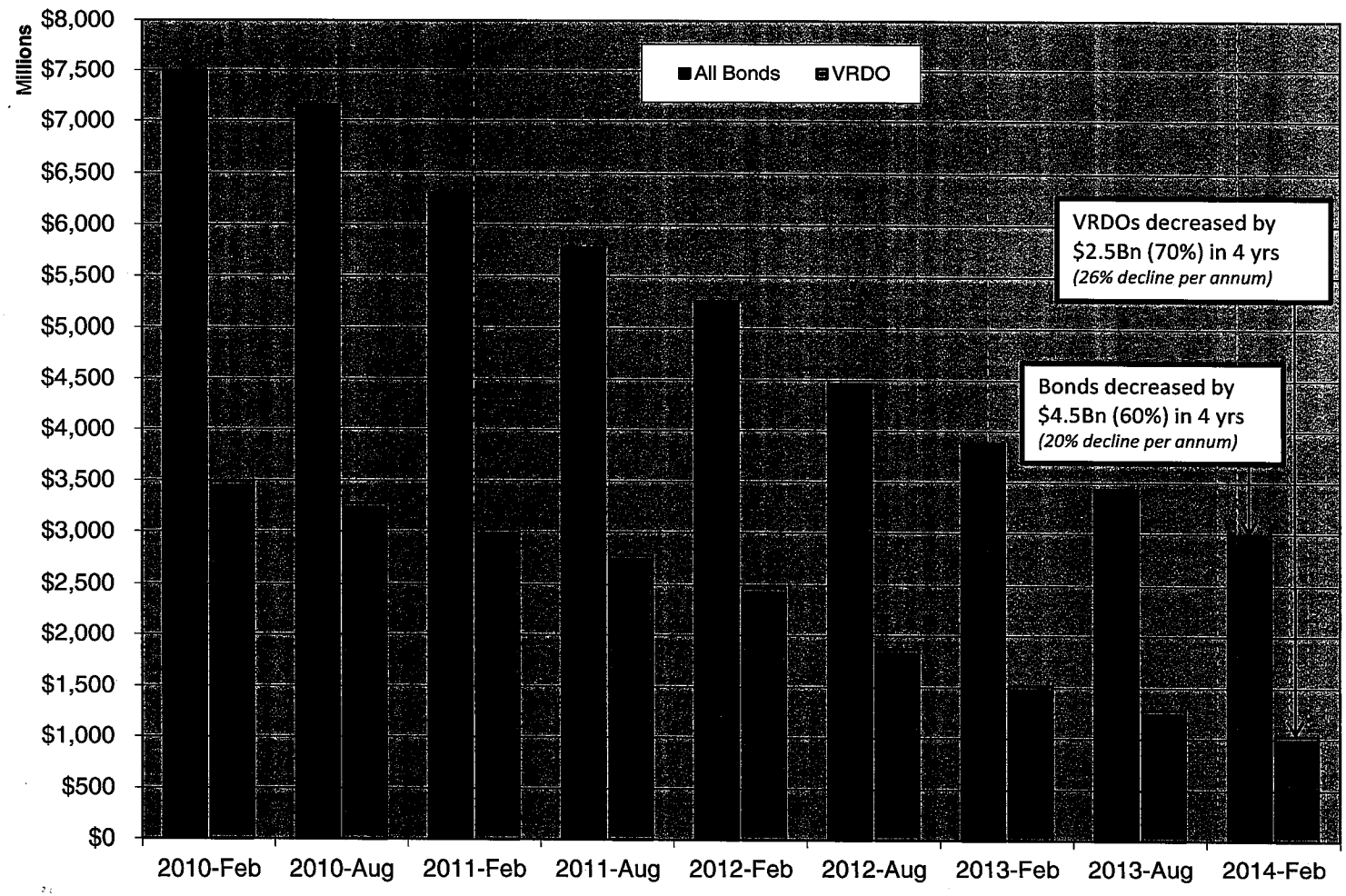
