



# CONNECTICUT HOUSING FINANCE AUTHORITY **POLICY STATEMENT**

Policy #:	Title:	Effective Date:
CHFA-2011-5	Program Eligibility Requirements for Parties Delinquent or Not Performing on CHFA or Other Obligations	05/26/2011

## POLICY STATEMENT

The Connecticut Housing Finance (CHFA) is a major provider of affordable housing finance that:

- issues bonds, makes mortgage loans and administers assistance programs
- relies on its borrowers to repay their loans according to contractual obligations and CHFA agreements with its bondholders,
- relies on borrowers and recipients of other development assistance to provide affordable rental homes in accordance with their contractual obligations and program requirements, and
- must maintain standards and expectations for performance of all its borrowers and awardees in order that programs administered by CHFA achieve their public purposes.

Therefore applicants for mortgage loans and other financing for the development and preservation of affordable rental homes, including Federal and State tax credits administered by CHFA shall:

- Be current in their required payments to CHFA, other State of Connecticut agencies, Federal agencies and housing finance agencies of other states,
- Be in compliance with CHFA program requirements as provided in applicable loan documents, agreements and contracts, and
- Have a record of acceptable performance in providing affordable housing as determined by CHFA.

The purpose of this policy is to ensure that applicants that have failed to repay public funds, or comply with affordable housing program requirements or that have not adequately performed on prior developments do not benefit from additional approvals of public funding through CHFA.

The criteria for determining satisfaction of these eligibility standards are provided in "Attachment A" to this Policy Statement.



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### GUIDELINES

CHFA will realize this policy through the establishment of the following:

#### **1. Standards for Eligible Applicants:**

In order to implement this policy CHFA will apply eligibility criteria described in Schedule A of this policy encompassing

- current and recent payment performance on affordable housing obligations
- compliance with CHFA program requirements
- other related factors that will warrant ineligibility for additional public funding.

#### **2. Conditional Exceptions:**

In implementing this policy eligibility will not be denied if it has been determined by CHFA that conditions of default or performance have arisen due to circumstances beyond the control of the applicant with regard to repayment, program compliance or other related factors that may warrant ineligibility..

CHFA may waive ineligibility if the applicant has entered into, and is in substantial compliance with, a work-out or other agreement to resolve defaults and non-compliance, and the applicant has during this period successfully undertaken comparable housing development activity not financed by CHFA.

#### **3. Application:**

The specific process and standards for implementing this policy will be established on a program by program basis as may be identified in CHFA Procedures (i.e. for each mortgage lending program, tax credit program, or state supported assistance program consistent with applicable law).



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### **BACKGROUND AND STATEMENT OF NEED**

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CHFA must set an example and maintain standards of performance when determining those parties that will be eligible to use public funds to develop affordable rental homes.

As a mortgage lender and program administrator CHFA must be able to rely on its borrowers and awardees to fulfill the terms of their agreements so that the public benefit of affordable housing lending and assistance programs will be realized. This maintains public trust and confidence in the use of public funds for the development of affordable housing. CHFA also must manage its lending risk and ensure the best use of public resources. Ensuring that resources are provided to applicants that have a history of repayment and compliance helps meet these objectives.

### **IMPLEMENTATION & RESPONSIBLE DEPARTMENTS**

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CHFA will implement this policy through:

- Required disclosure by applicants of payment default and other non-compliance by the applicants,
- Verifying default or non-compliance with State obligations to other State agencies, and
- Review and consideration of such default or non-compliance events as a part of the application process for each affordable housing finance program, including where applicable a determination by the Board.

Responsible Department: Multifamily Housing, working in conjunction with the Legal and Finance Departments

Responsible Position: Chief Housing Officer

### **RELATIONSHIP TO OTHER POLICIES AND GUIDELINES**

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CHFA Procedures, including those governing Multifamily Underwriting and Low Income Housing Tax Credits



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Low-Income Housing Tax Credit Qualified Allocation Plan (QAP) and Procedures  
CHFA Multifamily Housing guidelines, standards and requirements

### DEFINITIONS

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Applicants: Applicant shall include all members of the development team.

Affiliated with: means any person or entity having a contractual or other business relationship with a principal of a delinquent or noncompliant housing development as described in Schedule A

### Board Approval

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Date of Board Approval:

05/26/2011

Effective Date:

05/26/2011

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

5/26/2011

**Susan Whetstone**  
Interim CHFA President-Executive Director