

Bulletin # 79
February 4, 2015

To: CHFA Lenders
From: CHFA Single Family Underwriting
Subject: CHFA Downpayment Assistance Program (DAP) Underwriting Guideline Revisions

I. Calculating CHFA Combined-Loan-To-Value (CLTV) for Loans with CHFA DAP

The maximum CLTV for a CHFA DAP loan is 105%. CHFA currently offers four DAP loan programs for eligible borrowers:

- *Downpayment Assistance Only*
- *Downpayment Assistance and Closing Costs*
- *Closing Costs Only*
- *Veterans Homeownership Pilot Program*

Current CHFA underwriting guidelines require Lenders to calculate the mortgage loan CLTV using the **1st Mortgage Total Loan Amount** (including UFMIP) added to the Total DAP Loan Amount divided into the sales price.

With increased costs associated with mortgage loan financing, i.e. higher property taxes, escrows, etc., when using the total loan amount formula, CLTV's escalate above the CHFA maximum 105% limit, eliminating applicant eligibility for participation in the CHFA DAP program.

Effective with CHFA Loan Reservations dated on or after **February 1, 2015**, CHFA will allow Lenders to calculate the CLTV for loans with CHFA DAP using the **Base Loan Amount** in place of the Total Loan Amount. Following the revised guideline, Lenders will calculate the CLTV with the **1st Mortgage Base Loan Amount** (excluding UFMIP) added to the Total DAP Loan Amount divided into the sales price.

EXAMPLE

	Current CLTV Calculation	Calculation as of 2/1/2015
Sales Price	\$160,000.00	\$160,000.00
<i>1st Mortgage Base Loan Amount</i>	\$154,400.00	\$154,400.00
UFMIP	\$2,702.00	\$2,702.00
<i>Total 1st Mortgage Loan Amount</i> (Base Loan Amount + UFMIP)	\$157,102.00	\$157,102.00
Downpayment (DAP)	\$5,600.00	\$5,600.00
Closing Costs (DAP)	\$5,298.00	\$8,000.00
<i>Total DAP Loan Amount</i> (Downpayment & Closing Costs)	\$10,898.00	\$13,600.00
Maximum Allowable CLTV	105%	105%

II. DAP Allowable Closing Costs increased from \$400.00 to \$450.00

CHFA is increasing the aggregate amount Lenders may collect on CHFA Downpayment Assistance Loans (DAP) for closing costs.

Participating Lenders may charge a \$200.00 application fee for processing DAP loans and the actual costs for the recording fees.

Title Insurance is not required on a DAP loan, however, Lenders may collect **up to a maximum** of \$150.00 for settlement agent expenses associated with closing the second mortgage loan.

If the Lender charges the \$200.00 application fee and the actual recording fees exceed \$50.00, the **maximum** settlement agent fee must be decreased to ensure the total allowable fees do not exceed \$450.00.

All questions regarding this Bulletin should be directed to Valencia Taft-Jackson at (860) 571-4224 or valencia.taft-jackson@chfa.org or Norbert J. Deslauriers at 860-571-4374 or norbert.deslauriers@chfa.org.