



**CONNECTICUT
HOUSING
FINANCE AUTHORITY**

Unlocking Solutions, Building Strong Communities.

HOME MORTGAGE PROGRAMS

OPERATING MANUAL

Sections 7-8

(Investor Reporting and Remittance Guidelines, Single Family Servicing)

CONNECTICUT HOUSING FINANCE AUTHORITY

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Chapter 7 – Investor Reporting and Remittance Guidelines

The Investor Reporting and Remitting Guidelines (IRRG) have been prepared by the Connecticut Housing Finance Authority (CHFA) for institutions who service CHFA loans under its Home Mortgage Program and other programs administered by CHFA on behalf of other investors (i.e., State of Connecticut Down Payment Assistance Program).

The intention of these guidelines is to provide servicing and reporting instructions in accordance the written agreements between CHFA and the institutions which service CHFA loans. Accordingly, the instructions contained in these guidelines are subject in all respects to the provisions in CHFA's Procedures, the terms of the Master Commitment Agreement for Mortgage Purchases, as amended, the Home Mortgage Servicing Agreement (n/k/a Mortgage Loan Servicing Agreement), as amended, and the CHFA Lender Guide-Operating Manual.

CHFA will provide notification to all Servicers should circumstances require a revision to these guidelines from time to time.

7.1 Overview

The Servicer shall maintain accurate Mortgage Loan accounting and servicing records and shall comply with all reporting requirements set forth in this Operating Manual. Each scheduled payment, whether collected singly or together with other monthly payments on the same Mortgage Loan, shall be applied in accordance with the Mortgage Loan documents. Payments and/or delinquencies must not be capitalized into the Mortgage Loan balance unless the capitalization is in accordance with a CHFA-approved modification documented on CHFA approved forms and executed by an authorized CHFA officer. CHFA shall independently calculate outstanding Mortgage Loan balances and furnish them to the Servicer monthly in the form of a billing. The Servicer must reconcile its Mortgage Loan balances monthly with those furnished by CHFA and adjust all its Mortgage Loan balances which differ by more than \$1.00 from those maintained by CHFA except in those cases in which the Servicer demonstrates that CHFA's loan balance is incorrect, as determined by CHFA.

7.2 Billing

At loan purchase, CHFA disburses funds to the originating lender and the loan becomes active on CHFA's records. Concurrently, the Servicer establishes the loan on its records.

Prior to the end of each month, CHFA will send a Summary Level Payment Billing report to the Servicer that will show the Net Amount Due.



Connecticut Housing Finance Authority

10/29/2024
02:40:44 PM

Detailed Level payment Billing

Servicer : [SERVICER NAME]		Period : 10/2024	
Total Level Payment Due :		112,362.11	
Add.:			
Short Remittance Last Period:		19,903.81	
Short Remittance Payoffs (see attached):		0.00	
Less:			
Over Remittance Last Period:		0.00	
Over Remittance Payoffs (see attached):		1,031.27	
Net Amount Due :		131,234.65	
(Enter on Line 1 of MRR)			
Your mid-month payment in the amount of 78,653.48 which is 70% of 112,362.11 is due by the 15th.			

CHFA will also send the Detailed Level Payment Billing report that will show the detailed billing amounts by loan of level payments due CHFA for each loan in the Servicer's portfolio.



Connecticut Housing Finance Authority

Detailed Level payment Billing

Servicer : [SERVICER NAME]		Period : 10/2024							
Stat	Loan #	Interest Rate	Current Prin.Bal	Due Date	Level Payment	Principal Due	Interest Due	Less Servicer Fee	Net Due
	044796	4.9900	95,305.17	10/01/2024	984.21	587.90	396.31	29.78	954.43
	044968	4.8750	37,366.84	09/01/2024	393.79	241.99	151.80	11.68	382.11
				10/01/2024	393.79	242.97	150.82	11.60	382.19
	050011	3.1250	135,475.79	10/01/2024	614.54	261.74	352.80	42.34	572.20
	050343	4.6250	89,304.84	10/01/2024	879.91	535.71	344.20	27.91	852.00
	050416	4.7500	98,566.18	10/01/2024	983.23	593.07	390.16	30.80	952.43
	050509	4.7500	42,610.29	08/01/2024	421.24	252.57	168.67	13.32	407.92
				09/01/2024	421.24	253.57	167.67	13.24	408.00
				10/01/2024	421.24	254.58	166.66	13.16	408.08
	050673	4.7500	52,758.99	10/01/2024	0.00	0.00	0.00	0.00	0.00
	050701	4.7500	199,984.38	10/01/2024	1,043.21	251.61	791.60	62.50	980.71
	050717	4.7500	100,890.74	10/01/2024	0.00	0.00	0.00	0.00	0.00
	050859	4.8750	48,257.53	10/01/2024	549.27	353.22	196.05	15.08	534.19
	050992	4.8750	95,436.15	10/01/2024	556.09	168.38	387.71	29.82	526.27
	051156	5.0000	15,875.26	10/01/2024	170.45	104.30	66.15	4.96	165.49
	051624	4.9900	111,487.02	09/01/2024	1,103.37	639.77	463.60	34.84	1,068.53
Grand Totals :			10,312,312.51		112,362.11	52,750.46	59,611.65	4,263.03	108,099.08
Delinq. Totals :			1,362,196.31		35,736.67	16,802.56	18,934.11	1,355.65	34,381.02
Forbearance Total :									0.00

This billing report represents the amount of level payments due for the Servicer's next reporting period. Each Servicer is required to reconcile the Net Amount Due from CHFA's Summary Level Payment Billing report to actual cash collected and remitted to CHFA. The guidelines require that Servicers report only exceptions to normal loan activity (i.e., delinquencies, prepayments, curtailments, reversals). This activity is processed and reconciled by CHFA. A Servicer's portfolio will not be amortized by CHFA until all exception details reported by the

Servicer have been balanced against the Monthly Remittance Reconciliation (“MRR”) form. Once in balance, CHFA incorporates the amortization of the Servicer’s portfolio to match CHFA’s records.

After receiving the monthly billing reports from CHFA, it is the responsibility of the Servicer to prepare and reconcile the MRR form along with the supporting exception schedules to the Net Amount Due from the CHFA Summary Level Payment Billing report. The Servicer’s Reporting Package (refer to the Reporting section) is due to CHFA no later than the 10th of each month. CHFA’s system will calculate the principal, interest and servicing fee due for each loan based upon the exceptions reported by the Servicer. CHFA then compares this activity to the Servicer’s remittance amount reported on the Funds Transmittal Advice (FTA) form. Any over/short remittance will be used to reduce or increase the next billing report.

All exceptions reported to CHFA by the Servicer must reflect the unique six- or seven-digit CHFA loan identification number which is assigned to each CHFA loan.

7.2 Remittance of Funds

Servicer shall send all remittances via the FED wire transfer system using the following instructions:

US BANK

225 Asylum Street, 23rd floor Hartford, CT 06103

ABA#: 091000022

A/C#: 173103321076

Account Name: US Bank Trust N.A. Attn: Hartford Corporate Trust

For Further credit to CHFA# see table below for account # & description

Re: Serv#_____, (select one): **Mid-Month** or **Month-End** or **Payoff Remittance**

<u>Servicer Type</u>	<u>Account # and Description</u>
Regular Servicer	100006774 Holding Sub Acct
DAP Servicer	100002747 Securities-DAP Esc
DAP 120 AMI	1000007081 120-DAP Acct
DAP Teachers	1000007444 Teachers-DAP Acct
Time To Own	1000007355 TTO Acct
Mobile Home Refinance	1000007264 Mobile Home Refi

All wires must be received on or before 2:00 PM EST for same day credit.

Mid-Month Payment

On or by the 15th day of each month, the Servicer must remit at least 70% of the total amount of scheduled monthly level payments due on mortgages as shown on CHFA's Summary Level Payment Billing report.

Total Level Payment Due:	15,293.95
Add:	
Short Remittance Last Period:	0.00
Short Remittance Payoffs (see attached):	0.00
Less:	
Over Remittance Last Period:	16.00
Over Remittance Payoffs (see attached):	0.00
Net Amount Due:	15,277.95
(Enter on Line 1 of MRR)	

Your mid-month payment in the amount of 10,705.76 which is 70% of 15,293.95 is due by the 15th of April

In the event that the Servicer's actual collections, up to and including the 14th day of the month are less than 70% of the Total Level Payments Due, the Servicer may remit the lesser amount collected with written indication that such is the case.

Along with Mid-month remittance, a written notification confirming the total wire amount and supporting documentation (if any), should be provided to CHFA.

Month-End Payment

Servicer shall cut off its monthly collection and reporting period on the last business day of the calendar month and the Servicing Report must reach CHFA on or before the tenth (10th) day of the following calendar month. The Servicer must remit the total amount of collections (exclusive of escrow) through the month-end reporting date, less any servicing fee retained and less the mid-month payment already remitted.

Loan Payoffs

Servicers must remit, within three (3) business days after receipt, the amount of any mortgage loan payoff, together with interest collected, less a pro-rated portion of the servicing fees earned.

Late Remittances

The Servicer shall pay a late charge billed by CHFA at CHFA's current interest earnings rate for any period of lateness. This includes late remittance of payoffs, mid-month and month-end payments.

7.3 Remittance Reporting

The Servicer's Reporting Package must be received by CHFA by the 10th calendar day of each

month (or the first business day following the 10th if the 10th falls on a weekend or holiday).

The Servicer's Reporting Package will consist of the following reports delivered electronically in an acceptable Excel or .CSV format:

REQUIRED REPORTS & FORMS

1. Servicer's Month-End Trial Balance report
2. Servicer's Month-End Collections/Activity report
3. COMBO MRR-FTA (Monthly Remittance/Funds Transmittal Advice) report (*IRRG/MRR-FTA FORM*)
4. Servicer Exception Report

1. MONTH-END TRIAL BALANCE

The Servicer must send a copy of the Month-End Trial Balance report that shows the Principal Balance and PTD of each loan at month-end. Each loan must be identified with CHFA's six-digit loan number. Please ensure that the report is formatted to print properly without requiring manipulation by CHFA staff.

2. MONTH-END COLLECTIONS REPORT

The Servicer must send a copy of the Month-End Collections report. Each loan's detailed transactions must be identified with CHFA's six-digit loan number. Please ensure that the report is formatted to print properly without requiring manipulation by CHFA staff.

3. FTA (FUNDS TRANSMITTAL ADVICE)

Use form *IRRG/MRR-FTA* to report the monthly collections of principal and interest, net of servicing fee retained. Any overages/shortages from the previous billing period and/or overages/shortages related to payoffs should also be reported. The Servicer's Collection Totals should equal the Servicer's Remittance Totals for Mid-Month and Month-End payments remitted.

