

CALIFORNIA HOUSING LOAN INSURANCE FUND
REPORT OF AGREED-UPON PROCEDURES
YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

California Housing Finance Agency
Sacramento, California

We have performed the procedures enumerated below, which were agreed to by the California Housing Finance Agency (CalHFA) on the California Housing Loan Insurance Fund (CaHLIF) for the year ended December 31, 2018. CalHFA's management is responsible for the CaHLIF. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Obtain Loan Insurance Fund general ledger detail and agree it to the financial statements for the fiscal year ending December 31, 2018.

Results

We agreed the balances in the financial statements for the fiscal year ended December 31, 2018, to the general ledger detail for the fiscal year ended December 31, 2018, without exception.

2. Observe reinsurer's monthly Claims Paid file and observe that the claims paid during the year were added to the Agency's Claims Outstanding queue in its entirety (all 12 months).

Results

We obtained the monthly claims paid file for the year ended December 31, 2018, and traced each of the monthly claims to the Deferred Payment Queue without exception.

3. Obtain CalHFA's Claim Disbursements and select a haphazard sample of 25 claims paid over \$10,000 and perform the following:
 - a. Agree amount of check agrees with claim documentation;
 - b. Recalculate amount paid.

Results

We selected a haphazard sample of 25 claim disbursements and agreed each claim paid with the criteria above and recalculated the amount paid. No exceptions were noted.

4. Obtain the premium received report and agree a haphazard selected sample of 25 premiums to the premium amount collected to the active policy in place.

Results

We selected a random sample of premiums received and traced the amount received to the active policy in place. No exceptions were noted.

5. Obtain reinsurer's remittance reports and perform the following:
 - a. Observe that funds received monthly were deposited;
 - b. Observe that the amount received was recorded in the General Ledger

Results

We obtained the Reinsurance Settlements summary and traced each monthly remittance amount to the general ledger detail. We traced the monthly wire deposit to the bank statements.

No exceptions were noted.

6. Obtain support for the premium deficiency calculation and agree amounts recorded in the general ledger to the premium deficiency calculation. Obtain support for the mortgage insurance loss reserve calculation and agree amounts recorded in the general ledger to the mortgage insurance loss reserve calculation.

Results

We obtained and read the premium deficiency methodology. We obtained the premium deficiency summary and premium deficiency calculation workbook. We traced the amounts in the premium deficiency summary to the premium deficiency calculation and to the general ledger without exception. For the year ended December 31, 2018, the premium deficiency balance was zero. We obtained support for the Mortgage Insurance (MI) reserve calculation and agreed amounts included in the MI Reserve Calculation to the general ledger without exception.

No exceptions were noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on CaHLIF. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of CalHFA and is not intended to be and should not be used by anyone other than the specified parties.



CliftonLarsonAllen LLP

Baltimore, Maryland
May 15, 2019