

CHFA-Approved Lenders Mortgage Program Training



CONNECTICUT
HOUSING FINANCE
AUTHORITY

Our Mission

Connecticut Housing Finance Authority is a self-funded, quasi-public organization.

Our mission is to alleviate the shortage of housing for low-to-moderate income families and persons in this state and, when appropriate, to promote or maintain the economic development of this state through employer-assisted housing efforts.



What Makes CHFA Different?

- **Caretaker for the First-Time Homebuyer:**
 - CHFA assists with eliminating obstacles for first-time homebuyers.
- **Competitive Interest Rates:**
 - CHFA has below market interest rate mortgages for first-time homebuyers or individuals that have not owned a home in the past three years (unless purchasing in a targeted area).
- **Recapture Tax Provision**
- **Income & Sales Price Limits:**
 - Apply to CHFA mortgages.
- **CHFA Downpayment Assistance Loan Program (DAP)**
 - Homebuyer(s) may apply for down payment assistance.



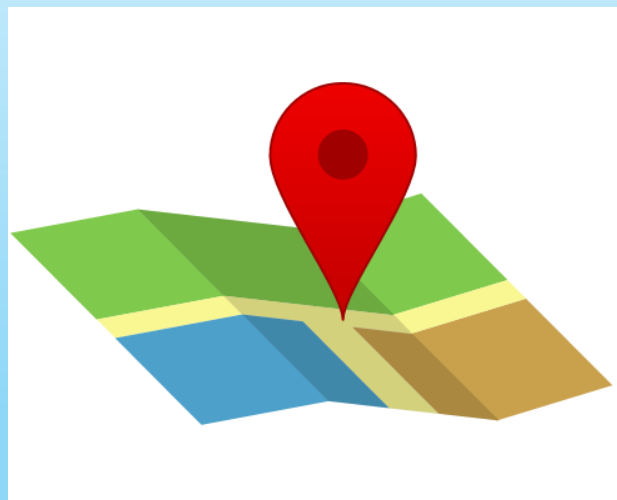
CHFA and Bond Compliance Requirements

- **First-Time Homebuyer**
 - Borrower must be a first-time homebuyer or have not owned a home in the past three years. Borrowers who have owned a home previously may also apply if they plan to purchase in a Federally Targeted Area of the State and do not own property at the time of loan closing.
- **Income Limits**
 - Varies by town and city.
 - Differs between households of less than three residents and households of three or more residents.
- **Sales Price Limits**
 - Varies by town and city.
 - May differ slightly between new and existing homes in the same city or town and for homes found in Federally Targeted Areas.
- **Homebuyer Education**
 - Pre-Purchase Homebuyer Education
 - Pre-Closing Homebuyer Education
 - Landlord Education
 - Financial Fitness



Targeted Areas

- Certain areas of CT are designated as Federally “Targeted Areas” based on IRS guidelines.
- CT currently has 20 towns designated as Federally “Targeted Areas”.



Benefits of Targeted Areas






- If the prospective homebuyer(s) purchase a home in a Federally designated “Targeted Area”, they will receive an additional .25% discount on CHFA’s published interest rate.
- **The first-time homebuyer requirement is waived.**
(Homebuyer(s) may not own any other property at the time of closing).
- The income limit is waived *unless* the homebuyer(s) are also using CHFA Downpayment Assistance Program loan funding.






CHFA Resource Map

- The CHFA Resource Map is an all-in-one tool to help you find eligibility information for CHFA Mortgage Programs.
- By clicking on the tabs above the map you can view:
 - Income and Sales Price Limits
 - Federally “Targeted Areas”
 - CHFA-Approved Lenders
 - CHFA Homes for Sale
 - CHFA-Approved Housing Counselors






About Us / Contact Us  1-844-CT1-HOME 

**CONNECTICUT
HOUSING FINANCE
AUTHORITY**

Homebuyers & Homeowners ▾ Lenders, Real Estate Agents, Counselors ▾ Developers, Owners & Property Managers ▾



CHFA has below-market interest rate mortgages for first-time homebuyers or those who haven't owned a home in three years.

[LEARN MORE](#)

Homebuyers & Homeowners

- CHFA First-time Homebuyer Guide
- All Homebuyer Mortgage Programs
- CHFA Homes For Sale
- Homebuyer Education
- CHFA- Approved Lenders
- Foreclosure Prevention Resources

Lenders, Real Estate Agents, Counselors

- Homebuyer Mortgage Programs
- Sales Price & Income Limits
- CHFA Resource Map
- Loan Status Information
- CHFA- Approved Housing Counselors

Developers, Owners & Property Managers

- Multifamily Affordable Housing Financing
- Asset Management/Compliance Guidelines
- Property Management Resources
- Design and Construction Criteria
- Consolidated Application Materials