Servicer Collection Totals

Principal Collections

This amount should equal all principal collected during the month including curtailments, principal on regular payments, principal on prior due payments, principal on prepayments and net of any principal returned due to reversal of curtailment or reversal of previously paid level payments.

Interest Collections

This amount should equal all interest collected during the month on regular payments, interest on prior due payments, interest on prepayments and net of any interest returned due to reversal of previously paid level payments.

Service Fee Retained

This amount should be the Servicing Fee earned on regular payments, prepayments and prior due

payments. This amount should be decreased by Servicer Fee returned due to the reversal of previously paid level payments.

Over/Short Remittance

This is the amount billed or credited on the CHFA Summary Billing Detail report. Over/Short remittances must be researched and explained before remitting/netting. Any credit/debit that is used from previous billing and that affects a loan's UPB should also be shown and adjusted under loan's transactions details.

Over/Short Remittance on Payoffs

This is the amount billed or credited on the CHFA Summary Billing Detail report. Over/Short from payoffs must be researched and explained before remitting/netting.

Total Monthly Remittance

Use the following formula to calculate this amount

$$\begin{array}{rcl} + & \text{Principal Collections} & \\ + & \text{Interest Collections} & \\ - & \text{Service Fee retained} & \\ +/- & \text{Over/Short Remitted/Netted} & \\ +/- & \text{Over/Short on Payoffs Remitted/Netted} & \\ = & \text{Total Monthly Remittance} & \end{array}$$

Servicer Remittance Totals

Mid-month Remittance

This amount should equal the lesser of collections from the 1st through the end of business on the 14th day of the month or 70% of the CHFA Summary Billing Detail report. The Mid-month Remittance should be wired to CHFA on the 15th of the month being reported, or the next business day following the 15th if the 15th falls on a weekend.

Month-end Remittance

This amount should equal the collections from the 15th through the end of business on the last day of the month plus any remaining amounts from the Mid-month Remittance. The Month-end Remittance should be wired to CHFA on the 10th of the month following the month being reported, or the next business day following the 10th if the 10th falls on a weekend.

Other Payments

Indicate other remittances to CHFA during the reporting month, excluding payoffs. Please include a brief description if any other monies were remitted.

Total Monthly Remittance

Use the following formula to calculate this amount. TIP: the Total Monthly Remittance lines from the FTA and the MRR *must* be the same amount.

$$\begin{array}{rcl} + & \text{Mid-month Remittance} & \\ + & \text{Month-end Remittance} & \\ + & \text{Other Payments (if any)} & \end{array}$$

= **Total Monthly Remittance**

Troubleshooting

Principal

Adjust this amount for any adjustment transactions posted during the month to correct for prior month errors. Make sure this amount does not include any principal amounts collected at payoff.

Interest

If necessary, deduct prepaid interest posted on new loans. Adjust this amount for any adjustment transactions posted during the month to correct for prior month errors. Make sure this amount does not include any interest amount collected at payoff.

Service Fee

Adjust this amount for any transactions posted during the month to correct for prior month errors. Make sure this amount does not include any Servicer fees retained on payoffs.

Mid-Month & Month-End Remittances

Verify the dollar amounts and dates wired for compliance with the above stated remittance requirements. The Servicer's Collection Totals should equal Remittance Totals for Mid-Month and Month-End payments remitted.

4. MRR (MONTHLY REMITTANCE RECONCILIATION)

Use form *IRRG/MRR-FTA* to reconcile the Net Amount Due from the CHFA Summary Level Payment Billing to the Total Monthly Remittance wired to CHFA. The supporting exception detail listings, collections report and trail balance will provide the detail for this form.

Total Level Payments Due

This amount comes from the Net Amount Due on the CHFA Summary Level Payments Billing report.

EXCEPTIONS

Please see Section 7.4 for guidance on the automated exception reporting process.

Prepayments (P)

The total amount of level payments collected for periods beyond the current due date should be reported on the "Prepayments" line.

Current Curtailments (CC)

The total amount of all curtailment collected should be reported on the "Current Curtailments" line. If the Servicer's report does not distinguish between current and prepaid curtailments, the Servicer must make manual adjustments in completing this report.

Prepaid Curtailments (CF)

The total amount of all future curtailments collected should be reported on the “Prepaid Curtailments” line. If the Servicer’s report does not distinguish between current and prepaid curtailments, the Servicer must make manual adjustments in completing this report.

Delinquent Level Payments (D)

The total amount of level payments of all delinquencies should be reported on the “Delinquent Level Payments” line.

Curtailment and/or Level Payment Reversals (RN/RP/RC)

The total amount of all reversals of transactions from a previous month, including both curtailments and level payments should be reported on the “Curtailment and/or NSF Reversal” line.

Delinquencies at Payoff (DP)

The total amount of all uncollected level payments for any Payoffs remitted for the current reporting period should be reported on the “Delinquencies at Payoff” line.

Service Fee Retained

The total amount calculated as Due from CHFA on the collections report must agree with the Service Fee Retained reported on the FTA form.

Net Amount Due: Total Level Payment Due (from CHFA Summary Level Payment Billing Report)

Use the following formula to calculate this amount

+	Prepayments	
+	Current Curtailments	
+	Prepaid Curtailments	
-	Delinquent Level Payments	
-	Curtailment and/or Level Payment Reversals	-
-	Delinquencies at Payoff	
-	<u>Servicer Fee Retained</u>	
=	Net Amount Due	

Total Monthly Remittance

The amount of the Total Monthly Remittance reported under Servicer’s Collection Totals and Servicer’s Remittance Totals on the FTA must agree with the Total Monthly Remittance reported on the MRR form.

Over/Short Remittance

This amount is the difference between the Net Amount Due and the Total Monthly Remittance. Ideally, this difference should be zero. Any differences should be identified. See the descriptions for each line of the MRR form below for common reconciling tips that may help identify any differences. Common reconciling items are often identified in Delinquencies at Payoff, Curtailments, Reversals and Over/Short remittances from a prior month.

Items reported incorrectly must be identified and the amounts identified above must be adjusted

accordingly. The objective is to have a zero Over/Short Remittance or an Over/Short Remittance that can be explained.

Ending Loan Count

This is the total number of active loans at the end of the month being reported, which can usually be obtained from the Trial Balance.

Ending Principal Balance

This is the aggregate outstanding balance at the end of the month being reported, which can usually be obtained from the Trial Balance.

7.3 Automated Exception Reporting

Exceptions should be reported to CHFA via a CSV file. Each exception and how to report it is detailed below: CHFA Loan Number, Prepayment Amount (must be equal to one level payment), Paid-To-Date of the loan after the payment is applied and Total of all Prepayments. Report only those prepayments collected during the current reporting period.

- Must submit one file per Servicer #
- File can be either fixed length or .CSV format
- First line may contain column headers, all other lines must be data only.
- Format should include:
 - Column 1: Exception Code (1 or 2 digits), valid inputs are:
 - P – Prepayment (must list each prepayment individually)
 - D – Delinquency (one record for total delinquency per loan)
 - DP – Delinquent Payments on Payoffs
 - CC – Current month curtailment
 - CF – Curtailment for future month
 - RN – Reversal of level payment
 - RC – Reversal of previous curtailment
 - RP – Reversal of prepayment
 - PO - Payoff
 - Column 2: CHFA Loan # - 6 digits (must be no less, no more than 6 digits-required)
 - Column 3: # Payments Delinquent – only required for delinquencies – code D or DP
 - Column 4: Amount of Exception
 - Will be the monthly level payment amount for codes P, RN or RP.
 - Will be the total of all delinquent payments due from next due date thru the current reporting date for codes D or DP.
 - Will be the amount of additional principal paid for code CC, CF or RC. Note: any RC, transactions must match exactly the amount of the original curtailment transaction being reversed.
 - Will be the total amount of the Payoff (Principal + Interest received) for PO transactions.
 - Do not use Negative amount for reversals. Amounts should always be positive.

- Do not use any number formatting that includes “,” or “\$” signs.
- Column 5: Payment Due Date of Exception (format is YYYYMMDD)
 - If prepayment, enter 1st of the month of the due date the payment is being made for.
 - If delinquency, enter 1st of the month of the due date of oldest payment still due.
 - If the current month curtailment, 2nd of the current month.
 - If future month curtailment, 2nd of the month of the prepayment.
 - For code RN or RP - the due date of the level payment being reversed.
 - For code RC - the date the month the original curtailment was applied.
- Column 6: Comment (not required) up to 100 characters
- Naming convention: <Servicer#>_YYYYMMDDHHMM.csv Example: 0102_202403041130.csv

Example View of Exception Upload File:

	A	B	C	D	E	F
1	CODE	LOAN#	# OF DEL	EXCEPTION_AMT	DUE DATE	NOTES
2	D	64459	45	13370.4	20201001	
3	D	51928	1	1034.09	20240501	
4	CC	50992	0	20	20240602	
5	CC	71586	0	5.28	20240602	
6	P	50717	0	1022.94	20240701	
7	P	52947	0	815.46	20240701	
8	CF	51156	0	33.57	20240702	
9	CF	52947	0	41.31	20240702	

PREPAYMENTS

A loan is considered prepaid when a full level payment is collected for a future scheduled payment. A future scheduled payment is any payment collected and applied after the current period. Prepayments will only be accepted on current loans. CHFA will only allow three pre-payments, any funds collected that exceed three pre-payments must be applied as a principal curtailment.

For Example: The reporting month is May 2025. All loans on the Servicer’s Trial Balance with paid-to-dates of June 2025 or greater are considered prepaid.

CSV format

CHFA Loan Number, Prepayment Amount (must be equal to one level payment), Paid-To-Date of the loan after the payment is applied and Total of all prepayments. Report only those prepayments collected during the current reporting period.

Enter the Total from the Prepayments form/report on Line 2 of the MRR form.

Troubleshooting

Verify all the prepayments being reported were collected in the reporting month.

Review the prepayment report for paid-to-dates less than or equal to reporting month.

If there are negative amounts, check to see if they are offset by positive amounts for same loans. These would be payments that were made then reversed during the same month and should not be reported. Refer to the loan history or collection report to identify true prepayment reversals. If true reversals exist, these amounts must be reported on the Reversal of Curtailment or Level Payment form.

CURTAILMENTS – CURRENT AND PREPAID

There are two types of curtailments: Current (CC) and Prepaid or Future Curtailments (CF). Curtailments are unscheduled payments applied towards the borrower's unpaid principal balance. Curtailments may be made for any current loan and in amounts less than the loan balance.

CHFA DOES NOT ACCEPT CURTAILMENTS ON DELINQUENT LOANS.

CSV format

CHFA Loan Number, Curtailment Amount, Date the Curtailment is being applied, 'CC' or 'CF' to delineate a Current or a Future curtailment.

