



CALIFORNIA HOUSING FINANCE AGENCY

Cal-EEM + GRANT Loan Program

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Table of Contents

I.	Program Summary	1
II.	Eligibility	1
	a. Borrower Requirements	
	b. Eligible Homebuyers	
	c. Homebuyer Education	
	d. Current Homeownership Requirement	
	e. Exception	
	f. Owner Occupancy	2
	g. Property Requirements	
	h. Energy Efficient Mortgage (EEM) + Grant	3
	i. Lender Eligibility Requirements	
III.	Underwriting & Compliance	4
	a. Transaction type	
	b. Term	
	c. FHA's Section of the Act	
	d. LTV and CLTV	
	e. Maximum Loan Amount	
	f. Maximum Cal-EEM Grant	
	g. Repayment of Cal-EEM Grant	
	h. Maximum Sales Price Limits	
	i. Income & Sales Price Limits	
	j. Income Requirements	
	k. Family Income Includes:	5
	l. Family Income Excludes:	
	m. Qualifying Ratios	
	n. Minimum Credit Score	
	o. Underwriting Type	6
	p. Sales Concessions/Contributions	
	q. Miscellaneous Underwriting	
IV.	Subordinate Financing	6
	a. CalHFA Subordinate Financing	
	b. Other Programs and Assistance	7
V.	CalHFA Loan Process (Submission, Approval & Purchase)	7
	a. Loan Process Chart	9
VI.	Fees	10

Table of Contents (cont.)

a.	Servicing Release Premium (SRP)	10
b.	Lender Allowable Fees (Origination & Processing)	
c.	Master Servicer Fees	
VII.	Reservation & Rate Lock	10
a.	Reservation and Rate Lock	
VIII.	Basic Home Protection Coverage	12
a.	Mandatory Home Warranty Insurance Coverage	
IX.	Pre-Closing Loan Submission	12
a.	Loan Submission Process	
b.	Checklist	
c.	Forms	13
d.	Prepaid Overnight Courier Label	
X.	Post-Closing Loan Delivery & Purchase	14
a.	Purchase Procedures	
b.	All CalHFA First Loans:	
c.	All CalHFA Subordinate Loan(s):	
d.	CalHFA MCC Tax Credit Closing Package(s):	
e.	Checklists	15
XI.	Frequently Asked Questions	16
XII.	Marketing Material	21

Program Summary

The CalHFA Energy Efficient Mortgage (Cal-EEM + Grant) loan program combines an FHA-insured first mortgage (Cal-EEM) loan with an additional grant (EEM Grant), allowing energy efficient improvements over and above the FHA maximum allowable EEM loan amount.

The EEM Grant is only available with the Cal-EEM first mortgage. The Grant is for up to 4% of the first mortgage total loan amount, including Up Front Mortgage Insurance Premium (UFMIP). The Grant can be used towards the HERS Report neutrality rating and may allow more borrowers to use the FHA EEM program without additional funds out of their pocket.

The Cal-EEM + Grant can be combined with the California Homebuyer's Downpayment Assistance Program (CHDAP) or Extra Credit Teacher Purchase Program (ECTP).

The Cal-EEM first mortgage loan is not subject to Recapture Tax.

Eligibility

Borrower Requirements

- Each borrower must be a U.S. citizen, [permanent resident alien or qualified alien](#)
- All borrowers must meet the credit, income and loan requirements detailed in this program handbook, CalHFA Lender Manual, FHA, the lender, and CalHFA's master servicer.

