



Homeownership Program Bulletin

September 18, 2009

Program Bulletin #2009-25

To: CalHFA Approved Lenders and Servicers

FHA-HAMP Loan Modification Program

On July 30, 2009 HUD published Mortgagee Letter 2009-23 announcing the FHA-Home Affordable Modification Program (FHA-HAMP), which extends the Administration's Home Affordable Modification Program (HAMP) to FHA borrowers.

CalHFA has elected to participate in FHA-HAMP, and by this Bulletin consents to CalHFA Servicers to apply FHA-HAMP to FHA loans they service on behalf of CalHFA, *provided that* Servicers apply FHA-HAMP consistent with the limitations contained in this Bulletin.

Effective August 15, 2009 the new FHA-HAMP authority, together with other allowances, included the use of a partial claim up to 30 percent of the unpaid principal balance as of the date of default combined with a loan modification for homeowners who are in default on their mortgage for more than 30 days and not more than one year. The payment of the partial claim is not due until the earlier of (i) the maturity of the HAMP mortgage, (ii) a sale of the property, or (iii) a payoff or re-financing of the HAMP mortgage. FHA-HAMP may only be used if the borrower does not qualify for current loss mitigation home retention options under existing guidelines (HUD Mortgagee Letters 2008-21, 2003-19, 2002-17, 2000-05).

Following principal reduction pursuant to application of such partial claim, FHA-HAMP requires re-amortization of the FHA mortgage. In accordance with guidance received from HUD, and to comply with CalHFA's bond indenture requirements, CalHFA mortgages must be re-amortized only for the remaining life of the loan on a level-debt basis at the existing interest rate, rather than a 30-year re-amortization period. Servicers modifying CalHFA loans under FHA-HAMP must document the reason for having an amortization period less than 30 years.

CalHFA Homeownership Program Bulletin #2009-14 dated May 28, 2009 provides additional Foreclosure and Loss Mitigation information and should be applied in conjunction with this Bulletin. Visit HUD's web site at <http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/> for access to all referenced mortgagee letters.

For questions about this Bulletin, contact CalHFA Portfolio Management by phone 916.322.0651.; by fax 916.324.9581; by email at PortfolioManagement@calhfa.ca.gov and you can always visit CalHFA's web site at: www.calhfa.ca.gov. CalHFA thanks you for your business and we look forward to continuing to support your affordable housing loan needs.

PB.2009-25