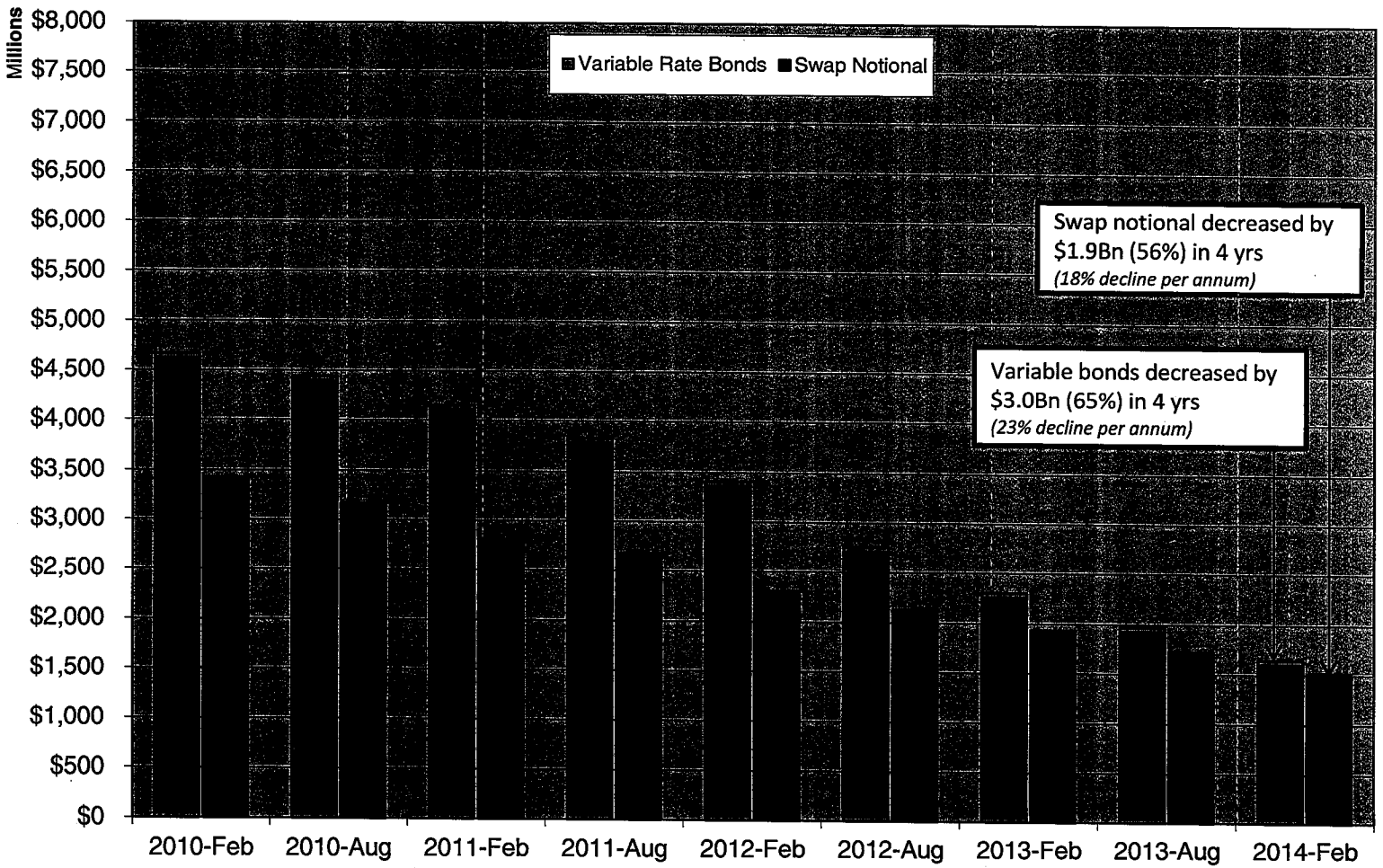
CalHFA Financing Division