CHFA Resource Map

CHFA Resource Map

999 West Street Rocky Hill, CT 06067
(860) 721-9501 or 1-844-CT1-HOME (toll free)

Income & Sales Price Limits List

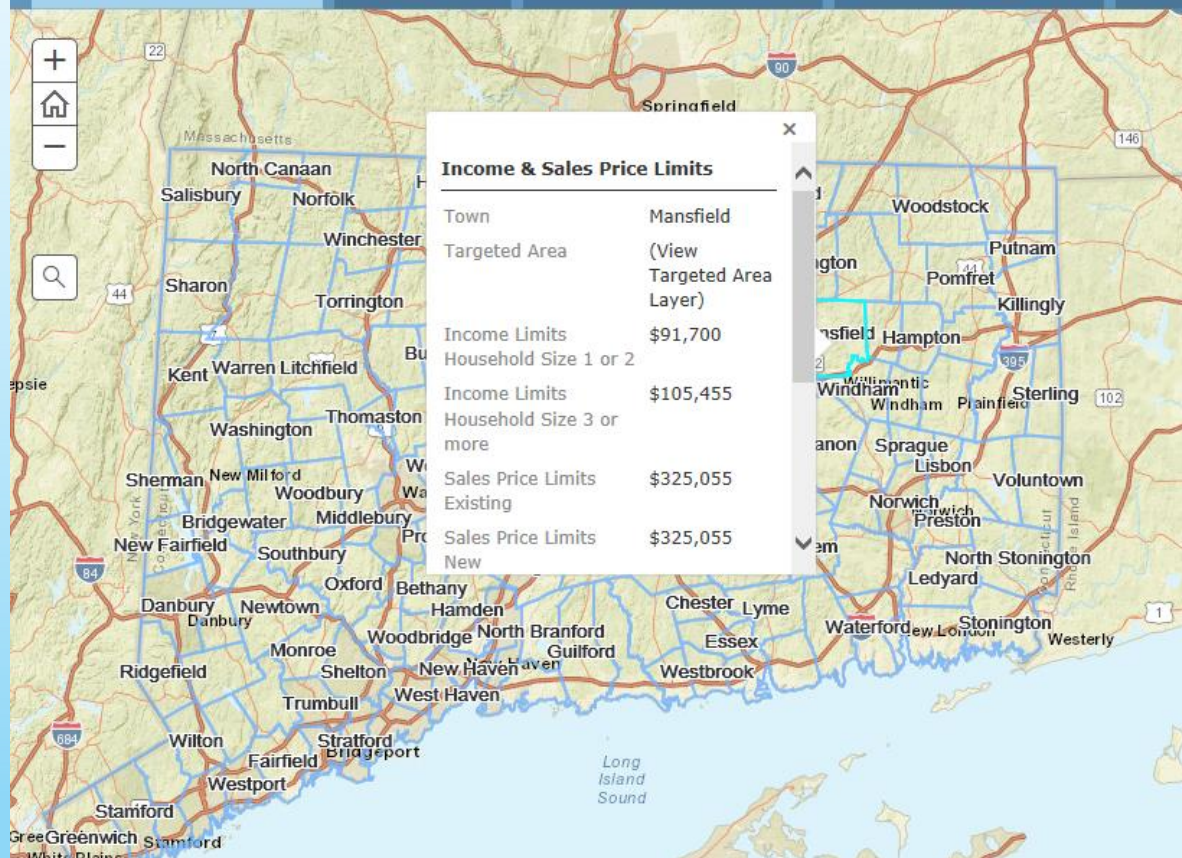
Income & Sales Price Limits

Targeted Areas

CHFA- Approved Counselors

CHFA- Approved Lenders

CHFA- Homes For Sale



Income Limits

(click on town to view attributes)

The Connecticut Housing Finance Authority (CHFA) establishes maximum household income limits on most borrowers eligible for CHFA mortgages. The income limits vary by town and city to correspond with differences in cost of living and median incomes throughout the state. The income limits also differ between households of less than three residents and households of three or more residents.

Rev. 6-01-17

Sales Price Limits

(click on town to view attributes)


The Connecticut Housing Finance Authority (CHFA) establishes maximum sales prices for homes that are eligible for CHFA mortgages. The sales price limits vary by town and city to correspond with the differences in cost of living and median incomes throughout the state.

Rev. 4-17-17

Income Limits

Mortgagor(s) income used only for repayment

Household size is for income limit eligibility

Connecticut Housing Finance Authority - INCOME LIMITS - Eff. 6-4-2018								
								
<i>The Home of Your Own - Homeownership - Reverse Annuity Mortgage Programs use "Statewide" Income Limits: \$96,300 (1 or 2 persons) \$110,745 (3 or more persons)</i>								
<i>All other Programs use "Town" Income Limits as shown below except where not applicable (i.e. Targeted Areas for loans without CHFA DAP)</i>								
"Town" Income Limits	HOUSEHOLD SIZE		"Town" Income Limits	HOUSEHOLD SIZE		"Town" Income Limits	HOUSEHOLD SIZE	
Fairfield County	1 or 2	3 or more	Litchfield County, cont.	1 or 2	3 or more	New Haven County, cont.	1 or 2	3 or more
Bethel	129,710	149,165	Canaan	96,800	111,320	Prospect	96,800	111,320
Bridgeport *All Areas	116,160	135,520	Colebrook	96,800	111,320	Seymour	96,800	111,320
Brookfield	129,710	149,165	Comwall	96,800	111,320	Southbury	96,800	111,320
Danbury	129,710	149,165	Goshen	96,800	111,320	Wallingford	96,800	111,320
*Targeted Areas	139,560	162,820	Harwinton	96,800	111,320	Waterbury * All Areas	116,160	135,520
Darien	134,900	155,135	Kent	96,800	111,320	West Haven	96,800	111,320
Easton	116,160	135,520	Litchfield	96,800	111,320	Wolcott	96,800	111,320
Fairfield	116,160	135,520	Morris	96,800	111,320	Woodbridge	96,800	111,320
Greenwich	134,900	155,135	New Hartford	96,800	111,320	New London County	1 or 2	3 or more
Monroe	116,160	135,520	New Milford	96,800	111,320	Bozrah	96,800	111,320
New Canaan	134,900	155,135	Norfolk	96,800	111,320	Colchester	110,200	126,730
New Fairfield	129,710	149,165	North Canaan	96,800	111,320	East Lyme	96,800	111,320
Newtown	129,710	149,165	Plymouth	96,800	111,320	Franklin	96,800	111,320
Norwalk	134,900	155,135	Roxbury	96,800	111,320	Griswold	96,800	111,320
*Targeted areas	161,880	188,860	Salisbury	96,800	111,320	Groton	96,800	111,320
Redding	129,710	149,165	Sharon	96,800	111,320	*Targeted Areas	116,160	135,520
Ridgefield	129,710	149,165	Thomaston	96,800	111,320	Lebanon	110,200	126,730
Shelton	116,160	135,520	Torrington	96,800	111,320	Ledyard	96,800	111,320
Sherman	129,710	149,165	*Targeted Areas	116,160	135,520	Lisbon	96,800	111,320
Stamford	134,900	155,135	Warren	96,800	111,320	Lyme	96,800	111,320
*Targeted Areas	161,880	188,860	Winsted	96,800	111,320	Montville	96,800	111,320



