



CALIFORNIA HOUSING FINANCE AGENCY

Extra Credit Teacher Home Purchase Program (ECTP)

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Program Summary

The Extra Credit Teacher Home Purchase Program (ECTP) is a deferred payment, simple interest rate subordinate loan. The ECTP loans are available either at an amount:

- Not to exceed the greater of \$7,500 or 3% of the lesser of the sales price or appraised value
- Not to exceed the greater of \$15,000 or 3% of the lesser of the sales price or appraised value in [CalHFA-defined high cost areas](#).

The ECTP can only be used for down payment assistance and/or closing cost with an eligible CalHFA first mortgage loan.

In addition, CalHFA will permit qualified homebuyers to use other FHA-approved or Fannie Mae Community Second subordinate loans or grants (with the exception of MyHome) to help in the purchase of the home.

Participating Lenders

This program is only available through a [CalHFA-approved lender](#).

Brokers must work through a [CalHFA-approved wholesale lender](#) to process your CalHFA loan.

Target Markets

This program is intended for eligible teachers, administrators, classified employees and staff members working in either county/continuation schools or high priority schools (schools with Academic Performance Index (API) ranks of 1-5) in California. Applicants must also be first-time homebuyers.

Eligible buyers

This program is for first-time homebuyers purchasing an owner-occupied property anywhere in California.

Eligibility

Borrower Requirements

Each borrower must:

- Be a first-time homebuyer
- Be a U.S. citizen, [permanent resident alien or qualified alien](#)
- Meet credit, [income](#) and loan requirements of CalHFA's first mortgage loan program, the CalHFA-approved lender and the mortgage insurer/guarantor
- Be currently employed in a county/continuation or high priority school. High priority school is defined as a K-12 public or charter school that has an Academic Performance

Index (API) statewide ranking of 1 through 5. To verify the API base ranking of individual schools, visit the [California Department of Education's API DataQuest](#), type the name of the school, then choose the "2013 Growth API Report."

May also be eligible if assigned to a school district but teach in or provide service to at least one high priority school; or if employed in a K-12 public school with "no" ranking, must verify that 70% or more of the students are eligible for free or reduced priced meals.

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Eligibility (cont.)

- Hold an appropriate credential for a teacher, administrator or staff member or be employed as a Classified Employee. “Classified Employee” means an employee of a school district, employed in a position not requiring certification qualifications.
- Intend to work for three years continuously from the date of the loan in a high priority school or county/continuation school

Homebuyer Education

Homebuyer education is required. Please refer to CalHFA first mortgage program handbooks for full details.

First-Time Homebuyer Definition

To qualify for the ECTP program, all borrowers, including co-borrowers, must reside in the home and must meet the 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 sixty (60) days of closing
- Non-occupant co-borrowers are not allowed
- Non-occupant co-signors are not allowed on CalHFA Conventional nor CalPLUS Conventional
- Non-occupant co-signors are allowed per FHA first mortgage guidelines, but cannot occupy the property, be on title or have a vested interest in the property

Property Requirements

Meet the requirements of the CalHFA first mortgage. Please refer to CalHFA first mortgage program handbook for full details

Income & Sales Price Limits

The following reference materials disclose income and sales price limits by county:

1. [Income Limits \(w/FHA\)](#)
2. [Income Limits \(w/Conventional\)](#)
3. [Sales Price Limits](#)

Underwriting & Compliance

Term

The term of ECTP matches the term of the CalHFA first mortgage not to exceed thirty (30) years. Payments on the subordinate loan are deferred for the life of the first loan. ECTP is due and payable when certain events occur. See “Repayment of Subordinate Loan” section.

Maximum Loan Amount

- Amount not to exceed the greater of \$7,500 or 3% of the lesser of the sales price or appraised value
- Amount not to exceed the greater of \$15,000 or 3% of the lesser of the sales price or appraised value in [CalHFA-defined high cost areas](#).