Report only those curtailments collected during the current reporting period. Please identify the prepaid (future) curtailments from the current curtailments by highlighting, asterisking or some other mechanism. One way to differentiate between current and prepaid (future) is the paid-to-date.

Current Curtailments

Current curtailments can only be reported on current loans. Current curtailments must always be applied after the current month's level payment has been applied.

Prepaid (Future) Curtailments

Prepaid (future) curtailments can only be reported on prepaid loans. The miss-application of prepaid curtailments can create principal balance differences between the Servicer and CHFA.

Enter the Total from the Curtailments form/report on Line 3 of the MRR form.

Troubleshooting

Scan the paid-to-dates of each loan to separate the Current Curtailment total from the Future Curtailment total.

If there are negative amounts, check to see if they are offset by positive amounts for same loans. If so, remove both the positive and negative amount from the report.

If not, refer to loan history or collection report to identify true curtailment reversals or internal adjustments from previous months.

If true reversals exist, these amounts must be added back to the curtailment report totals and the reversals must be reported on the Reversal of Curtailment or Level Payment form.

If a reversal exists on the curtailment report that is due to the reversal of a previous month's curtailment on delinquent loan, this amount must be added back to the Curtailment report totals and the reversal should not be reported on the Reversal of Curtailment or Level Payment form. This negative amount will offset with the previous month's overage reported by CHFA.

DELINQUENT LEVEL PAYMENTS

The Delinquent Level Payments must always be in a multiple of the loan's level payment amount. Once a delinquency is reported for a given reporting period, it should continue to be reported as delinquent so long as any level payment delinquency remains outstanding.

CSV format

CHFA Loan Number, Total Delinquency Amount thru the current month end reporting period, Total number of level payments delinquent and the Paid-To-Date of the loan.

CHFA's will not accept any partial payments. If a partial payment is received, it will result in a delinquency. Partial payments are to be held by the Servicer until a full level payment can be processed on the loan. At that time, the full level payment will be due in the remittance.

Continue to report delinquencies, even if foreclosure proceedings have commenced, until title is taken and reported to CHFA. Once title is taken, the loan should be moved off the Trial Balance. Many Servicers transfer the loan to another investor number until all claims are filed, recovery is complete, and the property is transferred or conveyed as appropriate.

Enter the Total from the Delinquent Level Payments form/report on Line 4 of the MRR form.

Troubleshooting

If CHFA has removed loan(s) from the CHFA Detailed Level Payment Billing report due to title being taken and the loan still resides on the Servicer's Trial Balance report, manually deduct it from the Delinquent Level Payments report and the Total delinquency amount.

REVERSAL OF A CURTAILMENT OR LEVEL PAYMENT

Reversal entries of curtailments (RC) should match the amount and date of the curtailment being reversed. One or more reversal of level payments (RN/RP) can be entered. The date should always start from the latest paid-to-date. If a curtailment is being reversed from an earlier date, there is no need to enter reversals of level payments if these will be re-applied after curtailment is reversed and loan is re-amortized.

CSV format

CHFA Loan Number, Amount of Reversal, the Original Date Reported for the transaction and a

‘RC’ or ‘RN’ to indicate that it is a reversed curtailment or reversal of level payment. For, reversal of prepaid level payment use transaction code ‘RP’.

Please review the collections report for reversal transactions. If there is a negative transaction for a loan during the reporting period, then identify whether it is a curtailment reversal, a payment reversal, an adjustment for prior period error or a wash. Refer to the loan history or collections report to identify the type of reversal.

Curtailment Reversal

A curtailment reversal consists of principal only. If a curtailment reversal exists, identify the month the curtailment was reported and remitted to CHFA. CHFA cannot reverse a curtailment that has not been previously reported and remitted. Each curtailment reversal must be reported individually.

Payment Reversal

A payment reversal consists of both interest and principal. Please make sure the payment amount being reversed equals one full level payment amount. Multiple payment reversals for one loan must be reported individually.

If the reversal causes the loan to be delinquent, the reversals and delinquencies must be reported separately. It will be necessary to manually adjust the delinquency amount by the reversed payment(s). CHFA cannot reverse a payment that has not been reported and remitted.

Reversal for a prior period posting error

Adjustment reversals are commonly used to reverse a curtailment on delinquent loans from a prior period, to apply principal balance adjustments due to incorrect amortization from a prior period, or to process a reapplication of payments. This type of reversal should not be reported to CHFA. The amount of the adjustment reversal should be added back to the appropriate category on the MRR form and back into the Total Monthly Remittance reported on the FTA form.

Offsetting Transactions

If the net of all transactions for a loan is zero, then there is no need to report a reversal.

Enter the Total from the Reversal of Curtailment or Level Payments form/report on Line 5 of the MRR form.

DELINQUENT LEVEL PAYMENTS AT PAYOFF

The following section will explain how to report delinquent level payments on the Payoff Form. ~~at payoff included on the current month's Level Payments Billing report but not collected on payoffs or foreclosures.~~

CSV format

CHFA Loan Number, Total Delinquency Amount of all delinquent payments, the number of Payments Delinquent at Payoff, and the Paid-to-Date of the loan at payoff.

Payoffs

It is necessary to report to CHFA all level payments not collected for the loan up to and including the current month's level payment. Do not report the payoff anywhere if the borrower made a payment up to current month because the billing report anticipated its collection.

Foreclosures

All level payments not collected should be reported. Once reported, the foreclosed or assigned loan should no longer be carried on the Trial Balance. Many Servicers transfer the loan to a different investor number. CHFA will no longer bill for the delinquent level payments.

Enter the Total from the Delinquent Level Payments at Payoff form/report on Line 6 of the MRR form.

Troubleshooting

Take the previous month's payoff/removals report to make sure the loans paid off are removed from the CHFA Detailed Level Billing report. If loan(s) have been paid off but are still on CHFA's Detailed Level Payment Billing, it is necessary to manually adjust the total delinquency amount.

CHFA removes loans upon receipt of funds. Due to the three (3) days remittance period, loans that are paid off at the end of the month may still be billed. Any loan paid off but still being billed by CHFA will have to be manually added to the form/report.

7.5 Payoff Reporting

LOAN PAYOFF

Use *Form IRRG/PAYOFF* to report and remit final payments to CHFA, along with the payoff report for verification.

**Servicer must remit final payments within three
(3) business days from the loan payoff date.**

Loan Payoff Date

The *actual* date the loan was paid in full.

Date Remitted

The *actual* date the funds were remitted to CHFA. This must be within 3 business days of the loan payoff date, including the date of payoff.

CHFA Balance Prior to Payoff, Per Latest Detailed Level Payment Billing

In order to reconcile the Servicer's principal balance to CHFA's principal balance, always report CHFA's Principal Balance prior to payoff from the most recent CHFA Detailed Level Payment Billing report.

Date of CHFA Detail Level Payment Billing Report Used

The Period shown in the header of the Summary Level Payment Billing report.



Connecticut Housing Finance Authority

10/29/2024
02:40:44 PM

Detailed Level payment Billing

Servicer : [SERVICER NAME]

Period : 10/2024

Interest P-T-D @ Payoff

This date is the Paid-to-Date on loan prior to receiving the payoff funds.

Principal Portion of Level Payments Applied Prior to Payoff

This amount is the total amount of principal collected for level payments and curtailments not yet reported to CHFA but collected and posted prior to payoff.

Principal Portion of NSF Reversals

This amount is the total amount of principal reversed due to NSF payments not yet reported to CHFA but posted prior to payoff.

Curtailments Applied Prior to Payoff

This amount is the total of all curtailments collected but not yet reported to CHFA prior to payoff.

Curtailment Reversals Prior to Payoff

This amount is the total amount of principal reversed due to curtailment back outs not yet reported to CHFA but posted prior to payoff

Unidentified (loan history required)

This represents any unidentified balance difference between the Servicer's principal balance at payoff and the calculated CHFA principal balance. The following formula will calculate any Unidentified amount:

CHFA Principal Balance Per Latest Detailed Level Payment Billing

- Principal Portion of Level Payments Prior to Payoff
- + Principal Portion of NSF Reversals
- Curtailments Applied Prior to Payoff
- + Curtailment Reversals Prior to Payoff
- Servicer's Principal Balance at Payoff

= Unidentified

If unidentified differences exist, a loan history is required along with the Loan Payoff form and the Servicer's payoff report.

This next section of the form is to report the breakdown of the payoff remittance. Use the Payoff section of the collections report to this section of the form.

Servicer Principal Balance at Payoff

The Servicer's principal balance of the loan when payoff funds are collected.

Interest Collected at Payoff

Interest remitted at payoff. Interest must be calculated using a 365/366 day year. Use the following formula to calculate the interest due CHFA within three (3) business days after the loan payoff date:

Formula:

(Principal Balance at Payoff x Note Rate / 365(366) x # of days from P-T-D through and including the date of payoff)

NOTE: If the loan was prepaid at the time of payoff, the Interest rebate will be netted from the remittance due amount.

Servicer Fee Retained at Payoff

Servicer fee due to the Servicer from CHFA for the final payment collection. Servicer Fee Retained must be calculated using a 365/366 day year. Use the following formula to calculate the servicing fee retained by Servicer at loan payoff:

Formula:

(Principal Balance at Payoff x Servicer Fee Rate / 365(366) x # of days from P-T-D through and including the date of payoff)

NOTE: If the loan was prepaid at the time of payoff, the Servicer Fee Retained rebate would be added to the remittance due amount.

Total Remitted

(Within 3 Business Days After Payoff Date [including date of payoff])

Calculate Total Remitted as shown below:

	Servicer's Principal Balance at Payoff
+	Interest Due Calculated and Collected at Payoff
-	Servicer Fee Retained Calculated and Collected at Payoff
=	Total Remitted

CHFA will review the payoff remittance including principal, interest and service fee for each loan. If CHFA's calculations do not reconcile with the Servicer's, the difference will be added to the Servicer's monthly billing and the difference will be explained in the monthly billing cover

letter. Additionally, if funds are remitted after 3 business days, a late fee will be calculated and added to Servicer's monthly billing cover letter (Late Fee Formula: CT Short-Term Investment Fund Rate on Payment Due Date x Payoff Remittance Amount Due x Number of Days Late).

For each payoff, determine if there are any delinquent payments. Verify that all delinquent payments including the current month are reported on CHFA's Detailed Level Payments Billing report. If included on the Billing report, loan delinquency must be reported on the Delinquent Level Payment at Payoff form for the reporting period in which the loan paid off (refer to Delinquent Level Payments at Payoff section).

7.6 PMI Cancellation Reporting

All loans with terminated Private Mortgage Insurance or a terminated guarantee (FHA, VA or USDA) must be reported to CHFA on a monthly basis. Notification of termination must include the CHFA loan number, proof of cancellation that includes the reason and cancellation date plus any additional applicable backup and should be emailed to sfmicancel@chfa.org.

