
Servicing Bulletin 2021-09
October 12, 2021

To: All CHFA Single Family Servicers
From: Liisa Koeper, Assistant Director, SFAM Default Servicing
Subject: Updates to COVID-19 Post-Forbearance Loan Retention Options, new CHFA COVID Modification and Forbearance Timeline Reminder

This Servicing Bulletin (“SB 2021-09”) updates loan retention options for all Connecticut Housing Finance Authority (“CHFA”) single family loans that have resolved their COVID-19 related hardship and no longer require forbearance on their monthly mortgage payments or who have exited a forbearance plan due to forbearance maximum timelines.

To accommodate COVID-19 loan modification interest rate requirements, CHFA has updated its Loan Modification Form & Certification (*CHFA Form # LRC LM Rev. 9-9-2021*) for use when submitting modification requests to CHFA.

CHFA’s approval is not required for the FHA COVID-19 Advance Loan Modification (“ALM”) prior to issuing the Modification offer to the borrower. Additional guidance on the ALM process can be found in the [ALM Flowchart](#). When submitting a borrower executed ALM for CHFA’s signature, Servicers must include a completed [Loan Modification Form & Certification](#) (*CHFA Form # LRC LM Rev. 9-9-2021*), a recent payment history and a title search or copy of the recorded Mortgage & Assignment of Mortgage. CHFA will review the ALM Modification Agreement for accuracy prior to CHFA execution of the document. Items of note, Connecticut records by city/town, not by county and in most cases the assignment’s recording volume/book and page immediately follows the mortgage deed. ALM Modification Agreements with errors will be returned to the servicer to be corrected and re-issued to the borrower for signature.

CHFA has streamlined its modification documents. All modifications will now use the CHFA LOAN MODIFICATION AGREEMENT. There are two versions of this modification agreement: [CHFA-MOD \(1\), Rev. 9-9-2021](#) for a single borrower signature and [CHFA-MOD \(2\), Rev. 9-9-2021](#) for multiple borrower signatures.

PLEASE NOTE:

ALM Modification – Servicer prepares modification documents.

ALL other Modifications – CHFA will prepare the modification documents.

With the exception of the FHA ALM, all modification requests will continue to require CHFA’s review before being presented to the borrower. The [CHFA Loan Modification Form & Certification](#) (*CHFA Form # LRC LM Rev. 09-09-2021*) must also be completed and included when submitting any modification request to CHFA.

All modification requests and supporting documentation should be submitted to modifications@chfa.org. Please reference the CHFA loan number in the subject line.

For all other CHFA loans, Servicers should follow a waterfall of options:

- 1) A lump sum repayment;
- 2) A 12 to 60 month repayment plan;
- 3) A deferred payment plan;
- 4) CHFA COVID modification;
- 5) Standard CHFA modification;

The CHFA COVID will be available for a temporary period of time. This modification is similar to FHA’s COVID-19 Recovery Modification. The CHFA COVID modification targets a 25 percent P&I reduction for all Borrowers who are unable to return to making their existing mortgage payment. Modification criteria are below:

- The modified UPB cannot exceed the original UPB.
- Capitalization of corporate advances or other protective advances a servicer may have made on the borrower's behalf is allowed.
- The housing ratio cannot be lower than 28% or higher than 31%.
- The Total DTI cannot exceed 45%.
- The modified rate may not exceed the most recent Freddie Mac Weekly Primary Mortgage Market Survey (PMMS) interest rate, rounded to the nearest one-eighth of 1 percent (0.125 percent).
- The maturity date may be extended incrementally until the 25% P&I payment reduction is achieved. The maturity date may not exceed 360 months from modification date.

Forbearance Reminder

As a reminder, please use FHA's most current guidance around forbearance timelines for all CHFA loans.

*Questions regarding this Bulletin should be directed to
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