

Homeownership Program Bulletin

August 08, 2011

Program Bulletin #2011-21

To: CalHFA Approved Lenders

Updates to the Property Flipping Policy for CalHFA FHA Loan Program

Effective immediately for new reservations CalHFA has updated its Property Flipping Policy for the CalHFA FHA loan program, which was previously referenced in Program Bulletin #2010-13, "Property Flipping Policy for CalHFA FHA and Cal30SM Conventional Loan Programs."

In Program Bulletin #2010-13, the following policy was referenced:

Financing for otherwise 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' acquisition of the property, and (2) the sales price is greater than or equal to twenty percent (20%) of the sellers' acquisition cost.

The update below modifies the property flipping policy for the CalHFA FHA Loan Program. The following types of transactions are exempt from the property flipping rule:

- 1) FHA REO properties sold by FHA
- 2) Sales of properties inherited by the seller
- 3) Sales by other U.S. government agencies
- 4) Sales of properties by nonprofits approved to purchase HUD-owned properties at a discount with re-sale restrictions
- 5) Sales of properties by state and federally chartered financial institutions and government sponsored enterprises (e.g. Fannie Mae, Freddie Mac)
- 6) Sales of properties by local and state government agencies
- 7) Sales of properties within Presidentially-Declared Disaster Areas
- 8) Sales of properties acquired through foreclosure by state licensed mortgage lenders and/or servicers.

At this time, CalHFA has not made changes to the Property Flipping Policy for the Cal30 Program.

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.

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