

# CALHFA EXTRA CREDIT TEACHER PROGRAM

Product Codes: ECTP,



<p><b>PROGRAM SUMMARY</b></p>	<ul style="list-style-type: none"> <li>• The Extra Credit Teacher Home Purchase Program (ECTP) is a deferred payment, simple interest rate subordinate loan that is combined with a PBM CalHFA First Mortgage. Your low to moderate income first-time homebuyer can use this loan for down payment and/or closing cost assistance. The ECTP loans are available at an amount:             <ul style="list-style-type: none"> <li>○ Not to exceed the greater of \$7,500.00 or 3.50% of the lesser of the sales price or appraised value, or</li> <li>○ Not to exceed the greater of \$15,000 or 3.50% of the lesser of the sales price or appraised value in CalHFA defined High Cost Areas.                 <ul style="list-style-type: none"> <li>▪ <a href="http://www.calhfa.ca.gov/homeownership/forms/highcost.htm">http://www.calhfa.ca.gov/homeownership/forms/highcost.htm</a></li> </ul> </li> </ul> </li> <li>• CaLHFA allows qualified homebuyers to layer other FHA-approved or Fannie Mae Community Second subordinate loans or grants to maximize affordability (with the exception of Myhome).</li> </ul>
<p><b>TARGET MARKETS</b></p>	<ul style="list-style-type: none"> <li>• This program is restricted to teachers, administrators, school district employees and staff members working for any California K-12 public school, which includes Charter schools and county/continuation schools.</li> <li>• Applicants must also be first-time homebuyers.</li> </ul>
<p><b>ECTP LIEN POSITION</b></p>	<ul style="list-style-type: none"> <li>• The ECTP must be in second lien position</li> </ul>
<p><b>LOAN SCENARIO CALCULATOR</b></p>	<ul style="list-style-type: none"> <li>• Loan Scenario Calculator <b>is required to be</b> submitted with the Underwriting package for <b>ALL</b> CalHFA programs both Retail/Wholesale loans.</li> <li>• Click the link below to input your Loan Scenario which includes the loan amounts for all programs utilized.             <ul style="list-style-type: none"> <li>○ <a href="http://www.calhfa.ca.gov/calc/scenario.html">http://www.calhfa.ca.gov/calc/scenario.html</a></li> </ul> </li> </ul>
<p><b>INELIGIBLE PROVIDENT BANK MORTGAGE LOAN FEATURES OR CALHFA PRODUCTS</b></p>	<ul style="list-style-type: none"> <li>• Financed MI</li> <li>• Cal-EEM + Grant Program</li> <li>• Manual Underwrites</li> <li>• Manufactured Homes</li> <li>• Borrower(s) with no Credit Score</li> </ul>
<p><b>EMPOWER/PORTAL</b></p>	<ul style="list-style-type: none"> <li>• All liens (1<sup>st</sup>/2<sup>nd</sup> or 3<sup>rd</sup> if applicable) must have a separate loan package, loan number and must be submitted to Underwriting.</li> <li>• 2<sup>nd</sup> Lien or 3<sup>rd</sup> Lien ECTP the disclosures from Empower             <ul style="list-style-type: none"> <li>○ LE (Loan Estimate) from Doc Magic</li> <li>○ CD (Closing Disclosure) and Closing package from Empower</li> <li>○ Note/Deed of Trust from Doc Magic                 <ul style="list-style-type: none"> <li>➢ \$250 Processing fee ECTP</li> </ul> </li> </ul> </li> </ul> <p><b><u>Note: All loan documents must be in Provident Bank Mortgage's name</u></b></p>

