



Single Family Lending Program Bulletin

January 18, 2022

Program Bulletin #2022-01

To: CalHFA Approved Lenders

Updated Subordinate Loan Documents

CalHFA is proud to participate in the *Standardized Subordinate Lien Document Project*. Just as originators and investors of non-conforming mortgages use uniform Freddie Mac/Fannie Mae instruments, this initiative will bring a similar level of clarity, efficiency, and confidence to the legal documents securing DPA providers' interests. We're implementing these Freddie Mac and Fannie Mae approved standardized subordinate lien documents effective January 18, 2022 because they offer many benefits:

- Enhanced clarity for borrowers
- Increased speed to market for lenders
- Greater automation potential
- Reduced loan manufacturing costs and loan file deficiencies
- Potential liquidity opportunities

In addition to the new documents, CalHFA will provide document completion instructions for the deed of trust and notes. We trust you will find these documents easier to use, better aligned with Freddie Mac/Fannie Mae first lien uniform instruments, and easier to explain to your borrowers.

All subordinate loan documents will be available on January 18, 2022 in the Closing Doc Wizard in MAS and on the CalHFA website. Electronic Word Versions of these documents are also available via email by contacting LenderTraining@calhfa.ca.gov.

CalHFA will continue to purchase subordinate loans that have the older document version until April 30, 2022 at which time subordinate loans using the older version may be subject to suspension.

CalHFA strongly encourages lender to use the Closing Doc Wizard in MAS to draw the subordinate closing documents. The Closing Doc Wizard ensures the closing docs are being drawn correctly and all applicable fields are auto-populated from MAS.

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.