

CALIFORNIA LOAN INSURANCE FUND
REPORT OF AGREED-UPON PROCEDURES
YEAR ENDED DECEMBER 31, 2016

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

California Housing Finance Agency
Sacramento, California

We have performed the procedures enumerated below, which were agreed to by the California Housing Finance Agency (CalHFA), solely to assist you with respect to the California Loan Insurance Fund (CaHLIF) as of and for the year ended December 31, 2016. CalHFA's management is responsible for the CaHLIF. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Obtain Loan Insurance Fund general ledger detail and agree it to the financial statements for the fiscal year ending December 31, 2016.

Results

We agreed the balances in the financial statements for the fiscal year ended December 31, 2016 to the general ledger detail for the fiscal year ended December 31, 2016 without exception.

2. Observe reinsurer's monthly Claims Paid file and observe that the claims paid during the year were added to the Agency's Claims Outstanding queue in its entirety (all 12 months).

Results

We obtained the monthly claims paid file for the year ended December 31, 2016 and traced each of the monthly claims to the Deferred Payment Queue without exception.

3. Obtain CalHFA's Claim Disbursements and select a haphazard sample of 25 claims paid over \$10,000 and perform the following:
 - a. Agree amount of check agrees with claim documentation;
 - b. Recalculate amount paid.

Results

We selected a haphazard sample of 25 claim disbursements and tested each claim paid with the criteria above. No exceptions were noted.

4. Obtain the premium received report and agree a haphazard selected sample of 25 premiums to the premium amount collected to the active policy in place.

Results

We selected a random sample of premiums received and traced the amount received to the active policy in place. No exceptions were noted.

5. Obtain reinsurer's remittance reports and perform the following:
 - a. Observe that funds received monthly were deposited;
 - b. Observe that the amount received was recorded in the General Ledger

Results

We obtained the Reinsurance Settlements summary and traced each monthly remittance amount to the general ledger detail. We traced the monthly wire deposit to the bank statements.

No exceptions were noted.

6. Obtain support for the premium deficiency calculation and agree amounts recorded in the general ledger to the premium deficiency calculation.

Results

We obtained and read the premium deficiency methodology. We obtained the premium deficiency summary and premium deficiency calculation workbook. We traced the amounts in the premium deficiency summary to the premium deficiency calculation and to the general ledger without exception.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on CaHLIF. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the California Housing Finance Agency and is not intended to be and should not be used by anyone other than this specified party.



CliftonLarsonAllen LLP

Baltimore, Maryland
April 20, 2017