

Conventional Loan Underwriting Guidelines

NOTE: THE TERM "UNDERWRITING" SHOULD NOT BE CONFUSED WITH TAX, PROGRAM AND POLICY COMPLIANCE REVIEW. ALL LOANS SUBMITTED TO CALHFA FOR PURCHASE MUST INCLUDE ALL DOCUMENTS REQUIRED BY CALHFA HOMEOWNERSHIP PROGRAMS FOR TAX, PROGRAM AND POLICY COMPLIANCE REVIEW

For credit underwriting questions contact CalHFA Mortgage Insurance Services at 916-322-8936. Program compliance questions should be directed to the CalHFA Homeownership Division at 916-324-8088.

		MANUAL UNDERWRITING	AUTOMATED UNDERWRITING	
<p>Lenders may submit fully documented loans that have either been manually underwritten or underwritten using Fannie Mae's Desktop Underwriting (DU) at a level of Approved/Eligible or Approved/Ineligible, depending on the loan program, provided that the underwriting is in accordance with CalHFA Conventional Loan Underwriting Guidelines. Expanded Approvals (EA) are not acceptable and will require a manual underwriting. Exceptions to a minimum credit score and/or maximum debt-to-income ratio may be possible with strong compensating factors on a case-by-case basis on manual underwritten loans only. Lenders are required to ensure all loans submitted are documented in accordance with an automated underwriting findings report and underwriter's conditions of approval with a signed Approval by the Underwriter. CalHFA Mortgage Insurance performs credit underwriting on all CalHFA conventional loans and provides mortgage insurance coverage on all CalHFA conventional loans with a loan-to-value (LTV) ratio greater than 80%. Regardless of the underwriting method (manual or automated) CalHFA Credit Underwriters will perform credit underwriting in accordance with CalHFA Conventional Loan Underwriting Guidelines and loans programs on all loans submitted.</p>				
ELIGIBILITY	Borrower Eligibility	First-time Homebuyer, Income Limits, Sales Price Limits, Meet CalHFA Conventional Credit Underwriting Guidelines Refer to the Homeownership section of CalHFA's web site at www.calhfa.ca.gov		
	Programs	30-Year Fixed Mortgage		
	Loan Purpose	Purchase transactions only		
	Occupancy Type	Owner-occupied primary residence only		
	LTV & CLTV Limits	Maximum 95% LTV, Maximum 102% CLTV (90% Maximum LTV/CLTV on Manufactured Housing. Manufactured Housing is not permitted with some loan programs)		
	Minimum Contribution	3% borrower minimum cash contribution from borrower's own funds toward down payment. Must be seasoned and sourced.		
	Homebuyer Education	Required		
CREDIT	Minimum Credit Score	> 90% LTV: 680 with <=45% DTI <= 90% LTV: 640 with <=45% DTI	Regardless of AU findings: >90% LTV: 700 with 51 to 55% DTI; 680 with <= 50% DTI <= 90% LTV: 640 with <= 55% DTI	
	Alternative Credit	Permitted on 95% LTV and below. Minimum of four sources with a 12 month satisfactory payment record. One source must be a 12 month Verification of Rent history		
	BK (CH. 7 & 13) / Foreclosure	Minimum three years since discharge date / foreclosure sale and evidence of reestablished credit		
	Collections	If individual account balance is less than \$250, or the total of all such accounts is \$1000 or less CalHFA does not require that such accounts be paid off at or prior to closing	Determined by automated approval	
	Deferred Student Loans	The deferred payment amount must be included in total debt ratio calculation		
RATIOS & INCOME	Total Debt Ratio (TDR)	>90% LTV 680 with <=45% DTI <= 90% LTV 640 with <=45% DTI	Regardless of AU findings: >90% LTV 700 with 51 to 55% DTI; 680 with <= 50% DTI <= 90% LTV 640 with <= 55% DTI.	
	Temporary Buydowns	Temporary buydowns allowed on 30-Year Fixed Mortgage LTV < or = 95% qualify at buydown + 1%	Determined by automated approval	
	Non-Occupying Co-Signer	Permitted on 30-Year Fixed Mortgage with LTV < or = 90%. Occupant/borrower(s) total debt ratio max 55%, combined max 45%.		
	Boarder Income	Not Permitted		
	PT / OT / 2nd Job / Bonus Income	Permitted with a minimum 12 month history	Determined by automated approval	
PROPERTY	Eligible Property Types	Single Family (no in-law units/granny flats), five acre maximum Condominiums must meet FNMA Condominium Project Approval Requirements Manufactured Housing - limited to 90% LTV/CLTV with 10% down payment from borrower's own funds on 30 Year Fixed Mortgage.		
	Appraisals	One of the following appraisal forms is required: Uniform Residential Appraisal Report (URAR) Fannie Mae/Freddie Mac form 1004(Single Family / PUD) Form 1004C (Manufactured Home Appraisal Report) Form 1073 (Individual Condominium Unit Appraisal Report)		
FUNDS TO CLOSE	Minimum Down Payment	5% minimum down payment required. Manufactured home loans require 10% down payment from the borrower's own funds		
	Cash Reserves	1 month	Determined by automated approval	
	Gift Funds	Permitted. No Maximum. May be used to supplement cash reserves.		
	Seller Contributions	Contributions by any interested party towards recurring and/or non-recurring closing costs are limited to: 3% of the purchase price if the LTV is > 90% 6% if the LTV is 90% or less Any contribution exceeding these limits requires a downward adjustment to the sales price to reflect the amount that exceeds the limits		
Mortgage Insurance	Monthly Mortgage Insurance	Zero Upfront Monthly Mortgage Insurance is provided by CalHFA Mortgage Insurance and is required on all conventional first mortgage loans with an LTV > 80.00%		
	Mortgage Insurance Rates	30-Year Fixed Mortgage		
		LTV	Coverage	Pricing
		90.01-95%	35%	0.90
		85.01-90%	35%	0.67
80.01-85%	35%	0.62		
Financed Mortgage Insurance	Not available on CalHFA conventional loans			