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<b>PRODUCT CODES</b>	<ul style="list-style-type: none"> <li>• ECTP</li> <li>• Combined with             <ul style="list-style-type: none"> <li>○ CONVECTP</li> <li>○ FHAECTP</li> </ul> </li> </ul>
<b>EIN NUMBER</b>	<ul style="list-style-type: none"> <li>• For Conventional: the EIN number to be reflected on the 1008</li> <li>• For FHA: the 92900-LT must reflect the Source/EIN Number under “Secondary Financing”:             <ul style="list-style-type: none"> <li>○ 68-0181576</li> </ul> </li> </ul> <div style="border: 1px solid #ccc; padding: 5px; margin-top: 10px;"> <p><b>Secondary Financing</b></p> <p>Source/EIN <input style="width: 100px;" type="text"/></p> </div>
<b>FUNDING/DOCS</b>	<ul style="list-style-type: none"> <li>• The advance and closing package will be generated from Empower             <ul style="list-style-type: none"> <li>○ Except ECTP Note/Deed of Trust must be generated from Doc Magic.</li> </ul> </li> <li>• A LE (Loan Estimate) and CD (Closing Disclosure) are required on ALL 1<sup>st</sup> Trust Deeds and ECTP Trust Deeds.             <ul style="list-style-type: none"> <li>○ \$250 Processing fee for ECTP</li> </ul> </li> </ul>
<b>ELIGIBLE BUYERS</b>	<ul style="list-style-type: none"> <li>• This program is for <b>first-time homebuyers</b> purchasing an owner-occupied property anywhere in California.</li> </ul>
<b>BORROWER REQUIREMENTS</b>	<p>Each borrower must:</p> <ul style="list-style-type: none"> <li>• Be a first-time homebuyer</li> <li>• Be a U.S. citizen, permanent resident alien or qualified alien             <ul style="list-style-type: none"> <li>○ Located in Forms on the intranet and wholesale website or link below:  <a href="http://www.calhfa.ca.gov/homeownership/forms/checklist-citizenship.pdf">http://www.calhfa.ca.gov/homeownership/forms/checklist-citizenship.pdf</a></li> <li>○ <b><u>The CalHFA Requirement of Citizenship, Alienage, Or Immigration Status For State Public Benefits form must be submitted with the Underwriting package to Provident Bank Mortgage Underwriter.</u></b></li> </ul> </li> <li>• Meet credit, income and loan requirements of CalHFA’s first mortgage loan program, Provident Bank Mortgage and the mortgage insurer/guarantor</li> <li>• One occupying borrower must be currently employed in a California K-12 public school, Charter school, county continuation school or its school district.</li> </ul>
<b>HOMEBUYER EDUCATION</b>	<ul style="list-style-type: none"> <li>• Homebuyer Education is required.</li> <li>• Refer to the applicable Provident Bank Mortgage CalHFA first mortgage loan program guidelines.</li> </ul>

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<b>FIRST-TIME HOMEBUYER DEFINITION</b>	<ul style="list-style-type: none"> <li>• To qualify for the ECTP loan program, <u>ALL</u> borrowers, including co-borrowers, must reside in the home and meet the definition of a first-time homebuyer as defined below:                             <ul style="list-style-type: none"> <li>○ For CalHFA purposes a first-time homebuyer is a borrower who has not had an ownership interest in any <i>principal residence</i> during the previous <b>three</b> years.</li> </ul> </li> </ul>
<b>OWNER OCCUPANCY</b>	<ul style="list-style-type: none"> <li>• All borrowers must occupy the property as their primary residence within sixty (60) days of closing</li> <li>• Non-occupant co-borrowers are not allowed</li> <li>• Non-occupant co-signers are not allowed on CalHFA Conventional nor CalPLUS conventional first mortgages.</li> <li>• Non-occupant co-signors are allowed on CalHFA FHA, CalPLUS FHA per FHA first mortgage guidelines, but cannot occupy the property, be on the purchase agreement, be on title or have a vested interest in the property</li> </ul>
<b>PROPERTY REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>• Property must meet the requirements of the applicable Provident Bank Mortgage CalHFA first mortgage guidelines.</li> </ul>
<b>TERM</b>	<ul style="list-style-type: none"> <li>• The term of the ECTP matches the term of the CalHFA first mortgage not to exceed thirty (30) years.</li> <li>• Payments on ECTP are deferred for the life of the first loan.</li> <li>• ECTP is due and payable when certain events occur.                             <ul style="list-style-type: none"> <li>○ See “Repayment of Subordinate loan” section.</li> </ul> </li> </ul>
<b>MAXIMUM LOAN AMOUNT</b>	<ul style="list-style-type: none"> <li>• Amount not to exceed the greater of \$7,500 or 3.50% of the lesser of the sales priced or appraised value</li> <li>• Amount not to exceed the greater of \$15,000 or 3.50% of the lesser of the sales price or appraised value in CalHFA-defined high cost areas.                             <ul style="list-style-type: none"> <li>○ <a href="http://www.calhfa.ca.gov/homeownership/forms/highcost.htm">http://www.calhfa.ca.gov/homeownership/forms/highcost.htm</a></li> </ul> </li> <li>• When applicable government insurer/guarantor requires multiple appraisals, CalHFA will base the ECTP loan amount on the lesser of sales price or lowest appraised value.</li> </ul>
<b>LTV AND CLTV</b>	<ul style="list-style-type: none"> <li>• Loan-to-Value (LTV) to follow the applicable mortgage insurer/guarantor investor guidelines and the applicable Provident Bank Mortgage CalHFA first mortgage loan program underwriting guidelines.</li> <li>• Maximum Combined Loan-to-Value (CLTV) cannot exceed 105%.                             <ul style="list-style-type: none"> <li>○ Refer to Provident Bank Mortgage CalHFA First mortgage program guidelines for full details.</li> </ul> </li> </ul>