Eligible Homebuyers

This program is available for both first-time and non-first-time homebuyers

Homebuyer Education

Homebuyer Education is required for one 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](#)

Current Homeownership Requirement

At the time of loan closing, no borrowers may have an ownership interest in any residential dwelling (a manufactured home regardless of the type of property ownership, is considered a residential dwelling for this purpose)

Exception

The current homeownership requirement is waived when the borrower(s) meets CalHFA's definition of a first-time homebuyer:

FIRST-TIME HOMEBUYERS DEFINITION

All borrowers, including co-borrowers, must reside in the home and meet the

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Eligibility (cont.)

definition of a first-time homebuyer. For CalHFA purposes, a first-time homebuyer is defined as 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 60 days of closing
- Non-occupant co-borrowers are not allowed
- Non-occupant co-signers are allowed per FHA guidelines, and
 - › must not occupy the property
 - › must not be on title or have a vested interest in the property
 - › must sign all loan documents except the security instrument(s)
 - › will have their income, assets, liabilities and credit histories considered by underwriters

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 FHA-approved condominium/PUDs.
- Manufactured home must be on a permanent foundation and follow all FHA and [U.S. Bank guidelines](#); in addition, a minimum credit score of 660 is required.

Additional Property Guidelines

- Guest houses, “granny” units, and “in-law” quarters are eligible
 - › Must be zoned for Single Family Occupancy
 - › Cannot be zoned for 2-4 units
 - › Must meet investor guidelines and city/county zoning ordinances
 - › May not be income-producing; shall be for personal use only
- Leaseholds/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
- Defects and/or repair conditions identified by the appraiser on the appraisal report must be corrected prior to purchase by CalHFA's master servicer
 - › All units must be complete with respect to construction or repairs and ready to occupy
 - › Escrow Holdbacks must be released prior to purchase

Property Flipping

- Follow FHA first-mortgage underwriting guidelines

CalHFA requires a copy of all appraisals as required by FHA.

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Eligibility (cont.)

When multiple appraisals are required, CalHFA will base the subordinate loan amount(s) on the lesser of the sales price or lowest appraised value.

Energy Efficient Mortgage (EEM) + Grant

Required Documents

- Home Energy Rating System (HERS) Report
- Energy Efficient Mortgage Worksheet
- CalHFA Supplemental Energy Efficient Mortgage Worksheet
 - › HUD-1 must clearly label the funds being held for energy improvements

Examples of improvements per HERS report may include:

- Replacing a furnace/cooling system
- Fixing or replacing a chimney
- Insulating an attic, crawl space and/or pipes and air ducts
- Replacing doors and windows
- Installing active and passive solar technologies
- Updating of refrigerator and/or dishwasher

EEM Facilitators are recommended to assist lenders in the process. Optional Facilitators in California include but are not limited to:

- EEM Services
www.HomebuyersRight2Know.com
- GREEN Facilitation Services
William E. Blair
eemgreen@gmail.com
- Green Home Solutions, A Grupe Company
www.greenbygrupe.com
- GreenerSolutions
www.gshomeservices.com
- Synergy Homebuyer Service
www.Synergieem.com
- The CSI Company
www.theCSIco.com

Rebates

- Rebates from utility companies, state and/or local government agencies may also be obtained by the borrower. To qualify for additional rebates, it is recommended to follow the [Building Performance Institute \(BPI\) guidelines](#).

Lender Eligibility Requirements

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

- CalHFA
- FHA
- U.S. Bank, CalHFA's master servicer
To seek U.S. Bank approval, contact the Lender Management Group at Lender.management@usbank.com

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
- 234(c) Mortgage Insurance for Condominiums

LTV and CLTV

Loan-to-Value (LTV) must follow FHA first mortgage underwriting guidelines

Combined Loan-to-Value (CLTV) cannot exceed 105.00%*

*Base FHA loan amount without EEM + all subordinate loans

Maximum Loan Amount

First mortgages in which the total loan amount exceeds \$417,000 (including Upfront Mortgage Insurance Premium) will be subject to an additional fee. See [CalHFA rate sheet](#) for applicable fees.

The maximum loan amount (excluding UFMIP) cannot exceed FHA loan limits for the county in which the property is located.

Maximum Cal-EEM Grant

The maximum EEM Grant will be the lesser of 4% of the first mortgage total loan amount or the maximum amount approved under the HERS Report less the maximum FHA EEM amount.

