- [Credit Score](#)
- [Borrower Requirement – First Time Homebuyer](#)
- [Homeowner Education Requirements](#)
- [Temporary Buydown](#)
- [DTI Ratios](#)
- [Mortgage Insurance](#)
- [Income Limits](#)
- [Eligible Properties](#)
- [Mandatory Home Warranty Coverage](#)
- [Operations Process](#)
 - [Reservations and Locks](#)
 - [Compliance Submission to CalHFA](#)
 - [Maximum Fees](#)
 - [Required Forms](#)
 - [Loan Delivery and Purchase](#)

LOAN INFORMATION	
Purpose	CalHFA's mission is to create and finance new affordable California housing <ul style="list-style-type: none"> Down Payment Assistance (DPA) options are available in the form(s) stated below.
Transaction Parameters	Underlying program: Fannie Mae HFA Preferred, CalHFA Conventional First Mortgage <ul style="list-style-type: none"> Maximum LTV (First Loan): 97% Conforming Limits / 95% High Balance Loan Limits. Maximum Combined LTV (CLTV): 105% Subject to FNMA loan limits. An additional High Balance Loan Limit Fee that is <u>net funded at the time of purchase by the master servicer will apply to all High Balance loan amounts - This should be charged as a discount point.</u> – see Rate Sheet. 30-year fixed rate, fixed term, fully amortized loan Rates on the first mortgage are set by CalHFA and vary based on the type of CalHFA subordinate financing being used in the transaction. See Rate Sheet.



CalHFA - Conventional Loans - FNMA

Transaction Parameters (cont'd)	<p>DPA Options: ONE of these options may be chosen:</p> <ul style="list-style-type: none"> • MyHome Assistance Program • See below for additional details regarding subordinate financing terms.
GENERAL GUIDELINES	
Guideline Resources and Links	<ul style="list-style-type: none"> • CalHFA Loan Scenario Calculator • Today's Rates • CalHFA Lender Resources (Loan Programs, Submission Manual, Program Manual) • Recorded Training Videos from CalHFA
AUS	<ul style="list-style-type: none"> • All loans must be submitted to FNMA DU as FHMA HFA Preferred loans with subordinate financing entered as applicable. <ul style="list-style-type: none"> ○ <i>HFA Preferred</i> must be selected in the Community Lender Product Field ○ CalHFA subordinate loan(s) are entered as Community Seconds • DU Approve/Eligible recommendation is required. • FHLMC LPA is not accepted on this program. • Manual underwriting is not permitted. • In addition, follow and review Lakeview Master Servicer overlays (available on Bubble)
Down Payment and Closing Cost Assistance / Subordinate Financing	<ul style="list-style-type: none"> • MyHome Assistance Program <ul style="list-style-type: none"> ○ 3% of the appraised value or sales price, whichever is less ○ See Rate Sheet for rate – payment deferred for the life of the CalHFA first loan. ○ May be used for closing costs and/or down payment assistance. ○ May not be used for any debt payoff. ○ 1% simple interest – interest does accrue but no payment is required. • All DPA Programs: <i>Repayment requirement applies.</i> Due and payable at the earliest of the following events: <ul style="list-style-type: none"> ○ Transfer of title or adding parties to title after closing. ○ Sale of the property ○ Payoff or refinance of the first loan ○ Formal filing and recording of a Notice of Default • Non-CalHFA subordinate financing is permitted – may be layered with a FNMA approved • Community Seconds program for closing costs and/or downpayment assistance. <ul style="list-style-type: none"> ○ Maximum 105% CLTV applies ○ Most restrictive guideline applies ○ Must be recorded subordinate to any CalHFA Subordinate Financing.
Eligible Products / Product Codes / Terms	<p>CalHFA Conventional First Mortgage: 30-year fixed rate, fixed term, fully amortized loan</p> <p>System Product code notes:</p> <ul style="list-style-type: none"> • There are separate products for <= 80% AMI and > 80% AMI for the first loan. • Use “CalHFA Conventional with DPA” when the CalHFA Conventional 1st is being used with the MyHome DPA program.