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<p><b>INCOME &amp; SALES PRICE LIMITS</b></p>	<ul style="list-style-type: none"> <li>• The following reference materials disclose income and sales price limits by county:             <ul style="list-style-type: none"> <li>○ <b>Income Limits (w/FHA)</b>  <a href="http://www.calhfa.ca.gov/homeownership/limits/income/income-fha.pdf">http://www.calhfa.ca.gov/homeownership/limits/income/income-fha.pdf</a></li> <li>○ <b>Income Limits (w/Conventional)</b>  <a href="http://www.calhfa.ca.gov/homeownership/limits/income/income-conventional.pdf">http://www.calhfa.ca.gov/homeownership/limits/income/income-conventional.pdf</a></li> <li>○ <b>Sales Price Limits</b>  <a href="http://www.calhfa.ca.gov/homeownership/limits/salesprice/salesprice.pdf">http://www.calhfa.ca.gov/homeownership/limits/salesprice/salesprice.pdf</a></li> </ul> </li> </ul>
<p><b>INCOME REQUIREMENTS</b></p>	<ul style="list-style-type: none"> <li>• Underwriters are required to calculate income to qualify borrower(s) for loan approval using Provident Bank Mortgage CalHFA first mortgage loan program and/or applicable Agency (Fannie Mae/HUD) guidelines.</li> <li>• CalHFA will recalculate the borrower’s income pursuant to tax compliance.</li> <li>• Watch CalHFA Training videos for assistance with income calculations             <ul style="list-style-type: none"> <li>○ <a href="http://www.calhfa.ca.gov/about/videos/sftraining.htm">http://www.calhfa.ca.gov/about/videos/sftraining.htm</a></li> </ul> </li> </ul>
<p><b>QUALIFYING INCOME VS. TAX COMPLIANCE INCOME</b></p>	<ul style="list-style-type: none"> <li>• Qualifying income is the income used by Underwriter to determine that the borrowers have the ability to meet their monthly obligation.             <ul style="list-style-type: none"> <li>○ Underwriter will continue to follow the guidelines from Provident Bank Mortgage CalHFA first mortgage and/or agency (Fannie Mae/HUD)</li> </ul> </li> <li>• This income may differ from the income used by CalHFA for tax compliance purposes.             <ul style="list-style-type: none"> <li>○ All sources of income must be used to determine program compliance income limits.</li> </ul> </li> </ul>
<p><b>MAXIMUM TAX COMPLIANCE INCOME LIMITS</b></p>	<ul style="list-style-type: none"> <li>• The income of all borrowers cannot exceed the published CalHFA income limits established for the county in which the property is located.             <ul style="list-style-type: none"> <li>○ <b>CalHFA Conventional First Mortgage Programs:</b>  <a href="http://www.calhfa.ca.gov/homeownership/limits/income/income-conventional.pdf">http://www.calhfa.ca.gov/homeownership/limits/income/income-conventional.pdf</a></li> <li>○ <b>CalHFA FHA First Mortgage Programs:</b>  <a href="http://www.calhfa.ca.gov/homeownership/limits/income/income-fha.pdf">http://www.calhfa.ca.gov/homeownership/limits/income/income-fha.pdf</a></li> </ul> </li> <li>• 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:             <ol style="list-style-type: none"> <li>1. be liable on the mortgage</li> <li>2. be vested on title; and</li> <li>3. live in the residence being financed</li> </ol> </li> </ul>

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<b>UNDERWRITING</b>	<ul style="list-style-type: none"> <li>• Must meet the requirements of the Provident Bank Mortgage CalHFA first mortgage and/or agency (Fannie Mae/HUD) guidelines.                             <ul style="list-style-type: none"> <li>○ Refer to Provident Bank Mortgage CalHFA first mortgage program guidelines for full details.</li> </ul> </li> <li>• ECTP may be combined with other down payment and/or closing cost assistance programs with the exception of <b>MyHome Assistance</b>.</li> <li>• Must accompany a Provident Bank Mortgage CalHFA first mortgage.</li> </ul>
<b>MINIMUM CREDIT SCORE</b>	<ul style="list-style-type: none"> <li>• Follow the applicable Provident Bank Mortgage CalHFA first mortgage program guidelines for minimum credit score requirements and maximum total Debt-to-Income ratio requirements</li> </ul>
<b>QUALIFYING RATIOS</b>	<ul style="list-style-type: none"> <li>• Follow the applicable Provident Bank Mortgage CalHFA first mortgage program guidelines for maximum total debt-to-income ratio requirements</li> </ul>
<b>AUTOMATED UNDERWRITING</b>	<ul style="list-style-type: none"> <li>• Refer to Provident Bank Mortgage CalHFA first mortgage program guidelines for full details</li> </ul>
<b>SALES CONCESSIONS/CONTRIBUTIONS</b>	<ul style="list-style-type: none"> <li>• Refer to Provident Bank Mortgage CalHFA first mortgage program guidelines for full details</li> </ul>
<b>MANDATORY FEES</b>	<ul style="list-style-type: none"> <li>• Maximum \$250.00 total processing fee                             <ul style="list-style-type: none"> <li>○ must be disclosed on the LE (Loan Estimate) and CD (Closing Disclosure)</li> </ul> </li> </ul>
<b>REPAYMENT</b>	<ul style="list-style-type: none"> <li>• Repayment of the principal and interest on the subordinate loan shall be due and payable at the earliest of the following events:                             <ul style="list-style-type: none"> <li>○ Transfer of title</li> <li>○ Sale of the property</li> <li>○ Payoff of the first loan</li> </ul> </li> <li>• Refinance of the first loan, unless the ECTP is resubordinated.                             <ul style="list-style-type: none"> <li>○ Refer to <a href="http://www.calhfa.ca.gov/homeownership/forms/application-resubordination.pdf">CalHFA Resubordination Process for CalHFA Junior Loans</a> <a href="http://www.calhfa.ca.gov/homeownership/forms/application-resubordination.pdf">http://www.calhfa.ca.gov/homeownership/forms/application-resubordination.pdf</a></li> </ul> </li> <li>• Upon the formal filing and recording of a Notice of Default (unless rescinded)                             <ul style="list-style-type: none"> <li>○ ECTP loans behind an FHA first mortgage may be assumed or paid off when the first mortgage is assumed.</li> </ul> </li> </ul>

