



Program Bulletin

May 31, 2001

Program Bulletin #2001-11

To: CHFA Approved Lenders

California 2001-2002 Budget Reductions Affect the California Homebuyers Downpayment Assistance Program (CHDAP)

The California Housing Finance Agency has been advised that, because of the expected 2001-2002 budget shortfall, the California Homebuyers Downpayment Assistance Program (CHDAP) may have a reduction in program funding. The purpose of this bulletin is to advise lenders about the program procedure changes affected by the expected reduction in State General Funds for program funding.

It should be noted that CHFA's mortgage revenue bond loan programs are unaffected by the budget revision. The only CHFA programs affected are those that receive appropriations from State General Funds. CHFA administers the CHDAP for the State with a \$50 million appropriation from State General Funds. The proposed 2001-2002 Revised Budget reduces the funding for this program from \$50 million to \$32 million. Approximately \$23 million is currently committed leaving approximately \$9 million in the program.

Effectively immediately reservations for the CHDAP junior loans will only be accepted as long as funds are available. Current usage trends indicate that funds should be available through June 30, 2001 and possibly longer. However, this will depend upon usage of the program and lenders are advised to pay attention to registration confirmations to ensure that the CHDAP reservation has been accepted.

CHDAP loans already registered in the pipeline showing any status except "Canceled" are eligible for funding and have been included in the \$23 million production figure stated above. Lenders can confirm the current status of their CHDAP loans from the Lender Access System or from the status notice issued for each loan.

CHFA understands that the sudden curtailment of these programs makes it difficult for homebuyers needing this type of assistance and recommends that lenders pursue other down payment assistance programs offered by local government housing authorities. Lenders may wish to review the program parameters of the CHFA 100% Loan Program which combines a CHFA first with a CHAP second in certain circumstances. Please see Program Bulletin 2000-22 for full details on the 100% CHAP loan.

Questions regarding this bulletin should be directed to CHFA, Homeownership Programs, 1121 L Street, 7th Floor, Sacramento CA 95814; by phone (916) 324-8088; by fax (916) 324-6589; or by email assistance@chfa.ca.gov or visit CHFA's website at: www.chfa.ca.gov



Lenders are encouraged to use CHFA's FHA Energy Efficient Mortgage Program (EEM) to minimize emergency usage and costs. Additional information regarding EEMs is available on CHFA's web page.