CalHFA - Conventional Loans - FNMA

Eligible Products / Product Codes / Terms (cont'd)	<ul style="list-style-type: none"> If the first loan is High Balance, be sure to use the corresponding program for High Balance. In addition, reminder: An additional High Balance Loan Limit Fee that is <u>net funded at the time of purchase by the master servicer</u> will apply to all High Balance loan amounts – This should be charged as a discount point. - see Rate Sheet. <p>Subordinate Loans:</p> <ul style="list-style-type: none"> MyHome Down Payment Assistance Program – 30-year term, deferred payment, rate per Rate Sheet
Eligible States	California only
Impounds/Escrow Accounts	Escrows/impounds are required on first loan regardless of LTV . NOTE: Impounds must be calculated using estimated improved taxes for New Construction
Loan Purpose	Purchase only
Manual Underwrite	Not permitted
Maximum Number of Financed Properties	Not applicable
Minimum Credit Score	<ul style="list-style-type: none"> Minimum 680 credit score for borrowers with income greater than the HomeReady 80% AMI LI income limit Minimum 660 credit score for borrowers with income less than or equal to the HomeReady 80% AMI LI income limit Minimum 660 credit score for manufactured homes. Borrowers with no credit score are not permitted Non-traditional credit is not accepted All borrowers must meet the minimum credit score requirement. Middle score of the lowest scoring borrower is used to determine eligibility.
Borrower Requirements	<ul style="list-style-type: none"> All borrowers must meet the credit, income, property, and loan requirements detailed in this addendum, as well as CalHFA and the master servicer requirements. Borrowers using a CalHFA First Mortgage, without subordinate financing, are not required to be a First Time Home Buyer Borrowers using a CalHFA First Mortgage, with CalHFA subordinate financing, are required to be a First Time Home Buyer: <ul style="list-style-type: none"> 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. This requirement applies to all borrowers including co-borrowers that will reside in the property, and also applies to a non-purchasing spouse. Additional documentation is required if there is a mortgage on the credit report or if they are on title to a property that they do not live in. The primary residence must be documented for 3 years. Tax returns do not satisfy this requirement, may use 3 years VOR/cancelled checks, 3-year utility bills. Mobile homes – if the mobile home is not on a permanent foundation or the land is not owned by the borrower, the borrower may still be considered a first time homebuyer. Non-US Citizen borrowers who are lawfully present in the US are permitted under this program following the master servicer requirements. See the Residency and Eligibility Guide



CalHFA - Conventional Loans - FNMA

Homeowner Education Requirements	<p>Homebuyer education is required for at least one occupying first-time homebuyer when a CalHFA DPA/subordinate financing option is being used.</p> <ul style="list-style-type: none"> • Certificates are good for one year and must be submitted to CalHFA with compliance review. • Online Homebuyer Education through eHome™. No other online option is permitted. A one-on-one phone consultation is scheduled after completion of the online portion – do not wait on this requirement. • Face to Face In Person or Virtual Live Homebuyer Education is available through NeighborWorks America or through an 8 hour education program with a HUD approved Housing Counseling Agency • Procedural Notes: <ul style="list-style-type: none"> ○ if the borrower attended HUD Housing Counseling, the “Counseling” block information will be completed in the borrower information tab. SFC 184 will populate in the findings, the borrower will be eligible for a \$500 LLPA credit. ○ If the borrower attended eHome, or Neighborworks Homebuyer Education, the “Education” block information will be completed in the borrower information tab. SFC 184 should not populate in the findings. ○ Refer to the Homeownership Education and Counseling P&P.
Occupancy	<ul style="list-style-type: none"> • All borrowers must occupy the property within 60 days of closing • Non-borrowing spouse is allowed however they may not be added to title even after closing otherwise the CalHFA loan(s) will be called due.
Non-Occupant Co-Borrowers	<p>Non-occupant co-borrowers and co-signors are not allowed.</p>
Temporary Buydown	<ul style="list-style-type: none"> • 2-1 temporary interest rate buydowns are allowed. • Buydowns are allowed for conforming and high balance loan amounts. • The buydown plan must be a written agreement between the party providing the buydown funds and the borrower. • All of the terms of the buydown plan must be disclosed to Fannie Mae, the mortgage insurer, and the property appraiser. • The mortgage instruments must reflect the permanent payment terms rather than the terms of the buydown plan. In no event may the buydown plan change the terms of the mortgage note. • The buydown agreement must provide that the borrower is not relieved of his or her obligation to make the mortgage payments required by the terms of the mortgage note if, for any reason, the buydown funds are not available. • The buydown agreement may include an option for the buydown funds to be returned to the borrower or to the lender, if it funded the buydown, if the mortgage is paid off before all of the funds have been applied. • Buydown funds may be provided by the seller or agent only. Interested party contribution limits apply. • Lender paid buydowns are not offered. • For loans with Temporary Interest Rate buydowns, the borrower is qualified at the note rate fully amortized; not the buydown rate
Transactions – Ineligible	<ul style="list-style-type: none"> • Refinance transactions • Second home transactions • Investment property transactions