Repayment of Cal-EEM Grant

If the borrower(s) occupy the home for three (3) years, the full amount of the grant is forgiven. If the home is owner-occupied less than three (3) years, the grant must be repaid on a pro-rated basis.

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. [Income Limits](#)
2. [Sales Price Limits](#)

Income Requirements

Lenders are required to calculate income to qualify borrower(s) for loan approval using FHA guidelines; in addition, CalHFA will review the borrower's income pursuant to program compliance.

QUALIFYING INCOME VS. PROGRAM COMPLIANCE INCOME

Qualifying income is the income used by the lender to determine that the borrowers have the ability to meet their monthly obligation. Lender will continue to adhere to the guidelines of their internal underwriting guidelines, mortgage insurer, master servicer and this program handbook. This income may differ from the income used by CalHFA for program compliance purposes. All sources of income must be used to determine program compliance income limits.

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Underwriting & Compliance (cont.)

MAXIMUM PROGRAM COMPLIANCE INCOME LIMITS

The income of all borrowers cannot exceed the published [CalHFA Income Limits](#) 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.

CalHFA will calculate family income for Cal-EEM loan eligibility, “Family income” is defined as the annualized gross income of a mortgagor, and any other person who is expected to:

1. be liable on the mortgage
2. be vested on title; and
3. live in the residence being financed

Due to federal regulations, CalHFA is required to compile all information regarding borrower’s income.

Family Income Includes:

Gross pay	Income received
Overtime	from Trust or
Bonuses	Business &
Commissions	Investments from
Part-time employment	all sources (both
Dividends	taxable and non-
Interest	taxable) including
Annuities	but not limited to
Child support payments	earnings
Human assistance/ services	Pensions
	Veterans
	Administration (VA)
	compensation
	Gross rental or
	leased income

Deferred income	Sick pay
Welfare payments	Unemployment
Social security benefits	compensation
Disability payments	Any regularly
Alimony	occurring additional
	income

Family Income Excludes:

- Gifts – casual, sporadic or irregular
- Lump sum additions to household assets, such as inheritances, insurance settlement, capital gains, student financial assistance, settlements for personal or property losses
- Education scholarships paid directly to the student
- Foster child care payments, adoption assistance payments if not used to credit qualify for the loan
- Income from employment of minor dependents not on title
- Food stamps

Verification of employment and other supporting documentation regarding income such as paycheck stubs should be no more than sixty (60) days old at the time of submission to the Agency for loan approval.

For more detailed information see [Lender Program Manual](#)

Qualifying Ratios

The maximum total Debt-to-Income (DTI) ratio cannot exceed 45.00% (DTI on AUS excluding the EEM amount) regardless of automated underwriting decision.

Minimum Credit Score

Minimum 640 credit score (Minimum 660 credit score for manufactured housing):
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Underwriting & Compliance (cont.)

- A co-borrower with no credit score may be eligible as long as an occupant borrower has a credit score that meets the minimum representative credit score requirement
- 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

Underwriting Type

Acceptable Automated Underwriting Systems (AUS):

- Fannie Mae Desktop Underwriter (DU®)
- Freddie Mac Loan Prospector (LP®)
- Other customized automated underwriting systems are not acceptable

Manual underwriting is allowed for this program

Sales Concessions/Contributions

Concessions/contributions as per FHA guidelines except for the following:

- Payment of condominium fees
- Personal property
- Down payment assistance

Miscellaneous Underwriting

- Credit Underwriting is the responsibility of the originating lender
- All loans are subject to audit by both CalHFA and the master servicer
- 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.

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:

- California Homebuyer's Downpayment Assistance Program (CHDAP)
 - › May be used for closing cost and/or down payment assistance
 - › In the case of conflicting guidelines, the lender must follow the more restrictive
- Extra Credit Teacher Program (ECTP)
 - › For full CHDAP underwriting guidelines and details see the [CHDAP Program Handbook](#)
 - › May be used for down payment assistance and/or closing cost
 - › In the case of conflicting guidelines, the lender must follow the more restrictive

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Subordinate Financing (cont.)