Focused on redeeming TCLP-backed VRDOs



Focused on reducing swap notionals



CalHFA Single Family Portfolio Management Division

- Loss Mitigation Unit (SPOC's- single point of contact, investor loan modification/short sale, rental and assumption)
- REO Disposition Unit
- Servicer Administration Unit

CalHFA Single Family Portfolio

- 17,440 single family loans
- $2,826,986,142
- 9,442 conventional (68.98%)
- 7,998 government insured(29.86% FHA, .68% VA, .48% RHS)
- Approximately overall delinquency ratio 12% ($339,238,337)

Portfolio Management
Ongoing Process and Procedures

- 10/2009 – REO converted from paper files (appraisal, inspections, Broker Price Opinion, Rehab bid amounts, etc.) to electronic we received from Master Brokers
- 01/2013 - Short Sale conversion from paper files to electronic intake and created a database
- 2/2013 - Loan Modification conversion from paper files to electronic files and system enhancements
- Quicker turnaround times which creates efficiencies and has saved and will save the agency on losses, expenses, etc.

Ongoing REO Mitigation
Early 2010 peak of 1,570 REO's
01/2014 REO count at 91

- 10/2009- implemented electronic intake from Master Brokers
- Internal electronic approval process
- Implemented electronic signature for residential purchase contracts and counters
- Tracking statistics, trends and reports on the sale of the REO's
- Better utilization of qualified staff

Pricing Strategy for REO

- Background
- Prior to 2013 pricing strategy was at appraised value
- Due to the changing real estate market we revised our pricing strategy to appraisal plus an increased amount base on the past sold REO in the county where the property was located

Pricing Strategy for REO

2013 (calendar year) average on REO sold state wide:

- 277 REO's received from servicers
- 306 REO Sold
- 91 current REO inventory
- Overall average 2013 REO sale was over **120%** the appraised value

Pricing Strategy Short Sales

2013 (calendar year) average on Short Sales statewide:

- 339 received
- 303 approved
- 21 denied
- 232 closed
- 108% appraised to sold price
- 109% counter offer to original offer

Restructured Loan Modification Programs Optimize Loss Mitigation Efforts

- 2/13 process approved
- Converted from paper to electronic intake from Servicers through secure site
- Populated loan modifications agreements for Servicers
- Outreach to Servicers regarding Keep Your Home California (KYHC) programs

Trustee Sale Bid

- Bulletin #2012-9 was created to receive electronic communication intake from Servicers (NOD, Bidding Instructions, NOS and TSD) vs. sending paper documentation

- Communicate bidding instructions in quicker time frames to allow the agency to sell the property at the Trustee Sale at current value

- Without the ability to communicate bidding instructions in a quicker time frame, the bid would be at full indebtedness, the property will then become a REO and cost the agency unnecessary carrying costs and expenses

REO Rental Program

- Process approved on 5/12, but ongoing though 2013 - 2014
- Created for REO's with tenant(s) with a valid lease
- Master Broker will manage the REO the term of the lease

Single Family Agency Rental Policy

- Bulletin #2013-04 focuses on the intent to occupy
- Borrower has to be current on his/her mortgage
- 52 approved and 44 denied prior to 4/13
- 327 approved and 18 denied after 4/13

HARP Refinance

- 12/12 process approved
- 500 CalHFA Loans sold to Fannie Mae
- Serviced by Bank Of America
- Insured by CalHIF reinsured by Genworth
- 47 completed

Permit FHA HAMP Pilot for CalHFA Loan Servicing and Guild

- Program Bulletin #2009-25 regarding FHA HAMP approval
- Under FHA HAMP servicer are allowed to reduce rate and/or extend the term. However CalHFA has received a variance from HUD to restrict CalHFA servicers so that the CalHFA servicers cannot implement the rate reduction and term extension

Permit FHA HAMP Pilot for CalHFA Loan Servicing and Guild

- 4/12 CalHFA Loan Servicing approved to reduce rate and extend term under pilot program
- 8/12 Guild approved to reduce rate and extend term under pilot program
- 57 rate reductions and/or term extensions have been approved in 2013 for CalHFA Loan Servicing and Guild

Servicer Administration

- Working with IT on developing an electronic data servicer administration system
- System will measure and monitor servicer compliance with CalHFA requirements, which will help in creating a scorecard
- CalHFA Loan Servicing audit is scheduled for 01/13/2014
- Servicer guide review and revision is currently at 50% of completion

Wells Fargo

- 1,838 single family loans
- 379 conventional
- 1,459 gov't insured
- 13% delinquency
- Repurchased 5 loans
- Utilizing KYHC program
- Utilizing CalHFA's Loss Mitigation Program

Ocwen

- GMAC Chapter 11 Bankruptcy May 2012
- 754 loans
- 6 repurchased loans
- Ocwen is subservicing for GMAC on their behalf
- CalHFA has consented to the bankruptcy court for the transfer of the servicing to Ocwen subject to Ocwen curing all defaults