Sales Price Limits

Connecticut Housing Finance Authority - SALES PRICE LIMITS

Effective June 4, 2018



Fairfield County			Litchfield County, cont.			New Haven County, cont.		
	Existing	New		Existing	New		Existing	New
Bethel	553,760	553,760	Canaan	329,290	329,290	Prospect	281,645	281,645
Bridgeport	553,760	553,760	Colebrook	329,290	329,290	Seymour	281,645	281,645
*Targeted Areas	676,820	676,820	Cornwall	329,290	329,290	Southbury	281,645	281,645
Brookfield	553,760	553,760	Goshen	329,290	329,290	Wallingford	281,645	281,645
Danbury	553,760	553,760	Harwinton	329,290	329,290	Waterbury * All Areas	344,235	344,235
*Targeted Areas	676,820	676,820	Kent	329,290	329,290	West Haven	281,645	281,645
Darien	553,760	553,760	Litchfield	329,290	329,290	Wolcott	281,645	281,645
Easton	553,760	553,760	Morris	329,290	329,290	Woodbridge	281,645	281,645
Fairfield	553,760	553,760	New Hartford	329,290	329,290	New London County		
Greenwich	553,760	553,760	New Milford	329,290	329,290		Existing	New
Monroe	553,760	553,760	Norfolk	329,290	329,290	Bozrah	271,160	271,160
New Canaan	553,760	553,760	North Canaan	329,290	329,290	Colchester	271,160	271,160
New Fairfield	553,760	553,760	Plymouth	329,290	329,290	East Lyme	271,160	271,160
Newtown	553,760	553,760	Roxbury	329,290	329,290	Franklin	271,160	271,160
Norwalk	553,760	553,760	Salisbury	329,290	329,290	Griswold	271,160	271,160
*Targeted areas	676,820	676,820	Sharon	329,290	329,290	Groton	271,160	271,160
Redding	553,760	553,760	Thomaston	329,290	329,290	*Targeted Areas	331,420	331,420
Ridgefield	553,760	553,760	Torrington	329,290	329,290	Lebanon	271,160	271,160
Shelton	553,760	553,760	*Targeted Areas	402,470	402,470	Ledyard	271,160	271,160
Sherman	553,760	553,760	Warren	329,290	329,290	Lisbon	271,160	271,160
Stamford	553,760	553,760	Washington	329,290	329,290	Lyme	271,160	271,160
*Targeted Areas	676,820	676,820	Watertown	329,290	329,290	Montville	271,160	271,160
						New London * All Areas	331,420	331,420

Homebuyer Education

- A minimum of a 3-hour Pre-Closing Homebuyer Education class is required for at least one borrower.
- For joint applications, only one borrower is required to attend the class however, CHFA strongly recommends both borrowers participate for the greatest benefit.
- Borrowers must take the class in person or online with a CHFA / HUD Approved Counseling Agency.
- Lenders must provide the homebuyer with the free CHFA coupon code obtained from LOS, for the online course.
- Borrower(s) are encouraged to take the class ASAP.
- Borrower(s) purchasing multi-unit properties (*2-4 Family units*) are *also* required to attend a Landlord Education Counseling class*.

**Both the Pre-closing and Landlord Counseling Certificates are required for homebuyers who are purchasing a multi-family property.*



Homebuyer Education cont.

- **Pre-Purchase Education: (Reservation not required)**

- **8-hour Homebuyer Education Class:**

Provides an overview on what it takes to become a successful homeowner.
(from seeking pre-approval for a mortgage to making an offer to the closing process)

- **Pre-Closing Homebuyer Education: (Reservation required)**

- **3-hour Homebuyer Education Class (or Online E-Home America class):**

Provides an overview of budget planning, home maintenance, and foreclosure prevention. At least one CHFA applicant is required to attend this course.

- **Landlord Education:**

Provides an overview of the issues a homebuyer should understand before owning a multi-family home. This class is required for CHFA homebuyer(s) buying a 2- 4 family home.

