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CATEGORY:	DOWN PAYMENT ASSISTANCE
LOCATION:	California (Statewide)
AGENCY:	CALIFORNIA HOUSING AUTHORITY CalHFA
PROGRAM NAME:	Extra Credit Teacher Home Purchase Program (ECTP)
AGENCY REVISED DATE:	10/23/2013 Bulletin #2013-11

FINANCING TYPE: A subordinate loan with deferred payments based on simple interest

AMOUNT OF DAP: \$7,500 or 3%

\$15,000 or 3% located in CalHFA high-cost areas

The lesser of the amount above or 3% which is based on the sales price or appraised value, whichever is lowest

OCCUPANCY All borrowers (including co-borrowers) must reside in the home and will occupy the property within 60 days of closing

Not Permitted: *Non-occupant co-borrowers or co-signers*

HIGH-COST AREAS: <http://www.calhfa.ca.gov/homeownership/forms/highcost.htm>

CLTV: Combined loan-to-value (CLTV) cannot exceed 103%



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BORROWER ELIGIBILITY:

First-time homebuyer (all borrowers) is defined as individuals who have not had ownership interest, in any principal residence, during the previous three years.

Additional restriction for qualifying for the ECTP program:

- ✓ The individual must be employed in either county/continuation schools or high-priority schools (Academic Performance Index (API) ranks of 1-5).
- ✓ The employee's job is identified as a teacher, administrator, classified employee or staff member.
- ✓ The employee holds appropriate credentials for a teacher, administrator or staff member, or is employed as a classified employee, which is an individual that is employed by a school district, but does not hold a position requiring certification for their job.
- ✓ The employee intends to work for three years, continuously, from the date of the loan in a high-priority school (or county) continuation school.

INCOME REQUIREMENTS:

CalHFA uses "qualifying income" and not "taxable income". An example of taxable income would be a large gift. For example, the IRS counts gifts, inheritance, etc., as taxable income. However, CalHFA does not count lump sum items, such as above. The gift funds are not considered income.

INCOME LIMITS:

<http://www.calhfa.ca.gov/homeownership/limits/income/income-moderate.pdf>

MINIMUM FICO SCORE:

640 (Middle Score)

A spouse with a credit score of 0 may be eligible; the borrower with credit has to have a score that is at 640 or higher.

MAXIMUM DEBT-TO-INCOME RATIO: 45% regardless of the AUS decision

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UNDERWRITING APPROVAL:

CALHFA will accept:

- ✓ Desktop Underwriter (DU) with an “Approved/Eligible” recommendation
- ✓ Loan Prospector (LP) with an “Accept” result

CalHFA will **not** accept:

- ✓ Manual underwriting
- ✓ Underwriting systems, other than the two listed below

FIRST MORTGAGE REQUIREMENTS:

The first mortgage must be a fixed rate 30-year mortgage. Eligible first mortgages are:

- ✓ FHA
- ✓ VA
- ✓ Conventional

ADDITIONAL DAP:

CalHFA allows for additional down payment-assistance programs, except for the CHDAP (which is another CalHFA program), including:

- ✓ MCC program
- ✓ Other approved non-profit DAP providers
- ✓ Other municipalities offering DAP programs

PROPERTY TYPE:

One-unit residence is eligible.

- ✓ Single-Family Residence
- ✓ Condominium
- ✓ PUD

Ineligible single family properties:

- ✓ A home with a guest house
- ✓ “Granny” units, “in-law” quarters or separate units, containing kitchen facilities
- ✓ Properties on leasehold land
- ✓ Properties on land trusts
- ✓ Co-ops
- ✓ Property acreage that exceeds 5 acres



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PROPERTY REQUIREMENTS:

- ✓ The property must be located in a single-family occupancy zone and cannot be zoned as 2-4 units.
- ✓ The property must meet investor guidelines and city/county zoning ordinances.
- ✓ The property may not be income producing and must be used for personal use only.
- ✓ All units must be complete and ready to occupy.
- ✓ Escrow holdbacks must be cleared prior to purchase (except for an Energy Efficient Mortgage).