- › For full ECTP underwriting guidelines and details see the [ECTP Program Handbook](#)

CHDAP and ECTP may not be combined.

Other Programs and Assistance

This program may be layered with CalHFA Mortgage Credit Certificate Tax Credit Program (MCC Tax Credit Program) or other Mortgage Credit Certificate (MCC) programs for first-time homebuyers only.

- The MCC credit may be used for credit qualifying purposes as per Investor guidelines
- In the case of conflicting guidelines, the lender must follow the more restrictive
- For full CalHFA MCC Tax Credit Program underwriting guidelines and details see [MCC Tax Credit Program Handbook](#), or log onto the MCC Administrator's web site at www.ehousingplus.com

CalHFA Loan Process (Submission, Approval & Purchase)

The lender must submit a fully underwritten, lender-approved loan package to CalHFA for program policy and compliance review, and desktop underwriting validation.

After the lender's designated underwriter has given final approval for the loan and has established that the borrower and property are within the CalHFA program eligibility limits, the lender may forward the loan to CalHFA for conditional approval. The loan package must have the underwriter's signed final approval and include all required documents.

CalHFA reviews loan files on a first-come, first-served basis. CalHFA reviewers will notify lenders of each conditional loan approval, suspension and/or 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.

Once Conditional Approval has been issued CalHFA will send the EEM Grant Lien Agreement and Escrow Instructions to escrow. Escrow or lender shall submit an EEM Funds Request form two (2) business days prior to loan funding. Any request received after 2:00 p.m. will be processed the next business day. CalHFA will directly wire funds to escrow less the \$25.00 wire fee.

Escrow must close within ten (10) business days of the original wire date or funds must be immediately returned to CalHFA. Additional wire requests will incur a \$25.00 wire fee.

Once escrow closes, final HUD-1 and escrow certified copy of lien agreement with recording information must be received by CalHFA within twenty-four (24) hours of recording.

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CalHFA Loan Process (cont.)

After funding, the lender will concurrently ship a closed first mortgage purchase package to CalHFA's master servicer and any CalHFA subordinate loan (i.e. CHDAP or ECTP) purchase package to CalHFA. All loans must meet the rate lock expiration date.

Escrow or lender shall retain EEM Grant funds until all improvements have been completed and the lender has authorized release of funds. Escrow or lender to provide CalHFA confirmation of all work completed and that escrow holdbacks are released. If all work is not completed and funds are not disbursed within ninety (90) days of escrow closing, any unused Cal-EEM Grant funds must be returned to CalHFA.

Step 1

- ▲ Lender reserves loan(s) in LAS System
- ▲ Lender underwrites file
- ▲ Lender submits file to CalHFA for conditional approval
- ◆ CalHFA conducts a pre file log in review.
- ▲ If key items are missing, file is not put in line for review until all suspended items are received from lender

Step 2

- ◆ File is put in line for compliance review
- ◆ CalHFA reviews file for compliance
- ▲ If file is suspended by CalHFA, lender submits all suspended items

Step 3

- ◆ CalHFA issues conditional approval
- ◆ Lender requests EEM Grant funds
- ▲ Lender draws docs
- ◆ CalHFA forwards EEM Grant funds to Escrow/Title
- ▲ Lender funds
- ▲ Lender submits 1st mortgage purchase package to US Bank AND subordinate loan package(s) to CalHFA within 10 business days

Step 4

- US Bank reviews purchase package on 1st mortgage AND CalHFA reviews subordinate loan packages
- ▲ If file is suspended by CalHFA and/or US Bank, lender submits all suspended items
- CalHFA and/or US Bank purchases loan



Fees

Servicing Release Premium (SRP)

- Lenders will earn a 1.00% Service Release Premium (SRP) to release servicing to master servicer at time of purchase
- Master servicer 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
- In all cases the lender must meet federal and California lending laws regarding fees and charges

Master Servicer Fees

- The master servicer funding fee is \$300 per loan
- Tax Service fee to master servicer is \$85 per loan
- Funding fees paid by the borrower or seller must be disclosed and documented on the final HUD-1 Settlement Statement
- Other customary master servicer fees may apply
- Lenders should refer to their legal/compliance department on how to disclose fees

Reservation & Rate Lock

Interest rates are available on the CalHFA [Interest Rate page](#). Interest rates are subject to change at any time without notice.