7.7 Default Reporting

Connecticut Housing Finance Authority requires Servicers to provide monthly reporting for all 90-day delinquent loans, loans in bankruptcy (regardless of the delinquency status), or post-foreclosure assets until they are transferred/conveyed to an insurer/guarantor and all insurer/guarantor payments or other recovery have been received by CHFA. For each loan included in the monthly report, Servicer is required to select one of the codes listed on the *CHFA Delinquency & Foreclosure Status Codes* table. The reported code should represent the loan status on the last business day of each month. The report is due to CHFA by the 10th of the month. The Servicer must continue to report each loan on a monthly basis until such time as the loan becomes less than 90 days delinquent, the bankruptcy status no longer applies, or all insurer payments have been received by CHFA.

Each report must be electronically provided to CHFA via ShareFile as a csv file. Please use the following naming convention for each file: *DELQ#####MMYYYY.csv*, where "#####" represents your specific Servicer code with CHFA. For example, if your Servicer code is 9999 and you are sending the file for June 2025, the name would be *DELQ9999062025.csv*; the July 2025 file would be *DELQ9999072025.csv*. The first record in the file may be a column header row. This is optional, if the first record is valid data it will be loaded. All records after the first one must be valid data. Do not include any total or summary data at the end of the file. All records after the first one must match the above format.

All questions about the reporting process or a request for ShareFile access should be emailed to dlqreport@chfa.org.

CHFA Delinquency & Foreclosure Status Codes

The Delinquency & Foreclosure Status Code list is fixed for the purpose of reporting in this file. No additional codes or changes are permitted. If a code is reported that is not in this list, then the record will be rejected. Note: Although some of these codes are equivalent to SFDMS coding, some are not.

Status	Description	Status	Description
01	CHAPTER 13 BANKRUPTCY	30	THIRD PARTY SALE
03	CRAMDOWN	32	MILITARY INDULGENCE
04	CONDO ACTION	42	DELQ/STD COLLECTION PROCESS
08	CHAPTER 7 BANKRUPTCY	43	FORECLOSURE STARTED
09	FORBEARANCE	45	FORECLOSURE COMPLETED
10	PARTIAL CLAIM	46	PROPERTY CONVEYED TO INSURER & CLAIM SUBMITTED
12	REPAYMENT	47	DEED IN LIEU
15	PRE-FORC ACCEPTANCE PLAN AVAILABLE	49	ASSIGNMENT/REFUNDING
17	PRE-FORC SALE	68	FIRST LEGAL/FORECLOSURE IN PROCESS
20	REINSTATED BY MORTGAGOR WHO RETAINS OWNERSHIP	73	CHARGE-OFF/NO RELEASE
26	REFINANCE	78	UNCLAIMABLE CONDITION
28	MODIFICATION	99	EXPENSE REIMBURSEMENT PENDING

CHFA Default Reason Codes

Use standard FHA Single Family Housing SFDMS Default Reason Codes. The most common are listed below; a complete list can be found on the HUD's website under "Single Family Default Monitoring System (SFDMS) Reporting Codes" <https://portal.hud.gov/hudportal/documents/huddoc?id=SFDMSCodes.pdf>

Code	Cause of Default	
01	Death of Principal Borrower	The delinquency is attributable to the death of the principal Borrower.
02	Illness of Principal Borrower	The delinquency is attributable to a prolonged illness that keeps the principal Borrower from working and generating income.
03	Illness of Borrower's Family Member	The delinquency is attributable to a principal Borrower having incurred extraordinary expenses as the result of the illness of a Family Member or having taken on the sole responsibility for repayment of the mortgage debt as the result of the Co-Borrower's illness.
05	Marital Difficulties	Delinquency is attributable to problems associated with a separation or divorce, such as a dispute over ownership of the property, a decision not to make payments until the divorce settlement is finalized, or a reduction in the income to repay the mortgage debt.
06	Curtailment of Income	The delinquency is attributable to a reduction in the Borrower's income, such as a garnishment of wages, a change to a lower paying job, reduced commissions or overtime pay, or loss of a part-time job.
07	Excessive Obligations – Same Income, Including Habitual Nonpayment of Debts	The delinquency is attributable to a Borrower having incurred excessive debts (either in a single instance or as a matter of habit) that prevent them from making payments on both those debts and the mortgage debt
14	Military Service	The delinquency is attributable to the principal Borrower having entered Active-Duty status and their military pay is insufficient to enable the continued payment of the existing mortgage debt.
15	Other	Should be rarely used – additional reason codes at the request of the industry have been added; indicates that the delinquency is attributable to reasons that are not otherwise included in the list.
16	Unemployment	The delinquency is attributable to a reduction in income resulting from the principal Borrower having lost their job.
31	Unable to Contact Borrower	For use with 30 and 60 Day delinquencies where contact with the Borrower has not yielded a response; should be used rarely for any 90 Day or more delinquency. Indicates that the reason for delinquency cannot be ascertained because the Borrower cannot be located or has not responded to the Servicer's inquiries.
INC	Incarceration	The delinquency is attributable to the principal Borrower having been jailed or imprisoned (regardless of whether they are still incarcerated).

Servicer Delinquency & Foreclosure Status Reporting File Format																				
Files must be submitted in standard "Comma Separated Values (CSV)" format. All fields must be included on all lines. Please note that the field names below with a (req) tag are required entries. Records will be rejected if left blank, pass blanks for the remaining fields if data is not available.																				
FIELD	SERVICER CODE (req)	BORR LAST NAME (req)	CHFA LOAN NUMBER (req)	SERVICER LOAN NUMBER (req)	DELQ STATUS (req)	AS OF DATE (req)	DELQ REASON (req)	DEFAULT LETTER SENT	FCL START DATE	DATE OF FIRST LEGAL ACTION	SERVICING CONTACT - NAME (req)	SERVICING CONTACT - PHONE # (req)	SERVICING CONTACT - EMAIL (req)	DATE TITLE VESTED WITH CHFA	OCC STATUS (req)	FIRST TIME VACANT DATE	LAST PROPERTY INSPECTION DATE	FHA PART A OR VA ToC COMPLETED	FHA PART A OR VA EXPENSE CLAIM FILED	PMI/USDA INSURANCE CLAIM FILED
Sample Data:	0144	SMITH	012345	00000000360201	68	02152017	02	11012014	05042015	08012015	Doe, John	860-555-1212	doe.john@servicer.com		OCC			<BLANK> -- For date fields with no values, leave blank or zero fill (i.e. '00000000')		
Sample Record:	0144,SMITH,012345,00000000360201,68,02152017,02,11012014,05042015,08012015,"Doe, John",860-555-1212,doe.john@Servicer.com,,OCC,,,,,																			
FORMAT	####	TEXT	#####	TEXT - 20 CHAR MAX	\$\$	MMDDYYYY	\$\$\$	MMDDYYYY	MMDDYYYY	MMDDYYYY	TEXT 50 CHAR MAX	TEXT 20 CHAR MAX	TEXT 50 CHAR MAX	MMDDYYYY	\$\$\$	MMDDYYYY	MMDDYYYY	MMDDYYYY	MMDDYYYY	MMDDYYYY
DESCRIPTION	CHFA CODE ASSIGNED FOR THE SERVICER BEING REPORTED	LAST NAME OF PRIMARY BORROWER	CHFA's LOAN NUMBER - 6 DIGITS RIGHT JUSTIFY ZERO FILL	SERVICER'S INTERNAL REFERENCE NUMBER FOR THIS LOAN	USE CHFA CODES PROVIDED. Refer to the CHFA Delinquency & Foreclosure Status Codes table for applicable codes	DATE WHEN THIS DELINQUENCY STATUS BECAME EFFECTIVE	USE SFDMS DEFAULT REASON CODES. Refer to the Default Reason Codes table for common codes	DATE NOTIFICATION OF DEFAULT LETTER WAS SENT	DATE FORECLOSURE PROCESS STARTED	DATE FIRST PUBLIC LEGAL ACTION REQUIRED TO INITIATE FORECLOSURE WAS COMPLETED	NAME OF PRIMARY CONTACT AT SERVICER FOR ISSUES RELATED TO THIS LOAN	CONTACT PHONE #	CONTACT EMAIL	DATE TITLE WAS TRANSFERRED TO CHFA	"OCC" FOR OCCUPIED, "VAC" FOR VACANT, "UNK" FOR UNKNOWN	DATE PROPERTY BECAME VACANT	LAST DATE PROPERTY WAS INSPECTED	DATE CONVEYED TO GUARANTOR	FILING DATE OF FHA / VA EXPENSE CLAIM	FILING DATE OF MORTGAGE INSURANCE CLAIM

7.9 Forms List

FORM NAME	FORM CODE	LAST REVISED
COMBO FORM: Monthly Remittance Reconciliation Report MRR Funds Transmittal Advice Report FTA	IRRG/MRR- FTA	April 22, 2025
Regular Payoff Form	IRRG/PAYOFF	April 22, 2025

All form templates can be found at www.chfa.org under the “Lender Forms” tab.

SAMPLE PAYOFF FORM



**** REQUIRED FORM ****

CONNECTICUT HOUSING FINANCE AUTHORITY LOAN PAYOFF

CHFA SERVICER #: _____ PREPARED BY: _____
 SERVICER NAME: _____ CONTACT PHONE #: _____
 CONTACT E-MAIL: _____

CHFA LOAN #: _____ SERVICER LOAN #: _____

MORTGAGOR'S NAME: _____

LOAN PAYOFF DATE: _____ DATE REMITTED: _____
(Should be within 3 business days from payoff date)

PRINCIPAL BALANCE PRIOR TO PAYOFF, PER LATEST CHFA DETAILED LEVEL PAYMENT BILLING: _____
 DATE OF CHFA DETAIL LEVEL PAYMENT BILLING REPORT USED: _____
 DO YOU HAVE A UPB DIFFERENCE WITH CHFA ON LATEST BILLING REPORT? _____
(If Yes, please explain/contact CHFA to remedy the difference)

PAYMENTS APPLIED AFTER LATEST CHFA BILLING REPORT USED (Will be remitted to CHFA with next monthly regular remittance):
(Add lines as necessary)

Transaction Type	Due Date	Principal	Interest	Servicer Fee	UPB After Transaction
TOTAL					

TOTAL TO BE REMITTED TO CHFA WITH NEXT MONTHLY REMITTANCE: _____ (Prin + Int - S/F)