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<p><b>RESERVATION &amp; RATE LOCK</b></p>	<ul style="list-style-type: none"> <li>• The subject property appraisal <b>MUST</b> be received prior to locking and reserving a Provident Bank Mortgage CalHFA loan program.             <ul style="list-style-type: none"> <li>○ <b><u>NO EXCEPTIONS</u></b></li> </ul> </li> <li>• Locks will only be accepted between the hours of 8:00am and 3:00pm Pacific Time, Monday through Friday, excluding state-recognized holidays, and days that the U.S. financial markets are closed for business.</li> <li>• Interest rates are available on the CalHFA Internet Rate page.             <ul style="list-style-type: none"> <li>○ CalHFA interest rate link below                 <ul style="list-style-type: none"> <li>▪ <a href="http://www.calhfa.ca.gov/apps/rates/">http://www.calhfa.ca.gov/apps/rates/</a></li> </ul> </li> </ul> </li> <li>• <i>Interest rates are subject to change at any time without notice.</i></li> <li>• A Sales Contract must be executed prior to reservation</li> <li>• <b><u>ALL</u></b> loans must be locked prior to submission to CalHFA and Master Servicer Lakeview Servicing, LLC</li> <li>• Provident Bank Mortgage CalHFA’s Reservation form must be completed             <ul style="list-style-type: none"> <li>○ Located in forms on the intranet and wholesale website in forms</li> </ul> </li> <li>• Rate lock period will be for thirty (30) days for all existing/resale properties and new constructions properties.             <ul style="list-style-type: none"> <li>○ All ZIP and ECTP products will be reserved and locked concurrently with the Provident Bank Mortgage CalHFA 1<sup>st</sup> loan program.                 <ul style="list-style-type: none"> <li>▪ The ZIP and ECTP products will receive the same reservation, lock and purchase periods as the first mortgage.</li> </ul> </li> </ul> </li> <li>• Contact PBM-Secondary Locks when the loans are ready to be locked.             <ul style="list-style-type: none"> <li>○ When requesting the Rate Lock, the request <b>MUST</b> be at the same or lower interest rate than the rate which the previously file was underwritten or rate lock request will <b>NOT</b> be accepted.</li> <li>○ Loans <b>must</b> be shipped to Provident Bank Mortgage Vault by the Provident Bank Mortgage lock expiration date.                 <ul style="list-style-type: none"> <li>▪ <b>NO EXCEPTIONS</b></li> </ul> </li> </ul> </li> </ul>
<p><b>PRE-CLOSING LOAN SUBMISSION TO CALHFA AND MASTER SERVICER</b></p>	<ul style="list-style-type: none"> <li>• All CalHFA first mortgage loans and Subordinate loans are submitted to:             <ul style="list-style-type: none"> <li><b>CalHFA</b></li> <li>Single Family Lending – MS 300</li> <li>500 Capitol Mall, Suite 400</li> <li>Sacramento, CA 95814</li> <li>877.922.5432</li> </ul> </li> <li>• 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 Fannie Mae/HUD standards.</li> <li>• <b>Checklist:</b> <ul style="list-style-type: none"> <li>Use the CalHFA Loan Submission Checklist in forms to ensure you are submitting a complete and accurate package.</li> </ul> </li> </ul>

