

TO: All CHFA Single Family Servicers

FROM: Anita Schaub, Senior Asset Solutions Officer, Portfolio Management

SUBJECT: Updates to Loss Mitigation Home Retention Options for CHFA Loans

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Servicing Bulletin 2026-03
February 24, 2026

This Servicing Bulletin provides updates to eligibility requirements for home retention options for all Connecticut Housing Finance Authority (“CHFA”) single family loans NOT insured by FHA, VA or USDA replacing “CHFA Modification Program-rev. 12-2023” (guidance now considered to be retired) and establishes a maximum repayment period.

This Servicing Bulletin also includes the Home Retention Waterfall and provides complete guidance for each waterfall option in one document. Please refer to Chapter 8 of [CHFA’s Operating Manual](#) for additional information.

The updates are:

1. Clarifying occupancy eligibility requirements for all home retention options.
2. Defining delinquency.
3. Elimination of front-end ratio requirement for modifications.
4. Establishing the post forbearance repayment period as 24 months.

1. Occupancy Eligibility Requirements for all home retention options

- The mortgagor(s) must be an owner occupant, have sufficient resources to make the payment on the mortgage and continue to occupy the home.
- Must be a CHFA single family mortgage (1-4 units). The property securing the CHFA mortgage must be the mortgagor’s primary and only residence.

2. Delinquency Eligibility Requirements for all home retention options

- For deferrals and modifications “default” is defined as 61 days or more past due. For an informal forbearance “default” is defined as 31 days or more past due.

3. Elimination of front-end ratio requirement for modifications

- The front-end ratio requirement has been eliminated. The back-end ratio of up to a maximum of 55% will still be used as a determining factor. To ensure that a modification is successful, a 3-month trial payment plan will be required.

4. Defining Term for Informal Forbearance plans.

- An Informal Forbearance Plan is limited to 3 months and can be followed by an informal repayment plan for a maximum of 24 months.

CHFA HOME RETENTION WATERFALL

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 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 is 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

- All CHFA Home Retention Waterfall Eligibility Requirements are met
- 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 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. Please do not co-mingle the “Total due to CHFA” amount with payoffs, mid-month or month-end remittances.

	Connecticut Housing Finance Authority CHFA BILLING FOR LOAN MODIFICATION	05/18/2025 12:05:10 PM
Bill		
CHFA Lr		
Servicer Lr		
CHFA Servi		
CHFA Servicer h		
Borrower Nar		
Property Adr		

Amounts Due CHFA with Monthly Exception Reporting(as a separate transaction)			
Principal Due with 06/30/2025	Monthly Exception Reporting		0.00
Interest Due with 06/30/2025	Monthly Exception Reporting		0.00
Less Servicer Fee Due with 06/30/2025	Monthly Exception Reporting		0.00
Total Due with 06/30/2025	Monthly Exception Reporting		0.00

To Be Wired to CHFA Prior to start of Modification			
Mod Interest Due Prior to 07/01/2025	Modification Start Date		3,195.65
Principal Deferment Due Prior to 07/01/2025	Modification Start Date		54,121.05
Total Due Prior to 07/01/2025	Modification Start Date		57,316.70

FUNDS MUST BE REMITTED TO CHFA ACCORDING TO THE BILLING DATES ABOVE - DO NOT DELAY PAYMENT TO CHFA IF HUD CLAIM FUNDS ARE DELAYED.

	Total due to CHFA:	57,316.70
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To Be Remitted by CHFA to Servicer upon Receipt of Properly Executed Modification Agreement and Funds as Billed Above if Applicable	
Capitalized Amount Due Servicer:	0.00

FOR CHFA USE ONLY	
Sup	IVICES
Sig.,	

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.

Questions regarding this Bulletin should be directed to
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