- **Foreclosure Prevention Counseling is also available.**



Federal Recapture Tax

Recapture tax may be owed if:

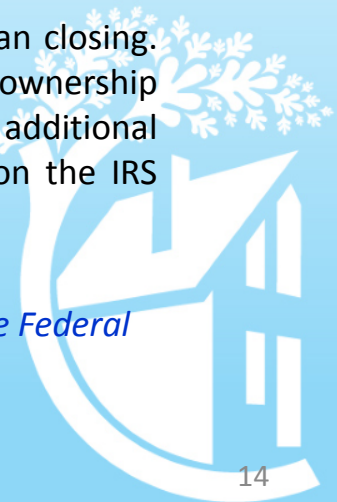
1. A borrower sells the home within nine (9) years of purchase; and
2. Has a gain from the sale; and
3. Earns significantly more income than when he/she bought the home

Recapture tax would not be owed if:

- A home is sold any time after nine (9) years of purchase.
- A borrowers household income does not rise significantly over the life of the loan. (*generally more than five percent per year*)
- Home is sold within nine (9) years but there is no gain on the sale.

CHFA borrowers will receive disclosure information at the time of application and at the loan closing. These disclosures indicate the federal income limits effective during the nine (9) years of ownership when the tax may come due, if all of the above conditions are present. You may also find additional information regarding recapture tax by obtaining IRS Form 8828 with instructions found on the IRS website at www.irs.gov.

Note: Borrower(s) may be eligible to receive reimbursement from CHFA if required to make the Federal Recapture Tax payment and they complete the required CHFA forms.



Eligible Properties

CHFA requires owner occupancy of the home purchased for the life of the loan.

- Single Family homes, Townhouses, and PUDs (*existing and new*).
- Condominiums (*must be FHA/USDA/VA/FNMA/FHLMC approved*).
- Multi-family homes (*2 to 4 units*) must have been residential properties for the last 5 years.
- Newly constructed 2 family homes (*in Targeted Areas*).



Eligible Properties

Condominium

- **Condominiums:**
 - **CHFA Approval of Condominiums is not required** *unless* the condo is deed restricted for affordability to low-to-moderate income homebuyers or first time homebuyers.
 - Please send email to sfaminquiry@chfa.org for approval (*if applicable*).



Eligible Properties

Condominium

- FHA / USDA / VA - Approved Condominiums
- Fannie Mae/Freddie Mac eligible for Conventional loans

The following documentation is acceptable:

- CHFA Condo Eligibility Certificate; or
 - CPM (*Condo Project Manager*) - FNMA; or
 - Lenders own form verifying Condo eligibility.
- Condo Questionnaire and Full Budget is required for loans delivered to IHFA requiring full condo review. If DU allows limited review, Lender is to put a memo stating as such in file and Questionnaire/Full Budget are not required.



CHFA INTEREST RATES

CHFA offers one point option for all products
(FHA 203(k) Rehabilitation Loan Programs - Standard = 2.50% and Limited = 1.50%)

RATE STRUCTURE EXAMPLE

<u>Government</u> <u>Rate</u>	<u>Non-Government</u> <u>Rate</u>	<u>Point</u>	<u>APR</u>
3.875%	4.125%	1.00	(APR range 3.975% - 4.625%)

(The margins between government and non-government rates are subject to change with the interest rate changes that are published every Tuesday & Friday by 12 noon)

- Targeted Areas allow for .25 % discount on published interest rates.

CANNOT BE COMBINED WITH PROGRAMS THAT OFFER THE DISCOUNTED RATES AS LISTED BELOW

- The following programs offer a rate reduction discount of .125%:
Homeownership, Home of Your Own, Military, Police, Teachers Programs



Rate Lock & Reservation of Funds

CHFA Rate Lock

- Reservation of Funds - 90 Days
- Commitment Rate in effect for 90 Days



Rates & Reservations

- Rates are set when new reservations are submitted in LOS and a CHFA loan number is assigned.
- Interest rate is locked for (90) days.
- Reservations are linked to applicant(s) social security number(s).
- Interest rate is not released until the reservation expires, even if applicant(s) change lenders.



Editing Reservations

- Reservations may be edited by the lender's designated CHFA LOS Senior Loan Processor or CHFA LOS Admin.

Edits can include:

- Changing subject property address
- Adding or deleting co-borrowers
- Adding or deleting DAP or other Subordinate Financing



Canceled Reservations Submitted by Another Lender

- 1. Reservation Period with 61 or more days remaining**
- 2. Reservation Period with 31-60 days remaining**
- 3. Reservation Period with 30 days or less remaining**



Reservation Period With 61 or More Days Remaining

Lender Dashboard	Reservation	Rates	Contacts	Reports	Admin	Help		
Reservation Search	Communication Search	Submit New Reservation	Reservation Details	Submit Additional Data	Upload 1003	Manage 1003	Upload Documents	Communications


SUBMIT RESERVATION Borrower: BONNIE BORROWER

Loan #: (To be assigned after successful submission of Reservation)
Status: Not Submitted

RESERVATION DETAILS

Lender Code: 001 Lender Name: CHFA LENDER
Email: sfamtraining@chfa.org Prepared By: Heather Bilger

Message from webpage

 A duplicate canceled reservation with 61 or more days until the reservation rate expires exists for this applicant. Click OK to proceed with the data entry for a new reservation. The new reservation will automatically receive the initial interest rate from the canceled reservation dated 4/1/2019 and will expire on the same date as the canceled reservation 6/30/2019.