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<p><b>PRE-CLOSING LOAN SUBMISSION TO CALHFA AND MASTER SERVICER CONTINUED</b></p>	<ul style="list-style-type: none"> <li>• <b>Forms:</b> The following forms will be needed when submitting a Provident Bank Mortgage CalHFA Conventional CalPLUS &amp; CZIP, CalHFA Conventional 1<sup>st</sup>, FHACalPLUS &amp; FZIP, ECTP, loan products to CalHFA forms are on the intranet and wholesale website:                             <ul style="list-style-type: none"> <li>○ CalHFA Borrower Affidavit</li> <li>○ CalHFA Affidavit-Tax Return</li> </ul> </li> </ul>
<p><b>MANDATORY HOME WARRANTY INSURANCE COVERAGE</b></p>	<ul style="list-style-type: none"> <li>• CalHFA requires that all first-time homebuyer(s) obtain a one-year home warranty protection policy                             <ul style="list-style-type: none"> <li>○ Non-first-time homebuyers are not required to obtain a home warranty protection</li> </ul> </li> <li>• The insurance must cover the following items at a minimum:                             <ul style="list-style-type: none"> <li>○ Water Heater(s)</li> <li>○ Air Conditioning</li> <li>○ Heating</li> <li>○ Oven/Stove/Range</li> </ul> </li> <li>• Home Warranty to be paid through close of escrow</li> <li>• Home Warranty must be disclosed on the LE (Loan Estimate) and CD (Closing Disclosure)                             <ul style="list-style-type: none"> <li>○ Home Warranty is only disclosed on the LE if the borrower is paying for it.</li> </ul> </li> <li>• Exception to Home Warranty:                             <ul style="list-style-type: none"> <li>○ If borrower is purchasing a new construction property from a builder and the builder is providing the home warranty.</li> <li>○ Borrower is <b>not</b> a <b>FIRST TIME HOMEBUYER</b></li> </ul> </li> </ul>
<p><b>MANDATORY FORMS</b></p>	<ul style="list-style-type: none"> <li>• The following forms will be needed when submitting a CalHFA 1<sup>st</sup> Conventional/FHA loan package to CalHFA located in forms or link below:                             <ul style="list-style-type: none"> <li>○ CalHFA Borrower Affidavit                                     <ul style="list-style-type: none"> <li>▪ <a href="http://www.calhfa.ca.gov/homeownership/forms/affidavit-borrower.pdf">http://www.calhfa.ca.gov/homeownership/forms/affidavit-borrower.pdf</a></li> </ul> </li> <li>○ Tax Return Affidavit                                     <ul style="list-style-type: none"> <li>▪ <a href="http://www.calhfa.ca.gov/homeownership/forms/affidavit-tax-return.pdf">http://www.calhfa.ca.gov/homeownership/forms/affidavit-tax-return.pdf</a></li> </ul> </li> <li>○ CalHFA Loan Submission Checklist                                     <ul style="list-style-type: none"> <li>▪ <a href="http://www.calhfa.ca.gov/homeownership/forms/checklist-submission.pdf">http://www.calhfa.ca.gov/homeownership/forms/checklist-submission.pdf</a></li> </ul> </li> </ul> </li> </ul>



**HAZARD INSURANCE REQUIREMENTS**

**A. General Hazard Insurance Requirements**

**1. Carrier**

The hazard insurance policy for a property securing any first mortgage – including blanket policies for condos and PUDs - must be underwritten by a carrier that meets the following rating requirements:

**a) An Insurer With An Acceptable Rating**

Carriers Rated by A.M. Best Company, Inc

- “B” or better Financial Strength Rating in *Best’s Insurance Reports*
- “A” or better Financial Strength Rating and a Financial Size Category of “VIII” or greater in *Best’s Insurance Reports Non-US Edition*

Carriers Rated by Demotech, Inc.

- “A” or better rating in *Demotech’s Hazard Insurance Financial Stability Ratings*

Carrier’s Rated by Standard and Poor’s

- “BBB” or better Insurer Financial Strength Rating in *Standard and Poor’s Ratings Direct Insurance Service*.
  - Insurers rated by more than one rating company need only meet one of the rating requirements.

**b) An Insurer Covered by a Reinsurance Policy**

- The reinsurance company must meet either one of the A.M. Best ratings or the Standard & Poor’s rating specified above.
- The primary insurer and the reinsurance company must be authorized (or licensed, if that is required) to transact business within the state where the property is located.
- The reinsurance agreement must have a “cut-through” endorsement that provides for the reinsurer to become immediately liable for 100% of any loss payable by the primary insurer in the event that the primary insurer becomes insolvent. The endorsement must be attached to each insurance policy that is covered by the reinsurance agreement.
- Both the primary insurer and the reinsuring company must execute an Assumption of Liability Endorsement Form 858 or any equivalent endorsement that provides for 100% reinsurance of the primary insurer’s policy and 90-day written notice of termination of the reinsurance arrangement. The endorsement must be attached to each insurance policy that is covered by the reinsurance agreement.



**HAZARD INSURANCE  
REQUIREMENTS  
CONTINUED**

- A reinsurer can limit its coverage exposure by specifying a dollar limitation in the reinsurance endorsement. However, the insurance written under the policy cannot exceed that amount.

