



# Homeownership Program Bulletin

**September 26, 2003**

**Program Bulletin #2003-28**

**To: CalHFA Approved Lenders**

## **HUD MORTGAGEE LETTER 2003-14 Temporary Suspension of General Insurance and Special Risk Insurance Endorsement Authority**

In response to HUD Mortgagee Letter 2003-14, CalHFA will temporarily suspend purchase of condominium loans submitted under Section 234(c) that are closed on or after September 16, 2003. This is due to HUD's temporary suspension of General Insurance and Special Risk Insurance endorsement authority.

Effective immediately, Lenders may continue to reserve CalHFA funds and submit loans for conditional approval on condominiums that are to be insured under Section 234(c). The Agency will process Conditional Approvals as usual; however, CalHFA will suspend the purchase of these loans until such time as Congress approves either supplemental commitment authority for FY 2003 or enacts new commitment authority for FY 2004.

CalHFA will also enact a temporary reinstatement policy for HUD 234(c) loans where the CalHFA 120-day resale or 180-day new construction reservation has either expired or will expire due to HUD's temporary suspension. CalHFA will reinstate cancelled reservations at the original reserved interest rate and waive late delivery fees on these loans provided the standard CalHFA closing document packages are submitted to the Agency for purchase within 30 days after HUD lifts this temporary suspension.

CalHFA's temporary purchase suspension does not apply to CalHFA-insured and VA-guaranteed condominium loans or to HUD 234(c) loans endorsed by HUD prior to September 16, 2003. Lenders may continue to submit these loans for purchase in accordance with standard delivery procedures and requirements.

Questions regarding this bulletin should be directed to CalHFA 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 email at [homeownership@calhfa.ca.gov](mailto:homeownership@calhfa.ca.gov) and you can always visit CalHFA's web site at: [www.calhfa.ca.gov](http://www.calhfa.ca.gov)