

# Homeownership Program Bulletin

December 1, 2010

Program Bulletin #2010-13

To: CalHFA Approved Lenders

## Property Flipping Policy for CalHFA FHA and Cal30<sup>SM</sup> Conventional Loan Programs

Clarification of CalHFA's policy regarding property "flipping" on both the CalHFA FHA Loan Program and the Cal30<sup>SM</sup> Conventional Loan Program can be found within the individual program descriptions located on our web site.

FHA defines property flipping as follows:

*4155.1.4.7.aa The term property flipping refers to a practice whereby recently acquired property is resold for a considerable profit with an artificially inflated value, often abetted by a lender's collusion with an appraiser.*

CalHFA's "flipping" policy for the CalHFA FHA and Cal30 Conventional Loan Programs is as follows:

Financing for eligible properties will not be permitted if: (1) the date of the initial offer ("re-sale date") is within ninety (90) days of the sellers' date of acquisition of the property, and (2) the sales price is greater than or equal to twenty percent (20%) more than the seller's acquisition cost.

Definitions:

- Sellers' date of acquisition is the date of settlement on the final HUD-1
- Re-sale date is the date the buyer/borrower executed the initial offer on the sales contract
- No exceptions will be granted

For questions about this bulletin, contact CalHFA Homeownership Programs Division by phone 916.326.8000; by fax 916.324.6589; by email at [homeownership@calhfa.ca.gov](mailto:homeownership@calhfa.ca.gov). Plus you can always visit CalHFA's web site at: [www.calhfa.ca.gov](http://www.calhfa.ca.gov) or Homeownership Programs Division directly at [www.calhfa.ca.gov/homeownership](http://www.calhfa.ca.gov/homeownership).

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