



Homeownership Program Bulletin

February 16, 2016

Program Bulletin 2016-03

To: CalHFA Approved Lenders

Disclosure Requirements for CalHFA Subordinate Loans

This Program Bulletin updates CalHFA's policy on the TILA-RESPA Integrated Disclosure rule (TRID), and is effective immediately.

The lender must provide the TRID Closing Disclosure (CD) for the following CalHFA subordinate loan programs that do not meet the Consumer Financial Protection Bureau's (CFPB) partial exemption:

- MyHome
- Extra Credit Teacher Program (ECTP)
- ZIP loans with closing costs more than 1% of the subordinate loan amount, with costs limited to recording, housing counseling services and application fees

The lender must provide the initial and final Truth In Lending (TIL) Disclosures for CalHFA ZIP loans with closing costs at 1% or less of the subordinate loan amount, with costs limited to recording, housing counseling services and application fees meet the CFPB's partial exemption. These loans are subject to the Truth In Lending Act (TILA) requirements.

When multiple loans are used for one transaction, CalHFA requires a separate disclosure for each loan at time of subordinate loan purchase. Lenders are responsible for the drawing and delivery of any disclosures to borrower(s) as required by TILA, the Real Estate Settlement Procedures Act (RESPA), and TRID.

Any subordinate loan which has not closed by March 14, 2016 and does not meet the above CalHFA subordinate loan requirements will be declined and will not be purchased.

This guidance does not relieve the lender from their duty to comply with the disclosures required by the Consumer Financial Protection Bureau (CFPB). We urge you to seek guidance from your counsel.

For questions about this bulletin, contact CalHFA Homeownership Programs Division by phone 916.326.8033; by fax 916.324.6589; 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.