



Single Family Lending Program Bulletin

October 1, 2018

Program Bulletin #2018-17

To: CalHFA Approved Lenders

Additional Requirements to Resubordinate All CalHFA Subordinate Loans

Effective October 8, 2018 the following additional requirements are in effect for all loans submitted for resubordination:

New First Mortgage	<p>All requirements must be met:</p> <ul style="list-style-type: none"> • Fixed rate loan amortized for thirty (30) years • Principal-Interest-Taxes-Insurance (PITI) payment must decrease • Interest rate reduced by at least one quarter percentage point (0.25%) • The borrowers must have made at least six (6) consecutive timely monthly payments on their existing first mortgage. • Lenders are required to meet federal and California lending laws regarding fees and charges. • High cost loans are not permitted
Documentation	<ul style="list-style-type: none"> • Fannie Mae Desktop Underwriter® (DU®) or Freddie Mac Loan Product Advisor (LPA®) Automated Underwriting Decision • Lender Underwriting Approval

For more complete requirements for subordinate resubordination, please see CalHFA’s Resubordination Process for CalHFA Subordinate Loans on our website.

For questions about this bulletin, contact CalHFA Single Family Loan Administration by phone at 800.669.1079 or by email at subordinations@calhfa.ca.gov. In addition, you can always visit CalHFA’s website at: www.calhfa.ca.gov or Single Family Loan Administration directly at www.calhfa.ca.gov/myaccount.

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

Attachment



Resubordination Process for CalHFA Subordinate Loans

CalHFA will permit the resubordination of existing CalHFA subordinate loans if homeowners meet certain eligibility requirements. Permitting resubordination allows existing homeowners the opportunity to take advantage of refinancing their existing first mortgage, without being required to pay off their existing CalHFA subordinate loans.

Eligible CalHFA Subordinate loans include the following:

- California Homebuyer's Down payment Assistance Program (CHDAP)
- CalHFA Housing Assistance Program (CHAP)
- High Cost Area Home Purchase Assistance Program (HICAP)
- Extra Credit Teacher Program (ECTP)
- Homeownership in Revitalization Area Program (HIRAP)
- Zero Interest Program (ZIP) & (ZIP Extra)
- MyHome Assistance Program (MYHOME)
- School Teacher and Employee Assistance Program (School Program)

Homeowners with a Keep Your Home California (KYHC) subordinate lien should contact KYHC directly at 888.954.5337 or go to www.keepyourhomecalifornia.org/payoff.htm for complete resubordination requirements

Resubordinations

Description	Guideline
New 1st Mortgage	<p>All requirements must be met:</p> <ul style="list-style-type: none"> • Fixed rate loan amortized for thirty (30) years • Principal-Interest-Taxes and Insurance (PITI) payment must decrease • Interest rate decreased by at least one quarter percentage point (0.25%) • The borrowers must have made at least six (6) consecutive timely monthly payments on their existing first mortgage • Lenders are required to meet Federal and California lending laws regarding fees and charges. • High cost loans are not permitted.
Qualifiers	<ul style="list-style-type: none"> • At least one borrower must occupy the subject property • Borrower must have insufficient funds to pay off the existing subordinate loans and still have sufficient reserves
Disqualifiers	<ul style="list-style-type: none"> • Cash-out transaction • Adjustable Rate Loans • Borrower(s) not occupying the subject property

Description	Guideline
Mandatory payoffs	PACE or HERO
Fees	\$150 – Non-refundable Processing Fee - Certified funds only – received by mail; fee is due at the time of submission
Submission Process	Must be submitted through our Secure Server (No paper packages accepted) To submit application and required documentation, contact CalHFA at subordinations@calhfa.ca.gov for instructions.
Documentation	<ul style="list-style-type: none"> • Application for Resubordination – must be completed and signed by lender and/or escrow officer • Automated Underwriting System (AUS) approval (e.g. Fannie Mae Desktop Underwriter® (DU®) or Freddie Mac Loan Product Advisor (LPA®)) • Lenders Underwriting Approval • Uniform Underwriting and Transmittal Summary (1008), FHA Loan Underwriting and Transmittal Summary (HUD 92900-LT), or VA Loan Analysis as applicable, • Uniform Residential Loan Application (1003) – must be signed by borrower(s) • Borrower Available Funds Affidavit must show total amount of subordinate loans to be resubordinated, and to be signed by the borrower(s) • Most recent mortgage statement for the existing first mortgage loan (no payoff in lieu) • Preliminary Title Report including the Legal Description
Shipping	Self-Addressed/Prepaid overnight courier service label for shipping of document (must be provided by the lender and/or escrow) Only a hard copy resubordination agreement may be released (No faxes, scans, or emails)
CalHFA Process after Package and Funds Received	<ul style="list-style-type: none"> • Review for compliance with CalHFA Loan Resubordination Underwriting Guidelines • Send final decision to lender • Send original executed and notarized Subordination Agreement and Escrow Instructions to Escrow. (The document is sent regular mail unless pre-paid overnight label is provided).
Questions	Please contact Single Family Loan Administration at 800.669.1079

