



# *Program Bulletin*

**September 20, 2002**

**Program Bulletin #2002-31**

**To: CHFA Approved Lenders**

## **Independent Loan Purchase**

This Program Bulletin announces that effective October 1, 2002, the first and second mortgages will no longer be required to be purchased simultaneously. This modification to current policy is being made to accommodate document delivery concerns by CHFA lenders and to expedite the loan purchase process permitting the first mortgages to be purchased separately from the subordinate loans. However, the first mortgage must be purchased within the 90 day reservation period and prior to the purchase of the second mortgage loan. The subordinate mortgage may be purchased no later than 240 days from the date of the initial reservation and must contain all recorded instruments including the title policy. **After the 240 days the subordinate loan will be cancelled and will not be considered for purchase. NO EXCEPTIONS WILL BE MADE.**

### **CHFA FIRST LOANS**

The loan reservation process will remain unchanged. However, the new loan purchase documentation requirements for the first mortgage loan shall be as follows:

1. Mortgage Submission Voucher – Purchase Submittal. (See attachment)
2. The original Promissory Note endorsed to the “California Housing Finance Agency”, with fully executed Tax Exempt Financing Rider, if an FHA or VA loan.
3. Title Company or Lender certified copy of the Deed of Trust, with fully executed Tax Exempt Financing Rider if an FHA or VA loan and all applicable riders on Conventional loans.
4. Title Company or Lender certified copy of the Corporation Assignment of the Deed of Trust. Example: First Assignment from Correspondent Lender to CHFA approved Lender and a Second Assignment from CHFA approved Lender to California Housing Finance Agency **OR** evidence of MERS registration.

5. Title/Escrow Company certified copy of the Final HUD-1 Settlement Statement.
6. On all loans service released to CHFA an ALTA Title Policy insuring all CHFA loans encumbering the property is required within 120 days from the date of purchase of the loan by CHFA. The insured to reflect California Housing Finance Agency.

## **CHFA SUBORDINATE LOANS**

The new loan purchase documentation requirements for subordinate mortgage shall be as follows:

1. Mortgage Submission Voucher – Purchase Submittal for Subordinate Loans. (See attachment)
2. The original Promissory Note endorsed to the “California Housing Finance Agency”.
3. Original recorded or conformed copy of the recorded Deed of Trust. (Without riders attached)
4. Original recorded or conformed copy of the recorded Corporation Assignment of the Deed of Trust. Example: First Assignment from Correspondent Lender to CHFA approved Lender and a Second Assignment from CHFA approved Lender to California Housing Finance Agency.
5. Title/Escrow Company certified copy of the Final HUD-1 Settlement Statement.
6. An ALTA Title Policy insuring all CHFA loans encumbering the property or separate policies for subordinate loans only. The insured to reflect California Housing Finance Agency.

**CHFA will require all errors or omissions to be corrected and missing documents to be submitted prior to the purchase of the loan. Additionally, CHFA will require errors found in the Deeds of Trust to be corrected either by re-recording or using the Reformation of Permanent Deed of Trust. The Reformation of Deed of Trust is available on CHFA’s Website.**

Questions regarding this bulletin should be directed to CHFA, Homeownership Programs at 1121 L Street, 7<sup>th</sup> Floor, Sacramento, CA 95814; by phone (916) 324-8088; by fax (916) 324-6589; by e-mail at [homeownership@chfa.ca.gov](mailto:homeownership@chfa.ca.gov) or visit CHFA’s website at: [www.chfa.ca.gov](http://www.chfa.ca.gov)

Attachment



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



MORTGAGE SUBMISSION VOUCHER PART II
PURCHASE SUBMITTAL AND LENDER CERTIFICATION

LENDER NAME: LENDER LOAN NO.

MERS "MIN" #: (7 digit) (10 Digit) (Check Digit)

SHIPPER CONTACT: PHONE: FAX:

SHIPPING OFFICE ADDRESS:

CHFA MANIFEST NUMBER: FHA/VA CASE NUMBER:

BORROWER: CO-BORROWER: (Last) (First) (Initial) (Last) (First) (Initial)

NEW PROPERTY ADDRESS:

BORROWER'S MAILING ADDRESS: (if different from property address, i.e. P.O. Box, route, etc.)

Table with 4 columns: Loan Amount, Monthly Payment, P & I Mo. Pymt., Current Unpaid Balance, Impound Amounts, Property Taxes, Next pymt due date, Hazard Insur., Interest Rate, Mtg. Insur., Other, Total (PITI). Includes checkboxes for FIXED RATE and ARM.