CalHFA Single Family Loan Servicing Section

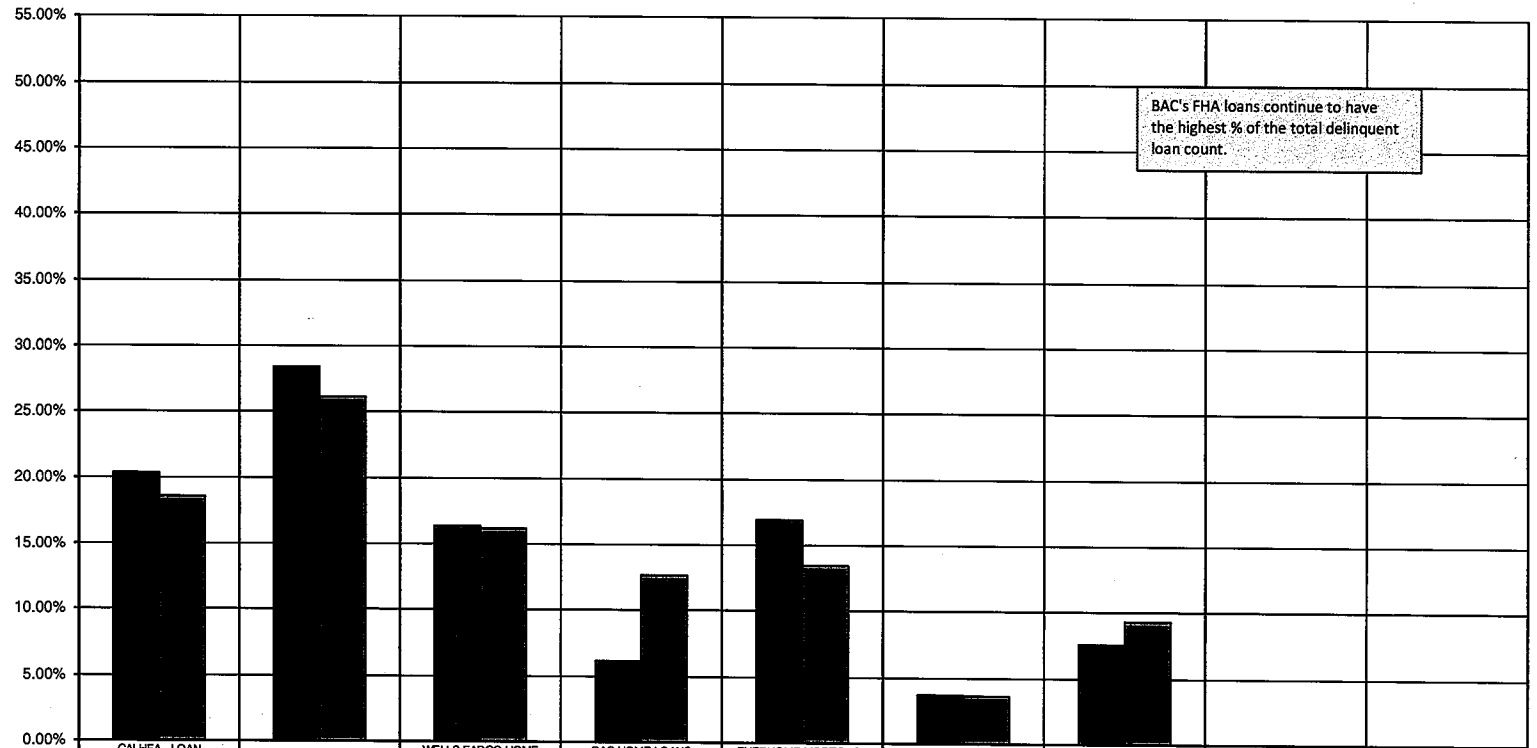
- Customer Service
- Collections
- Foreclosure/Bankruptcy/Claims
- Black Knight Financial Services System Administration (Formerly LPS)

CalHFA Loan Servicing Portfolio

- 6,479 First Mortgage Loans
- 10.08% Delinquency Rate
- 37,687 Subordinate Loans