OK

*First Name:
Middle Name:
*Last Name:
*Age:
*SSN:

PROPERTY INFORMATION

*Street Address1:

☐ Co-Borrower ☒ Not Present



Reservation Period With 31 - 60 Days Remaining

Lender Dashboard | **Reservation** | Rates | Contacts | Reports | Admin | Help

Reservation Search | Communication Search | Submit New Reservation | **Reservation Details** | Submit Additional Data | Upload 1003 | Manage 1003 | Upload Documents | Communications

SUBMIT RESERVATION **Borrower: ROCK STAR**

Loan #: *To be assigned after successful submission of Reservation)* Reservation Date:

Status: **Submitted** Reservation Expiration Date: 6/30/2019


Prior Reservation Date: 3/1/2019 2:28 PM

RESERVATION DETAILS

Lender Code: 001 Lender Name: CHFA LENDER

Email: sfamtraining@chfa.org Prepared By: Heather Bilger

Message from webpage

 A duplicate canceled reservation with 31 – 60 days until the reservation rate expires exists for this applicant. Click OK to proceed with the data entry for a new reservation. The new reservation will automatically receive the initial interest rate from the canceled reservation dated 3/1/2019. The new reservation expiration date will be extended for 30 days beyond the canceled reservation expiration date and expire on 6/30/2019.

Borrower ☒ Not Present

*First Name:

Middle Name:

*Last Name:

*Age:

*SSN:

PROPERTY INFORMATION

*Street Address1:

Street Address2:

*City:



Reservation Period With 30 Days or Less Remaining

Reservation Search	Communication Search	Submit New Reservation	Reservation Details	Submit Additional Data	Upload 1003	Manage 1003	Upload Documents	Communications
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SUBMIT RESERVATION

Borrower: BRICK HOUSE

A duplicate canceled reservation with 30 days or less until the reservation rate expires exists for this applicant. Due to fluctuating interest rates, a new reservation may not be submitted for this applicant until after the current reservation expires on 04/30/2019. The new reservation, when submitted, will receive the prevailing CHFA interest rate in effect at the time of submission.

Loan #: (To be assigned after successful submission of Reservation)

Status: **Not Submitted**

Reservation Date:

Reservation Expiration Date:

Prior Reservation Date: 1/31/2019 12:50 PM

RESERVATION DETAILS

Lender Code: **001**

Email: **sfamtraining@chfa.org**

Phone:

Lender Name: **CHFA LENDER**

Prepared By: **Heather Bilger**

*Program Type:

*Program Option:

*Insurance Type:

Interest Rate:

Borrower

Title:

*First Name:

Middle Name:

*Last Name:

*Age:

*SSN:

Co-Borrower ☒ Not Present

PROPERTY INFORMATION

*Street Address1:

Street Address2:

*City:

State: *Zip: *Census Tract #:

[Find Census Tract #](#)

Is Targeted Area: ☒



Lender Canceling an Existing Reservation To Enter a New Reservation to Edit Data

Lender Dashboard	Reservation	Rates	Contacts	Reports	Admin	Help		
Reservation Search	Communication Search	Submit New Reservation	Reservation Details	Submit Additional Data	Upload 1003	Manage 1003	Upload Documents	Communications

SUBMIT RESERVATION

Borrower: WICKED GOOD

This borrower has an existing CHFA loan reservation with CHFA LENDER that has not expired. A new reservation may not be submitted by the same Lender prior to the expiration of the existing reservation. Contact CHFA to un-cancel the existing reservation under CHFA Loan# 190030 to keep the loan in process. Once the loan is un-canceled the Lender can unlock the reservation and edit the loan data for changes to the property address, loan amount, program type, etc. as needed.

Loan #: (To be assigned after successful submission of Reservation)

Status: Not Submitted

Reservation Date:

Reservation Expiration Date:

Prior Reservation Date: 4/12/2019 2:40 PM

RESERVATION DETAILS

Lender Code: 001

Email: sfamtraining@chfa.org

Phone:

Lender Name: CHFA LENDER

Prepared By: Heather Bilger

*Program Type:

*Program Option:

*Insurance Type:

Interest Rate:

Borrower

Title:

*First Name:

Middle Name:

*Last Name:

*Age:

Co-Borrower ☒ Not Present



Additional Fees Authorized by CHFA

- **Loan Processing Fee = \$395.00**
- **Loan Underwriting Fee = \$395.00**
- **MERS Fee up to \$15.00 (*for IHFA loans only*)**

These fees are applicable to CHFA 1st mortgage loan transactions only.



CHFA Mortgage Programs



CHFA – Approved Lenders can originate 30 year fixed rate Government and Conventional Mortgages which include:

- **FHA**
- **VA**
- **USDA**
- **FNMA**
- **FHLMC**

File MUST meet all Insurer (PMI, FHA, etc.) and Agency (FNMA, FHLMC) Program Guidelines.

Regular Homebuyer Program

- **FHA, USDA and VA Insured Loans**
- **Not allowed with LTV at or below 80%**



HFA Preferred™ Programs

HFA Preferred™ and HFA Preferred™ Uninsured Programs

- Allows first and second mortgage loan financing to eligible first-time homebuyers in compliance with CHFA and Fannie Mae (FNMA) eligibility requirements.
- Mortgage insurance is required when the amount financed exceeds 80% of the appraised value or purchase price, whichever is less.



HFA Advantage[®] Programs

HFA Advantage[®] and HFA Advantage[®] Uninsured Programs

- Allows first and second mortgage loan financing to eligible first-time homebuyers purchasing a single family residence in compliance with CHFA and Freddie Mac (FHLMC) eligibility requirements.
- Mortgage insurance is required when the amount financed exceeds 80% of the appraised value or purchase price, whichever is less.



