



Homeownership Program Bulletin

November 17, 2008

Program Bulletin #2008-35

To: CalHFA Approved Lenders

CalHFA's REO SMART Loan Program

The California Housing Finance Agency is pleased to announce the SMART Loan Program effective November 23, 2008. This program offers a special reduced interest rate and, depending on the loan type, up to 100% Loan-to-Value (LTV) financing for designated properties owned by CalHFA. Low and moderate income first-time buyers who meet CalHFA's eligibility requirements of purchasing a CalHFA REO property may qualify for an FHA, VA, USDA or Conventional insured 30-Year Fixed Mortgage at a special 5.50% interest rate.

To further help borrowers finance the purchase of an eligible CalHFA REO property, CalHFA is offering the use of the California Homebuyer's Downpayment Assistance Program (CHDAP) subordinate loan program, provided the Combined Loan-to-Value-(CLTV) of the transaction does not exceed 102%.

The SMART Loan Program Description, list of eligible properties, CalHFA credit underwriting standards, Tax Act Compliance requirements and current interest rate are available on our web site at www.calhfa.ca.gov/homeownership/programs/smart.

To process a reservation under the SMART Loan Program, these are the steps to follow:

- The lender must verify that the property is eligible for this special financing by referring to "CalHFA's SMART Loan Program property list" located on our web site.
- Upon determining that the property is eligible, the lender can make reservations using CalHFA's Lender Access System (LAS) system. The LAS system will ask the following questions which are designed to determine the property's eligibility:
 1. Is the property an REO?
 2. Is the property a CalHFA-owned REO?
 3. Has the property been designated by the CalHFA REO Manager as eligible for the SMART Loan Program?

- Upon reservation through the LAS system as a SMART Loan Program loan, a confirmation of the special 30-year fixed interest rate will be issued.
- Lender will process the loan and submit a complete, fully documented and approved loan package to CalHFA. The lender must clearly identify the loan package on the front file cover as a "SMART Loan Program" loan.
- CalHFA will perform credit underwriting and tax act compliance review in the same way as all loan submissions. The SMART Loan Program submission will be verified as eligible and the CalHFA Conditional Loan Approval issued to the lender will reflect the SMART Loan Program rate and other loan purchase conditions.

For more information about the SMART Loan Program, call 916.324.8088 and ask to speak to the REO Manager who handles properties in the county about which you are inquiring; by fax at 916.324.6589; by email at homeownership@calhfa.ca.gov and you can always visit CalHFA's web site at www.calhfa.ca.gov

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

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