**c) Other Acceptable Insurance Underwriters**

- A state insurance pool created by statutory authority to provide insurance for geographic areas or insurance lines which suffer from lack of voluntary market availability, if that is the only coverage that is available. Such pool may be designated as a property insurance plan, a Fair Access to Insurance Requirements (FAIR) plan, an underwriting association, a joint underwriting association or an insurance authority. The following are examples of such plans:
  - Hawaii Property Insurance Association (HPA); and
  - Florida Citizens Property Insurance Corporation

In addition, all insurance companies (insurers) and insurance companies which guarantee coverage provided by other insurance companies (reinsurers) must also be licensed or otherwise authorized by law to conduct business in the jurisdiction where the Mortgaged Premises are located.

**2. Assessments**

Insurance contracts must provide that no assessment may be made against the lender or the servicer, or any subsequent assignees, and that any assessment made against other may not become a lien on the Mortgaged Premises superior to the lien of the lender or any subsequent assignee.

**3. Mortgagee Clause; Endorsement**

The mortgagee clause on all mortgage policies, binders, and certificates of insurance must show the mortgagee using the following language:

For loans purchased on and after June 1, 2016, the mortgagee clause is as follows:

LoanCare, LLC  
 ISAOA/ATIMA  
 PO Box 202049  
 Florence, SC 29502-2049

The mortgagee clause must provide that the insurer will notify the named mortgagee at least 10 days before cancellation of the policy.

**HAZARD INSURANCE  
REQUIREMENTS  
CONTINUED**

**4. Policy Term**

The policy must be written for at least a one year term or be continuous until cancelled.

**5. Policy Effective Date**

The policy effective date must be on or before the date the Borrower’s loan is funded.

**6. Evidence of Insurance**

At closing, the Borrower must provide evidence that the property is covered by hazard insurance in one of the following forms:

- Hazard Insurance Policy;
- A Certificate of Insurance, Evidence of Insurance Form, Declaration Page, or Insurance Binder (Temporary Insurance Contract) that contains at least the following information:
  - Name of insured (for condominiums and PUDs, the homeowners association is the named insured);
  - Name of mortgagee
  - Property address, including zip code. A legal description must be shown for rural properties, condominiums, or other properties if the property address does not adequately define the location of the property. (Example: Route 1, Box 5, is inadequate).
  - Mailing address, if different from property address (second homes and non-owner occupied investment property)
  - Type, amount and effective dates of coverage
  - Deductible amount and coverage to which each such deductible applies;
  - Any endorsement or optional coverage obtained and made part of the original policy;
  - Insurer’s agreement to provide at least 10 days’ notice to the mortgagee (including any applicable PUD or Condominium Unit or ground lease community leasehold mortgagee) before cancellation of the policy; and
  - Signature of an authorized representative of the insurer, if required by law

**FLOOD INSURANCE REQUIREMENTS**

**1. Standard Flood Hazard Determination (SFHD)**

Each loan delivered for purchase must include the Federal Emergency Management Agency (FEMA) Standard Flood Hazard Determination (FEMA Form 81-93) used in determining whether any of the improvements for a subject property are located within an identified “ Special Flood hazard Area” (SFHA). SFHAs are shaded on a Flood Hazard Boundary Map and designated on a Flood Insurance Rate Map. These areas are designated by the following symbols: A, AE, AH, AO, AR, A1-30, A-99, V, VE, VO, and V1-30.

Underwriter must ensure that there is no discrepancy between the flood hazard designation on the SFHD and the flood insurance policy if the flood insurance policy shows a lower risk zone then the SFHD unless the discrepancy results from the application of the NFIP’s “Grandfather Rule”. For information on the “Grandfather Rule” see Question #71 in the Q&A’s issued by the federal banking regulators available at

<http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20090721a1.pdf>

**2. Federally Available Flood Insurance**

Flood insurance is generally required if any building, dwelling, structure, or improvement is located within a SFHA that has mandated flood insurance purchase requirements under the National Flood Insurance (NFIP) (unless the mortgage is an FAH Section 240 mortgage). Except as provided in Section 12, if flood insurance is not available because a community does not participate in the National Flood Insurance Program (NFIP), Provident Bank Mortgage will not purchase loans secured in those areas.

**3. Location of Property Within the SFHA**

**a. Principal Structure Located Within an SFHA**

Flood insurance is required if any party of the principal structure is located within an SFHFA. Flood insurance on detached buildings, such as stand-alone garages, sheds, or greenhouses, located within an SFHA is required if they serve as part of the security for the loan.

**b. Principal Structure Not Located Within an SFHA**

If the principal structure on a property is not located within a SFHA, flood insurance generally is not required even if another detached structure on the property is located within the SFHA.

