To: CHFA Lenders

From: CHFA Single Family Underwriting

Subject: Connecticut Housing Finance Authority (CHFA) Increases the Maximum Loan-to-Value (LTV) on CHFA First Mortgage Loans Insured by VA or USDA

Effective with loan reservations dated on or after Monday, June 16, 2014, CHFA will allow borrowers to finance the VA Funding Fee and USDA Guarantee Fee in the CHFA first mortgage loan amount on eligible purchase transactions.

Lenders that originate CHFA loans insured by the U.S. DEPARTMENT OF VETERANS AFFAIRS (VA), or U.S. DEPARTMENT OF AGRICULTURE, (USDA aka RD) may include the VA Funding Fee or USDA Guarantee Fee in the first mortgage loan amount, and the LOAN-TO-VALUE, (LTV) may exceed 100% of the subject property appraised value. The VA Funding Fee and USDA Guarantee Fee are the only fees eligible for inclusion in the first mortgage loan amount on VA or USDA guaranteed transactions.

Borrowers will be eligible to apply for CHFA Downpayment Assistance Program (DAP) funds for closing costs only if applicable. When calculating the DAP amount, the Funding Fee or Guarantee Fee amounts will be excluded from the closing costs as these fees will now be financed in the first mortgage loan.

When applying for DAP the COMBINED-LOAN-TO-VALUE (CLTV) on VA or USDA loans may not exceed 105% of the appraised value of the subject property.

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