



California Housing Finance Agency

# Conventional Loan Programs: Frequently-Asked Questions

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## What Conventional Loan Programs does CalHFA offer?

CalHFA offers the following conventional loan programs:

### CalPLUS<sup>SM</sup> Conventional

Fannie Mae HFA Preferred<sup>TM</sup> fully amortized thirty (30) year fixed interest rate first mortgage. This loan is combined with the CalHFA Conventional Zero Interest Program (ZIP) for closing cost and/or prepaid items only.

- The Conventional ZIP second loan is only available with CalPLUS and is a silent second loan for either 2.00% or 3.00% of the first mortgage loan amount. The interest rate is zero percent (0.00%) and the payment(s) are deferred for the life of the first mortgage or until the property is transferred or the first mortgage loan is refinanced
- This CalPLUS loan may be combined with the MyHome Assistance Program (MyHome)

### CalHFA Conventional

Fannie Mae HFA Preferred<sup>TM</sup> fully amortized thirty (30) year fixed interest rate first mortgage. This loan may be combined with the MyHome Assistance Program (MyHome). When no CalHFA down payment and or closing cost assistance subordinate loan programs are being used with the CalHFA Conventional first mortgage loan, the first mortgage loan may be eligible for a lower interest rate.

### Dream For All Conventional

Fannie Mae HFA Preferred<sup>TM</sup> fully amortized thirty (30) year fixed interest rate first mortgage. This loan may only be combined with the Dream For All Shared Appreciation Loan (Shared Appreciation Loan).

## Who can originate CalHFA Conventional loan programs?

### Lender Eligibility Requirements

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

- CalHFA
- Fannie Mae or have access to HFA Preferred through a DO sponsorship
- Lakeview Loan Servicing (LLS), CalHFA's master servicer
  - To seek LLS approval contact the Counterparty Risk Management team at [CRM@Lakeviewloanservicing.com](mailto:CRM@Lakeviewloanservicing.com)

## My borrower(s) owns a rental property; can they keep the property and still be eligible for CalHFA conventional loan programs?

Yes, if they meet CalHFA's first-time homebuyer definition.

**My borrower is not a first-time homebuyer, is the borrower still eligible for CalHFA conventional loan programs?****CalPLUS Conventional**

No, all borrowers must be first-time homebuyers.

**CalHFA Conventional**

This program is available for both first-time and non-first-time homebuyers; however, when CalHFA subordinate financing is included all borrowers must be first-time homebuyers.

**Dream For All Conventional**

No, all borrowers must be first-time homebuyers.

**My borrower is not a first-generation homebuyer, is the borrower still eligible for CalHFA conventional loan programs?****CalPLUS Conventional**

Yes

**CalHFA Conventional**

Yes

**Dream For All Conventional**

No, at least one borrower must be first-generation homebuyers.

**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 MAS prior to loan submission.

**Does CalHFA allow additional subordinate financing with the conventional loan programs?**

Yes. The MyHome Assistance Program and Fannie Mae approved Community Second subordinate loan programs may be layered if they will go into subordinate lien position. In the case of conflicting guidelines, the more restrictive will apply.

**What areas of California are eligible for CalHFA financing?**

CalHFA conventional loan programs are state-wide programs. Properties located anywhere within the State of California may be eligible for the program.

**Are there sales price limits on CalHFA conventional loan programs?**

No, there are no sales price limits on CalHFA conventional loan programs.

**What is the maximum loan amount for CalHFA conventional loan programs?**

The maximum total loan amount cannot exceed Fannie Mae loan limits.

**Fannie Mae High Balance Loan Limits**

All loans with a loan amount exceeding the Fannie Mae loan limit will be subject to an additional fee. See [CalHFA rate sheet](#) for applicable fees.

Maximum LTV for Fannie Mae High Balance Loan Limits: 95.00%

All Fannie Mae High Balance Loan fees will be net funded at the time of first mortgage purchase by the master servicer.

**Are condominiums eligible for CalHFA conventional loan programs?**

Yes, per Fannie Mae guidelines.

**Is a manufactured home eligible for CalHFA conventional loan programs?**

Yes, manufactured homes are permitted per Fannie Mae MH Advantage and Fannie Mae Standard MH with the following parameters:

- Singlewide manufactured homes are not eligible
- Fannie Mae Desktop Underwriter® (DU®) Approve/Eligible findings only – no manual underwriting
- Maximum DTI: 45.00%
- Leasehold properties are not eligible
- Appraisal for MH Advantage requires picture of [MH Advantage Sticker](#)

Loan Program	Max. LTV	Max. CLTV	Desktop Underwriter® (DU®)*
Fannie Mae MH Advantage	97%	105%	Select* <i>MH Advantage</i>
Fannie Mae Standard MH	95%	105%	Select* <i>Manufactured Home or Manufactured Home: Condo/ PUD/Co-op</i>

\* Use with Fannie Mae HFA Preferred™ only

**What automated underwriting engines do you allow for CalHFA conventional loan programs?**

CalHFA will only accept the most recent version of Fannie Mae’s Desktop Underwriter® (DU®) with the HFA Preferred™ option.