BoA's servicing has persistently underperformed

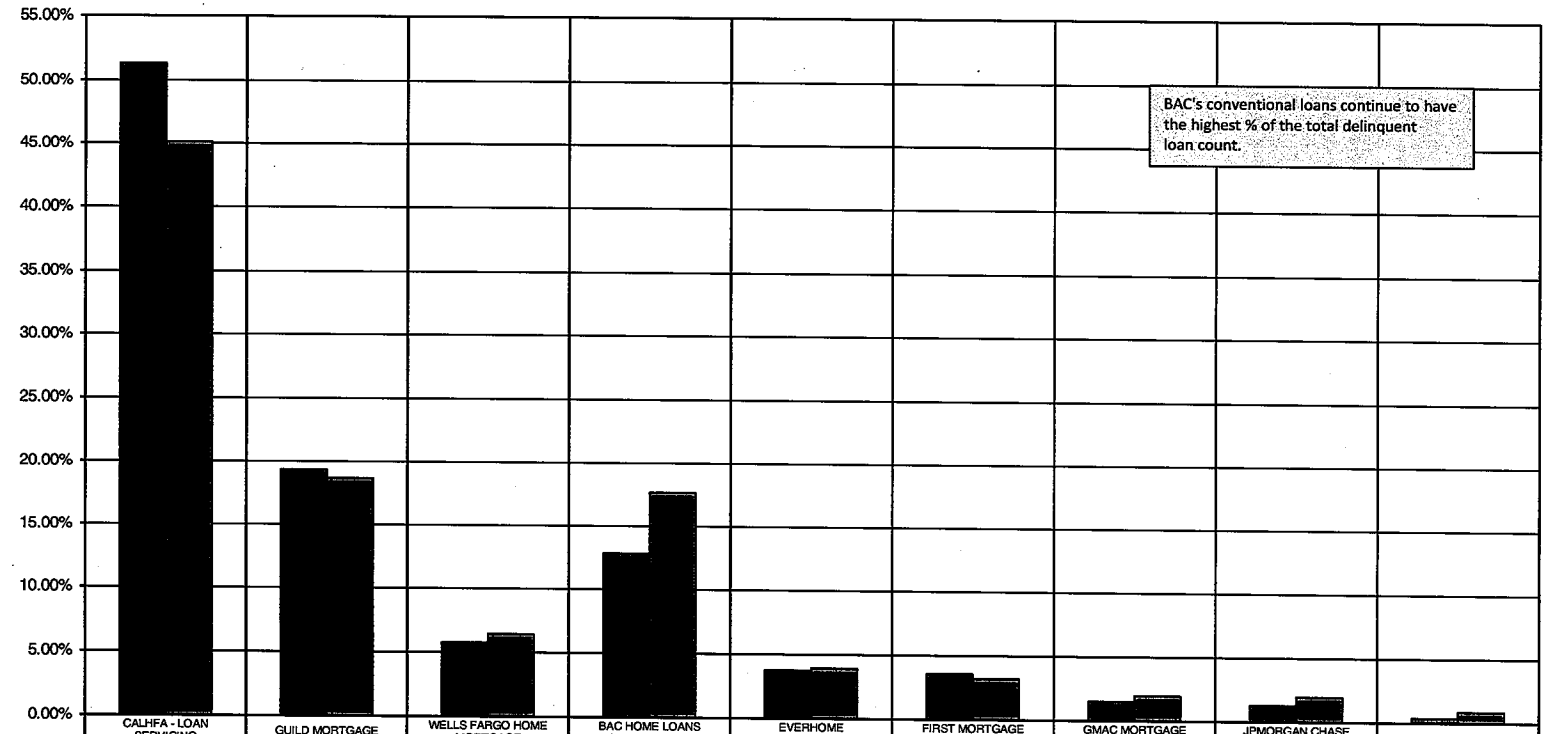
CalHFA FHA Loan Portfolio Performance Comparison by Servicer as of October 31, 2013



	CALHFA - LOAN SERVICING	GUILD MORTGAGE	WELLS FARGO HOME MORTGAGE	BAC HOME LOANS SERVICING, LP	EVERHOME MORTGAGE COMPANY	FIRST MORTGAGE CORP	GMAC MORTGAGE CORP	JPMORGAN CHASE BANK, N.A.	CITIMORTGAGE, INC.
FHA - % of Total Loan Count	20.39%	28.42%	16.42%	6.19%	16.95%	3.71%	7.59%	0.00%	0.00%
FHA - % of Total Delinquent Loan Count	18.58%	26.14%	16.21%	12.66%	13.48%	3.64%	9.29%	0.00%	0.00%

CalHFA servicing has persistently outperformed

CalHFA Conventional Loan Portfolio Performance Comparison by Servicer as of October 31, 2013



	CALHFA - LOAN SERVICING	GUILD MORTGAGE	WELLS FARGO HOME MORTGAGE	BAC HOME LOANS SERVICING, LP	EVERHOME MORTGAGE COMPANY	FIRST MORTGAGE CORP	GMAC MORTGAGE CORP	JPMORGAN CHASE BANK, N.A.	CITIMORTGAGE, INC.
Conventional - % of Total Loan Count	51.35%	19.35%	5.77%	12.80%	3.76%	3.57%	1.56%	1.32%	0.40%
Conventional - % of Total Delinquent Loan Count	45.13%	18.69%	6.43%	17.69%	3.92%	3.22%	2.01%	2.01%	0.90%

