

CONNECTICUT HOUSING FINANCE AUTHORITY

Bulletin # 59
November 15, 2013

To: CHFA Participating Lenders
From: CHFA Single Family Underwriting

Subject: Connecticut Housing Finance Authority (CHFA) – 2013 Revisions to Single Family Policy Regarding Borrower(s) Asset Test for Downpayment/ Downpayment and Closing Costs Assistance

The CHFA Downpayment Assistance Program (DAP) is one of CHFA's most successful programs developed to help make homeownership affordable for the first-time homebuyers and low-to-moderate income individuals and families throughout the state. Combined with CHFA's low-interest rate financing, DAP has helped to make the dream of homeownership a reality for many eligible, qualified borrowers.

CHFA's commitment to our homebuyers does not end at the loan closing! Helping homebuyers become successful homeowners is part of our mission, and to help improve their financial health after closing, CHFA is implementing the following revisions to our DAP Asset Test requirements.

The following changes will become effective with CHFA loan reservations submitted on or after November 25, 2013:

- The amount of liquid assets borrowers will be allowed to retain is increasing from Five Thousand Dollars (\$5,000) to Ten Thousand Dollars (\$10,000)
- 100% of the funds in any retirement plan including, but not limited to IRA accounts and 401k plans may be **excluded from inclusion** in the DAP asset test calculations even if the plan allows the applicant(s) to borrower or withdraw funds from the plan.
- The amount of the funds in the retirement plan must be fully documented and may be used to evidence reserves subject to the considerations outlined in secondary market underwriting guidelines for retirement accounts when applicable
- CHFA is eliminating the requirement for Lenders to include borrower assets received from Tax Refunds in the asset test for DAP

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