Reservation and Rate Lock

- A sales contract must be executed prior to reservation
- Lenders must reserve loans including CHDAP or ECTP using CalHFA Mortgage Access System (MAS) prior to loan submission
- At the time of reservation the lender will have the option to float or lock the interest rate
 - › Reservations with a floating rate will be accepted from 6:00 a.m. to 11:59 p.m. Pacific Time, seven days a week
 - › Lender reserves loan for ninety (90) days on existing/resale properties, or one hundred twenty (120) days on new construction properties
 - › Reservations which include a rate lock will be accepted from 8:00 a.m. to 3:00 p.m. Pacific Time, Monday through Friday, excluding state-recognized holidays, and days that the U.S. financial markets are closed for business
- Rate lock period will be sixty (60) days (45 days to fund/15 days to purchase) for both existing/resale properties and new construction properties

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Reservation & Rate Lock (cont.)

- The rate lock expiration date supersedes the reservation expiration date on both the first mortgage and all CalHFA subordinate loans
- Reservation and rate lock period will run without interruption
- All CalHFA subordinate loan(s) will receive the same reservation, lock and purchase periods as the first mortgage

Rate Lock Requests made after Reservation (Float option only):

- Rate lock requests will be accepted between the hours of 8:00 a.m. and 3:00 p.m. Pacific Time, Monday through Friday, excluding state-recognized holidays and U.S. financial market closures
- Lender may lock the interest rate at any time during the reservation period
- Rate will be locked for sixty (60) days (45 days to fund/15 days to purchase) for both resale properties and new construction properties
- Lender must complete the [Rate Lock Request form](#) on the CalHFA website when ready to lock the rate. Fax or telephone rate lock requests will not be accepted
- When requesting a rate lock, the request must be at the same or lower interest rate than the rate at which the previously submitted file was underwritten or rate lock will not be accepted
- For loan files with a higher requested locked rate than the initial file submission, the lender must re-submit all updated loan

documents at the higher rate including Approved/Eligible DU® findings, lender-signed HUD 92900-LT, and final underwriting approval for CalHFA's consideration and rate lock

Delivery Timeframes, Re-Reservations and Extensions:

- The first mortgage loan must be funded, delivered and purchased by the master servicer prior to the rate lock expiration
 - › All CalHFA subordinate loans must be funded, delivered and purchased by CalHFA concurrently with the first mortgage
- All rate lock extensions must be requested from CalHFA's Secondary Marketing Unit prior to the rate lock expiration date
 - › If the rate lock has expired or is cancelled, lender may not re-lock until sixty (60) days after previous expiration date
 - › Rate lock extensions:
 - » 30 days 0.375 bps
 - » Only one (1) rate lock extension will be granted per rate lock
 - › This fee is to be net funded from the lender's proceeds at time of purchase
 - › This fee may be charged to the borrower(s) or seller(s). Refer to your compliance department for how to disclose this fee

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Reservation & Rate Lock (cont.)

- Lender should factor in its own processing/underwriting time frames, as well as CalHFA compliance and conditional approval review, and master servicer review for purchase time frames when locking interest rates and submitting loan files

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
 - › Refrigerator
 - › Oven/Stove/Range
- Home Warranty to be paid through close of escrow
- Home Warranty must be disclosed on Final HUD-1 or copy of insurance declaration page will be required

Pre-Closing Loan Submission

Loan Submission Process

A lender makes reservations through CalHFA’s Lender Access System (LAS). Only one loan package is required when submitting a loan with multiple sources of CalHFA financing including the Cal-EEM + Grant. Refer to the [Loan Submission Checklist](#) for minimum documentation requirements.

