



California Housing Finance Agency

1121 "L" Street, 7th Floor Sacramento, CA 95814

Program Bulletin

May 10, 1999

Program Bulletin #99-09

To: CHFA Approved Lenders and Loan Servicers

CLARIFICATION OF CHFA DOCUMENT REQUIREMENTS FOR THE 100% LOAN PROGRAM

As stated in previous CHFA Program Bulletins regarding the 100% Loan Program, participating CHFA Lenders have 120 days from closing to deliver certain required second mortgage loan documents. Lately this requirement has become problematic. The Agency wishes to re-emphasize the importance and necessity for submission of these second loan documents to the Agency. All of the second mortgages in this program have the servicing released to CHFA, therefore it is essential that the Agency obtain the collateral documents.

To assist participating Lenders with this requirement, the Agency will commence reporting to each Lender on a weekly basis all second mortgages with outstanding documents due. The report will be aged to reflect the number of days elapsed since the close of escrow and will indicate which documents have been received and which are still outstanding. Please be aware that if there are any missing required documents for a specific second mortgage upon reaching the 120th day, the Agency will require repurchase of the second mortgage with all accrued interest due.

The minimum required second mortgage documents due by the 120th day from close of escrow are:

- Original recorded CHFA Housing Assistance Program Deed of Trust (use the form dated 3/17/99 only - refer to Program Bulletin 99-08 for copy). Must be recorded in a second lien position, subject only to property taxes, easements, CC&R's and the first mortgage. If this document is reformatted, retyped, etc., it must have prior review and approval by the Agency. Attachment of special riders or addenda to this form is NOT acceptable without prior

approval by the Agency. The Tax-Exempt Financing Rider should NOT be attached to this document.

- Original recorded Assignment of Deed of Trust assigning the beneficial interest of the second to CHFA.
- ALTA Lender's Title Policy for the second. The policy must be an ALTA loan policy insuring CHFA in second position for the full amount of the second mortgage, subject only to taxes, easements, CC&R's and the first mortgage. Each lien must be listed so that we can determine that the CHFA second was recorded directly after the first mortgage.
- Original or copy of the recorded Request for Notice of Default. This request must be filed under the first mortgage, not the second. The document should show that in the event of a default of the first, notices are to be mailed to CHFA, at 1121 L Street, Loan Servicing - 2nd Floor, Sacramento, CA 95814.

Questions regarding the 100% Loan Program, or regarding the required documents should be directed to CHFA, Single Family Program, Attention: Michelle Novoa, 1121 L Street 7th Floor, Sacramento, CA 95814; or by phone: (916) 324-8088; or by fax: (916) 324-6589.