**What is the maximum DTI allowed on CalHFA Conventional loans?**

The maximum total Debt-to-Income (DTI) ratio cannot exceed:

- 50.00%, for borrowers with credit scores equal to or greater than 700
- 45.00%, for borrowers with credit scores between 680 – 699
  - Properties with Manufactured Homes

MCC may not be used for credit qualifying purposes.

**What are the minimum credit score requirements for CalHFA conventional loan programs?**

- The minimum credit score is 680 for borrowers with income greater than the HomeReady 80% Area Median Income (AMI) LI income limit
- The minimum credit score is 660 for borrowers with income less than or equal to [HomeReady 80% AMI LI](#) income limit.

**Does CalHFA use the lowest credit score to determine the minimum representative credit score?**

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

- If a tri-merged credit report is used, use the middle score
- If a merged credit report only returns two scores, use the lower score
- If a merged credit report only returns one score, that score must be used

**My borrower only has one credit score. Is that okay for CalHFA conventional loan programs?**

Yes, one credit score is acceptable with DU Approve/Eligible findings.

**Do all borrowers need to meet the minimum credit score requirement for CalHFA conventional loan programs?**

Yes, all borrowers must meet the minimum credit score requirement.

**Can I use Non-Traditional credit?**

No, non-traditional credit is not eligible.

**Is manual underwriting permitted on CalHFA conventional loan programs?**

No. Manual underwriting is not permitted.

**What is the maximum age of credit documents on CalHFA conventional loan programs?**

CalHFA will follow Fannie Mae guidelines for the age of the credit documents.

### What is the maximum LTV/CLTV on CalHFA conventional loan programs?

The maximum LTV is 97.00%. The maximum CLTV is 105%.

- Maximum LTV for Fannie Mae High Balance Loan Limits: 95.00%
- Combined Loan-to-Value (CLTV) must be between 95.00% and 105.00% for Dream For All Conventional only

### Can I use the ZIP for down payment?

No. The Conventional ZIP second loan is only available with CalPLUS and may be used for closing cost and/or prepaid items only. ZIP may not be used for down payment or debt payoff.

### What fees and related charges are allowed for CalHFA conventional loan programs?

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 the credit report fee, appraisal fee, insurance fee or similar settlement or financing cost. No additional fees are allowed for ZIP.
- \$250 funding fee (payable to CalHFA's master servicer)
- \$75 tax Service Fee (payable to CalHFA's master servicer)
- \$10 Life of Loan Flood Certification Fee (payable to CalHFA's master servicer)
- In all cases the lender must meet federal and California lending laws regarding fees and charges

### Does the Federal Recapture Tax apply on CalHFA conventional loan programs?

No. Federal Recapture Tax does not apply.

### Is homebuyer education required on CalHFA conventional loan programs?

Yes. Homebuyer Education and Counseling is required for one occupying first-time homebuyer. Homebuyer Education and Counseling is not required for non-first-time homebuyer(s).

- Online Homebuyer Education through [eHome™](#)
- In Person or Virtual Live through [NeighborWorks America](#) or through one of the [HUD approved Housing Counseling Agencies](#)
- Additionally, under the Dream For All Conventional, Borrowers are required to complete CalHFA homebuyer education specifically for Shared Appreciation loans.

**Is a temporary buydown available on CalHFA conventional loan programs?**

Yes. 2-1; 1-1; and 1-0 buydowns are permitted per Fannie Mae and master servicer guidelines

- Loan must be credit qualified at Note rate
- Temporary buydowns are not processed through CalHFA's Secondary Marketing Unit
- Lender must enter buydown option in MAS
- Borrower paid Temporary Buydowns are not allowed
- Temporary buydown must be disclosed on the Final CD
- Buydown Agreement must be forwarded to Lakeview prior to loan purchase
- Buydown funds will be net funded by Lakeview at time of first mortgage purchase

**Are permanent buydowns available on CalHFA conventional loan programs?**

Permanent buydowns are done on a case-by-case basis

All requests for permanent buydown must be emailed to [Ratelocks@calhfa.ca.gov](mailto:Ratelocks@calhfa.ca.gov)

- Buy downs are only allowed on our first mortgage loan programs
- On a CalHFA rate locked loan, you must provide the CalHFA loan ID
- If the loan has NOT been locked with CalHFA:
  - Provide the CalHFA first mortgage program they will be using
    - When Conventional - standard or LI pricing
  - Quote provided is good until 3 p.m. same day unless there is a mid-day rate change

**Will non-occupant co-signers or non-occupant co-borrowers be allowed on CalHFA conventional loan programs?**

No, non-occupant co-signers and non-occupant co-borrowers are not permitted.