The lender must submit a fully underwritten, lender-approved loan package to CalHFA for automated underwriting validation and program compliance review. After validation review, CalHFA will issue a Conditional Approval, Loan Suspension, or a Denial. Once the loan is conditionally approved, the loan may be funded, closed and delivered for purchase.

All closed first mortgages must meet FHA and Ginnie Mae standards.

Send Cal-EEM + Grant loan submission packages to:

CalHFA
 Single Family Lending – MS 300
 500 Capitol Mall, Ste. 400
 Sacramento, CA 95814
 877.922.5432

Checklist

Use the [Loan Submission Checklist](#) to ensure you are submitting a complete and accurate package.

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Pre-Closing Loan Submission (cont.)

Forms

The following forms will be needed when submitting a Cal-EEM + Grant loan to CalHFA:

1. [CalHFA Borrower Affidavit](#)
2. [Tax Return Affidavit](#)
3. [Cal-EEM + Grant Supplemental Worksheet](#)
4. [Cal-EEM + Grant Request for Funds](#)

Prepaid Overnight Courier Label

Prepare and include a self-addressed/pre-paid overnight courier service label

- Cal-EEM + Grant Lien Agreement and Escrow Instructions will be sent by regular mail to the escrow company if overnight courier service label is not provided in package

Post-Closing Loan Delivery & Purchase

Purchase Procedures

Ship all closed first mortgage loan package(s) within ten (10) business days after loan closing to the master servicer

- All files received for purchase are time and date stamped
- If the loan file has exceptions, the master servicer will communicate via phone/fax
 - › Loan exception recap report will be sent out weekly
- All loans must be program approved and exception free before they can be purchased

All CalHFA First Loans:

- Notes are to be endorsed to U.S. Bank National Association
- Deed of Trust to be assigned to U.S. Bank National Association
 - › Loans may be registered via Mortgage Electronic Registration Systems (MERS) in lieu of Assignment of Mortgage Deed of Trust

- Loss Payee Clause:

U.S. Bank National Association

Its successors and/or assigns as their interest may appear.
c/o U.S. Bank Home Mortgage
P.O. Box 7298
Springfield, OH 45501-7298

- Send CalEEM + Grant closed loan files and documents to:

U.S. Bank MRBP

17500 Rockside Road
Bedford, OH 44146
Attn: Operations Department
lender.management@usbank.com

All CalHFA Subordinate Loan(s):

- All CalHFA subordinate loans must be funded, delivered and purchased by CalHFA concurrently with the first mortgage
- Subordinate loan documents are to be drawn in CalHFA's name
- Loss Payee Clause:

California Housing Finance Agency

Its successor and/or assigns
1040 Riverside Parkway, Suite 110
West Sacramento, CA 95605

- Send CHDAP or ECTP (if applicable) closed loan files and documents to:

CalHFA

Single Family Lending – MS 300
500 Capitol Mall, Suite 400
Sacramento, CA 95814
877.922.5432

CalHFA MCC Tax Credit Closing Package(s):

- All final Closing Packages for the MCC application and documents should be submitted to the MCC Program Administrator at:

eHousingPlus

3050 Universal Blvd. Ste. 190
Weston, FL 33331
954.217.0817

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Post-Closing Loan Delivery & Purchase (cont.)

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 Mortgage Submission Voucher Part II](#)

Frequently Asked Questions

What is the Cal-EEM + Grant Loan Program?

The Cal-EEM + Grant loan program is a FHA-insured loan featuring a fixed interest rate first mortgage which is fully amortized for a 30-year term. Cal-EEM + Grant can be combined with the California Homebuyer Downpayment Assistance Program (CHDAP) or Extra Credit Teach Home Purchase Program (ECTP).

Can the EEM Grant be used with a non-CalHFA first mortgage?

No, the EEM Grant must be combined with the Cal-EEM first mortgage

Who can originate Cal-EEM + Grant?

