



Homeownership Program Bulletin

July 31, 2006

Program Bulletin #2006-14

To: CalHFA Approved Lenders and Servicers

PROGRAM CLARIFICATION Effective August 1, 2006

CalHFA is committed to assisting our business partners in successfully processing CalHFA loans. In order to better achieve timely and accurate conditional loan approvals and loan purchases, the following is provided for clarification.

School Facility Fee Down Payment Assistance Program (SFF) :

Under the SFF program, a complete and separate loan package must be submitted to CalHFA, SFF Down Payment Assistance Program, 1121 L Street, 7th Floor, Sacramento, CA 95814. The loan package should be submitted as early as possible to avoid any delays in escrow closing. Funds will be deposited directly into the borrower's open escrow. After closing, the borrower is no longer eligible for SFF assistance.

Extra Credit Teacher Program (ECTP):

To verify if a borrower's employer is an eligible school under the ECTP program, go to <http://www.treasurer.ca.gov/cdlac/extracredit/citysort.asp>. At this page, click on the link "California Department of Education API Ranking Search", and select the County. Next, select "API Base Report" to search for the school's ranking.

Buydowns:

Permanent buydowns are not allowed on any CalHFA loan. Temporary buydowns are not allowed with our *interest only PLUS*SM program, if the loan is service-released to CalHFA. This program's announcement bulletin stated that temporary buydowns were allowed; this policy has changed. Temporary buydowns are allowed on all other CalHFA first mortgages.

Impounds:

CalHFA requires a monthly impound for taxes and insurance to be collected for the life of the loan, regardless of the Loan-To-Value (LTV) ratio or whether mortgage insurance is required or not.

Occupancy:

Borrowers must occupy a CalHFA-financed home within 60 days of closing.

Underwriting Guidelines:

All conventional loans, including loans with LTV's below 80%, must be underwritten to CalHFA conventional loan underwriting guidelines. These guidelines can be found on our web page at www.calhfa.ca.gov.

Loan Submissions:

ALL loan files, including conventional loan files submitted for CalHFA mortgage insurance, should be delivered to CalHFA, Homeownership Division, 1121 L Street, 7th Floor, Sacramento, CA 95814. Files will be routed to the appropriate department.

CalHFA Legal Documents:

CalHFA's loan documents and related materials are available on our web site in PDF format. Electronic versions are also available via email or on disk in Word format. Prior to issuance, Lenders will be required to sign a Lender Acknowledgement agreeing not to materially alter the content of the documents. Document formatting can vary with prior approval by CalHFA. Please contact Lender Services at CalHFA for more information.

Note: For condominiums and PUDs, only the CalHFA's condominium and/or PUD rider is allowed to be used; Fannie Mae riders are not acceptable.

Loan Purchases:

The Mortgage Submission Voucher Part II (MSV Part II) must be accurately completed by the lender. To avoid delays in the purchase of your loan, please verify that the wiring instructions are complete and match the bailee letter. The Lender should also verify the servicing information and include the correct servicer's name and address when applicable.

MERS:

Lenders should verify that loans using MERS documents have been registered with MERS within ten (10) days of the date on which interest begins to accrue on the loan. The MERS registration number should be accurately entered onto all of the documents, including the MSV Part II prior to submitting the loan to CalHFA for purchase. The Transfer of Beneficial Rights (TOB) should be completed on MERS when CalHFA purchases the loan.

If there is a new servicer in conjunction with the sale of the loan to CalHFA, the lender selling the loan must initiate a Transfer of Servicing (TOS) to the new servicer within fourteen (14) calendar days.

Loan Payoffs:

CalHFA has adopted Fannie Mae's guidelines for collecting interest up to the date of payoff for any CalHFA loan.

Further clarification of these procedures or any procedure not covered by this bulletin can be found in our program bulletins, Lender Program Manual, and/or our Servicing Manual.

For questions about this bulletin, contact CalHFA Homeownership Programs by phone 916.324.8088; by fax 916.324.6589; by email at homeownership@calhfa.ca.gov and you can always visit CalHFA's web site at: www.calhfa.ca.gov

Please send all loan files and documents to:
CalHFA Homeownership Programs
1121 L Street, 7th Floor
Sacramento, CA 95814