Interest Forgiveness on ECTP Subordinate Loan

The ECTP subordinate loan has an “interest forgiveness” feature. Interest on the subordinate loan may be reduced to zero percent (0%) if the borrower meets continued eligibility by remaining employed in a high priority school or a county/continuation school on a continuous basis for three (3) years from the date specified on the subordinate loan documents. The interest rate on the subordinate loan will be reduced by one percent (1%) for each full year the borrower remains employed in a high priority school, up to a maximum of three years. At the end of three years, the rate is reduced to zero and all interest is forgiven.

In the event of termination of employment during the first three years, the interest rate on the subordinate loan will accrue at the last reduced rate that the borrower met continued eligibility.

LTV and CLTV

Loan-to-Value (LTV) to follow the applicable insurer/guarantor investor guidelines and the applicable first mortgage underwriting guidelines

Maximum Combined Loan-to-Value (CLTV) cannot exceed 105%

Income Requirements

Lenders are required to calculate income to qualify borrower(s) for loan approval using investor guidelines. CalHFA will recalculate the borrower’s income pursuant to tax compliance. Watch our training videos for assistance with [Income Calculations](#).

Qualifying Income vs. Tax Compliance Income

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

Maximum Tax 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.

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Underwriting & Compliance (cont.)

CalHFA will calculate family income for CalHFA ECTP program 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

Underwriting

- Meet the requirements of the CalHFA first mortgage. Please refer to CalHFA first mortgage program handbook for full details
- ECTP may be combined with other down payment and/or closing cost assistance programs with the exception of MyHome Assistance Program

Minimum Credit Score & Qualifying Ratios

- Follow the guidelines in the applicable CalHFA first mortgage program handbook for minimum credit score requirements
- The maximum total Debt-to-Income ratio cannot exceed 45.00% regardless of automated underwriting decision

Fees

Lender Allowable Fees (Processing)
Maximum total processing fee of \$250

Reservations

- Follow the applicable CalHFA first mortgage loan program handbook A sales contract must be executed prior to reservation

- Lender must reserve ECTP with first mortgage using CalHFA Mortgage Access System (MAS) prior to loan submission
- All ECTP loans will have the same rate lock, delivery and expiration date as the CalHFA first mortgage loan
 - › Lender reserves loan funds and locks interest rate at no fee for sixty (60) days for both existing/ resale properties and new construction properties

Delivery Timeframes

- All loans must be approved, closed, delivered and purchased by CalHFA prior to the reservation expiration date
- All ECTP must follow the applicable [CalHFA first mortgage loan program handbook](#)
- Reservation and rate lock period will run without interruption
- Rate lock expiration will supersede the reservation expiration date

Extensions

- All loans must be approved, closed, delivered and purchased by CalHFA prior to the reservation expiration date
- Lender must request extension via email (ratelocks@calhfa.ca.gov) from CalHFA's Secondary Marketing Unit prior to expiration of the existing rate lock
 - › All ECTP loans will automatically be extended when the first mortgage is extended

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Underwriting & Compliance (cont.)

- › Any ECTP which has funded, but has not been delivered to CalHFA and or purchased prior to the reservation expiration may be extended:
- › CalHFA offers extensions in 15 day increments up to a maximum of 60 days from the original expiration date

	First Mortgage	ECTP or MyHome
15 days	0.1875%	\$125
30 days	0.3750%	\$250
45 days	0.5625%	\$375
60 days	0.7500%	\$500

All extensions are subject to the following:

- Extension fee paid to CalHFA via corporate check or certified funds
- New Preliminary Title Report/Property Profile showing no additional recorded loans since loan closing
- Lender, not the borrower, shall pay for all costs associated with the Subordinate loan extension fee, including the extension fee and new Preliminary Title Report
- The first mortgage payment history showing the loan as current with no past delinquencies

Repayment

Repayment of the principal and interest on the subordinate loan shall be due and payable at the earliest of the following events:

- Transfer of title
- Sale of the property*
- Payoff of the first loan

- Refinance of the first loan, unless the ECTP is [subordinated](#)
- Upon the formal filing and recording of a Notice of Default (unless rescinded)

*ECTP loans behind an FHA first mortgage may be assumed or paid off when the first mortgage is assumed

Forms

Checklist

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

Subordinate Loan Submission

The following Subordinate Loan Origination forms will be needed for loan submission to CalHFA:

1. [Tax Return Affidavit](#)
2. [CalHFA Borrower Affidavit \(for non-MRB loans\)](#)
3. [ECTP Eligibility Certificate](#)
4. [ECTP Service Commitment Form](#)

Post-Closing Loan Delivery & Purchase Procedures

ECTP

- All CalHFA ECTP loans are to be funded, delivered and purchased by CalHFA concurrently with first mortgage
- Loan documents are to be drawn in the Lender's name
 - › Deed of Trust must be assigned to CalHFA
 - › Mortgage Electronic Registration System (MERS) is not acceptable
- CalHFA ECTP subordinate closed loan documents are to be sent to:

California Housing Finance Agency
Single Family Lending – MS 300
500 Capitol Mall, Ste. 400
Sacramento, CA 95814
877.922.5432

- Loss Payee:

California Housing Finance Agency
Its successor and or assigns
Single Family Servicing – MS 980
500 Capitol Mall, Suite 400
Sacramento, CA 95814

ECTP Lien Position:

- The ECTP may be in any lien position

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 System (MERS) in lieu of Assignment of Mortgage Deed of Trust
- Send first mortgage closed loan files and documents to:

U.S. Bank MRBP
17500 Rockside Rd.
Bedford, OH 44146
Attn: Operations Department
lender.management@usbank.com

- 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

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

Forms

Checklist

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

Subordinate Post-Closing Loan Delivery & Purchase

The following Subordinate Loan Purchase forms will also be needed for loan submission to CalHFA:

Use when combined with CalHFA FHA, CalPLUS FHA or Cal-EEM

1. [ECTP \(FHA only\) Deed of Trust](#)
2. [ECTP \(FHA only\) Promissory Note](#)

Use when combined with CalHFA Conventional or CalPLUS Conventional first mortgage loan programs

1. [ECTP \(Conventional only\) Deed of Trust](#)
2. [ECTP \(Conventional only\) Promissory Note](#)

Use when combined with all first mortgage programs

1. [MSV Part II - Subordinate](#)
2. [Allonge to CalHFA \(if applicable\)](#)
3. [Assignment of Deed of Trust to CalHFA](#)
4. [Modification of Permanent Deed of Trust \(if applicable\)](#)
5. [MSV Part II - Addendum \(Purchase Submittal and Lender Certification\) \(if applicable\)](#)

Questions

Questions regarding the California Homebuyer's Downpayment Assistance Program should be directed to CalHFA-[approved lenders](#) or CalHFA's Single Family Lending Division at:

California Housing Finance Agency
Single Family Lending – MS 300
P.O. Box 4034
Sacramento, CA 95812-4034
Phone: 877.9.CalHFA
Email: sflending@calhfa.ca.gov

Sale Tools And Marketing Materials

1. [FHA Program Matrix](#)
2. [Conventional Program Matrix](#)
3. [Scenario Calculator](#)
4. [Loan Submission, Review and Purchase Flow Chart for FHA](#)

5. [Loan Submission, Review and Purchase Flow Chart for Conventional](#)
6. [ECTP Flyer](#)
7. [ECTP Fillable Flyer](#)
8. [ECTP Spanish Flyer](#)
9. [ECTP Spanish Fillable Flyer](#)
10. [ECTP 8.5x11 Poster](#)
11. [ECTP 8.5x14 Poster](#)
12. [ECTP13x19 Poster](#)
13. [Lending Heroes Flyer](#)
14. [Lending Heroes Fillable Flyer](#)
15. [Lending Heroes Spanish Flyer](#)
16. [Lending Heroes Spanish Fillable Flyer](#)