CalHFA - Conventional Loans - FNMA

Maximum DTI Ratios	<ul style="list-style-type: none"> Maximum DTI 45% for credit scores 660-699 Maximum DTI 50% for credit score > = 700 Maximum DTI 45% for manufactured home transactions
Mortgage Insurance Requirements	<p>MI is required for all loans that are 80.01% LTV or higher.</p> <ul style="list-style-type: none"> Housing Finance Agency (HFA) MI rates apply. Borrowers with income less than or equal to the HomeReady 80% AMI LI income limit per DU findings are eligible for the HFA Preferred Charter discounted coverage and MI rates <p>Loans with AMI < = 80%</p> <p>LTV 95.01-97%: 18% coverage LTV 90.01-95%: 16% coverage LTV 85.01-90%: 12% coverage LTV 80.01-85%: 6% coverage</p> <p>Loans with AMI > 80%</p> <p>LTV 95.01-97%: 35% coverage LTV 90.01-95%: 30% coverage LTV 85.01-90%: 25% coverage LTV 80.01-85%: 12% coverage</p>
Income / Borrower Income Limits	<p>Income Limits</p> <ul style="list-style-type: none"> Income limits cannot exceed CalHFA Income Limits. <p>Income Requirements</p> <ul style="list-style-type: none"> Calculate the income to qualify the borrower(s) for loan approval using FNMA guidelines. CalHFA will use the credit qualifying income to determine if the loan exceeds the maximum program income limit. Income not being used for credit qualifying will not be used by CalHFA. Lower Income (LI) interest rates are available to borrowers with less than or equal to the HomeReady 80% AMI Lower Income (LI) income limit – use the Fannie Mae HomeReady Lookup Tool to determine if the income meets the requirements. All borrowers must still meet CalHFA income limits.
ASSETS	
Minimum Required Investment	Follow standard FNMA guidance
Source of Funds	Follow standard FNMA guidance
Minimum Reserves	Follow standard FNMA guidance



CalHFA - Conventional Loans - FNMA

COLLATERAL	
Appraisal Report	<ul style="list-style-type: none"> Full appraisal required PIW/appraisal waiver not permitted Property condition C5/C6 or quality rating of Q6 not permitted. <p>Note: UCDP submission Summary Reports from both Fannie Mae and Freddie Mac are required. Lakeview Loan Servicing (master servicer) 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</p>
Property Types	<p>Eligible Properties:</p> <ul style="list-style-type: none"> Single-family, one unit residence. <ul style="list-style-type: none"> Accessory Dwelling Units (ADU), guest house, in-law quarters, and granny units are considered with the following parameters: <ul style="list-style-type: none"> The property must be defined as a one-unit property on the appraisal. Multiple ADU's are not allowed Must meet FNMA guidelines, master servicer guidelines, and city/county zoning ordinances. If rental income from the ADU is used for credit qualifying, CalHFA will use the gross rental income for the compliance income calculation. Condo / PUD units – must be FNMA eligible and meet the master servicer (Lakeview Loan Servicing) requirements. Manufactured Homes – see next topic Leaseholds (except Manufactured Homes). All leasehold documentation must be submitted to the master servicer for review and approval. All properties must meet the requirements of the California Health and Safety Code Follow Lakeview Master Servicer guides for specific overlays regarding properties in Disaster Areas. <p>Ineligible Properties</p> <ul style="list-style-type: none"> 2-4 Unit properties Second / vacation homes Investment properties Community Land Trust (Kind Lending not an approved California Land Trust Network approved lender)
Manufactured Homes	<ul style="list-style-type: none"> Manufactured Homes – permitted per FNMA guidelines with the following parameters: <ul style="list-style-type: none"> Must be doublewide or larger, singlewide not eligible Maximum DTI 45% Minimum 660 credit score Leaseholds are not permitted MH Advantage – photo of MH Advantage Sticker required <p>FNMA MH Advantage – Use DU with FNMA HFA Preferred – select MH Advantage in the property type – Maximum 97% LTV / 105% CLTV</p> <p>FNMA Standard MH - Use DU with FNMA HFA Preferred – select Manufactured Home in the property type – Maximum 95% LTV / 105% CLTV</p>