**FLOOD INSURANCE  
COVERGAGE  
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However, if the detached structure is attached to the land and serves as part of the security for the Loan, flood insurance is required for the detached structure (and may be purchased through a separate policy on a general property insurance form), unless Underwriter determines that the principal structure represents sufficient security for the Loan and releases the detached structure from the security. If buildings are “carved out” from the security, the property must be marketable in the event of foreclosure and the “carve out” must be permissible under the local zoning rules.

**c. Waivers**

Provident will waive flood insurance requirements if the borrower obtains a letter from FEMA stating that it maps have been amended so that the buildings securing the Loan are no longer in an SFHA.

**4. Notice of Special Flood Hazards and Availability of Federal Disaster Relief Assistance.**

If any part of the principal structure is located within an SFHA, the Loan file must include the Notice of Special Flood Hazards and Availability of Federal Disaster Relief Assistance that was provided to a borrower in accordance with the Flood Disaster Protection Act. The Loan file must contain evidence that the borrower received the Notice of Special Flood Hazards no later than 10 days prior to the closing unless the Loan file documents why it was not feasible to meet the time frame. The Notice of Special Flood Hazards may not be provided the same day as closing.

We recommend that the borrower receive the following additional information, or substantially similar information, either on the Notice of Special Flood Hazards or on a separate notice acknowledged by the borrower.

“If you obtain the minimum amount of flood insurance coverage identified in your Notice of Special Flood Hazards, you may not have sufficient coverage to rebuild or restore your home in the event of a catastrophic flood. You may be required to use your own cash reserves to make necessary repairs if the insurance is insufficient to fully repair your home. Servicers also have the right to require flood insurance coverage equal to the maximum amount available under the NFIP, which is more than you are required to obtain at the closing of your loan.

**FLOOD INSURANCE  
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The borrower should carefully review their potential exposure to flood damage with their insurance provider and consider purchasing coverage equal to the maximum amount available under the National Flood Insurance Program (NFIP), which is the lesser of

- a) The maximum limit available for the type of structure; or
- b) The “insurable value” of the structure (the replacement cost value)”

**5. Acceptable Policies**

The flood insurance policy must be in the form of the standard policy issued under the NFIP. Policies that meet the NFIP requirements, such as those issued by licensed property and casualty insurance companies that are authorized to participate in the NFIP’s “Write Your Own” program are acceptable.

**6. Multiple Structures**

If multiple buildings securing the loan are located in an SFHA in a participating communication, the Underwriter must determine the amount of insurance required on each building and add these amounts together to determine the minimum amount of flood coverage. Each building securing a loan must be covered by separate policy. The amount of total required flood insurance can be allocated among the secured buildings in varying amounts, but all buildings in an SFHA must have some coverage.

**7. Mortgagee Clause**

The mortgagee clause on all mortgage policies, binders, and certificates of insurance must show the mortgagee using the following language.

For Loans purchased on or after June 01, 2016, the mortgage clause is as follows:

LoanCare, LLC  
 ISAOA/ATIMA  
 PO Box 202049  
 Florence, SC 29502-2049

**8. Policy Term**

The policy must be written for at least a one year term.

**9. Policy Effective Date**

The policy effective date must be on or before the borrower’s loan is funded.

**10. Evidence Of Insurance**

At closing, the borrower must provide evidence that the property is covered by flood insurance in one of the following forms:

- Flood Insurance Policy

**FLOOD INSURANCE  
COVERGAGE  
CONTINUED**

- Declarations Page; or
- Copy of the Flood Insurance Application with a paid receipt for the first year's premium

Acord evidence of coverage, Acord certificate of insurance, temporary declaration page or insurance

**11. Escrow Policy**

If a loan requires flood insurance, flood insurance must also be escrowed.

**12. Flood Insurance Coverage**

a) **1-4 Unit Properties, individual PUD units, Detached Condominium units, Townhouses, and Rowhouses**

**1. Coverage Amount**

The flood insurance coverage must equal the lesser of the following:

- The outstanding principal balance of the Loan; or
- The maximum amount of insurance available under the NFIP, which is the lesser of:
  - The maximum limit available for the type of structure; or
  - The “insurable value” of the structure. (The NFIP does not insure land; therefore, land values are not included in the calculation of the insurable value).

**2. Deductible**

The maximum allowable deductible is the maximum deductible from the NFIP (currently \$5,000).

b) **PUDS**

**1. Coverage Amount for Individual PUD Unit**

The coverage amount is the same as for other 1-4 unit properties.

**2. Coverage Amount for PUD Project**

The policy must cover common elements buildings and any other common property located in an SFHA.

The flood insurance coverage must equal to lesser of the following:

- 100% of the insurable value of the facilities; or
- The maximum coverage available under the appropriate NFIP Program.

