



Date: May 12, 2016

Announcement #2016-12

Topic: CalHFA Compliance Form “CalHFA Borrower Affidavit”

PBM Announcement

Source: Corporate Underwriting

Distribution: All Employees

Corporate is starting to see an increase in friends being notated on the “CalHFA Borrower Affidavit” compliance form.

- A friend can be added as long as they are going to live in the property as a household member. **They can't just be added to get the borrower(s) within the income limits.**
- CalHFA does occupancy inspections after the loan closes to make sure that the friends live there and if not PBM will have to repurchase the loans.
- Since CalHFA does not work with the borrowers directly, PBM is required to do due diligence to make sure the information is accurate.
 - PBM will require strong letters of explanations, explaining the borrower and the friend’s relationship in detail and a statement acknowledging they are aware there will be an occupancy inspection after closing.
 - The letter of explanation must be signed and dated by each friend as well borrower(s) listed on the “CalHFA Borrower Affidavit form”.