INTEREST PAID-TO-DATE AT PAYOFF: _____
 SERVICER PRINCIPAL BALANCE AT PAYOFF (PRINCIPAL COLLECTED AT PAYOFF): _____
 INTEREST COLLECTED AT PAYOFF (ADD): _____
 SERVICER FEE RETAINED AT PAYOFF (SUBTRACT): _____
TOTAL REMITTED FOR PAYOFF (WITHIN 3 BUSINESS DAYS AFTER PAYOFF DATE): _____

FORM IRRG/PAYOFF
Rev. April 22, 2025

SAMPLE MRR-FTA FORM



** REQUIRED FORM **

SERVICER NAME:

CHFA SERVICER NUMBER:

PERIOD ENDING:

FUNDS TRANSMITTAL ADVICE (FTA)

	Amount	Notes
PRINCIPAL COLLECTIONS +		
INTEREST COLLECTIONS +		
SERVICER FEE RETAINED -		
SHORTAGE OR OVERAGE FROM BILLING +/-		
SHORTAGE OR OVERAGE FROM PAYOFFS +/-		
TOTAL MONTHLY REMITTANCE	-	

	Amount	Date Remitted	Notes
MID-MONTH PAYMENT			
MONTH-END PAYMENT			
OTHER PAYMENTS (EXCLUDING PAYOFFS)			
TOTAL MONTHLY REMITTANCE	-		

MONTHLY REMITTANCE RECONCILIATION (MRR)

	Amount	Notes
TOTAL DUE (FROM CHFA BILLING REPORT) +		
PREPAYMENTS (P) +		
CURRENT CURTAILMENTS (CC) +		
PREPAID CURTAILMENTS (CF) +		
DELINQUENT LEVEL PAYMENTS (D) -		
REVERSALS OF LEVEL PMT OR CURTLMNT (RN,RP,RC) -		
DELINQUENCIES AT PAYOFF (DP) -		
SERVICER FEE RETAINED -		
NET AMOUNT DUE	-	

OVER/SHORT REMITTANCE	-	
	Amount	Notes
ENDING LOAN COUNT		
ENDING PRINCIPAL BALANCE		

ADDITIONAL NOTES:

FORM IRRG/MRR-FTA
Rev. April 22, 2025

8.1 Overview

The Servicer's responsibility is to collect all payments due under the Mortgage Loan documents until the interest and principal due have been paid in full. All payments on the Mortgage Loans are due and payable on the first (1st) day of each calendar month, with the interest to be paid for the immediately preceding month. All monthly interest calculations shall be made using a thirty (30) day month and three hundred sixty (360) day year. Interest on payoffs is to be calculated based upon the actual number of days elapsed from the last paid installment date through and including to the applicable date the Mortgage Loan pays off, divided by the actual number of days in the year. The Servicer shall (subject to the deduction of fees due and payable to the Servicer) promptly deposit, after collection, the principal and interest portions of each payment received for a Mortgage Loan in separate custodial bank accounts established for CHFA funds (the "Trust Account") and deposit the remainder of such payment applicable to taxes and insurance premiums in escrow bank accounts established by Servicer for such purpose (the "Impound Account"). The records for the Trust Account shall reflect that it is held in trust for CHFA. Any interest payable to the Mortgage Loan borrowers for escrows or any other funds held by the Servicer, shall be paid by the Servicer, at the Servicer's sole expense. The Servicer shall deliver to each Mortgagor a loan payment coupon book or periodic statements in paper or electronic format in substantially the same form as mortgage loans serviced for Fannie Mae (or otherwise as directed by CHFA), which fully comply with all applicable state and federal laws, rules and regulations including, but not limited to, the provisions contained in the federal Real Estate Settlement Procedures Act of 1974 and any and all amendments, modifications, restatements, or replacements and all regulations related thereto (collectively, "RESPA"), and also which, at a minimum, set forth the dollar amount of the payment that is due and the date that such payment is due.

The Servicer shall maintain at all times at its own expense an errors and omissions policy and an adequate blanket fidelity bond on all employees handling CHFA funds, monies, documents and papers, which policy and bond is acceptable to CHFA and shall protect the Servicer and CHFA against losses, negligence, dishonesty, theft, forgery, larceny, fraud and misappropriation.

8.2 CHFA Contacts

lossmitigation@chfa.org

- Loss Mitigation
- Modifications
- Short Sale
- Deferrals
- Deed-In-Lieu
- Subordinations

notifications@chfa.org

- Foreclosure/Legal
- Bankruptcy
- Conveyance Deed Execution
- CHFA Demand/Curtailed Debenture Interest
- Title/REO Notification
- REO And Property & Preservation

forclaims@chfa.org

- Claims/Expense Reimbursement

delqreport@chfa.org

- Default Reporting

investorreporting@chfa.org

- All Investor Reporting Matters

For escalated matters please contact liisa.koeper@chfa.org

8.3 Safekeeping of Authority Documents

The Servicer will act as document custodian for CHFA or designate a document custodian to hold all CHFA mortgage records. The Servicer or its designated document custodian will comply with all State of Connecticut document preservation requirements applicable to CHFA. These requirements can be found at www.cslib.org. Mortgage records remain the property of CHFA, and the Servicer will provide copies or return originals to CHFA promptly upon request at no cost to CHFA. The Servicer will be

responsible for any loss sustained by CHFA resulting from loss or damage to CHFA mortgage records delivered to or retained by Servicer.

8.4 Escrow Responsibilities

In accordance with all applicable federal and State laws and regulations, the Servicer shall escrow for real estate taxes, mortgage insurance premiums and hazard insurance premiums (when hazard insurance premiums are required to be escrowed by the mortgage insurer or guarantor). The Servicer shall pay interest on escrow deposits at a rate not less than the minimum requirement set forth in applicable statutes or regulations of the State of Connecticut. CHFA does not prohibit reasonable and prudent investment of such escrow funds. The Servicer shall manage the escrow account held for each Mortgage Loan in accordance with all applicable state and federal laws, rules and regulations including the provisions contained in the federal Real Estate Settlement Procedures Act of 1974 (“RESPA”). For all Mortgage Loans for which an escrow account was established, the Servicer shall pay all taxes and insurance premiums for the Mortgage Loan real property covered by the mortgage lien when due and prior to any applicable penalty from the custodial bank account in which the previously collected tax and insurance premium were deposited, and at least annually furnish the Mortgagor a statement as to the amount and payment thereof. The term “taxes and insurance premiums” as used herein, means those payments (other than principal, interest, and late charges) to be made by Mortgagor that are required by the terms of the Mortgage Loans, including taxes, special assessments, and fire, hazard and/or flood insurance. If the escrow account balance is not sufficient to pay the taxes or insurance premiums, then the Servicer must advance the necessary funds from its corporate funds and then may recover such advances from the Mortgage Loan borrower in accordance with this Operating Manual.

8.5 Homeowners Insurance

The Servicer shall require Mortgagors to keep hazard insurance in force of a type at least as protective as fire and extended coverage upon the mortgaged properties, assuring that all buildings and improvements covered by each Mortgage Loan in an amount sufficient to cover the outstanding principal balance of the Mortgage Loan or the full insurable value of the improvements on the mortgaged property, whichever is less.

Coverage shall be provided by insurers licensed to do business in the State of Connecticut. In no event shall the amount or type of coverage be less than the amount or type required by the applicable mortgage insurer or guarantor.

- For a home sale price up to and including \$250,000, maximum deductible is \$2,500.
- For a home sale price \$250,001 to \$400,000, maximum deductible is \$3,500.
- For a home sale price \$400,001 to \$550,000, maximum deductible is \$4,000.
- For a home sale price greater than \$550,000, maximum deductible is \$5,000.

All such policies shall contain a standard mortgagee clause in favor of CHFA. In the case of a mortgaged property subject to multi-unit master hazard insurance coverage where it is impossible to obtain a standard mortgagee clause in favor of CHFA, the Servicer shall notify the insurer of each individual Mortgage Loan and obtain a certificate which shows CHFA as a “general loss payee”.

In the event of failure of the Mortgagor to maintain such insurance in full force and effect, such insurance shall be maintained by the Servicer at the expense of the Mortgagor.

The physical possession of such policies is not required so long as the Servicer maintains mortgage loan impairment insurance, naming as an additional named insured: “Connecticut Housing Finance Authority and/or its successors and assigns as their interests may appear”. In such a case, the Servicer shall furnish a certificate to CHFA which verifies such coverage and expressly affirms that ten (10) days' written notice of change or cancellation will be given to CHFA.

During the entire term of the mortgage, the Servicer shall require mortgagors to keep in force all required mortgage insurance or guarantees.

If a policy of insurance requires the original policy to be presented in order to make a claim thereon, then the Servicer shall retain the original as long as such insurance policy is in force and effect. In the event the Servicer is unable to obtain such insurance, the Servicer shall immediately advise and keep CHFA fully informed of any and all steps it is pursuing.

When appropriate, the Servicer shall notify any and all hazard and flood insurance companies which have issued policies for the Mortgage Loan property, and any other parties required by state or federal law, rule or regulation, that a Mortgage Loan is being serviced by Servicer.

The Servicer shall, where and when appropriate, make proper and timely applications, including the filing of all necessary notices, for all fire, casualty, and/or flood insurance payments due to CHFA relating to a Mortgage Loan, and shall submit such reports and apply the said funds in the manner provided in this Operating Manual.

In the event of loss or damage to the Mortgage Loan property in excess of \$25,000, Servicer shall promptly notify CHFA at notifications@chfa.org.

When the Servicer is notified of property damage exceeding \$10,000, the Servicer must make a physical inspection of the mortgaged property. Servicers must monitor the restoration related to the insurance claim to completion in accordance with FNMA

guidelines.

Servicers are responsible for the proper endorsement of insurance loss checks.

8.6 Inspections and Notifications by Servicer

The Servicer shall make an inspection of any Mortgage Loan property in the event of any of the following occurrences:

1. Mortgage Loan delinquency of ninety (90) days and no contact has been made with the mortgagor.
2. Loss claim for damage to the Mortgage Loan property over \$10,000.
3. Receipt of credible notification or credible indication of the vacancy, abandonment or deterioration of the Mortgage Loan property.

The Servicer shall, promptly notify CHFA of any actual knowledge that Servicer may acquire that:

1. Any Mortgage Loan property, or any part thereof, is out of repair or has deteriorated to an extent that is material.
2. Waste is suffered or committed with respect to any Mortgage Loan property to an extent that is material.
3. Any Mortgage Loan property has been materially damaged (i.e., in excess of \$25,000) by fire or other casualty.
4. Vacancy by the mortgagor continuing for more than one month.
5. Abandonment of the Mortgage Loan property.
6. Sale or transfer of the legal or equitable title to the Mortgage Loan property or any part thereof.