Service Released to CHFA? YES NO \*\* (If YES, See documents required on Page 3 of this form)
Will loan be serviced released to a CHFA Approved Lender? YES NO (If YES, provide Lender name and servicing office address.)

LENDER NAME and OFFICE ADDRESS:

Will loan be serviced by Sub-servicer? YES NO (If YES, provide Lender name and servicing office address of sub-servicer.)

SUB-SERVICER NAME and OFFICE ADDRESS:

CASH DOWNPAYMENT: SWEAT EQUITY/OTHER:

TOTAL CLOSING COSTS PAID BY BORROWER:

SETTLEMENT DATE:

AMOUNT OF FEES PAID TO LENDER:

Origination: Processing: Underwriting: Document Fee: Other:

**SUBORDINATED DEBT INFORMATION\***

Include all CHFA subordinate programs, if applicable

*(Program Name)* \_\_\_\_\_

1. Principal Loan Amount: \$ \_\_\_\_\_ Interest Rate: \_\_\_\_\_ % Monthly pymt amount (if any): \$ \_\_\_\_\_  
 Term (in months) \_\_\_\_\_ Purpose of debt provided by public assistance:  Downpayment  Closing Costs  
 Loan

*(Program Name)* \_\_\_\_\_

2. Principal Loan Amount: \$ \_\_\_\_\_ Interest Rate: \_\_\_\_\_ % Monthly pymt amount (if any): \$ \_\_\_\_\_  
 Term (in months) \_\_\_\_\_ Purpose of debt provided by public assistance:  Downpayment  Closing Costs  
 Loan

*(Program Name)* \_\_\_\_\_

3. Principal Loan Amount: \$ \_\_\_\_\_ Interest Rate: \_\_\_\_\_ % Monthly pymt amount (if any): \$ \_\_\_\_\_  
 Term (in months) \_\_\_\_\_ Purpose of debt provided by public assistance:  Downpayment  Closing Costs  
 Loan

*(Program Name)* \_\_\_\_\_

4. Principal Loan Amount: \$ \_\_\_\_\_ Interest Rate: \_\_\_\_\_ % Monthly pymt amount (if any): \$ \_\_\_\_\_  
 Term (in months) \_\_\_\_\_ Purpose of debt provided by public assistance:  Downpayment  Closing Costs  
 Loan

**\*Do not include Grants.**

**REQUIRED DOCUMENTS FOR PURCHASE**

1. MSV PART II: PURCHASE SUBMITTAL AND LENDER CERTIFICATION (THIS FORM)
2. ORIGINAL PROMISSORY NOTE WITH ALL APPLICABLE ADDENDA/RIDERS ENDORSED OVER TO THE CALIFORNIA HOUSING FINANCE AGENCY
3. CURRENT PAYMENT HISTORY
4. BUYDOWN SCHEDULE AND AGREEMENT ONLY IF SERVICE RELEASED TO CHFA
5. TITLE COMPANY OR LENDER CERTIFIED COPY OF THE DEED OF TRUST WITH APPLICABLE RIDERS
6. TITLE COMPANY OR LENDER CERTIFIED COPY OF THE CORPORATION ASSIGNMENT(S) OF THE DEED OF TRUST TO CALIFORNIA HOUSING FINANCE AGENCY
7. HUD 1 SETTLEMENT STATEMENT

**LENDER'S CLOSING CERTIFICATIONS**

The Lender has originated the CHFA loan. The Lender has received, examined, and previously submitted to CHFA true and complete signed copies of the Borrower's Affidavit, the Seller's Affidavit, and of all Borrower Federal income tax returns for the three (3) years period prior to (reservation date) or such other verification as required pursuant to CHFA Program requirements.

After reasonable investigation, the Lender hereby certifies that the following information is true and correct: the total purchase price of the home financed by this loan is in compliance with the CHFA Program requirements; the Borrower had no present ownership interest in a principal residence at any time during the three (3) years prior to (date of application) unless the home financed by this loan is located in a target area; and the Borrower's gross annual income is in compliance with the CHFA Program requirements.

Based on reasonable investigation, the Lender is aware of no material change in the circumstances represented by the Lender to CHFA and upon which CHFA relied in issuing the CHFA reservation and loan approval to the Lender. All statements and certifications contained in the reservation and loan file remain true and correct.

Based on reasonable investigation, the Lender has no reason to believe that either the Borrowers or the Sellers of the home have made any negligent or fraudulent material misstatements in connection with the loan.