HFA Preferred™ and HFA Advantage®

Reduced PMI Coverage

- | | |
|------------------------|--------------|
| • 95.01% - 97.00% LTV | 18% coverage |
| • 90.01% - 95.00% LTV | 16% coverage |
| • 85.01% - 90.00% LTV | 12% coverage |
| • 80.01% - 85.00% LTV | 6% coverage |
| • 80.00% and below LTV | Uninsured |

**Borrower Paid Single Premium PMI allowable only
if there is no DAP**

**Single Premium Financed and Lender Paid PMI
not allowable on any product**



Teachers Mortgage Assistance Program

The **Teachers Mortgage Assistance Program** offers home loans at below-market interest rates to **Teachers who are certified in the State of Connecticut** and qualify under program eligibility.

- The prospective homebuyer(s) will receive an additional .125% discount on CHFA's published interest rate.

Ways to qualify:

- Teaching in a Priority or Transitional School District and will purchase a home in the same Priority or Transitional School District;
- Employed by the State of Connecticut and teaching in a technical high school that is located in a Priority or Transitional School District;
- Teachers who graduated from a public high school in an educational reform district as defined in Section 10-262u of the CT General Statutes;
- Teachers who graduated from a historically black college or university or a Hispanic-serving institution.
- Teachers in their respective endorsement area/s in one of the state-identified "Subject-Matter Shortage Areas" may qualify in any school district in CT.



Police Homeownership Program

The **Police Homeownership Program** encourages Police Officers to purchase homes and reside in communities where they work by offering home loans at below-market interest rates.

- The prospective homebuyer(s) will receive an additional .125% discount on CHFA's published interest rate.
- The homebuyer must be a municipal or state police officer, purchasing a home in a designated area of a participating town.
- **Municipal Police Officer:**
 - The homebuyer must work in the town where they purchase their home.
- **State Police Officer:**
 - The homebuyer may purchase a home in any participating city or town.



Military Homeownership Program

The **Military Homeownership Program** is designed to help the men and women who serve our country realize the dream of homeownership at below market interest rates to members of the U.S. Military, Reserve, or National Guard.

- The prospective homebuyer(s) will receive an additional .125% discount on CHFA's published interest rate.
- The homebuyer must be a veteran, full-time active duty, Reserve or National Guard service member of the United States military. Unmarried surviving spouses or civil union partners of eligible veterans may also be eligible.



FHA 203(k) Standard and 203(k) Limited Rehabilitation Mortgage Programs

(Available only to CHFA approved 203k Lenders)

- The **FHA 203(k) Standard and Limited Rehabilitation Mortgage** Programs offer mortgage financing for homebuyer(s) interested in purchasing a home in need of repairs.
- **203(k) Standard Program:** allows for full structural alterations and repairs of damage to the home *(i.e. chimneys, walls, roof, and ceilings as well as termite and water damage)*.
- **203(k) Limited Program:** allows for improvements and repairs with costs between \$5,000 - \$35,000 including these repairs: full conversion of a single family home to duplex, installation of energy-efficient features, and repair of flooring, roofing, and handrails.



Home of Your Own Program

The Home of Your Own Program offers home loans at below-market interest rates to homebuyer(s) who are disabled or who have a disabled member of the household.

- The prospective homebuyer(s) will receive an additional .125% discount on CHFA's published interest rate.
- The homebuyer(s) must provide proof of the disability. The disability can be established with documentation.



Homeownership Mortgage Program

The **Homeownership Mortgage Program** offers mortgages at below-market interest rates to tenants of publicly assisted housing who wish to transition from renting to homeownership.

- The prospective homebuyer(s) will receive an additional .125% discount on CHFA's published interest rate.
- The homebuyer must be a tenant of public housing or receive public housing assistance through the Section 8 Rental Assistance Program, the Department of Developmental Services, or the State Moderate Rental Program.



Borrowers Without Credit Scores

- Allowable with Approve / Eligible Findings –
(Co-Borrower has no credit score)
- Allowable following Insurer / Agency Manual Underwrite Guidelines for borrower(s) without credit scores

**Please see CHFA's
Loan Program Outlines & Underwriting Guides**



LOAN PROGRAM OUTLINES & UNDERWRITING GUIDES



CHFA has prepared a reference guide for our Lenders which pertains to the many loan programs offered, and includes information regarding underwriting overlays, credit scores, applicable servicers, and more

Go to chfa.org

Lenders/Mortgage Program Resources
see PDF titled:

**LOAN PROGRAM OUTLINES AND
UNDERWRITING GUIDES**

UNDERWRITING CHFA HOMEBUYER MORTGAGE PROGRAMS



Monthly Debt-to-Income Ratio

All Mortgage Programs without DAP

*The maximum **monthly** housing expense ratio allowed must be in compliance with the insurer or guarantor guidelines.*

- **FHA and HFA Preferred™:** Lenders may follow AUS / Total Scorecard for loans with Approve/Eligible findings up to a **maximum total** DTI of 50%.
- **HFA Advantage®, USDA-RD and VA Guaranteed:** Lenders may follow AUS/GUS for loans with Approve/Accept/Eligible findings up to a **maximum total** DTI of 45%.

When applicable, CHFA DAP guidelines will also apply

How to Calculate Income the CHFA Way

- **REPAYMENT:** Income Used to Qualify for Payment
 - Follow insurer/investor guidelines. Consider DAP overlays when applicable. Lender's Underwriter to support income used.
- **INCOME LIMITS:** All Income Earned by Borrower(s)
 - Follow CHFA income analysis worksheet.