8.7 Release of Mortgage

The Servicer of the CHFA first or second Mortgage loan (*including any forgivable loan, if applicable*) will prepare and execute the Release of Mortgage on behalf of CHFA. Servicers must process lien releases for paid-in-full loans according to applicable Connecticut law. CHFA's Mortgage Loan Servicing Agreement gives a Limited Power of Attorney to each Servicer to authorize the Servicer to release CHFA Home Mortgage loans that it services when the loans are paid in full. The Servicer will prepare and execute the applicable release of mortgage on behalf of CHFA.

8.8 Assumption of Loans

A. Qualifications Prior to Assumption

No Loan may be assumed without prior written approval of CHFA. CHFA may approve an assumption of a Loan only if the assuming party qualifies as an Eligible Borrower under Sections 2.1 to 2.5 and the property qualifies as an Eligible Dwelling under Section 2.6. In addition, disclosure and acknowledgment requirements of FNMA, FHLMC, VA, FHA, and USDA rules and regulations relating to assumption of mortgages, as applicable, must be met.

1. Must be a first-time homebuyer (have not owned a principal residence over the most recent 3-year period) unless the property was located in a Targeted Area at the time of initial loan closing.
2. Must meet income limit requirements at the time of initial loan closing.
3. Must meet sales price limits at the time of initial loan closing.
4. Must meet all CHFA overlay requirements currently in effect.
5. Must be creditworthy and demonstrate borrower has the financial ability to make the monthly payments on the mortgage.
6. May not own any other residential property at the time of the closing of the assumption.

B. Mortgage Insurance and Guaranty Restrictions

In order to meet the requirements of Federal law relating to non-assumption of Mortgage Loans, CHFA requires provisions to be stated in all Loans which provide for acceleration of the maturity ("Due on Sale" provisions) on the sale or conveyance of the security property to a person ineligible for a CHFA Loan. CHFA may only approve assumptions if the following additional criteria, as applicable, are satisfied:

1. In the case of a VA-guaranteed Loan, a copy of the veteran's consent statement, as required by 36 CFR Section 36.4306(a) and (e), must be on file with CHFA.
2. In the case of a PMI-insured Loan, the assumption must obtain written PMI approval for the transfer of interest or obtain CHFA mortgage insurance.
3. In the case of a USDA guaranteed loan, the assumption must obtain written USDA approval to be provided to CHFA.
4. In case of FHA, follow applicable FHA guidance.

C. Required Documentation

The Servicer shall submit a request for assumption approval together with

evidence to establish the eligibility of the borrower and of the dwelling as of the time of the assumption request to CHFA. Such evidence shall include:

1. CHFA loan number, existing borrower name(s), and property address;
2. Copy of the Mortgage Loan Application submitted by purchaser(s)/assumptors;
3. Current income verification for all new mortgagors (2 pay stubs and most recent W2, or, if self-employed, most recent 1-year complete signed Federal Tax Returns including all schedules– personal and business, if applicable);
4. Verification of any other income (Awards letter: social security, pension, etc.);
5. Documentation of any child support or separate maintenance payments received or paid to another party, if applicable;
6. Divorce order, if applicable
7. Recorded quit claim deed, if applicable
8. 3-years Federal Tax Returns or Fraud Guard report to reflect no ownership interest in a primary/principal residence over the most recent 3 years;
9. Tri-merge mortgage credit report
10. 2 months asset statements (checking, savings, stock, retirement, 401(k), etc.) to reflect sufficient assets for the transaction
11. Copy of ratified sales/purchase/assumption contract or agreement;
12. Acquisition cost worksheet signed by new assumptor(s) and assumptee(s);

D. Assumption Closing

1. CHFA will review the eligibility of the proposed assumption and the dwelling. If acceptable, CHFA will issue written approval of assumption. The assumption closing may not take place unless the Servicer has received approval from CHFA.
2. CHFA will require the following documents to be submitted with a Notice of Assumption letter from the Servicer subsequent to the closing:
 - a. Original assumption agreement which shall have been recorded on the land records and shall include language affirming the outstanding mortgage and a promise to pay the remaining principal balance of the debt, with interest.
 - b. Evidence of PMI Mortgage Insurance approval, if a PMI Loan.
 - c. USDA (*Form 3555-17*) with the completed assumption agreement block in the case of a USDA Loan.

E. Assumption Fees

The Servicer may charge an assumption fee of 1% of the current outstanding balance of principal for a PMI or uninsured loan. In the case of an FNMA, FHLMC, or FHA insured and VA Guaranteed loans, a loan insured by FHA or guaranteed by VA may be assumed pursuant to applicable federal requirements.

F. Release of Liability

CHFA will not release any borrower from liability following an assumption, except in cases where a court issued divorce decree removes a co-borrower from the title of the collateral property, and the remaining co-borrower meets all the requirements described above.

8.9 Recapture Tax

Congress enacted legislation in 1988, subsequently amended in October of 1990, to recapture a portion of the "subsidized amount" from home buyers who receive qualified mortgage bond assistance after January 1, 1991. This includes all buyers who use CHFA loans and Mortgage Credit Certificates (MCC), dispose of an interest in their residence within nine (9) years of purchase, and whose incomes substantially increase. The amount of Recapture Tax that Borrower(s) might have to pay depends on how much their income has increased, their family size at the time of sale, the original amount of their mortgage, the length of time they owned their home and any gain realized on disposition of the home. The recapture amount is the lesser of:

- (1) 50 percent of the gain realized on disposition, or
- (2) A percentage of the subsidized amount. The percentage is the product of the holding period percentage and the income percentage (both discussed below).

- A.** The Borrower(s) is responsible for calculating and paying the Recapture Tax, if any, as additional Federal tax liability for the tax year in which the interest in the home is disposed. However, at the time of the loan, Participating Lenders are required to provide homebuyers with the Authority's "Notice of Potential Recapture Tax" (*CHFA Form 051-0597*), and "Understanding Tax (*CHFA Form 050-0597*) at the time of application. The "Method to Compute Recapture Tax" (*CHFA Form 052-1195*) is also provided

to homebuyers with closing documentation:

B. No Recapture Tax is due and the Borrower(s) does not need to do the calculation if any of the following occurs:

1. The Borrower(s) disposes of his home later than nine (9) years after the mortgage loan is closed.
2. The home is disposed of as a result of the Borrower(s) death.
3. The Borrower(s) transfer the home either to his spouse or former spouse incident to divorce and no gain or loss was incurred on the transfer and included in his Federal taxable income.
4. The home was disposed of at a loss.
5. The Borrower(s) modified adjusted gross income for the year in which the home is sold does not exceed the Threshold Income, adjusted for family size, for such year. Modified Adjusted Gross Income is calculated as follows:

Adjusted Gross Income from IRS 1040	\$ _____
Tax exempt income earned for the year	+ _____

Subtract the gain on sale of the home if the gain was included in adjusted gross income	- _____
Modified Adjusted Gross Income =	\$ _____

- C.** Several steps are required to calculate the actual recapture amount owed. Please consult the Internal Revenue Service (“IRS”) Recapture of Federal Mortgage Subsidy Form 8828 and the instructions for completing IRS Form 8828.

D. Limitations and Special Rules on Recapture Tax

1. If you give away your home (other than to your spouse or ex-spouse incident to divorce), you must determine your actual Recapture Tax as if you had sold your home for its fair market value.
2. If your home is destroyed by fire, storm, flood, or other casualty, there generally is no Recapture Tax if, within two (2) years, you purchase additional property for use as your principal residence on the site of the home financed with your original subsidized mortgage loan.
3. In general, except as provided in future regulations, if two or more people own a home and are jointly liable for the subsidized mortgage loan, the actual Recapture Tax is determined separately for each person based on their interests in the home.
4. Refinancing the loan does not result in a Recapture Tax. If the home

is disposed of subsequent to the refinancing, but prior to the original nine (9) year holding period, Recapture Tax may be due.

5. **CHFA Reimbursement for Recapture Tax Payment:** Borrower(s) that closed their CHFA first mortgage loan on or after March 18, 2013 and are required to make a Recapture Tax payment, may be eligible to receive reimbursement from CHFA.
6. To request reimbursement from CHFA, borrower(s) must submit a written request to CHFA no later than December 31st of the year that the Federal Recapture Tax is owed and paid. Example: if the subject property is sold in 2013 and the tax return is filed in 2014, the request for reimbursement must be filed no later than December 31, 2014.

E. Filing the CHFA Reimbursement Request

To request Recapture Tax Reimbursement, borrower(s) must submit a written request to CHFA along with the following documentation:

1. A copy of the TRID – Closing Disclosure (*Formerly HUD- 1 Settlement Statement*) - proof of sale of the property or, in the instance where the home is disposed of by a method other than sale, documentation evidencing the transfer of title and the Recapture Tax assessment; and
2. A copy of the signed and filed Federal Tax Return, along with all schedules including IRS Form 8828, for the year in which the Recapture Tax was assessed and paid; and
3. A completed IRS form 4506-T must be submitted directly to the IRS for each current owner listed on the mortgage loan documents requesting transcripts for the year in which the home was sold. The original transcripts received from the IRS, including Form 8828, must be submitted to CHFA with all other requested documentation; and
4. Evidence of payment of the Recapture Tax; and
5. Recapture Tax Reimbursement Request (*CHFA Form 049-0313*).
6. Mail the complete Recapture Tax Reimbursement request package to:

Connecticut Housing Finance Authority
Finance Dept. - Recapture Tax Reimbursement
999 West Street
Rocky Hill, CT 06067

Note: CHFA may require additional information and/or documentation in order to approve a request for reimbursement and such approval shall be granted at the sole discretion of CHFA, subject to funding constraints and applicable statutory and procedural requirements.

The Connecticut Housing Finance Authority provides applicants receiving a Recapture Tax payment reimbursement, a year-end form 1099 - Miscellaneous for tax purposes, per Internal Revenue Service requirements.

8.10 CHFA Delinquency Intervention Counseling Program

Connecticut Housing Finance Authority (CHFA) offers free delinquency intervention counseling to borrowers who are sixty (60) days delinquent on their mortgage loan. When a borrower is 60 days delinquent, the Servicer must send a letter informing the borrower of this counseling and forward a referral to a CHFA approved counseling agency. The counseling agency will work with the borrower to analyze their financial situation and develop an action plan to bring the loan current or other loss mitigation solutions. The plan must be presented to Servicer for approval. The Servicer must simultaneously perform prudent collection efforts in compliance with State and Federal regulations, as well as follow applicable insurer/guarantor guidelines.

The Servicer follow-up with the borrower is conducted at one, three and six months to discuss and identify any changes that may have occurred that will influence that action plan. Follow-up counseling sessions are conducted, as necessary.

