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.
The Connecticut Housing Finance Authority (CHFA) was created in 1969 by the Connecticut Legislature as a self-supporting quasi-public housing agency charged with the purpose of expanding affordable housing opportunities for Connecticut’s low-and moderate-income families and individuals.

Last year, CHFA helped 3,206 Connecticut individuals and families become homeowners through its low-interest rate mortgage loan programs.
www.chfa.org
Interest Rates

Today's Homebuyer Rate
Residential
2.875 %*
Click for APR

Recent Multifamily Rate
Commercial
3.500 %*

*Rates are subject to change. Additional fees may apply.

Stay in touch with CHFA

Subscribe to one or more of our mailing lists to receive updates on news, events and funding opportunities with CHFA. If you are currently receiving updates from CHFA, you are all set. Thank you.

Your email address

SUBMIT
From Homepage, click on “Lenders”

All CHFA Program Guidelines can be found here.

Bulletins - SFAM important information including Program changes will be sent in the form of a Bulletin. Be sure to sign up to receive on the Homepage.

Operating Manual - Written guidelines for CHFA products from qualification to post-closing

Loan Program Outlines & Underwriting Guides - Detailed Matrices for each CHFA Program

CHFA Servicer Guides - All information pertaining to Servicing, including Mortgagee Clauses

Next, click on “Mortgage Program Resources”
WHAT IS A BOND?

- A fixed income investment in which an investor loans money to an entity *(typically corporate or government)* which borrows the funds for a defined period of time at a variable or fixed interest rate.

- Bond ratings are intended to inform the potential investors about the perceived risks of the bond.

  - CHFA is rated “Aaa”  
    *Source: Moody’s Investor Services (8/2020)*

  - CHFA is rated “AAA”  
    *Source: Standard & Poor’s Global (3/2020)*

*CHFA bonds are tax-exempt* (not subject to federal and state income tax).
HOW ARE CHFA SINGLE FAMILY PROGRAMS FUNDED?

CHFA Receives Bonding Authority from State

CHFA issues Tax-Exempt Mortgage Revenue Bonds (MRBs)

Funds from proceeds of Bonds sold are used for first-time homebuyer mortgages

Proceeds of the sale of Bonds are made available to CHFA

These Tax-Exempt Bonds are sold on the Bond Market to Investors
CHFA & BOND COMPLIANCE REQUIREMENTS

• First-Time Homebuyer
  – Borrower must be a first-time homebuyer or have not owned a home in the past three (3) 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
  – Vary by town and city.
  – Differs between households of less than three (3) residents and households of three (3) or more residents.

• Sales Price Limits
  – Vary 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
FEDERAL RECAPTURE TAX

Federal Recapture Tax is an IRS Tax Rule

Applies to the homeowner if:

- The homeowner sells the home within nine (9) years of purchase; and
- Earns significantly more income than when he/she bought the home; and
- Has a gain from the sale.

~ CHFA PROVISION ~

Homeowner may be eligible to receive reimbursement from CHFA if required to make the Federal Recapture Tax payment and completes the required forms.

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.
**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”.

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Targeted Areas
ffiec.gov

Census demographic data for the year 2019 are currently unavailable.
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. (not applicable for HFA Preferred™, HFA Advantage® or CHFA CALP)
The CHFA Resource Map is an all-in-one tool to help you find eligibility information for a CHFA mortgage.

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
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.

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.
BORROWER ELIGIBILITY

Examples:

✓ A first time homebuyer that has never owned a home

✓ A Borrower who has not owned a home in the past three years. *(Borrower has sold or quitclaimed property outside of three years and is not obligated under any mortgage notes).*

✓ A borrower whose non-signing spouse has owned a home in the past three years. *(Borrower is neither on title, nor obligated under the note and has not been in past three years).* *(Additional names may not be added to title).*

✓ A borrower who has owned a home within the past 3 years (or currently) and is purchasing in a Targeted area. *(Borrower may not retain ownership of another home at the time of closing on the CHFA loan).*
TAX RETURNS

- The lender must obtain copies of **signed** Federal Income Tax Returns or IRS Transcripts filed for the previous three (3) years preceding the closing of the mortgage.

