

Homeownership Program Bulletin

March 01, 2011

Program Bulletin #2011- 08

To: CalHFA Approved Lenders

Changes to Interest Rate Lock Policy for CalHFA FHA

CalHFA has increased the rate lock period for existing/resale properties for the CalHFA FHA Loan program. The following changes will be effective for new reservations taken on or after March 01, 2011:

- The rate lock period is increased to 90 days from reservation.
 - If the float option is chosen, the rate lock period will be the remaining term of the reservation.
- After the 90 days, a one-time automatic 30 day rate lock extension will take place on conditionally approved and locked loans at a fee of one point (1.00%)
- Any exceptions for an additional 30 day extension must be requested and will be reviewed on a case-by-case basis.
 - The exception request must be received in writing and delivered to CalHFA's Homeownership Secondary Marketing Unit or by email to ratelocks@calhfa.ca.gov
 - If exception is granted, additional fee(s) may apply.
- The rate lock extension fee(s) are to be net funded from the lender's proceeds at time of purchase.
 - The rate lock extension fee(s) may not be charged to the borrower(s) or seller(s).

The following guidelines remain in effect:

- No adjustments are being made to the rate lock period or reservation time frames for newly constructed properties.
- The loan must be funded, delivered and purchased by the master servicer prior to rate lock expiration.
- Rate lock and reservation period will run without interruption.
- Lenders should factor in their own processing/underwriting time frames, as well as CalHFA compliance and conditional approval review, and master servicer review for purchase time frames when locking interest rates and submitting loan files.

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.