**Only the Borrower(s) income is considered for repayment and
income limits calculations**

AND

**Borrower income limits will be based on
household size**

See Income Limits Chart

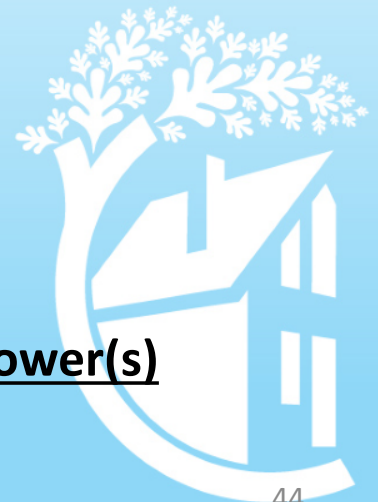
Income Considerations For Limits

Aggregate mortgagor(s) income (*gross income*) shall include ALL sources from where borrower(s) receive income, whether used for repayment or not.

Examples include, but are not limited to:

Alimony	Military Allowance
Annuity	Military Reimbursement
Bonus	Overtime
Child Support	Pension
Commission	Rental Income
Dividends	Retirement
Disability	Social Security/VA Benefits
Foster Care	Welfare

Include any other recurring source of income received by borrower(s)



Review Income Documents In Workbook



Tax Returns

- **Why three years?**
- **Dependents**
- **Additional Income**



Downpayment Assistance Program Overview

CHFA DAP 2nd mortgages are only available with CHFA first mortgage loan financing.

- **Borrowers may apply for down payment assistance ONLY.**
(Closing costs are no longer eligible for inclusion in the CHFA DAP Loan Amount)
- **Rate and term for CHFA DAP is the same as the first mortgage.**



Structuring Loans with DAP

Conventional Financing

1. If purchasing a single family, condominium or PUD with maximum financing of 97% LTV, borrowers may apply for 3% DAP for down payment. Maximum 100% CLTV.
2. If purchasing a multi-family (2-4 unit) property with maximum financing of 95% LTV, borrowers must contribute 3% of their own funds and can apply for 2% DAP* for down payment. Maximum 97% CLTV.

**HFA Advantage[®] Program – Single Family Only*

Note: If the LTV is less than 97% on SFR or 95% on 2-4 unit, borrower is not eligible for DAP



Structuring Loans with DAP

Government Loans

- FHA – If purchasing a 1- 4 unit residence, condominium or PUD with maximum financing of 96.5% LTV, borrower may apply for 3.50% DAP for down payment.
- UFMIP must be included in the first mortgage.
Maximum 100% CLTV.

DAP is not available for VA or USDA first mortgages



CHFA Second Mortgage Loan (DAP)

Underwriting Ratios

- The monthly Housing-To-Income expense ratio is 35.00%.
- The monthly Total-Debt-To-Income ratio is 43.00%.

NO EXCEPTIONS

- Income used to calculate housing and debt ratios will be limited to a total of 60-hours of income from either full-time employment combined with over-time earnings; or full-time employment combined with part-time employment earnings.



Delinquent Credit

(Eligibility Requirements For Loans With CHFA DAP)

- CHFA will continue to require payment of all delinquent accounts including collections and charge offs and outstanding judgment accounts as well as any State or Federal past due tax obligation including accounts with established payment arrangements **without exception.** Medical collections may remain open, as per Agency / Insurer guidelines.
- Eligibility for financing after Bankruptcy, Foreclosure, Short-Sale or Deed in Lieu is the greater of:
 - ***Three (3) years from the date of the event***
- or -
 - ***The amount of time required by the insurer***
(i.e. FHA, VA, USDA or PMI) or investor, (FNMA/FHLMC)

The date of the event will be determined by the discharge or dismissal date of the derogatory credit event



DAP Loan Amount and Asset Limitation

- **All available borrower assets exceeding \$10,000 must be used toward the cost of acquisition of the property.**
- **Retirement funds are not to be included in the asset test calculations.**
- **Liquid assets include all assets of the proposed mortgagor(s) only.**
- **Types of asset accounts include: Checking, Savings, CDs, Money Market Funds, Custodial Accounts, Stocks, Bonds, etc.**



DAP Loan Amount and Asset Limitation

- Minimum DAP 2nd Loan Amount = \$3,000
- If the final DAP 2nd mortgage loan amount is less than \$3,000 *due to asset test calculation*, borrower(s) will not be eligible for DAP.
- When calculating the DAP 2nd mortgage loan amount, if 3.00% of the property sales price (*for conventional loans*) or 3.50% of the property sales price (*for loans with FHA insurance*) is less than the minimum \$3,000 DAP loan amount allowed, the First Mortgage Loan amount and LTV may be reduced to increase the required down payment to equal \$3,000.

2 – 4 Family Unit Reserves Requirement

- CHFA requires Lenders to collect the amount of reserves that is in compliance with the guidelines of the insurer, (*i.e. FHA, VA, USDA or PMI*) or investor (*FNMA/FHLMC*).
- If reserves are required, borrower will be allowed to keep the greater of, the required reserve amount - OR - \$10,000.
- 401k funds may be included to meet the reserve requirement.



Review

Bank Statements and Paystubs in Workbook



Bank Statements

- **Transfers**
- **Employment**
- **Overdrafts**
- **Other regular deposits/payments**



Paystubs

- **Deductions**
- **Direct Deposits**
- **CSE Credit Union**



DAP Allowable Closing Costs

- Closing costs on DAP loans may not exceed \$450.*
- CHFA – Approved Lenders may charge a \$200 application fee for processing DAP loans and actual costs for the recording fees.
- Title insurance is not required on a DAP loan, however, Lenders may collect up to a maximum of \$150* for settlement agent expenses associated with closing the second mortgage loan.