- If the homebuyer was not required by law to file a Federal tax return for any of the previous three (3) years, the homebuyer or lender must request a *Verification of Non-Filing Letter* from the IRS to confirm the “no filed” record with an explanation from the borrower.

- In Targeted Areas, only **one** (1) year of signed Tax Returns or IRS Transcripts is required unless additional Tax Returns are required for income purposes.
INCOME LIMITS

Only Borrower/s gross income is used for Repayment and Income Limits Calculation.

The applicable income limit is determined by the total household size.
## Connecticut Housing Finance Authority - SALES PRICE LIMITS

**EFFECTIVE: APRIL 23, 2020**

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HOMEBUYER EDUCATION

• A minimum of a 3-hour Pre-Closing Homebuyer Education class is required for at least one borrower on all CHFA loans.

• 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 multi-unit property homebuyers.
HOMEBUYER EDUCATION cont.

• Pre-Purchase Education: *(CHFA 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: *(CHFA 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 multifamily home. This class is required for CHFA homebuyer(s) buying a 2-4 family home. This class is not available on-line and is in *addition to* Pre-Purchase or Pre-Closing Homebuyer Education.

• Financial Fitness Counseling is also available. *(3-hours)*
HOMEBUYER EDUCATION cont.

Pre-Purchase Homebuyer Education
This comprehensive, eight-hour course will teach you what it takes to become a successful homeowner, from seeking pre-approval for a mortgage to making an offer to the closing process. Individual financial and credit counseling sessions are also available as part of this eight-hour class.

This course is encouraged for everyone who is considering the purchase of a first home.

Pre-Closing Homebuyer Education
You will learn about budget planning, home maintenance, and foreclosure prevention in this three-hour class. At least one CHFA loan applicant is required to attend this course unless they’ve completed the Pre-Purchase class within the past 12 months.

Classes are available at counseling agencies across the state.

Take the Homebuyer Education Online
Contact your CHFA-Approved Lender to obtain an access code which will allow you to take this class free of charge. The online class is offered through eHome America in partnership with CHFA.

Landlord Education
From finding reliable tenants to maintaining the value of your property, being a landlord comes with a host of responsibilities. CHFA’s landlord education course provides an overview of the issues a homebuyer should understand before owning a multifamily home.
PROPERTY ELIGIBILITY

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 FHLMC/FNMA/VA/USDA eligible).*
  - *No CHFA separate condo list.*
  - *If the condo is deed restricted for affordability – and not acceptable to the applicable investor / insurer, request for approval must be sent to CHFA.*

- Multifamily homes (2 to 4 units) must have been residential properties for the last five (5) years. *(FHA and FNMA only)*

- * Newly constructed* 2 family homes are allowed, if located in Targeted Area.
Eligible Properties
Condominium

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

The following documentation is acceptable and must be included in file submitted to CHFA:

- 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. Please only include these documents in file to IHFA. Please do not submit to these documents to CHFA for review. If DU allows limited review, Lender must include a memo in the file stating that a limited review was completed.
CHFA FIRST MORTGAGE FINANCING

- 30 years
- Fixed (CHFA) interest rate
- 1% Origination fee
- Owner-Occupied
- No non-occupant co-signors
- No additional names added to deed
CHFA Mortgage Programs

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

FHA - VA - USDA - FNMA - FHLMC - CHFA CALP.

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

CHFA guidelines are *in addition to*, not in place of Insurer and Agency Guidelines.
All CHFA Mortgages carry a 30 year, fixed rate term.

Lender is allowed to charge a maximum of 1.00% Origination Fee Charged on all CHFA first mortgages (*collected at closing, retained by Lender*).

All CHFA Mortgages are Locked for 90 days at time of reservation.
CHFA Mortgage Programs

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

• CHFA guidelines are *in addition to*, not in place of, Insurer and Agency Guidelines.
CHFA Mortgage Programs

• It is the responsibility of the Lender’s Underwriter to ensure file meets Agency/Insurer and CHFA Guidelines.