Link to Program Bulletin #2014-19 Property Eligibility Update

<http://www.calhfa.ca.gov/homeownership/bulletins/2014/2014-19.pdf>

SALES PRICE LIMITATIONS:

CalHFA's sales price limits appear in a link, at the end of this matrix, called: Sales Price

Restrictions are based on: County, new construction, resale, targeted and non-targeted areas.

California Targeted Area Index:

<http://www.calhfa.ca.gov/homebuyer/information/fdta.htm>

Specific tracts by county

<http://qct.huduser.org/tables/1statetable.odb?statefp=6.0&DDAYEAR=2013>

PARTICIPATING LENDER:

The lender must be a CalHFA approved lender to participate in this program.

Approved Lenders:

<http://www.calhfa.ca.gov/apps/approvedlenders/>

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RESERVATION:

A reservation cannot be obtained until there is an executed purchase contract. Reservation requirements are as follows:

- ✓ Loan to be closed, delivered and purchased by CalHFA, within 90 days (120 days with an extension).
- ✓ New reservations (first time or after cancelation) are based on the policy and procedures that are in place at the time of the reservation.
- ✓ Reservation is to be requested through Lender Access System, prior to loan submission.
- ✓ Lender will have an option to lock or float the interest rate; rate lock is for 60 days.
- ✓ Reservation is typically 90 days, on existing properties and 120 days on new construction.

Extension policy of a reservation:

- ✓ Extensions may be granted, but only one extension is permitted per reservation.
- ✓ If not locked, the reservation can cancel and re-reserve for an additional 90/120 days (prior to closing).
- ✓ Locked reservations, which cancel or expire, are ineligible to qualify for a new reservation without a waiting period of 60 days.
- ✓ Funded loans, but not delivered to CalHFA or purchased prior to reservation expiration, may be eligible for an extension of 30 days.
- ✓ All extensions of any kind are subject to a fee of \$250, to CalHFA.

HOMEBUYER EDUCATION:

At least, one occupying borrower must attend an approved CalHFA Homebuyer's Education Course:

- ✓ Homebuyer Education sponsored by eHome (via the Internet)
- ✓ Face-to-Face Homebuyer Education through: NeighborWorksAmerica

Link to eHome:

<http://ehomeamerica.org/>

Link to NeighborWorksAmerica:

<http://www.nw.org/network/nwdata/homeownershipcenter.asp>



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ADDITIONAL LINKS:

LINK TO SALES PRICE: <http://www.calhfa.ca.gov/homeownership/limits/salesprice/salesprice.pdf>

LINK TO MAIN PAGE: <http://www.calhfa.ca.gov/>

LINK TO PROGRAM: <http://www.calhfa.ca.gov/homeownership/bulletins/2013/2013-11.pdf>

LINK TO LOOK-UP API OF A SCHOOL:

<http://api.cde.ca.gov/reports/page2.asp?subject=API&level=School&submit1=submit>

LINK TO UNDERWRITING GUIDELINES & FORMS:

[http://www.calhfa.ca.gov/homeownership/programs/ectp.pdf\[1\]](http://www.calhfa.ca.gov/homeownership/programs/ectp.pdf[1])

<http://www.calhfa.ca.gov/homeownership/programs/fha.pdf>

FUNDS AVAILABILITY: <http://www.calhfa.ca.gov/homeownership/programs/funds.htm>

TERMINOLOGY:

TITLE/TOPIC	DEFINITION
API (School)	Academic Performance Index
DAP	Downpayment Assistance Program (AKA DPA)
Debt-to-Income Ratio	All debts divided by all allowable income creates a ratio (percentage)
Deferred	No payments due until a certain point in time
DPA	Down Payment Assistance (AKA DAP)
Forgiveness	Debt that does not have to be repaid
High-Cost Areas	Counties and/or areas where sales prices are higher than other areas
MCC Program	Mortgage Credit Certificate which is an IRS tax credit
Reservation	Formal process of having funds from the agency allocated to a borrower
Subordinate Loan	A secured mortgage behind a first (and/or) second loan
Targeted Area	Federally designated area based on low-to-moderate income statistics

DISCLAIMER: Program guidelines, targeted areas, API information and links are subject to change.