The Lender certifies that:

- The appropriate Tax Exempt Financing Riders were attached and made a part of the promissory note and deed of trust and were executed and recorded appropriately where applicable for FHA insured or VA guaranteed loans;
- the loan has been fully underwritten and approved, and meets the mortgage insurer's underwriting guidelines; the Lender will submit an insurance loan package to the applicable mortgage insurer/guarantor and will obtain and retain the appropriate mortgage insurance certificate or loan guarantee certificate for the term of the loan;
- the Borrower(s) did not pay more than a 1% origination fee, a \$350 application/processing fee, \$200 doc. preparation fee and the usual and customary out of pocket expenses with respect to the loan;
- the Lender has explained and the Borrower has reviewed and executed the Federal Recapture Notice;

- Alta Lenders' Title Insurance Policy reflecting CHFA as insured with endorsements 100, 116, 116.2, 115 (if applicable) and 104.1 (if Agency not previously named as insured);
- the Borrower has obtained the required hazard insurance policies (hazard/flood/earthquake as applicable) with respect to the home and the Lender will ensure that the policies are kept in force for the term of the loan;
- the Lender has established a monthly impound account for the Borrower(s) for the term of the loan for hazard insurance, mortgage insurance and real property taxes payments;
- and the Lender has completed and/or satisfied all of the CHFA conditions of loan approval and other CHFA requirements.

The Lender hereby agrees that it will immediately forward to CHFA all information which it or any of its successors may receive during the life of the mortgage which tends to indicate that the Borrower(s) may have made a misrepresentation in applying for a loan, or that may affect the Borrower's eligibility for a loan. The Lender hereby acknowledges that its failure to comply with the CHFA requirements or the certifications made in this statement will result in remedial action by CHFA as prescribed in the Program Manual and the CHFA Mortgage Purchase and Servicing Agreement (or Mortgage Purchase Agreement).

**Wiring Instructions:**

**Bank Name:** \_\_\_\_\_ **Account Number funds are to be wired to:** \_\_\_\_\_  
**Bank Address:** \_\_\_\_\_  
 \_\_\_\_\_ **Attn:** \_\_\_\_\_  
**ABA#** \_\_\_\_\_ **Phone:** \_\_\_\_\_

\_\_\_\_\_  
 (Signature of Authorized Representative) (Date)

\_\_\_\_\_  
 (Type Name and Title of Authorized Representative) (Phone)

**ONLY FOR SERVICED-RELEASED LOANS TO CHFA**

If the loan is to be serviced-released to CHFA upon purchase, please refer to the following Service-Release Procedures:

- A. Even though CHFA will purchase a loan based only on the receipt of an executed Note, the loan file must contain the following items, in addition to the Note:
  - 1. HUD 1, Settlement Statement; the recorded Deed of Trust and Corporation Assignment; and the Title Insurance Policy reflecting the California Housing Finance Agency as the insured.
  - 2. For FHA-insured loans, the Mortgage Credit Analysis Worksheet. For VA-guaranteed loans, the VA Loan Analysis Form 26-6393. For conventionally-insured loans, the Uniform Underwriting summary or some other similar document showing the payment breakdown.
  - 3. Declaration of Insurance from the hazard/flood/earthquake insurance carrier.
  - 4. HUD Form 92080 for FHA-insured loans.
  - 5. If applicable, Buydown Agreement outlining terms of the agreement.
  - 6. For conventionally-insured loans, the certification of insurance. For FHA-insured and VA-guaranteed loans, upon receipt of the certificate, forward to CHFA, 1121 L Street, Suite 103, Sacramento, CA 95814.
- B. CHFA will deduct the escrow balance, buydown balance, and tax service fee from the purchase price. The service release fee is added to the purchase price.
- C. Do not set the loan up on a tax service contract. CHFA will set up the tax service contract after the loan is purchased.
- D. Payments received by the originating lender should be forwarded to CHFA immediately. Lender should bill CHFA for any disbursements made after the loan has been purchased. Billing should include a history of the account showing the transaction.
- E. The "Goodbye Letter" should be mailed to the borrower upon lender receiving funds from CHFA. The letter should include CHFA's payment processing address of P.O. Box 13819, Sacramento, CA 95853-3819. The Loan Servicing Customer Service number is 1-(800) 669-1079.
- F. CHFA should be named as the loss payee and the notification to the insurance company should include a statement that future premium notices should be sent to CHFA, 1121 L Street, Suite 103, Sacramento, CA 95814.

\*Note: All blanks must be completed in order for the form to be valid.