8.11 Default Servicing Standards and Expectations

The Servicer shall take all steps necessary and proper to enforce the rights of CHFA under any Mortgage Loan that is in default. As required in Section 7.8 of this Operating Manual, the Servicer shall keep CHFA fully informed of all steps it is pursuing, which steps may include the designation of counsel for the prosecution of foreclosure or similar legal proceedings on behalf of CHFA. CHFA reserves the right upon written notice to Servicer and in CHFA's sole option and commercially reasonable discretion, to designate foreclosure counsel of its choice. The Servicer shall take all necessary actions to protect and maintain CHFA's first Mortgage Loan lien priority including making protective advances to satisfy priority liens or foreclosure judgements with respect to real estate taxes, water and sewer assessments, condominium association assessments or other priority assessments. The Servicer shall also take all necessary actions to prevent a priority lien foreclosure action to proceed to judgment in order to limit foreclosure costs and expenses. In the event of a foreclosure sale pursuant to an action not brought by CHFA, the Servicer or its agent shall, following guidance provided by CHFA, satisfy the foreclosing lien or attend the sale, bid, if necessary, and take all other steps needed to protect CHFA's Mortgage Loan first lien priority. If a foreclosed Mortgage Loan is an insured or guaranteed mortgage, the Servicer will follow all procedures required by the mortgage insurer or guarantor to ensure a timely recovery of all insurance proceeds due to CHFA as the owner of the Mortgage Loan. The

Servicer shall file all FHA/HUD claims on behalf of CHFA utilizing CHFA's number as the holder of the policy. In carrying out its responsibilities regarding delinquencies and defaults under this Agreement, the Servicer will comply with all regulations and requirements of the Consumer Financial Protection Bureau, the Fair Debt Collection Practices Act, the United States Bankruptcy Code and any other applicable rule or regulation of a federal, state or local governing body.

The Servicer shall maintain a sound, effective collection program adequately staffed by qualified personnel to minimize delinquencies, foreclosures and foreclosure expenses. The Servicer shall take prompt action to collect all sums past due utilizing, without limitation, telephone, notices and letters (electronic or otherwise), field visits and personal interviews, and shall also act to cure any other Mortgage Loan defaults which come to the attention of the Servicer. The Servicer shall assess late charges in accordance with the terms of the Mortgage Loans. The Servicer shall apply commercially reasonable efforts to maintain the maximum possible number of Mortgage Loans in a current status, dealing quickly and effectively with Mortgagors who are delinquent or in default. The Servicer shall promptly inform CHFA, pursuant to the reporting format established in this Operating Manual of any delinquent Mortgage Loan. In the event that the foreclosure action is discontinued, the Servicer shall recommence all regular servicing. Servicer's delinquent Mortgage Loan servicing program shall include: (a) an adequate accounting system which will immediately and positively indicate the existence of delinquent Mortgage Loans; (b) a procedure that provides for sending delinquent notices, assessing late charges and returning inadequate payments; (c) procedures for the individual analysis of distressed or chronically delinquent Mortgage Loans; and, (d) reporting of the status of the Mortgage Loans to credit reporting agencies. The Servicer will also attempt to contact delinquent or in default mortgagors through a routine system of outbound telephone calls or alternative electronic technologies. The Servicer shall provide a toll-free number for use by CHFA and mortgagors.

8.12 Bankruptcy

The Servicer will maintain the expertise required to undertake collection efforts of Mortgage Loans that are in bankruptcy and Servicer shall undertake such efforts, which are not in violation of the United States Bankruptcy Code, to collect such delinquent Mortgage Loans in bankruptcy. The Servicer shall report all bankruptcy, whether delinquent or not, to CHFA in the manner described in Section 7.8 Default Reporting. The Servicer shall hire counsel as appropriate to protect CHFA's interests.

8.13 Loss Mitigation

Servicers must follow the most up-to-date and appropriate insurer or guarantor guidance for available loss mitigation tools.

Loss Mitigation tools for FHA guaranteed loans include (note: some may be used in combination with others):

- **Special Forbearance:** Provides a written payment plan for the borrower to become current on their mortgage.
- **Loan Modification:** A permanent extension in the loan term that results in a payment that the borrower can afford.
- **Partial Claim:** Allows a delinquent mortgage to be reinstated by advancing HUD funds to pay the arrearage. A promissory note or “partial claim note” is issued. Currently the partial claim note carries no interest and is not due and payable until the borrower either pays off the first mortgage or no longer owns the property.
- **Pre-foreclosure Sale:** Allows a borrower in default to sell the property and use the sale proceeds to satisfy the mortgage debt, even if the proceeds are less than the amount owed.
- **Deed in Lieu of Foreclosure:** The borrower voluntarily deeds the property to HUD in exchange for a release from all obligations under the mortgage.

Loan Retention Loss Mitigation tools for non-FHA loans include:

Forbearance, deferral agreements, modifications, pre-foreclosure (short) sales and deed-in-lieu of foreclosures are also loss mitigation options for loans insured by private mortgage insurance (PMI) companies, the Veteran’s Administration (VA), United States Department of Agriculture (RD/USDA), CHFA insured loans and uninsured loans. In addition, the private mortgage insurance companies, VA and USDA may offer a product similar to the FHA partial claim.

The home retention waterfall is:

1. **Informal Forbearance** A verbal forbearance that is limited to 3 months. Typically, this is followed by an informal repayment plan or a formal deferral.
2. **Informal repayment plan** A verbal agreement between the servicer and borrower to repay the forbore payments over a period of up-to 24 months.
3. **Formal Deferral (“Deferral”)** A deferral is limited to 6 months of delinquent PITIA payments which must cure the delinquency. A maximum of two deferrals per life of the loan with the total deferred installments not exceeding 12 (including COVID deferrals). Deferrals must be at least 24 months apart, meaning the start of the second deferral must be 24 or more months from the end of the first deferral.
4. **Standard Modification** which may include capitalization of corporate advances or other protective advances a Servicer may have made on the borrower’s behalf.

CHFA’S HOME RETENTION WATERFALL ELIGIBILITY REQUIREMENTS

- The mortgagor(s) must be an owner occupant, have sufficient resources to make the payment on the mortgage and continue to occupy the home.
- The property securing the CHFA mortgage must be a single family (1-4 unit) property and the mortgagor's primary and only residence.
- The existing CHFA mortgage must be in default. For informal forbearance default is defined as 31 days or more past due. For deferrals and modifications default is defined as 61 days or more past due.

WATERFALL STEP 1 - INFORMAL FORBEARANCE

1. Servicer Delegated, CHFA approval is not required.
2. Loan must be at least 31 days past due and no more than 90 days past due, the informal forbearance plan is limited to 3 months.

WATERFALL STEP 2 - INFORMAL REPAYMENT PLAN

1. An informal forbearance may be followed by an informal repayment plan not to exceed 24 months.

WATERFALL STEP 3 - PAYMENT DEFERRAL

PAYMENT DEFERRAL REQUIREMENTS

- Servicer may offer a deferral of up to 6 months of consecutively missed PITIA payments
- The deferral must cure the delinquency.
- A maximum of two deferrals per life of the loan with the total deferred installments not exceeding 12 (including COVID deferrals).
- Deferrals must be at least 24 months apart.
- CHFA will consider a deferral request upon receipt of a complete package.

PAYMENT DEFERRAL PROCESS

1. Servicer will submit the following documents to lossmitigation@chfa.org
 - Servicer Loan Retention Certification for Payment Deferral DTR-PAYDEFF.
 - Completed but not signed CHFA Payment Deferral Agreement PyAgree91520-F.
 - A recent loan transaction history and a copy of the recorded mortgage and recorded assignment of mortgage.
 - Note: Servicer is not required to perform a title search or perfect the lien; deferral agreements do not need to be recorded.
2. CHFA will review and authorize.
3. After CHFA's authorization, Servicer will have the borrowers execute two copies of the Payment Deferral Agreement.
4. Once signed, Servicer will mail one copy to CHFA for counter signature.
5. CHFA will return the fully executed Payment Deferral Agreement to Servicer for record retention.

6. CHFA will wire to Servicer the total deferral amount.
7. Servicer will apply the funds to bring the loan current with the borrower's next scheduled payment.
8. Once a deferral agreement is completed, Servicer must remit an amount equal to the number of P&I payments that were deferred (less applicable Servicer fee) to CHFA in the next regularly scheduled remittance.
9. Deferral pre-payments: CHFA will accept partial or pre-payments on deferred amounts. Servicer must remit any deferral payments to CHFA via a separate wire and send a payment ledger to lossmitigation@chfa.org. The ledger must include CHFA loan number and amount to be credited to the deferred amount; the ledger must match the wire amount.
10. CHFA will provide a reconciliation of outstanding deferral funds to Servicer on a periodic basis.

WATERFALL STEP 4 – CHFA STANDARD MODIFICATION

CHFA STANDARD MODIFICATION REQUIREMENTS

- All CHFA'S Home Retention Waterfall Eligibility Requirements are met
- The first payment due date must be at least 12 months in the past, and at least four full mortgage payments must have been made.
- All existing subordinate financing must be subordinated or paid off to maintain the first lien priority of the CHFA mortgage.
- All changes in ownership due to death or divorce of the current owners must be supported by legal documentation.
- A complete financial analysis must be performed by the Servicer. The hardship affidavit and documentation supporting the decision to modify the loan must be maintained in the Servicer's review file.
- The total DTI cannot exceed 55%.
- The modified UPB cannot exceed the original UPB.
- No interest rate change.
- Re-amortization to a new maturity date no more than 10 years past the original maturity date.
- Three-month trial payment plan required.
- Delinquent interest, corporate and escrow advances may be capitalized, up to the original loan amount. If there are corporate and escrow advances that cause the modified amount to exceed the original loan amount, the excess advances can be spread over a period of up to 24 months or the mortgagor may contribute cash to cure outstanding advances in addition to the modification to bring the loan current.
- CHFA will consider a modification request upon receipt of a complete package.

CHFA MODIFICATION PROCESS

1. Servicer will submit the following documents to lossmitigation@chfa.org:
 - Loan Modification & Certification CHFA FORM DTR-LMCERT. The certification, on page 2 of CHFA's form, must be signed by an authorized

- representative of the Servicer.
- A recent loan transaction history.
 - Either a title search or the recorded Mortgage & Assignment of Mortgage to provide the volume & page recording information necessary to prepare the Modification Agreement.
2. If a signer of the original mortgage is not expected to sign the Modification Agreement, provide the appropriate documentation. If a borrower's name has changed since signing the original mortgage, provide proof of legal name change.
 3. Requests submitted in any month will have a modification start date 2 months in advance, for example, a request submitted in January will have a 1st due date in March.
 4. A request for modification may be submitted pre-trial or post-trial. If pre-trial, CHFA will authorize a trial payment plan, when the trial plan is completed, Servicer will then submit a request for the permanent modification with an updated Loan Modification Form & Certification and a payment history showing receipt of the trial payments.
 5. Upon CHFA approval, the Modification Agreement will be provided to the Servicer via email, CHFA will not accept substitute Modification Agreements. The email will also include the Loan Modification bill which explains CHFA's expectation for Servicer remittance based on the modification.
 6. After CHFA's authorization, the Servicer will have the borrowers execute two copies of the Loan Modification Agreement, once signed, the Servicer will mail one copy to CHFA for counter signature. Servicers are not delegated to sign Modification Agreements on CHFA's behalf. Please note that each borrower's signature must be notarized, and each signature requires two witnesses.
 7. The fully executed Agreement will be returned to the Servicer to have it recorded. The Servicer will provide CHFA with a copy of the title endorsement and a copy of the recorded executed Modification Agreement via email within 60 days of receiving the fully executed Agreement from CHFA.

