



# Homeownership Program Bulletin

September 25, 2007

Program Bulletin #2007-32

To: CalHFA Approved Lenders

## Annual Recertification Requirements For CalHFA-Approved Lenders

Effective October 1, 2007, CalHFA is implementing new annual recertification requirements, policies and procedures for existing and new CalHFA-approved Lenders. CalHFA will require each approved Lender to complete this annual recertification process to maintain their "approved" status. This process, which was designed after consulting with CalHFA-approved Lenders, will allow the Agency to review and evaluate each approved Lender's financial stability, compliance with current licensing and insurance requirements and overall viability of the organization. The items which will be requested and reviewed for an Annual Recertification include, but may not be limited to, the following:

- \$500 Annual Recertification Fee, payable to California Housing Finance Agency;
- Most recent audited financial statements and subsequent quarterly statements;
- Current Fidelity and Errors and Omissions, Forgery and Money or Securities (all risk) Insurance policies;
- Copies of current mortgage licenses, including licensing for originating second/subordinate mortgages (if licensing is not required, provide a statement of the reason it is not, and supporting documentation);
- Key personnel list (current personnel) for secondary marketing, underwriting, quality control, and loan servicing; with resumes and a current organization chart, indicating which key personnel are new since the last recertification;
- Signed Authorization for Verification of Credit and Business References form to be included for any new principal officer (since the approval or last recertification), partner or other owner who holds more than 5% interest;
- Organizational chart including department manager names and contact information, , and a separate listing of branch offices to include contact information and email addresses;;
- Updated Certificate of Authority and Specimen Signatures form;
- List of active warehouse lines and wire instructions;
- Current Request for Taxpayer Identification Number and certification (W-9) form;
- Current Quality Control/Assurance Plan, along with findings reports and management responses to findings;
- Verification that Lender meets CalHFA requirement for delivery of fifty (50) loans to other investors within the last two years;
- Procedures for approving and monitoring performance of appraisers and other mortgage service providers, current Approved Appraiser List with copies of current

- licenses and insurance policies, summary of results of Lender's selection and review process, including sample appraiser files;
- Procedures for approval and monitoring of performance of third-party originators, results of Lender's selection and review process, including a list of approved Mortgage Brokers and Correspondents;
  - Report of any change in underwriting, closing, quality control, or interim servicing procedures;
  - Report of any change of ownership, name, location, structure or senior management;
  - Verification of current standing with Fannie Mae, including approval documentation.

All documentation submitted by the Lender will be reviewed and verified by CalHFA Homeownership Programs staff to determine whether the Lender continues to meet all Agency requirements and procedures, and is in compliance with Fannie Mae requirements. This will include contacting Fannie Mae to confirm the Lender's status with Fannie Mae.

A team of CalHFA Homeownership Programs staff may make an on-site visit, meet and interview the Lender's key staff prior to recertification. The team will review:

- Loan files (a CalHFA-selected sample of files for closing and documentation compliance);
- Lender procedures on selecting, reviewing, and approving appraisers and contract escrow agents and monitoring their performance;
- Lender procedures on selection, reviewing and approving third party originators and monitoring their performance;
- Other items determined by Homeownership Programs on an individual lender basis.

This program bulletin supplements CalHFA's Lender Program Manual and Servicer's Guide.

In addition to Annual Recertification requirements, processes and procedures for existing CalHFA-approved Lenders, the Agency has also established updated requirements and guidelines for new lenders requesting to become a CalHFA-approved Lender. A copy of the new lender application package and other related information can be located on our web site at [www.calhfa.ca.gov/homeownership/newlenders/](http://www.calhfa.ca.gov/homeownership/newlenders/).

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](mailto:homeownership@calhfa.ca.gov) and you can always visit CalHFA's web site at: [www.calhfa.ca.gov](http://www.calhfa.ca.gov)

Unless otherwise directed, please send all loan files and documents to:  
CalHFA Homeownership Programs  
1121 L Street, 7<sup>th</sup> Floor  
Sacramento, CA 95814