**CHFA SUBORDINATE FINANCING  
MORTGAGE SUBMISSION VOUCHER  
PURCHASE SUBMITTAL AND LENDER CERTIFICATION**

LENDER NAME: \_\_\_\_\_ LENDER LOAN NO. \_\_\_\_\_

SHIPPER CONTACT: \_\_\_\_\_ PHONE: \_\_\_\_\_ FAX: \_\_\_\_\_

SHIPPING OFFICE ADDRESS: \_\_\_\_\_

CHFA MANIFEST NO. \_\_\_\_\_ CHFA SUBORDINATE NO. \_\_\_\_\_

BORROWER: \_\_\_\_\_ CO-BORROWER: \_\_\_\_\_  
 (Last) (First) (Initial) (Last) (First) (Initial)

NEW PROPERTY ADDRESS: \_\_\_\_\_

BORROWER'S MAILING ADDRESS: \_\_\_\_\_  
 (if different from property address, i.e. P.O. Box, route, etc.)

PROGRAM NAME: \_\_\_\_\_ RATE \_\_\_\_\_ TERM \_\_\_\_\_

PRINCIPAL LOAN AMOUNT: \$ \_\_\_\_\_ CURRENT UNPAID BALANCE: \$ \_\_\_\_\_

**Wiring Instructions:**

**Bank Name:** \_\_\_\_\_ **Account Number funds are to be wired**  
**to:**  
**Bank Address:** \_\_\_\_\_  
 \_\_\_\_\_ **Attn:** \_\_\_\_\_  
**ABA#** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**REQUIRED DOCUMENTS FOR PURCHASE**

1. SUBORDINATE FINANCING MSV: PURCHASE SUBMITTAL AND LENDER CERTIFICATION (THIS FORM)
2. ORIGINAL PROMISSORY NOTE ENDORSED TO "CALIFORNIA HOUSING FINANCE AGENCY"
3. PAYMENT HISTORY, IF PAYMENT MADE
4. ORIGINAL RECORDED OR CONFORMED COPY OF THE RECORDED DEED OF TRUST, WITH NO RIDERS ATTACHED
5. ORIGINAL RECORDED OR CONFORMED COPY OF THE RECORDED CORPORATION ASSIGNMENT OF THE DEED OF TRUST.
6. HUD 1 SETTLEMENT STATEMENT
7. TITLE POLICY

**COMPLETE ONE FORM FOR EACH CHFA SUBORDINATE PROGRAM**

\*Note: All blanks must be completed in order for the form to be valid



**ONLY FOR SERVICED-RELEASED LOANS TO CHFA**

If the loan is to be serviced-released to CHFA upon purchase, please refer to the following Service-Release Procedures:

- A. Even though CHFA will purchase a loan based only on the receipt of an executed Note, the loan file must contain the following items, in addition to the Note:
  - 1. HUD 1, Settlement Statement; the recorded Deed of Trust and Corporation Assignment; and the Title Insurance Policy reflecting the California Housing Finance Agency as the insured.
  - 2. For FHA-insured loans, the Mortgage Credit Analysis Worksheet. For VA-guaranteed loans, the VA Loan Analysis Form 26-6393. For conventionally-insured loans, the Uniform Underwriting summary or some other similar document showing the payment breakdown.
  - 3. Declaration of Insurance from the hazard/flood/earthquake insurance carrier.
  - 4. HUD Form 92080 for FHA-insured loans.
  - 5. If applicable, Buydown Agreement outlining terms of the agreement.
  - 6. For conventionally-insured loans, the certification of insurance. For FHA-insured and VA-guaranteed loans, upon receipt of the certificate, forward to CHFA, 1121 L Street, Suite 103, Sacramento, CA 95814.
- B. CHFA will deduct the escrow balance, buydown balance, and tax service fee from the purchase price. The service release fee is added to the purchase price.
- C. Do not set the loan up on a tax service contract. CHFA will set up the tax service contract after the loan is purchased.
- D. Payments received by the originating lender should be forwarded to CHFA immediately. Lender should bill CHFA for any disbursements made after the loan has been purchased. Billing should include a history of the account showing the transaction.
- E. The "Goodbye Letter" should be mailed to the borrower upon lender receiving funds from CHFA. The letter should include CHFA's payment processing address of P.O. Box 13819, Sacramento, CA 95853-3819. The Loan Servicing Customer Service number is 1-(800) 669-1079.
- F. CHFA should be named as the loss payee and the notification to the insurance company should include a statement that future premium notices should be sent to CHFA, 1121 L Street, Suite 103, Sacramento, CA 95814.

\_\_\_\_\_  
(Signature of Authorized Representative)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Type Name and Title of Authorized Representative)

\_\_\_\_\_  
(Phone)

**COMPLETE ONE FORM FOR EACH CHFA SUBORDINATE PROGRAM**

\*Note: All blanks must be completed in order for the form to be valid