

CONNECTICUT HOUSING FINANCE AUTHORITY

Bulletin # 42

DATE: November 1, 2011

TO: CHFA Participating Lenders<sup>i</sup>

FROM: CHFA Single Family Underwriting

RE: Connecticut Housing Finance Authority (CHFA) – Revision to Single Family Policy Regarding the Borrower(s) Asset Test for Downpayment / Downpayment and Closing Costs Assistance

The CHFA Downpayment Assistance Program (DAP) provides financial assistance in the form of second mortgage loans or second mortgage deferred loans to eligible homebuyers based on their financial needs to assist in the purchase or purchase and rehabilitation of 1-4 unit residential properties.

CHFA's current DAP policy requires applicants to contribute all liquid assets in excess of \$5,000.00 towards the cost of acquisition of the property. Retirement savings accounts are considered liquid if the Plan allows borrower(s) to borrow or withdraw funds for the purpose of purchasing a new home. CHFA has determined that the current asset contribution policy for DAP eligibility may present a future hardship for the borrowers and is therefore revising the requirement as follows:

**This change will become effective with the release of this announcement on November 1, 2011 and will apply to all outstanding CHFA loan reservations in the pipeline that have not been committed:**

- Only the amount of funds in any retirement plan, including but not limited to IRA Accounts and 401k Plans in excess of ten-thousand dollars (\$10,000.00) will be included in the asset test calculation
- Retirement accounts with \$10,000.00 or less **will be excluded** from the asset calculation **even** if the plan allows for borrowing or withdrawing funds for the purchase of a new home.
- Borrowers with more than \$10,000.00 in an eligible retirement account will be required to contribute that portion that is over the \$10,000.00 threshold towards the cost of acquisition of the property. The borrower will be allowed to retain \$10,000.00 in the retirement account.

All questions regarding this notice should be directed to Valencia Taft-Jackson at 860-571-4224 or [valencia.taft-jackson@chfa.org](mailto:valencia.taft-jackson@chfa.org) or Carol DeRosa at 860-571-5374 or [carol.derosa@chfa.org](mailto:carol.derosa@chfa.org).

---

<sup>i</sup> This e-mail was not sent to Correspondent Lenders. Please notify any correspondent Lender affiliated directly with your organization that originates CHFA Loans.