If necessary, other fees should also be adjusted to insure that the total allowable fees do not exceed \$450.



IMPORTANT NOTE

The CHFA DAP eligibility and underwriting criteria does not apply to applications when only first mortgage loan financing is applicable.

First mortgage applications will continue to be processed under the eligibility and underwriting criteria described in:

SECTION 3 – ELIGIBILITY; and

SECTION 5 – UNDERWRITING

of the CHFA Home Mortgage Program - Operating Manual

DAP eligibility and underwriting criteria is described in:

SECTION 8 – DOWNPAYMENT ASSISTANCE PROGRAM

NOTE: Files should be fully underwritten and recommended for CHFA approval by the Lender *prior* to submission to CHFA.



CHFA DOCUMENTS

- **Understanding Recapture Tax**
- **Notice of Potential Recapture Tax**
- **4506T**
- **Borrower Eligibility Certificate**
- **DAP Application and Qualifying Worksheet**
- **DAP Borrowers Certificate**



Review CHFA Required Forms In Workbook



Transmittal

- **Is the transmittal signed?**
- **Subordinate financing?**
- **FHA – EIN 06-1267528**
- **Correct DAP monthly payment?**



- **Complete?**
- **Declarations**
- **Dependents**
- **Manner In Which Title Will Be Held**



AUS Findings

(See Workbook)

- **Run as HFA Preferred™ or HFA Advantage®?**
- **Match Transmittal**
- **Community Seconds**



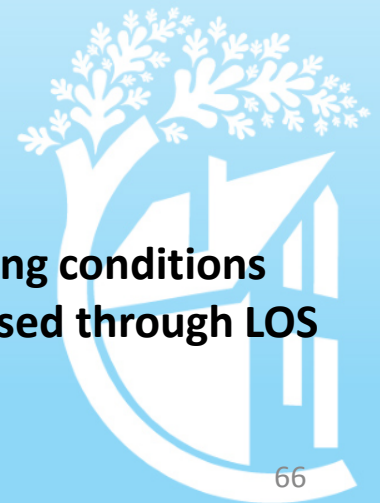
Commitment Letters

- Borrower correct?
- Subject Property Correct?
- Loan Amount?
- Correct Servicer?



Work Flow

1. Offer on property accepted, Loan Application Complete
2. Complete Reservation in LOS
3. Duplicate Reservation? Email SFAMinquiry@chfa.org
4. Process and Underwrite the file at your office
5. Your Underwriter clears to close pending CHFA approval
6. LOS is updated with all verified information, *including DAP Worksheet*
7. 1003 and Additional Data complete in LOS
8. File uploaded in ShareFile through LOS
9. File underwritten by CHFA and CHFA issues a Commitment; OR
10. CHFA issues a MEL (*Missing Exhibits Letter*), Lender provides missing conditions (*after your underwriter reviews and approves*) via ShareFile accessed through LOS
11. CHFA reviews conditions and CHFA issues a Commitment



Success Tips



Reserving a Loan in LOS

Use **HELP** tab in LOS to access Guide



Assembling the Loan File For CHFA Underwriting



**See
Submission Forms
in Workbook**



Loan Submission- LOS

Use HELP tab in LOS to access Guide



File Upload / Submission


Lender Dashboard | **Reservation** | Rates | Contacts | Reports | Admin | Help

Reservation Search | Communication Search | Submit New Reservation | Reservation Details | Submit Additional Data | Upload 1003 | Manage 1003 | **Upload Documents** | Communications

UPLOAD DOCUMENTS - LENDER TRAINING Loan #: 190008, Borrower: ANITA MORTGAG

Upload Documents To Sharefile





heather.bilger@chfa.org

Password

☒ Remember Me [Privacy Policy](#) [Forgot Password?](#)



er

Name

- 190008 Approval.pdf
- 190008 Assets.pdf
- 190008 CHFA Required Docs.pdf
- 190008 Commitment.pdf
- 190008 Credit.pdf
- 190008 Income.pdf
- 190008 Property.pdf



CONNECTICUT HOUSING FINANCE AUTHORITY

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ShareConnect

Workflows

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Folders > SFAM-Lenders > 999 - LENDER TRAINING > 190008-MORTGAGE

190008-MORTGAGE More Options

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190008-MORTGAGE More Options

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Name	Size	Uploaded	Creator
190008 Income.pdf	1 MB	9:55 AM	H. Bilger
190008 Credit.pdf	658 KB	9:55 AM	H. Bilger
190008 Commitment.pdf	609 KB	9:55 AM	H. Bilger
190008 CHFA Required Docs.pdf	580 KB	9:55 AM	H. Bilger
190008 Assets.pdf	605 KB	9:55 AM	H. Bilger
190008 Approval.pdf	545 KB	9:55 AM	H. Bilger
190008 Property.pdf	634 KB	9:55 AM	H. Bilger
Missing Exhibits	0 B	1/30/19	S. Transfer

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Questions

*If you have exhausted all resources
including, but not limited to:*

**Lender's Underwriter, All-Regs/Agency
Guidelines and CHFA Online Resources
(Operating Manual and Loan Program
Outlines and Underwriting Guides)**

please email

SFAMinquiry@CHFA.org