• The file will be cleared to close by Lender’s Underwriter, pending CHFA Approval PRIOR to file submission to CHFA for review.
Regular Homebuyer

Government Insured Loans

• FHA, USDA and VA Insured Loans

• Not allowed with LTV at or below 80%
  *(Mortgage Insurance of any kind is not allowed at or below 80%)*

• Follow Agency/Insurer Guidelines

• Max 45%/45% DTI *(First mortgages only without CHFA DAP)*

*Borrowers who qualify for the Teachers Mortgage Assistance Program may qualify for 50% total debt ratio with student loans in repayment. Please see Teachers Mortgage Assistance Program Guidelines.*
The **FHA 203(k) Standard and Limited Rehabilitation Mortgage Programs** (Available only to CHFA- Approved 203(k) 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.
CHFA Conventional Programs

HFA Preferred™
HFA Preferred™ Uninsured - Fannie Mae

HFA Advantage®
HFA Advantage® Uninsured - Freddie Mac

Conventional AMI Loan Program (CALP) - CHFA
(Insured and Uninsured)
HFA Preferred™ Program

- FNMA Program
- Desktop Underwriter (DU) Required
- Insured *(PMI at discounted coverage)* and Uninsured *(at or below 80% LTV)*
- Up to 97% LTV – Single Family 95% LTV – 2- 4 Units
- Maximum 45% /45% DTI *(First mortgages only without CHFA DAP)*
- 1 – 4 Units, Condos, Townhouses and PUDs

Borrower Qualifying Income cannot exceed 80% AMI.

*Borrowers who qualify for the Teachers Mortgage Assistance Program may qualify for 50% total debt ratio with student loans in repayment.*

*Please see Teachers Mortgage Assistance Program Guidelines.*
HFA Advantage® Program

- FHLMC Program
- Loan Product Advisor (LPA) Required – Accept Eligible
- Insured \( (PMI \text{ at discounted coverage}) \) and Uninsured \( (\text{at or below 80\% LTV}) \)
- Up to 97\% LTV
- Maximum 45\% /45\% DTI \( (\text{First mortgages only without CHFA DAP}) \)
- Single Family, Condos, Townhouses and PUDs
- 2 – 4 Unit Properties are NOT ALLOWED

Borrower Qualifying Income cannot exceed 80\% AMI.

*Borrowers who qualify for the Teachers Mortgage Assistance Program may qualify for 50\% total debt ratio with student loans in repayment.

Please see Teachers Mortgage Assistance Program Guidelines.
HFA Preferred™ & 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
Income limits will not be waived in Targeted Areas.
### Conventional AMI

This chart is a sample only. Please verify correct AMI Limits for FNMA or FHLMC before reserving a file with CHFA.

#### Connecticut – 2020 AMI – Fannie Mae & Freddie Mac

<table>
<thead>
<tr>
<th>County Name**</th>
<th>2020 Area Median Income (AMI)</th>
<th>2020 Low-income - 80% (AMI)</th>
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* AMI for HFA Preferred™ and HomeReady® - or - HFA Advantage® and HomePossible® - or - CHFA CALP programs are identical.

** For 2020, all towns in each county have the same AMI.
Conventional AMI Loan Program (CALP)

- No Loan Level Pricing Adjustment
- Use CHFA current Non-Government Rate at time of reservation
- Insured or Uninsured
- DU or LPA findings: Approve/Accept Eligible required. Lender to confirm that income exceeds 80% AMI
- Income Limits NOT Waived in Targeted Areas
- PMI Coverage:
  - 95.01% - 97.00% LTV - 25%
  - 90.01% - 95.00% LTV - 25%
  - 85.01% - 90.00% LTV - 25%
  - 80.01% - 85.00% LTV - 12%

This program is not eligible for delegated (LEAN) or limited documentation underwriting
Conventional AMI Loan Program (CALP)