CalHFA - Conventional Loans - FNMA

Mandatory Home Warranty Insurance Coverage	<p>CalHFA requires that all first-time homebuyer(s) obtain a one-year home warranty protection policy.</p> <p>Insurance must cover the following:</p> <ul style="list-style-type: none"> • Water Heater(s) • Air Conditioning • Heating • Oven/Stove/Range <p>The Home Warranty must be disclosed on Final Closing Disclosure or a copy of the insurance declaration page will be required.</p> <p>Exceptions to Home Warranty:</p> <ul style="list-style-type: none"> • Purchase of a new construction property • Borrowers are not first-time homebuyers and are not using the MyHome program
Escrow Holdbacks	<ul style="list-style-type: none"> • Escrow Holdbacks will be allowed for minor outstanding repairs not completed prior to loan closing <ul style="list-style-type: none"> ○ 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
OPERATIONS PROCESS NOTES	
OPERATIONS PROCESS NOTES	<p><u>Reservations and Locks:</u></p> <ul style="list-style-type: none"> • The reservation period is 90 days on exiting/resale properties, 120 days on new construction. This is not the same as the lock period. • The loan must be locked prior to submitting to CalHFA for compliance review. • The rate may be locked at any time during the reservation if the float option is chosen, however must be locked prior to submitting for compliance review. • THE LOCK PERIOD FOR CALHFA LOANS IS 30 DAYS FOR ALL PROPERTIES, INCLUDING NEW CONSTRUCTION. BEST PRACTICE – DO NOT LOCK THE LOAN TOO SOON. • Lock extensions are not generally available; however, exceptions for 1 to 2 days may be considered on a case by case basis. Contact the lock desk. • For cancelled locks, lender may not re-reserve/lock a new loan for the same borrower and property until 30 days from the current cancelled loan's expiration date. If the property changes, the lock is not transferrable and must be done as a new reservation/lock. <p><u>CalHFA Compliance Submission Process:</u></p> <ul style="list-style-type: none"> • The Underwriter must upload to CalHFA's Mortgage Access System (MAS) a fully approved loan package per CalHFA's Loan Submission Checklist for program policy, compliance review and desktop underwriting validation prior to closing. Loans may not be closed until the Notice of Commitment is received from CalHFA. The loan must be locked prior to submission for compliance review. • CalHFA will review loan files on a first-come, first-served basis. Lenders will receive status of each loan by either a Notice of Commitment, suspension and/or rejection via MAS. Suspended loan files will not be reviewed until all suspense items are uploaded to MAS. • Incomplete files will not go in line for review. Turn times are listed on CalHFA website. • Upon receipt of the Notice of Commitment, the lender is authorized to draw documents and close the loan(s).



CalHFA - Conventional Loans - FNMA

OPERATIONS PROCESS NOTES (cont'd)

Delivery and Purchase Submission Process:

- Within **10 days** of closing, the closed first loan package is uploaded to Lakeview Loan Servicing, and the subordinate loan package(s) (MyHome) simultaneously uploaded to CalHFA.
- All loans must be registered with MERS at the time of delivery to Lakeview. The MERS transfer must be initialed within 7 calendar days of purchase date.
- **The purchase of all loans must meet the CalHFA commitment expiration.**

Fees and Points –

- **CalHFA Conventional 1st loan:**
 - Customary lender origination fees not to exceed the greater of 3% of the loan amount or \$3,000 (note includes max broker comp 2.25%)
 - Other customary third-party fees such as credit report fee, appraisal fee, insurance fee, or similar settlement or financing cost.
 - High Balance Fee (if applicable) – charge as a discount point
- **My Home 2nd Loan:**
 - \$250 processing fee, and normal/customary third-party fees

Master Servicer Fees these fees will be net from purchase) – can charge to borrower – Indicate on the CD in Box A, Paid to Lender

- Funding Fee \$250
- Tax Service Fee \$75
- Flood Cert Fee \$10
- These fees paid by borrower or seller must be disclosed and documented on the final CD in Box A (Paid to Lender)

CalHFA Forms Required with Submission to CalHFA:

- [CalHFA Borrower Affidavit and Certification](#)

Additional CalHFA Forms

- [CalHFA Loan Submission Checklist](#)
- [Subordinate Deed of Trust](#)
- [Subordinate Loan Program Note](#)
- [Allonge to Note](#)
- [CalHFA Purchase Checklist](#)
- All loans must be registered with MERS at the time of delivery, and transfer of servicing rights must be initiated by Kind to Lakeview for the **first mortgage loan** within 24 hours of loan purchase.
 - Investor and Servicer: 1010298 Lakeview Loan Servicing
 - Subservicer: 1000723 LoanCare LLC
 - Loss Payee: Lakeview Loan Servicing, LLC c/o LoanCare, LLC
ISAOA/ATIMA
PO Box 202049
Florence, SC 29502-2049
- CalHFA Subordinate Loans are drawn in the lender's name, note to be endorsed to California Housing Finance Agency. Register via MERS, after loans are purchased initiate the MERS transfer.
 - Investor and 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.



CalHFA - Conventional Loans - FNMA

NOTE: Please refer to agency requirements for requirements not noted in this guide. This information is subject to change at any time without notice. This information is provided to mortgage professionals only and is not intended or authorized for consumer distribution.