CalHFA reserves the right to request additional documentation as deemed appropriate.



CalHFA Loan ID: _____

Borrower Available Funds Affidavit

I, _____, and I, _____, as current borrower(s) of a home mortgage down payment assistance (DPA) loan(s) in the original principal amount totaling \$_____, pursuant to the Mortgage Loan Program of the California Housing Finance Agency (CalHFA), have applied for a new First Mortgage Home Loan, do hereby represent and warrant that (I/we) have insufficient funds to pay off the CalHFA DPA Loan(s) as of the closing date of the new First Mortgage Home Loan. At time of this signing, (I/we) do not have funds equal to the total balance (principal and interest) of the CalHFA DPA loan(s) plus three months of my/our new first mortgage loan payment amount.

(I/We) declare under penalty of perjury that the foregoing is true and correct.

Signature of Borrower

Date

Signature of Borrower

Date



Resubordination Check Submission Form

Complete the information below and submit with your certified check in the amount of \$150 made payable to California Housing Finance Agency.

CalHFA Loan # (if available) _____

Borrower(s) Name(s) _____

Property Address _____

Enclosed: \$150 certified check (non-refundable fee)

Make certified check payable to California Housing Finance Agency and send to:

Mail:

California Housing Finance Agency
Single Family—Accounting MS930
P O Box 4034
Sacramento CA 95812-4034

Overnight Courier:

California Housing Finance Agency
Single Family—Accounting MS930
500 Capitol Mall, Suite 400
Sacramento CA 95814



Resubordination Submission Checklist

PLEASE SUBMIT IN THE FOLLOWING STACKING ORDER

To Apply: Please contact CalHFA at subordinations@calhfa.ca.gov for instructions on how to submit resubordination application packages electronically.

<p>Application for Resubordination. Only one application is required when applying for resubordination of one or more CalHFA junior loans. List all CalHFA junior loan numbers on the application</p>
<p>Self-Addressed/Prepaid Overnight Courier Service Label/Envelope. If the application is approved, the Resubordination Agreement and Escrow Instructions will be sent by regular mail to the Title Company if an overnight or courier service label/envelope is not provided in the submission package.</p>
<p>Automated Underwriting System (AUS) approval e.g. Fannie Mae Desktop Underwriter® (DU®) or Freddie Mac Loan Product Advisor (LPA®)</p>
<p>Lenders Underwriting Approval</p>
<p>Uniform Underwriting and Transmittal Summary (1008), FHA Loan Underwriting and Transmittal Summary (HUD 92900-LT) or VA Loan Analysis (as applicable). Must be signed by the Underwriter and include CHUMS number for FHA Loans.</p>
<p>Uniform Residential Loan Applications *1003) Must be signed by the borrowers.</p>
<p>Borrower Available Funds Affidavit</p>
<p>Borrowers Most Recent Mortgage Account Statement for the Existing 1st Mortgage Loan</p>
<p>Preliminary Title Report</p>
<p>Non Refundable \$150 Processing Fee (see below)</p>

Resubordination requests will be reviewed for final approval upon receipt of a completed package, which contains all the required documents. Delivery of incomplete and/or fraudulent information may result in processing delays.

Note: This checklist represents the minimum documents required for CalHFA approval. Other documents may be required by underwriter/reviewer.

Resubordination Processing Fee: A non-refundable processing fee of \$150 is due at time of submission. ONLY CERTIFIED FUNDS WILL BE ACCEPTED. Include the check along with the Check Submission Form and send to:

Mail

California Housing Finance Agency
Single Family – Accounting MS930
PO Box 4034
Sacramento, CA 95812-4034

Overnight Courier

California Housing Finance Agency
Single Family – Accounting MS930
500 Capitol Mall, Suite 400
Sacramento, CA 95814