

CONNECTICUT HOUSING FINANCE AUTHORITY

Bulletin # 58
November 15, 2013

To: CHFA Participating Lenders
From: CHFA Single Family Underwriting

Subject: Connecticut Housing Finance Authority (CHFA) – Revisions to CHFA Single Family Income Eligibility Policy and Related Underwriting Guidelines

CHFA is committed to providing mortgage loan financing for first-time homebuyers and low-to-moderate income individuals and families throughout the State. One of our priority objectives is to help eliminate barriers to homeownership by offering low-interest rate mortgage loan products and special programs designed to make homeownership affordable and attainable.

CHFA continues to review existing policies and procedures, to identify ways to enhance loan programs to make it simpler and easier to meet the needs of our constituents. CHFA is excited to announce the following revisions to policy regarding **family income** eligibility requirements and underwriting guidelines described below:

DETERMINING APPLICANT INCOME FOR INCOME LIMIT ELIGIBILITY

- When determining whether or not an applicant meets the Authority's income limitations, where applicable, the income used to determine eligibility will be based **solely** on the aggregate income of the mortgagor or mortgagors (borrower and co-borrowers) **only**.
- Lenders will not be required to document or verify the income of any other person (dependent, relative or other) that will occupy the property after closing if that person is not an applicant for the mortgage loan. This includes any income from a spouse or fiancé that is not an applicant and will not sign the mortgage note or deed.
- The aggregate income of the borrower and/or co-borrowers must include income received from whatever source derived as described in the CHFA Operating Manual Section 3 – Eligibility (see Section 3.1.B – Eligible Borrower Income) and Section 5 – Underwriting (see Section 5.1.B – Credit Review Income).

DETERMINING FAMILY SIZE

- Although the qualifying income for the CHFA income limits will be based solely on the income of the borrower and/or co-borrower applicants, family size, (1 or 2 persons; 3 or more) will still determine the amount of income the borrower and/or co-borrowers may earn to participate in the CHFA loan program, when applicable.



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- Family size will include the mortgagor (or mortgagors) and their legal dependents as well as any other permanent member of the household that will occupy the subject property. Borrower(s) must continue to list the names and ages of all persons that will occupy the property after closing on the CHFA Borrower Certificate Form # 014-1107.

CALCULATING RENTAL INCOME FOR 2-4 UNIT

- When purchasing a 2-4 unit dwelling, CHFA will no longer require lenders to include 100% of the fair market income from the rental units in the income used to determine compliance with the CHFA income limits when calculating the qualifying income for the borrower and/or co-borrowers; the amount of income from the rental units will now be calculated based on the percentage of the anticipated fair market income consistent with the loan program, i.e. follow the guidelines of the insurer, FHA, VA, RD, PMI or CHFA special program, when applicable.

RESERVATION AND COMMITMENT DATE EXPIRATIONS

- The CHFA loan reservation period is being revised. The new rate lock period will be reduced from 120 days to 90 days. All loan reservations submitted to CHFA on or after November 25, 2013 will expire 90 days from the date of submission.
- The CHFA commitment period is being revised. The new commitment period will be reduced from 120 days to 90 days. All loan commitments for applications with loan reservation dates on or after November 25, 2013 will expire 90 days from the date of commitment.

All changes announced in this Bulletin will become effective with loan reservations submitted to CHFA **on or after November 25, 2013.**

The CHFA Homebuyer Mortgage Program Operating Manual has been updated to include These changes and can be viewed on the CHFA website at www.chfa.org under Lender Guide.)

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