PRE-FORECLOSURE/SHORT SALE

First Mortgage Short Sale (FHA): Servicers are delegated to process FHA short sales without CHFA review/approval. The Servicer must follow applicable FHA guidelines and file claims as necessary.

First Mortgage Short Sale (non-FHA): CHFA will consider a short sale settlement upon receipt of the following items to lossmitigation@chfa.org.

- HUD1 or Closing Disclosure
- Signed Purchase Agreement or Contract of Sale, with addendum if applicable.

- Appraisal
- Borrower Hardship Letter
- Statement of Debt for any junior mortgages or lines, as applicable.
- Evidence the property was listed for at least 15 days on the MLS.
- Insurer approval, if applicable (VA, USDA, MI, unless the Servicer is delegated).
- The following conditions must be met:
- Real estate commissions cannot exceed 6%, dual agency will be at 5%.
- Settlement fees will not exceed \$1,250.00 with a \$250.00 allowable title cost.
- There can be no seller (borrower) incentives.

CHFA SHORT SALE PROCESS

1. Servicer will submit all required documents to lossmitigation@chfa.org.
2. CHFA will review complete requests.
3. If terms of the sale do not meet CHFA's criteria, Servicer will contact the appropriate parties to request the terms acceptable to CHFA.
4. Once approved, CHFA will provide authorization via email.
5. Servicer will provide the net sale proceeds by check or wire to CHFA within 2 business days of the sale.
6. Servicer will provide the final HUD1/Closing Disclosure to lossmitigation@chfa.org and forclaims@chfa.org within 2 business days of the sale.

Down Payment Assistance (DAP) Loans or Emergency Mortgage Assistance Program (EMAP) Loans: CHFA will consider a short sale settlement upon receipt of the following items to lossmitigation@chfa.org.

- HUD1 or Closing Disclosure
- Signed Purchase Agreement or Contract of Sale, with addendum if applicable.
- Appraisal
- Borrower Hardship Letter
- First Mortgage Statement of Debt and insurer/investor information.

The following conditions must be met if the *first lien is a CHFA mortgage*:

- Real estate commissions cannot exceed 6%, dual agency will be at 5%.
- Settlement fees will not exceed \$1,250.00 with a \$250.00 allowable title cost.
- There can be no seller (borrower) incentives.

8.14 Foreclosure

Servicers shall follow state and federal standard servicing guidelines and timelines when initiating a foreclosure. Servicer shall remain in compliance with all requirements of all federal and state laws, rules and regulations applicable to

mortgage loan servicing, including specific insurer or guarantor requirements. Servicer will hire a law firm to represent CHFA's interests regarding collection and/or foreclosure of delinquent single-family mortgages.

Please follow the current "Allowable Foreclosure Attorney Fees" exhibit as published and periodically updated by Fannie Mae. Servicers are required to monitor the performance of the engaged law firms and are responsible for all issues regarding representation. Foreclosures are to be filed with Connecticut Housing Finance Authority as the plaintiff. Title must vest in Connecticut Housing Finance Authority's name.

8.15 Super Liens

The State of Connecticut has granted "super" priority status to certain types of municipal liens, including property taxes and water and sewer assessments, and up to nine months of unpaid homeowner association ("HOA") fees. As a result, these liens will gain priority over the first mortgage. When a Servicer determines that a borrower is unable to pay an outstanding HOA or municipal debt, the Servicer will satisfy the priority debt the sooner of the receipt of any notification of a pending municipal lien, a Demand Letter or when the Servicer becomes aware of six or more delinquent and unpaid monthly HOA fees.

Servicer shall remain in compliance with all requirements of all federal and state laws, rules and regulations applicable to mortgage loan servicing, including specific insurer or guarantor requirements.

8.16 FHA Conveyance, VA Transfer of Custody & CHFA REO

For all CHFA loans, the Servicer shall inform CHFA of all title vest dates within 48 hours. The Servicer will complete the Title Notification Form **DTR-TITLE** and email it along with the following documents to notifications@chfa.org

- Recorded mortgage deed including legal description
- Instrument placing title with CHFA: certificate of foreclosure, deed-in-lieu, committee deed, etc. including legal description. Recorded if available, if not available at time of initial notification, please send a recorded copy within 30 days
- Latest property inspection report
- First time vacant inspection report, if applicable
- Ejectment/eviction plans, if applicable

FHA guaranteed loans. The Servicer shall follow FHA guidelines for the proper and timely conveyance of the REO to HUD,. Debenture interest that is curtailed for any reason will be demanded of the Servicer. Failure to convey in a timely manner may result in a make-whole demand to the Servicer from CHFA. The make-whole demand may include the unpaid principal balance, interest at the note rate thru make-whole demand date plus any corporate, escrow or foreclosure expenses advanced by CHFA. No additional expense claims will be reimbursed to the Servicer by CHFA.

In the event of a reconveyance of a property by HUD, Servicer shall immediately notify CHFA of the reconveyance and pay the reconveyance billing directly to HUD so that future CHFA FHA claims receipts are not offset. Servicer must email to CHFA at notifications@chfa.org copies of the Preliminary Notice of Intent to Reconvey, Reconveyance Billing, Notice of Intent to Offset, and any other communication Servicer received regarding the reconveyance by HUD or its vendor and proof that Servicer the reconveyance billing was paid directly to HUD. The Servicer shall bear the expense of curing the property and all reacquisition costs associated with the reconveyance.

VA guaranteed loans. Servicer shall follow VA guidelines for proper and timely transfer of custody to VA. Failure to do so may result in a make-whole demand to the Servicer from CHFA. The make-whole demand may include the unpaid principal balance, interest at the note rate thru make-whole demand date plus any corporate, escrow or foreclosure expenses advanced by CHFA. No additional expense claims will be reimbursed to the Servicer by CHFA.

CHFA REO. CHFA will assume custody of all non-FHA or non-VA foreclosed properties, regardless of the occupancy status. CHFA will assume REO responsibilities at title date, providing the Servicer has appropriately notified CHFA and the Servicer has coordinated the handoff of the secured property with CHFA. In the event the property is occupied, the Servicer shall complete all ejectment and/or evictions necessary to render the property vacant. The Servicer will notify CHFA of vacancy as soon as the vacancy is discovered and of lock out dates before they occur.

8.17 Claim Submission and Expense Reimbursement

CHFA will review corporate and escrow advance reimbursement requests from Servicers when the insurer or guarantor recovery process is complete or, for uninsured loans, as soon as title has vested with CHFA, or for a third party foreclosure sale/purchase when funds have been received from the court, or for a short sale upon completion of the sale. Claims for reimbursements must be sent on **CHFA FORM DTR-FERR** with supporting documentation to forclaims@chfa.org.

A Servicer must use CHFA's mortgagee number for the filing of HUD claims, list CHFA as the Payee for all PMI claims, list CHFA as the Holder for all VA claims and provide CHFA copies of all claims including supporting back-up at the point of submission to the insurer. In the event that recovery funds are received by the Servicer, they must be delivered in their entirety, to CHFA within five (5) business days of receipt via a separate wire. Recovery funds must not be co-mingled with monthly principal and interest remittances. Copies of letters, explanations of benefits (EOB), Advice of Payment (AOP) or other relevant documentation should be emailed to forclaims@chfa.org. Failure to use CHFA's mortgagee number for claims filing may result in a penalty of \$250 per claim.

CHFA will no longer accept or reimburse expenses submitted by the Servicer after six months from the date that the original insurer claim was filed for HUD guaranteed and VA insured loans, or after six months from title taken date on all other loans.

If recovery has been curtailed due to a Servicer error, CHFA may reduce the expense reimbursement by the curtailed amount. CHFA will review supporting documentation from the Servicer evidencing that it, or its attorney, was not responsible for the curtailment and, at its sole discretion, CHFA may refund Servicer the amount curtailed from the Servicer's reimbursement request.

For all expense reimbursements due to the Servicer in excess of what the guarantor/insurer has approved, the Servicer must provide CHFA with all required supporting documentation (invoices, system reports evidencing payment, etc.) for the unreimbursed expenses to be considered by CHFA for reimbursement.

In the event of an insurer audit, the Servicer will be liable for payment of all reimbursements and penalties assessed by the insurer for improper claim filing, including but not limited to lack of appropriate supporting documentation.

The Servicer's wire instructions must be provided to CHFA in accordance with CHFA's most current requirements. Wire instructions shall be on Servicer's letterhead, signed by an authorized officer, and must include the following information:

- Servicer's Bank Name
- Servicer's Bank Address and ABA Number Account Name
- Account Number
- Mailing Address of the account to be credited
- Contact name and number

All wire instructions must be verbally confirmed by CHFA staff and the Servicer.

CHFA will not be responsible for any delays in the receipt of funds if the requested information is not provided in this format.

8.18 Servicer Contacts

On a periodic basis CHFA will require Servicer to provide updated contact information.

	NAME	TITLE	EMAIL	PHONE
Investor Reporting				
Payoffs				
General Default Servicing Contact				
Default Reporting				
Loss Mitigation/Loan Modifications				
Short sale or Deed- in-lieu				
Subordinations				
Bankruptcy				
Foreclosure/Legal				
Conveyance Deed Execution				
Claims/Expense Reimbursement				
Demands/Curtailed Debenture Interest				
Title/REO Notification				
REO and Property & Preservation				
Escalation Contact				
Document Custodian				

8.19 Forms List

FORM NAME		FORM CODE	LAST REVISED
FNMA Payment Deferral Agreement	079	PyAgree91520-F	7/1/2020
CHFA Loan Modification		DTR-LNMOD1	1/3/2025

Agreement (<i>single signer – fillable version</i>)			
CHFA Loan Modification Agreement (<i>fillable version</i>)		DTR-LNMOD2	1/3/2025
Loan Modification & Certification (<i>fillable version</i>)		DTR-LMCERT	1/3/2025
Payment Deferral & Certification		DTR-PAYDEFF	1/3/2025
Title Notification Form		DTR-TITLE	1/3/2025
Foreclosure Expense Reimbursement Request		DTR-FERR	TBD