**FLOOD INSURANCE  
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**3. Deductible**

- Individual unit- The maximum deductible available from the NFIP (currently \$5,000)
- PUD Project- The maximum deductible available from the NFIP (currently \$25,000)
- c) **Condominiums**

**1. Homeowner’s Association**

The condominium homeowner’s owners must obtain an NFIP Residential Condominium Building Association Policy (RCBAP) with the following coverage:

- **Building Coverage**

Building coverage must equal to the lesser of the following:

1. 100% of the insurable value (replacement cost) of the building, including amounts to repair or replace the foundation and its supporting structure); or
2. The total number of units in the condominium building times \$250,000

- Contents coverage must equal the lesser of the following:

1. 100% of the insurable value of all contents (including machinery and equipment that are not part of the building) that are owned in a common by the association members; or
2. The maximum amount of contents coverage sold by the NFIP for a condominium building.

**2. Unit Owner’s Coverage**

Flood insurance is generally not required for individual condominium units. However, if a homeowner’s association refuses to obtain a RCBAP policy or when the RCBAP policy does not comply with the above, the borrower must obtain a dwelling policy on the individual unit equal to the minimum amount of coverage for a 1-4 unit property as specified above.

**3. Deductible**

- Individual unit (if required) – The maximum deductible available from the NFIP (currently \$5,000)
- Condominium Project- The maximum deductible available from the NFIP (currently \$25,000)





<p><b>FLOOD INSURANCE COVERGAGE CONTINUED</b></p>	<p><b>13. Properties Located in the Coastal Barrier Resources System or in an Otherwise Protected Area</b> Federal flood insurance may not be available for Loans in the Coastal Barrier Resources System (CBRS) or Otherwise Protected Area (OPA), as defined by the Coastal Barrier Resources Act. Private flood insurance is acceptable for these Loans. Coverage amounts and deductible must meet the requirements in this Chapter. The carrier must meet the minimum rating requirements for insurance underwriters specified in the Hazard Insurance Chapter.</p>
<p><b>POST-CLOSING LOAN DELIVERY &amp; PURCHASE</b></p>	<ul style="list-style-type: none"> <li>• All CalHFA ECTP loans are to be funded, delivered and purchased by CalHFA concurrently with first mortgage.</li> <li>• Loan documents are to be drawn in Provident Bank Mortgage name.             <ul style="list-style-type: none"> <li>○ Note to be endorsed to CalHFA</li> <li>○ MERS Deed of Trust must be assigned to CalHFA                 <ul style="list-style-type: none"> <li>▪ Loans are to be registered via Mortgage Electronic Registration Systems (MERS)</li> <li>▪ Register via MERS                     <ul style="list-style-type: none"> <li>✓ Investor: 100645 California Housing Finance Agency</li> <li>✓ Servicer: 1000645 California Housing Agency</li> </ul> </li> </ul> </li> </ul> </li> <li>• <b>CalHFA ECTP subordinate closed loan documents are to be sent to:</b> California Housing Finance Agency Single Family Lending- MS 300 500 Capitol Mall, Ste. 400 Sacramento, CA 95814 877-922-5432</li> <li>• <b>Loss Payee:</b> California Housing Finance Agency Single Family Lending- MS 980 500 Capitol Mall, Ste. 400 Sacramento, CA 95814</li> <li>• <b>ECTP Lien Position</b> The ECTP must be in second lien position</li> </ul>

# CALHFA EXTRA CREDIT TEACHER PROGRAM

Product Codes: ECTP,



<b>POST-CLOSING LOAN DELIVERY &amp; PURCHASE</b>	<ul style="list-style-type: none"><li>• <b>All CalHFA First Loans</b><ul style="list-style-type: none"><li>○ Notes are to be endorsed to Lakeview Loan Servicing, LLC</li><li>○ Deed of Trust to be assigned to Lakeview Loan Servicing, LLC<ul style="list-style-type: none"><li>▪ Loans are to be registered via Mortgage Electronic Registration System (MERS)</li></ul></li><li>○ CalHFA closed loan files are to be sent electronically to the master servicer via the Lakeview Correspondent Lending Website within ten (10) business days.</li><li>○ Logon link will be in the top right section of the website</li><li>○ Loss Payee Clause: LoanCare, LLC ISAOA/ATIMA PO Box 202049 Florence, SC 29502-2049</li></ul></li><li>• <b>CalHFA MCC Tax Credit Closing Package(s)</b><ul style="list-style-type: none"><li>○ All final Closing Packages for the MCC application and documents should be submitted to the MCC Program Administrator at:<ul style="list-style-type: none"><li>▪ ehousingPlus 3050 Universal Blvd., Ste. 190 Weston, FL 33331 954-217-0817</li></ul></li></ul></li></ul>
<b>LOAN PURCHASE CHECK LIST</b>	<ul style="list-style-type: none"><li>• CalHFA Loan Submission Checklist is located in Forms or link below: <a href="http://www.calhfa.ca.gov/homeownership/forms/checklist-submission.pdf">http://www.calhfa.ca.gov/homeownership/forms/checklist-submission.pdf</a></li></ul>