



## *Homeownership Program Bulletin*

**Date: December 5, 2002**

**Program Bulletin #2002-35**

**To: CalHFA Approved Lenders**

### **CLARIFICATION OF CalHFA SUBORDINATE LOAN NEW PROCESSING PROCEDURES**

This Bulletin clarifies Program Bulletin #2002-34, amends the "Subordinate Loan Section" of Program Bulletin #2003-31, and outlines the new processing procedures for CalHFA subordinate loan programs which are now required to be drawn in CalHFA's name per the recent HUD Mortgage Letter 2002-22.

Effective immediately, the following purchase procedures will apply to all CalHFA subordinate loan programs including loans using conventional financing.

1. All CalHFA subordinate loans must reflect the Lender/Beneficiary and Trustee as CALIFORNIA HOUSING FINANCE AGENCY, a public instrumentality and a political subdivision of the State of California and reflect CalHFA's corresponding loan number which can be found on the Agency's Conditional Loan Approval. CalHFA will not accept any loans closed after 12/6/02 for purchase that are not in compliance with this requirement.
2. Lenders will continue to be responsible for preparing a Truth-In-Lending Disclosure Statement on CalHFA's behalf and delivering this disclosure to the borrower(s) within the required time period. A copy of the initial Truth-In-Lending Disclosure Statement must be submitted with the initial loan file prior to the Agency issuing a Conditional Loan Approval.
3. At closing, Lenders will advance the subordinate loan proceeds on CalHFA's behalf.

4. Within 90 days of the reservation date of the first mortgage, the Lender will forward to the Agency the following subordinate purchase documents:
  - a. Subordinate Financing Mortgage Submission Voucher Part II (Subordinate MSV-Part II) which has been updated and attached hereto. By executing the Subordinate MSV-Part II, Lender certifies that all of the Agency Loan requirements named therein have been met.
  - b. Original and full copy of CalHFA Subordinate Promissory Note showing California Housing Finance Agency, a public instrumentality and a political subdivision of the State of California, as Lender/Beneficiary, which has been executed by all borrowers. (Any co-signor required to sign the first promissory note must also sign all CalHFA subordinate notes.)
  - c. Lender or Title Company certified copy of the subordinate Deed of Trust showing California Housing Finance Agency, a public instrumentality and a political subdivision of the State of California, as Lender/Beneficiary and Trustee and instructing the County Recorder to forward the original deed of trust directly to CalHFA, Homeownership Programs, Subordinate Loan Processing Unit at 1121 L Street, 7<sup>th</sup> Floor, Sacramento, CA 95814.
  - d. HUD Final Settlement Statement for each loan being submitted for purchase.
  - e. Copy of the final, Truth-In-Lending Disclosure Statement signed by the borrower(s), if changes to the initial Truth-In-Lending Disclosure were required.

No other documentation from the Lender will be required. CalHFA hereby waives the requirement for an ALTA Title Policy of Insurance on the Agency's subordinate loans only. (All first mortgage requirements, including title insurance requirements remain in force as outlined in the Agency's Program Manual.) This waiver affects all past, current and future subordinate loan programs.

If all of the above required documents are satisfactory, all other CalHFA requirements have been met, and the first mortgage is or has been purchased by the Agency, CalHFA will process the subordinate loan for purchase.

Although all CalHFA subordinate loan documents must be drawn in CalHFA's name, Lenders will maintain responsibility for providing a valid, enforceable lien in the proper lien position and remain subject to all of the requirements outlined in our Program Manual and Servicer's Guide.

Questions regarding this bulletin should be directed to CalHFA, Homeownership Programs, 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@calhfa.ca.gov](mailto:homeownership@calhfa.ca.gov) or visit CalHFA's website at: [www.calhfa.ca.gov](http://www.calhfa.ca.gov)

Attachment



**SUBORDINATE  
MORTGAGE SUBMISSION VOUCHER PART II  
PURCHASE SUBMITTAL AND LENDER CERTIFICATION**

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

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

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

CalHFA MANIFEST NUMBER: \_\_\_\_\_ CalHFA SUBORD. LOAN 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.)

LIEN POSITION OF THIS LOAN: \_\_\_\_\_ (2<sup>ND</sup>) \_\_\_\_\_ (3<sup>RD</sup>) \_\_\_\_\_ (4<sup>TH</sup>) \_\_\_\_\_ (5<sup>TH</sup>)

SETTLEMENT DATE: \_\_\_\_\_

**REQUIRED DOCUMENTS FOR PURCHASE (Submission Package File Order)**

1. SUBORDINATE MSV PART II: PURCHASE SUBMITTAL AND LENDER CERTIFICATION (THIS FORM)
2. ORIGINAL AND FULL COPY OF CalHFA SUBORDINATE PROMISSORY NOTE SHOWING CALIFORNIA HOUSING FINANCE AGENCY, A PUBLIC INSTRUMENTALITY AND A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA AS LENDER/BENEFICIARY WHICH HAS BEEN EXECUTED BY THE BORROWERS (ANY CO-SIGNOR REQUIRED TO SIGN THE FIRST PROMISSORY NOTE MUST ALSO SIGN ALL CalHFA SUBORDINATE NOTES)
3. LENDER OR TITLE COMPANY CERTIFIED COPY OF THE DEED OF TRUST SHOWING CALIFORNIA HOUSING FINANCE AGENCY, A PUBLIC INSTRUMENTALITY AND A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA AS LENDER/BENEFICIARY AND TRUSTEE
4. HUD FINAL SETTLEMENT STATEMENT
5. COPY OF THE FINAL TRUTH-IN-LENDING DISCLOSURE STATEMENT SIGNED BY THE BORROWER(S), IF CHANGES TO THE INITIAL TRUTH-IN-LENDING DISCLOSURE WERE REQUIRED

**LENDER'S CERTIFICATIONS**

The Lender has originated the CalHFA subordinate loan and hereby certifies:

Lender has issued and delivered to borrower(s) in the appropriate time period, all required Disclosure Statements, including, but not limited to, the Initial Truth-In-Lending Disclosure Statement, Good Faith Estimate and Fair Lending Notice and Final Truth-In-Lending Disclosure Statement if changes to the initial Truth-In-Lending Disclosure were required.

That the subordinate loan above referenced was recorded in the proper lien position as stated in CalHFA's Conditional Loan Approval and that the Deed of Trust reflects California Housing Finance Agency, a public instrumentality and a political subdivision of the State of California as lender/beneficiary and trustee.

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.

That the Borrower(s) did not pay more than a \$250 application/processing fee.

That the Borrower has obtained the required hazard insurance policies (hazard/flood, 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.

That the Lender has completed and/or satisfied all of the CalHFA conditions of the first and/or subordinate loan approvals and other CalHFA requirements.

The Lender hereby agrees that it will immediately forward to CalHFA 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 CalHFA requirements or the certifications made in this statement will result in remedial action by CalHFA as prescribed in the Program Manual and the CalHFA 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)

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