

Homeownership Program Bulletin

January 4, 2018

Program Bulletin #2018-02

To: **CalHFA Approved Lenders**

Documentation and Representation and Warranty Relief for CalHFA Conventional Loan Programs Using Day 1 Certainty™

Effective for reservations accepted on or after February 1, 2018, all CalHFA Conventional loan programs will allow lenders to take advantage of documentation and Representation and Warranty relief using Fannie Mae's Day 1 Certainty™.

CalHFA Documentation Relief:

CalHFA will accept the Day 1 Certainty™ vendor "income report" along with the DU, eliminating the need for Verification of Employment, paystubs and W2 documentation. Any borrower income that is not validated by Desktop Underwriter (DU) is subject to full documentation. CalHFA requires that all sources of income be verified and used for compliance income. Tax return transcripts are still required on all submissions.

CalHFA will always require an appraisal on all first mortgage loans. Representation and Warranty relief will be allowed, if the loan receives: (i) Collateral Underwriter® risk score of 2.5 or less; (ii) meets all other eligibility requirements, and (iii) the lender remains responsible for description of subject and property eligibility.

How Representation and Warranty Relief Works:

- Lender signs up for the DU validation service with approved vendors
- Lender orders report from vendor and submits the case file to DU
- DU advises the lender on whether the income, employment and assets could be validated
- Vendor returns a report with an identifier code that is also noted on the DU findings so the information can be cross-referenced

Lenders receive certainty regarding income, assets, employment and property information validated by Desktop Underwriter®. With validation, lenders will receive relief from representations and warranties with regard to the accuracy of income and/or asset calculations, borrower employment status, and the integrity of the data from the vendor.

Lenders currently not using Day 1 Certainty™ can find details on [Fannie Mae's website](#).

For questions about this bulletin, contact CalHFA Single Family Lending Programs Division by phone 916.326.8033 or by email at SFLending@calhfa.ca.gov. Plus you can always visit CalHFA's website at: www.calhfa.ca.gov or Single Family Lending 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.