



Homeownership Program Bulletin

September 26, 2008

Program Bulletin #2008-32

To: CalHFA Approved Lenders

Community Stabilization Home Loan Program (CSHLP) Update

On July 21, 2008, CalHFA issued Program Bulletin #2008-24 announcing the availability of the new Community Stabilization Home Loan Program (CSHLP) which offers a reduced, below market interest rate on a 30-year fixed rate loan for first-time homebuyers purchasing select REO properties. Effective immediately the following changes update the CSHLP:

Eligible Counties/Zip Codes (additions are in bold)

Counties:

Alameda

Contra Costa

Los Angeles

Merced

Monterey

Riverside

Sacramento

San Benito

San Bernardino

San Joaquin

Stanislaus

ZIP Codes:

94601, **94602**, 94603, 94605, 94606, 94607, 94608,
94609, **94610**, **94611**, **94612**, **94618**, **94619**, 94621

All ZIP codes

90008, 90043, 93535, 93550

All ZIP codes

All ZIP codes

All ZIP codes

All ZIP codes

All ZIP codes

92336

All ZIP codes

All ZIP codes

Special Sales Price

The program now allows the final contract sales price in certain cases to exceed the Special Sales Price (SSP) detailed in Program Bulletin #2008-24.

1. In cases where the Financial Institution (FI) or Seller Servicer (SS) have legitimate written offers higher than the SSP from other potential buyers, an eligible CalHFA buyer/borrower who makes a written counter-offer above the SSP will still be allowed to proceed with a CSHLP loan. The maximum price a potential CalHFA buyer/borrower may pay and still receive a CSHLP loan will be 110% of the SSP. Anticipating these potential cases of counter-offers, CalHFA has amended the Legal Owner-Investor-Seller/Servicer Certification (CSHLP Certification) to include sections that will reference the other potential buyer's offers presented to FI or SS. Therefore, the sales price shown on the CSHLP Certification will reflect the CalHFA buyer/borrower's counter-offer

that was accepted by the FI or SS. The originating lender of a CSHLP loan is reminded that the CSHLP Certification must be included in all loan submissions as outlined in Program Bulletin 2008-24. The revised CSHLP Certification is attached. CalHFA reserves the right to request copies of all offers and counteroffers.

2. In cases where Seller makes a counter-offer above the SSP to offset closing costs requested by buyer/borrower to be paid by FI or SS, a CalHFA buyer/borrower who accepts such a counter-offer will still be allowed to proceed with a CSHLP loan.

Clarification on Special Sales Price

If an eligible CalHFA buyer/borrower chooses to make a counter-offer that exceeds 110% of SSP, they may still do so and apply for a different CalHFA loan program, other than a CSHLP loan.

Adverse Market Delivery Charge and Loan Level Price Adjustment Fee

Also outlined in Program Bulletin #2008-24, CalHFA commits to pay a portion of the Fannie Mae's Adverse Market Delivery Charge (AMDC) and the Loan Level Price Adjustment Fee (LLPA). Lenders are reminded that although Fannie Mae has increased their AMDC and LLPA fees, the percentage of these fees that will be paid by CalHFA **remains unchanged**.

Under the CSHLP Program, CalHFA will pay a maximum of 25 basis points (0.25%) for Fannie Mae's AMDC and a maximum of 15 basis points (0.15%) for their LLPA fee. Any charges/fees due in excess of the amounts paid by CalHFA may be paid by the seller, lender or borrower and will be treated as follows

- Fees paid by the borrower or seller may be labeled on the HUD Settlement Statement as loan discount points, Fannie Mae Adverse Market Delivery Charge, Loan Level Price Adjustment Fee, or other RESPA compliant term. At purchase, CalHFA will not include this fee when calculating the maximum 1.5% allowable loan origination fee. Thus, lenders may charge up to a 1.5% loan origination fee and Fannie Mae's AMDC and LLPA fees.
- Fees paid by anyone other than the borrower will be considered as a seller contribution to the borrower. As outlined in CalHFA's Conventional Loan Underwriting Guidelines, seller contributions are limited to 3% on loans with Loan-to-Value (LTV) ratios in excess of 90% and limited to 6% on loans with LTV ratios of 90% or less.

Fannie Mae has also announced changes to their Desktop Underwriter[®] (DU[®]) system. For CalHFA acceptable Fannie Mae DU findings, Lenders are referred to the CSHLP Program Description and CalHFA Conventional Loan Underwriting Guidelines which can be found on our web site.

CalHFA's Homeownership Division thanks you for your business and we look forward to continuing to support your affordable housing loan needs. 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

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

Attachment



CalHFA Community Stabilization Home Loan Program (“Program”)

LEGAL OWNER - SELLER/SERVICER CERTIFICATION

Please complete and provide to originating lender

Property Street Address _____

Property City, State _____

Property ZIP, County _____

Name of Legal Owner _____

Authorized Seller/Servicer _____

Property Eligibility Date (PED): Date property was listed for this Program to CalHFA on or after the start date of the Program _____

Estimated Value (based on appraisal or one Broker Price Opinion [BPO])* \$ _____

*If more than one (1) BPO is used, the most current BPO must be used and must be less than 90 days old.

Estimated Value Date (appraisal date or BPO date) _____
(must not be greater than 90 days at PED)

Special Sales Price (SSP) \$ _____

Seller may increase SSP if paying all or any closing costs or if written multiple offers are received and Buyers agree to higher SSP. If this was done, state actual sales price here:
\$ _____

In cases where written multiple offers over the SSP are received, please list them below.

Offer #1: _____ Offer #2: _____

Participating Financial Institution or Participating Seller/Servicer of the CalHFA Community Stabilization Home Loan Program hereby provides and certifies that the above information on the referenced property is true and correct.

(May be signed by Legal Owner OR authorized Seller/Servicer)

(Name) Legal Owner (Date)

(Name) Seller/Servicer (Date)

(Title)

(Title)