

Single Family Lending Program Bulletin

July 15, 2019

Program Bulletin #2019-17

To: CalHFA Approved Lenders

Fannie Mae's Lender Letter LL-2019-06 effect on CalHFA

This Program Bulletin is to communicate how Fannie Mae's Lender Letter [LL-2019-06](#) announcing July 20, 2019 updates to HomeReady® and Desktop Underwriter® will impact all CalHFA conventional programs under Fannie Mae's HFA Preferred™ product.

NOTE:
**CalHFA's Conventional Loan Programs are not changing until
September 5, 2019**

What is changing on CalHFA's conventional loan programs and when?

Effective for all loans that are rate locked on or after **July 20, 2019**:

- As a result of Fannie Mae's Lookup tool being modified on July 20, 2019 to reflect their updates, **lenders should use the [Location Eligible \(LE\) Income Limits Lookup Tool](#) between July 20, 2019 through September 4, 2019** to check if their borrowers are eligible for CalHFA lower interest rates ($\leq 100\%$ AMI or low income census tract). Lenders will still be required to enter the property's Federal Information Processing Standards (FIPS) code in [MAS](#) to validate the borrower's eligibility for the lower rate.

Effective for all loans that are rate locked on or after **September 5, 2019**:

- CalHFA's Location Eligible (LE) lower interest rates (defined in [Program Bulletin 2019-06](#)) will be restricted to eligible borrowers with incomes of $\leq 80\%$ AMI as posted on Fannie Mae's HomeReady® Lookup Tool (regardless of census tract).

- Starting on September 5, 2019, the lower interest rates will be posted on [CalHFA's interest rate page](#) under the title **Low Income (LI) Eligible** which will replace the current Location Eligible (LE) title.
- Any CalHFA conventional loan \leq 80% AMI will still receive the HFA Preferred Charter MI discounted coverage and MI rates.
- Borrowers whose income exceeds 80% AMI and meets CalHFA's income limits will continue to be eligible with a higher interest rate.
 - Any CalHFA conventional loan >80% AMI will require Fannie Mae's standard mortgage insurance (MI) coverages and rates.
- Starting September 5, 2019 lenders can use any Fannie Mae approved mortgage insurance company as detailed in CalHFA's [Program Bulletin 2019-16](#).

For questions about this bulletin, contact CalHFA Single Family Lending 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 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.