

# *Homeownership Program Bulletin*

**February 07, 2011**

**Program Bulletin #2011- 05**

**To: CalHFA Approved Lenders**

## **Suspension of Temporary Buydowns**

On January 28, 2011, Bank of America, NA (BANA), CalHFA's master servicer, sent out a "client communications announcement" to all BANA approved correspondents. The communications announcement referenced the new guidance to Regulation Z and the Truth-In-Lending Act (TILA) that is effective with new applications on or after January 30, 2011. In BANA's announcement their view is this new guidance does not adequately address disclosures for loans with temporary buydowns and therefore will not purchase any such loans, temporarily.

Consequently, effective immediately and until further notice, temporary buydowns will not be allowed on CalHFA loans. Any loan in the pipeline reserved on or after January 31, 2011, with such buydowns, cannot be honored and must be cancelled by the lender.

CalHFA will re-address this issue once we receive clarity.

For questions about this bulletin, contact CalHFA Homeownership Programs Division by phone 916.326.8033; 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.