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

- CalHFA
- FHA
- U.S. Bank, CalHFA's master servicer
To seek U.S. Bank approval, contact the Lender Management Group at Lender.management@usbank.com

My borrower(s) wants to sell their current primary residence, are they eligible for the Cal-EEM + Grant?

Yes, at the time of loan closing, the borrower may not have an ownership interest in any residential dwelling. Evidence must be provided to document that the other property(ies) has been disposed.

My borrower(s) owns a rental property; can they keep the property and still be eligible for the Cal-EEM + Grant?

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 Cal-EEM + Grant?

One (1) year tax returns are 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 Cal-EEM + Grant loan program allow additional subordinate financing?

Yes. The California Homebuyer's Downpayment Assistance Program (CHDAP) or Extra Credit Teacher Purchase Program (ECTP) and FHA-approved subordinate loan programs may be layered with Cal-EEM + Grant. When CalHFA subordinate financing is used, different income limits may apply. In the case of conflicting guidelines, the more restrictive will apply.

What areas of California are eligible for Cal-EEM + Grant?

Cal-EEM + Grant 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 Cal-EEM + Grant?

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 web site.

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FAQ's (cont.)

What is the maximum loan amount for Cal-EEM + Grant?

The maximum base loan amount (excluding Upfront Mortgage Insurance Premium) cannot exceed FHA loan limits for the county in which the property is located. First mortgages in which the total loan amount exceeds \$417,000 (including UFMIP) will be subject to an additional fee. See [CalHFA rate sheet](#) for applicable fees.

What is the maximum amount of the EEM Grant?

The maximum EEM Grant will be the lesser of 4% of the first mortgage total loan amount or the maximum amount approved under the HERS Report less the maximum FHA EEM amount.

Can the Cal-EEM + Grant be used in moderate climate areas of California?

The additional EEM Grant is designed to increase the payment neutrality in these areas which will potentially serve more borrowers.

How does an EEM Facilitator assist with the process?

The EEM Facilitator works directly with the borrower, HERS Rater and the contractors to ensure the process is completed smoothly, efficiently and on time.

Are condominiums eligible for Cal-EEM + Grant?

Yes. CalHFA will allow approved condominiums that meet FHA Condominium Project requirements.

Is a manufactured home eligible for Cal-EEM + Grant?

Yes. Cal-EEM + Grant will accept manufactured homes. The manufactured home must be on a permanent foundation and meet all FHA and [U.S. Bank guidelines](#); in addition, the minimum credit score is 660.

What automated underwriting engines do you allow for the Cal-EEM + Grant loan?

CalHFA will accept the most recent version of Fannie Mae's Desktop Underwriter® (DU®) with the FHA Scorecard option or Freddie Mac's Loan Prospector (LP) with the FHA Scorecard option.

What are the minimum credit score requirements for Cal-EEM + Grant?

The minimum representative credit score is 640 (660 minimum credit score when the property is a manufactured home).

Does CalHFA use the lowest credit score to determine the minimum representative credit score of 640 for the Cal-EEM + Grant loan?

No. The middle score of the lowest scoring borrower should be used to determine eligibility.

My borrower only has one credit score, is that okay for Cal-EEM + Grant?

Yes. At least one credit score must be reported.

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FAQ's (cont.)

Do all of my borrowers need to meet the minimum FICO score requirement for Cal-EEM + Grant?

Yes. A minimum representative credit score of 640 is required for all borrowers who have a credit score. When a co-borrower has no credit score they may be eligible as long as an occupant borrower has a credit score which meets the minimum representative credit score requirement.

Can I use a Non-Traditional credit report for the Cal-EEM + Grant loan?

Yes. Non-traditional credit reports may be eligible for Cal-EEM + Grant as long as the credit report has been scored and meets the minimum representative credit score.

Is manual underwriting permitted for the Cal-EEM + Grant loan?

Cal-EEM + Grant does allow manual underwriting.