Servicers

First Mortgage:
AmeriNat - or - Service Retained Lender

CHFA DAP:
Capital for Change, Inc. (C4C)
CHFA Specialty Programs
Available in Combination with Government and Conventional Programs

- Teachers Mortgage Assistance Program
- Police Homeownership Program
- Military Homeownership Program
- Home of Your Own Program
- Homeownership Program
The Teachers Mortgage Assistance Program offers below market interest rates to Teachers certified in the State of Connecticut meeting the following guidelines:

- Teach in a Priority or Transitional School District or Teaching in a Technical High School located in a Priority or Transitional School District AND purchasing a home in that same Priority or Transitional School District; or

- Teach full or part-time in their respective endorsement area/s in one of the State-Identified Subject Matter Shortage Areas or eligible “Alliance District” subjects. Borrower/s who meet this requirement can purchase a home anywhere in the State of Connecticut.

Prospective Homebuyer/s meeting the above criteria will receive an additional .125% discount on CHFA’s published interest rate at time of Reservation.

Maximum DTI is 45%/45%.

*If borrower has Student Loans in Repayment, Maximum DTI is 45%/50% with AUS Approval.*

DTI Guidelines applicable with or without CHFA DAP

See next slide for Additional Teachers Mortgage Assistance Program Guidelines and Enhancements.
Teachers Mortgage Assistance Program

To help recruit and retain (R&R) minority teachers in our communities, *additional* incentives are available for Teachers who:

- Graduated from a public high school in an educational reform district as defined in Section 10-262u of the Connecticut General Statutes; or
- Graduated from a historically Black college or university or a Hispanic-serving institution.

These incentives include:

- .25 discount on CHFA’s published interest rate at time of Reservation. *(This cannot be combined with any other discount).*
- Borrower/s teaching in Priority or Transitional School District are not required to purchase in that same District.

Statement of Eligibility Letter *(CHFA Form 031-030)* is required from the School District Superintendent for all Borrower/s applying for the Teachers Mortgage Assistance 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 for 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.

- This program can be combined with FHA, VA, USDA, FNMA, FHLMC and CHFA CALP products.
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 evidence 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.
  (Manual Underwrite is not allowed on HFA Advantage® or CALP Programs)

Please see the CHFA 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
There are two interest rates:

- **Government**
  
  FHA, VA, USDA

- **Non-Government**
  
  HFA Preferred™, HFA Advantage®, CHFA CALP
There are only two things that will affect rate:

1. SUBJECT PROPERTY LOCATED IN TARGETED AREA
   .25% discount on published rate at time of reservation

2. BORROWER QUALIFIES FOR SPECIALTY PROGRAM
   .125% discount on published rate at time of reservation

Rate discounts cannot be combined. Targeted Area Discount will prevail.
CHFA First Mortgage Programs
Interest Rates

Interest rates are NOT affected by:

• Credit Score
• Property Type
• Number of Units in Subject Property
• Rate Lock Time Period
• Discount Points
Rate Lock & Reservation of Funds

• Reservation of Funds - 90 Days (Rate Lock)
  
  *Fully executed Purchase and Sales Contract required for CHFA Reservation.*

• 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 ninety (90) days.

• Reservations are linked to the applicant(s) social security number(s).

• Interest rate is not released until the reservation expiration date, even if applicant(s) change lenders.
Reservations may be edited by the Lender’s designated CHFA LOS Admin or Senior Loan Processor.

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

See slides to follow for guidelines on the following:

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

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.
Reservation Period With 31 - 60 Days Remaining

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.
Reservation Period With 30 Days or Less Remaining

<table>
<thead>
<tr>
<th>Loan #:</th>
<th>(To be assigned after successful submission of Reservation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status:</td>
<td>Not Submitted</td>
</tr>
</tbody>
</table>

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.

