

Homeownership Program Bulletin

June 08, 2011

Program Bulletin #2011- 14

To: CalHFA Approved Lenders

Updates to Requirements for CalHFA Annual Lender Recertification

CalHFA has updated the requirements for Annual Lender Recertification of CalHFA-approved lenders. This Program Bulletin supplements CalHFA's Program Bulletin 2007-32, and amends the Lender Program Manual and the Servicer's Guide. Below are the key updates for the requirements:

- Lenders must be approved by CalHFA's master servicer, currently, Bank of America, N.A. (BANA), Bond Division;
- Lenders must be HUD-approved mortgagees;
- Lenders must be Fannie Mae approved sellers (exceptions *may be considered* on a case-by-case basis);
- Fifty percent (50%) or more of Lender's total CalHFA loans originated, closed and funded must be CalHFA first mortgage loans in each CalHFA fiscal year beginning with July 1, 2011;
- Suspension or termination of a CalHFA-approved lender may be based upon, but is not limited to, any of the following grounds:
 - No longer meeting CalHFA eligibility requirements, including requirements listed above;
 - Lack of timely response to CalHFA's request for Annual Recertification or lack of required documentation to complete the Annual Recertification;
 - If not already written in the lender's Quality Assurance/Control plan (QA/QC), lender's failure to certify in writing (on company letterhead) that it will perform and has performed annual QA/QC reviews of a minimum of ten percent (10%) of CalHFA closed loans, and that a minimum of ten percent (10%) of the ten percent (10%) reviewed include a field appraiser report versus a desk review;

We have attached a checklist of all CalHFA Annual Lender Recertification requirements. The Annual Lender Recertification Form along with the CalHFA Annual Lender Recertification Checklist on our web site at www.calhfa.ca.gov/homeownership/directlenders.htm

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. Plus you can always visit CalHFA's web site at: www.calhfa.ca.gov or Homeownership Programs Division directly at www.calhfa.ca.gov/homeownership.

Attachment



CalHFA Annual Lender Recertification Checklist:

Fees and Forms:

- \$500 non-refundable recertification fee payable to CalHFA
- Fully completed and executed CalHFA Lender Recertification Update form
- A CalHFA signed Authorization to Investigate Background form to be completed by all those with an ownership interest of 5% or more in the company
- Updated CalHFA Certificate of Authority and Specimen Signatures form
- Updated Wiring Instruction form for each operating account or warehouse line of credit to which CalHFA may wire funds

Company Information:

- Evidence of current standing with Fannie Mae, HUD/FHA, and VA, when applicable
- Company organizational chart to include names of officers and managers of Loan Production, Loan Operations, Underwriting, Quality Assurance/Control, Secondary Marketing, Shipping/Closing and Interim Loan Servicing
- Resumes of any new officers and key management personnel (as listed in organizational chart) since CalHFA approval or last completed CalHFA recertification
- List of company branches to include physical address, Branch Manager's name, Branch Manager's email address, telephone and fax numbers
- Loan delivery history for the last twelve (12) months to all Investors

Insurance Information:

- Evidence of continued coverage for Fidelity Bond and Errors and Omissions (minimum \$300,000), Forgery (minimum \$50,000), and Money or Securities All Risk (minimum \$250,000)

License Information:

- Copy of current business license(s) to originate mortgage loans in the state of California (if applicable)
- Fictitious Business Name Statement for each dba (in California)

Quality Assurance/Control:

- Quality Assurance/Control (QA/QC) plan must include, or be supplemented by an addendum to QA/QC plan stating that lender requires a QA/QC review of 10% of closed CalHFA loans; and, a field appraiser review (versus a desk review) is required on 10% of the 10% loans selected for QA/QC review
- Copies of third-party contracts that perform underwriting, appraisals, origination, or QA/QC (sample contracts are acceptable for each category except a third-party QC/QA contract)
- Most recent audit cycle of QA/QC reports, report findings and management responses to report findings (latest cycle must be within 120 days of current recertification)
- Copy of lender's most recent audit results by HUD/FHA and VA, when applicable, to include management responses to findings or certify on company letterhead that have been no audits performed by HUD/FHA and VA, when applicable

Written Policies and Procedures for the Following Categories:

- Credit underwriting (including lenders proprietary underwriting guidelines) or certification on company letterhead that there have been no changes since CalHFA approval or last completed recertification
- Procedures for approving/monitoring performance of appraisers (including approved appraiser list) and all other service providers or certify on company letterhead there have been no changes since CalHFA approval or last completed recertification
- If lender is or will accept CalHFA loans from correspondent(s), broker(s) or third party originator(s) (TPO), provide written Policies and Procedures for approving/monitoring performance of all relationships (including approved TPO list); or, certification on company letterhead there have been no changes since CalHFA approval or last completed recertification

Financial Information:

- Most current audited fiscal year-end financial statements of company and parent company
- Subsequent quarterly financial statements of company and parent company, if applicable (Mortgage Bankers Reporting form 1002, 1055, or 11750 or Call Report, Thrift Financial Report, or other statement reporting form)