What is the maximum age of credit documents for the Cal-EEM + Grant loan?

CalHFA will follow FHA guidelines for the age of the credit documents; except all income documents must be sixty (60) days or less at the time of submission to CalHFA.

What is the maximum LTV/CLTV for Cal-EEM + Grant?

The maximum LTV is per FHA guidelines. The maximum CLTV is 103%*.
*Base FHA loan amount without EEM + all subordinate loans.

Does the borrower have to have a cash down payment for Cal-EEM + Grant?

No, CalHFA does not require a minimum borrower investment from the borrower. Please follow FHA guidelines.

What fees and related charges are allowed for the Cal-EEM + Grant loan?

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 credit report fee, appraisal fee, insurance fee or similar settlement or financing cost
- \$300 funding fee (payable to CalHFA's master servicer), \$85 tax Service Fee (payable to CalHFA's master servicer)
- In all cases the lender must meet federal and California lending laws regarding fees and charges.

Does Cal-EEM + Grant program 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 Cal-EEM + Grant?

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

Is homebuyer education required for Cal-EEM + Grant?

Homebuyer Education 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](#)

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FAQ's (cont.)

Is a temporary buydown available for the Cal-EEM + Grant loan?

Yes. 2-1 or 1-1 temporary buydowns are allowed on Cal-EEM + Grant. The borrower must qualify at the Note rate.

Will co-signers be allowed for Cal-EEM + Grant?

Yes, per FHA guidelines. The lender will consider the co-signer's income, assets, liabilities and credit history in determining creditworthiness.

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

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

Is there a re-lock fee for the Cal-EEM + Grant loan?

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 60-day waiting period, subject to guidelines in effect at that time.

I had to cancel a Cal-EEM + Grant loan reservation after Conditional Approval. 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 Cal-EEM + Grant?

Cal-EEM + Grant 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.

I have chosen the float option for Cal-EEM + Grant, 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. CalHFA requires that the loan be approved by both the Lender and CalHFA at a rate that is equal to or higher than the requested interest rate at time of lock.

What is the rate lock period for Cal-EEM + Grant?

The rate lock period will be for sixty (60) days.

I cannot close my loan in time. Can I get a rate lock extension?

All rate lock extension must be requested through CalHFA's Secondary Marketing Unit in writing prior to the expiration of the current rate lock. Rate lock extension fees are posted on the [CalHFA Rate Sheet](#).

Can my borrower pay for the cost of the rate lock extension of the Cal-EEM + Grant?

Yes. The borrower(s) or seller(s) may be charged with the cost of the extension fee. 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.

What if the borrower changes properties? Can I cancel the existing reservation and re-reserve the Cal-EEM + Grant?

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.

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FAQ's (cont.)

My borrower had a loan reservation with another lender, but now they want to go through me. Can I reserve for Cal-EEM + Grant?

If the rate was not locked on the other lender's reservation, the new lender may re-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 a Cal-EEM + Grant loan simply 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 of the rate lock so suspension items have time to clear by the rate lock expiration date.

How often does the master servicer purchase for Cal-EEM + Grant?

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



California Housing Finance Agency

CAL-EEM + Grant PROGRAM

Make your mortgage and your home energy-efficient. Energy costs are going up. We can help you bring them down again.

Your contact information can be placed here



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EEM + Grant features:

- ◆ Energy-Efficient first mortgage helps you include costs of energy-efficient improvements in your mortgage
- ◆ Additional 4% grant so you can make even more improvements to make your home green

Additional benefits:

Cal-EEM + Grant can also be combined with:

- ◆ California Homebuyer's Downpayment Assistance Program (CHDAP) – deferred payment junior loan of 3% of the purchase price for down payment and/or closing costs
- ◆ Mortgage Credit Certificate Program (MCC) – federal income tax credit that may lower your taxes and increase disposable income

GOT QUESTIONS?

Visit: www.calhfa.ca.gov

Call: **877.9.CalHFA (877.922.5432)**

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