

Homeownership Program Bulletin

July 27, 2011

Program Bulletin #2011-18

To: CalHFA Approved Servicers

CalHFA Mortgage Insurance Claim Paying Procedures Update

This bulletin supersedes the CalHFA Mortgage Insurance Claim Procedures provided in Program Bulletin #2011-04, dated January 26, 2011.

The California Housing Finance Agency, administrator of the California Housing Loan Insurance Fund (CaHLIF), previously notified loan servicers and Mortgage Insurance Master Policy Holders that claims settlement payments would be made by both Genworth Mortgage Insurance and CaHLIF with separate checks. This practice will continue. However, due to financial constraints on the CaHLIF, changes to some procedures are necessary.

Due to the ongoing impacts of the mortgage crisis, beginning August 1, 2011, changes to the claim paying procedure will be as follows:

- These claims will be placed in a queue in the order in which they have been approved by and received from Genworth.
- You will continue to receive a Claim Settlement Letter and Explanation of Benefits just as you do now, except that it will not include a check from CaHLIF and it will state that the claim will be paid if and when CaHLIF has sufficient funds.
- When CaHLIF has sufficient funds, it will pay its share of approved mortgage insurance claims, whether a primary claim or supplemental claim, on a “first-received, first-paid” basis. Partial claim payments will not be made by CaHLIF on its portion of the approved claims.
- Interest will not accrue on claims placed in the queue.
- CalHFA may change this payment process as it deems necessary or advisable.

Servicers will continue to remit mortgage insurance premiums, report delinquencies and send mortgage insurance claims to Genworth. Additionally, servicers may inform the insured (investor) of this change in CaHLIF’s mortgage insurance claim payment method.

For questions about this change, contact CalHFA Mortgage Insurance by phone 916.326.8675 or by email to MortgageInsurance@calhfa.ca.gov.