Bank of America

- Not utilizing CalHFA Loss Mitigation Programs (Loan Modification, Short Sale and Rental Options)
- Total Loans: 1,192 conventional
- 700 Gov't insured
- Delinquency rate 18.49%

Bank of America

- 1,571 loans transferred to CalHFA on 11/01/2013
- 1,132 Conventional loans
- 439 Government insured loans
- 109 loans were immediately assigned a Single Point of Contact
- 27 loans are receiving assistance from Keep Your Home California
- Created and sent special inserts with KYHC contact information and program descriptions
- Established a task force team of collectors to make contact on the severely delinquent loans
- Developed a job aid for the collection's staff

Cal HFA California Housing Finance Agency

CalHFA Multifamily Programs Division

Multifamily Programs Description

- The CalHFA Multifamily Programs Division provides for the acquisition/rehabilitation and permanent loan financing of multifamily housing developments.

  Our current multifamily loan programs include:
  - Preservation Loan Program
  - Mental Health Services Act ("MHSA") Housing Program
  - Predevelopment Loan Program

- The Preservation Loan Program is administered under CalHFA's existing 50/50 FHA Risk Share Agreement with HUD.

Multifamily Programs Description (cont.)

- The MHSA Loan Program is jointly administered by CalHFA and the Department of Health Care Services on behalf of counties.

- The MHSA Loan Program provides permanent financing and capitalized operating subsidies for the development of permanent supportive housing, to serve persons with serious mental illness and their families who are at risk of homelessness.

Multifamily Programs Description (cont.)

- The Predevelopment Loan Program provides low-cost funding to cover the predevelopment costs associated with affordable rental housing projects that will have permanent CalHFA financing.

Multifamily Programs Description (cont.)

- Multifamily Programs Division – location and staff:
  - Locations in Sacramento and Culver City
  - Comprised of Loan Underwriting, Loan Administration, Disbursement Administration, and Construction Services
  - 25 employees (Sacramento - 15/Culver City - 10)

Earned Surplus, RHCP and FAF

Pursue multifamily lending and asset management opportunities

What is "Earned Surplus?"

Statutory Restriction:

Must be used "in lowering rents for persons and families of low or moderate income to a level no greater than the affordable rents."

What are Rental Housing Construction Program ("RHCP") funds?

Statutory Restriction:

"All funds received by the Agency for Agency projects shall be used to provide assistance to existing or future projects financed through the Agency pursuant to the terms consistent with the Agency's affordable multifamily lending programs."

What are Financing Adjustment Factor ("FAF") funds?

Restrictions:

1) Very low income households for multifamily developments.

2) Ten year regulatory agreement in compliance with the McKinney Homeless Assistance Act of 1988.

Cal HFA California Housing Finance Agency

CalHFA Asset Management Division

Role of Asset Management:

To ensure that owners/agents of CalHFA-financed multifamily developments comply with Regulatory Agreement requirements as well as HUD rules and regulations

Asset Management ensures compliance by monitoring the following areas:

Financial:

Review of annual budgets, audited financial statements, replacement reserves, and impounds.

Physical:

Conduct annual inspections of Agency-financed developments.

Asset Management ensures compliance by monitoring the following areas:

Occupancy:

As a Traditional Contract Administrator (TCA) for HUD, Asset Management performs contract administration services including Section 8 subsidy processing and payment. For non-Section 8 developments, the income and rent restricted units are monitored annually.

Cal HFA™ California Housing Finance Agency

Single Family Lending Division

First Mortgage Program Timeline

October 2012	New Loan Researched
May 2013	Board Approved Phase I – CalPLUS and CalHFA FHA
July 2013	Announced programs to public
August 2013	Started Accepting Reservations for new programs
August 2013	Loan Researched – Phase II Conventional and EEM project models
September 2013	Previewed Phase II loan programs to Board
November 2013	Board Approved Phase II loan programs
Spring 2014	Anticipated Release date

New Loan Product Update

- 67 Eligible Lenders (61)
  - 45 Lenders have verbally committed (38)
    - 12 Active Lenders (4)
      - 35 Reservations; $7.9 million (16)
- Average Lender turn-time for program set-up
  - 2 to 4 months
- Average HFA production start-up
  - 3 to 6 months

Lender Survey: Barriers to Using CalPLUS

- All resources are currently tasked with preparing for "Qualified Mortgage" rule (50%)
- IT/System issues. example: system can't do 3 liens. (50%)
- Pricing is not competitive (25%)
- Specific program requirement/underwriting guidelines (25%)
  - 43% DTI
  - No Manual Underwriting
  - No Electronic Submission Capability