



Single Family Portfolio Management Program Bulletin

May 2, 2013

Program Bulletin #2013-04

To: CalHFA Approved Lenders

Rental Policy for CalHFA Loans

Effective May 2, 2013, this bulletin replaces Program Bulletin #2012-01 dated February 3, 2012 and updates the Rental Policy in Section 12 of the Servicer's Guide.

CalHFA has reviewed its rental policy, taking into account the impact of economic trends on real estate and its authority under bond rule. CalHFA will continue to review the Rental Policy and periodically make changes when appropriate. Borrowers who meet the following criteria are eligible to rent their CalHFA-financed property:

1. Borrower(s) had a present intent at loan origination to occupy the home as their primary residence
2. Borrower(s) did occupy the home as their primary residence for a minimum of one (1) year.
3. Borrower(s) is current on payments.

When it comes to a Servicer's attention that a CalHFA-financed property is rented, the Servicer must send a letter to the Borrower(s), in the form of the attachment, together with a postage-paid, return envelope. The Borrower(s) must complete and return the letter to the Servicer. Should the Borrower(s) fail to respond within thirty (30) days, the Servicer must send a follow-up letter. Should Borrower(s) fail to respond within another thirty (30) days, the Servicer shall notify CalHFA.

Upon receipt of the letter from the Borrower(s), the Servicer shall forward a copy of the letter to CalHFA electronically at invrental@spsmail.calhfa.ca.gov and retain the original in the collateral file.

Unless otherwise instructed by CalHFA, the Servicer shall continue to service the loan in the normal manner, accepting and applying payments made, and taking appropriate servicing action as required by the Servicer's Guide.

Servicers shall not initiate foreclosure proceedings or take any other action strictly based on non-owner occupancy, unless instructed by CalHFA.

Servicers shall advise renting Borrowers to notify their hazard insurance carriers that their property is rented, and that a renter's policy is now required, with CalHFA named as an additional insured. Servicers shall also advise renting Borrowers they must forward a copy of current rental insurance policy to the Servicer.

For questions about this bulletin, contact CalHFA Portfolio Management by phone 916.326.8050; by fax 916.455.8621; by email at PortfolioManagement@calhfa.ca.gov or visit CalHFA's web site www.calhfa.ca.gov for additional information.

Attachment

<Insert Borrower Name >
<Insert Mailing Address Street>
<Insert Mailing Address City, State Zip>

Regarding: <Insert CalHFA Loan Number>
<Insert Property Address Street>
<Insert Property Address City, State, Zip>

Dear CalHFA Borrower(s),

It has come to our attention that you may no longer be occupying your home located at the above referenced address. If you intended to occupy the property as your primary residence at loan origination and did occupy the home for at least one (1) year, CalHFA will consent to your rental of the property.

Please respond to the following statements and sign and return this letter in the postage-paid, return envelope.

1. The home was my primary residence for one (1) year or longer after purchase.
Yes____ No____
2. I currently live in the home.
Yes____ No____
3. The home is currently rented to tenants.
Yes____ No____
4. I have notified my hazard insurance carrier that the property is rented.
Yes____ No____

If the home is tenant-occupied, please list the names of all occupants:

Please provide your current mailing address, phone number(s) and, if applicable your e-mail addresses:

Date: _____

Printed Name of Borrower

Printed Name of Co-Borrower

Signature of Borrower

Signature of Co-Borrower

Thank you for your cooperation,

Loan Servicer Representative