

**Servicing Bulletin 2023-04**  
October 5, 2023

To: CHFA Single Family Servicers  
From: Liisa M. Koeper, Assistant Director, SFAM Default Servicing  
Subject: Updates to Loss Mitigation Home Retention Options - Effective Immediately

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This Servicing Bulletin (SB 2023-04) updates loss mitigation home retention options for all Connecticut Housing Finance Authority (CHFA) single family loans.

For CHFA loans guaranteed by FHA, VA or USDA please follow the applicable Insurer Servicing Guidelines/Mortgagee Letters in their entirety.

For all other CHFA loans (uninsured, MI insured, CHFA insured) the COVID Post-Forbearance Loan Retention Options announced in Servicing Bulletin 2021-09 (issued October 06, 2021) are being sunsetted, specifically eliminating COVID repayment plans and the CHFA COVID Modification, with changes to Deferrals and to the CHFA Standard Modification.

The new home retention waterfall is:

- 1) Informal Forbearance limited to 3 months followed by an informal repayment plan or a deferral.
- 2) Deferral limited to 6 months of delinquent PITIA payments (continue to follow 'Post-Forbearance Process' for deferrals as outlined in SB 2021-06).
- 3) CHFA Standard Modification to now include capitalization of corporate advances or other protective advances a servicer may have made on the borrower's behalf.

CHFA Standard Modification quick reference guide:

- The modified UPB cannot exceed the original UPB.
- No interest rate change.
- Can extend the maturity date to the lesser of 30 years from the modification date or 10 years beyond the original maturity date.
- In addition to delinquent interest, capitalization of corporate advances or other protective advances a servicer may have made on the borrower's behalf is allowed.
- The housing ratio cannot be lower than 31% or higher than 55%.
- The total DTI cannot exceed 55%.

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