Reservation Date: [Date]
Reservation Expiration Date: [Date]
Prior Reservation Date: 1/31/2019 12:50 PM
Lender Canceling an Existing Reservation
To Enter a New Reservation to Edit Data

Submit Reservation

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)

Reservation Date:
Calculating Income
The CHFA Way

Every file submitted to CHFA must contain a complete and accurate Income Calculation Worksheet.

The worksheet can be the lender’s version or the CHFA Income Calculation Worksheet, as long as all of the information required is calculated.

CHFA will issue a Missing Exhibits Letter (MEL) if ALL of the required income calculations are not provided. *(3 calculations for Conventional and CHFA CALP loans, 2 calculations for Government Loans.)*
Required Income Calculations
For All Files Submitted to CHFA

The following Income Calculations are required in every file:

**Repayment Income**
This is the income calculation used to determine the borrower/s ability to repay. Also known as Qualifying Income.

**Income Limits**
This is the income calculation used to determine that the borrower/s GROSS annual income is within CHFA Income Limits for Bond Compliance.

All Calculations Must Be Separate, Clear and Complete.
Additional Required Income Calculations for Conventional and CALP Loans

All conventional loans must ALSO include an AMI calculation. This includes HFA Preferred™, HFA Advantage® and the CHFA Conventional AMI Program (CALP).

**Area Median Income (AMI)**
This calculation will normally be the same as Qualifying / Repayment Income. *(Calculation per FNMA and FHLMC Guidelines)*

**HFA Preferred™ and HFA Advantage®**
Income *cannot* exceed 80% of AMI limits for subject property’s county.

**CHFA CALP**
Income *must* exceed 80% of AMI limits for subject property’s county.

*No income lower than the base can be utilized for AMI calculation*
Repayment Income (Qualifying)

**Income Used to Qualify for DTI Ratios**

Follow insurer/investor guidelines. Consider DAP overlays when applicable (for example, max 60 hours per week allowed to qualify). Lender’s Underwriter to support income used.

*Example:*

Borrower is purchasing 123 Main Street, Hartford, CT 06106 - Subject property is in a Targeted Area.

Borrower earns **$3,115 biweekly** in Base Salary.

Borrower also earned **$5,000 Annual Bonus** in 2019 – (not being used to qualify).

- **Qualifying Income Calculation:** $3,115 x 26 / 12 = $6,749.16 per month.
- **$6,749.16 per month x 12 months = $80,990 annually.**

**Using Bonus Income to qualify is optional, if borrower qualifies without it**
CHFA Income Limits

The CHFA Income Limits Calculation is the income calculation used to determine CHFA Income Limits eligibility for Bond Compliance. Government insured loans without CHFA DAP are exempt from the CHFA Income Limits Calculation, if subject property is located in a Targeted Area. See CHFA Income Limits Chart.

This calculation takes into consideration GROSS annual income from all sources.

Example:

Borrower is purchasing 123 Main Street, Hartford, CT 06106 - Subject property is in a Targeted Area.

$6,749.16 per month x 12 months = $80,990 annual - Qualifying Income and AMI Income.

Borrower also earned a $5,000 Annual Bonus in 2019 – not being used to qualify, however, needs to be included in CHFA Income Limits Calculation.

$80,990 annual income + $5,000 annual bonus = $85,990 annual - CHFA Income Limits Calculation.
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
- Annuities
- Bonus
- Capital Gains
- Child Support
- Commission
- Dividends
- Disability
- Foster Care
- Gambling Winnings

- Interest Income
- Lyft, Uber, Etsy, etc.
- Military Allowance
- Overtime
- Part-Time Employment
- Pension
- Rental Income
- Retirement
- Secondary Employment
- Self-Employment Income
- Social Security / VA Benefits

Include any other recurring source of income received by borrower(s)
See Section 5 of the Operating Manual for Self-Employment Guidelines
Income Limits

Only Borrower/s gross income is used for Repayment and Income Limits Calculation. The applicable income limit is determined by the total household size.

CHFA Income Limits Chart
Area Median Income (AMI)

All Conventional products and CHFA CALP require a documented AMI Income Eligibility Calculation.

HFA Preferred™ and HFA Advantage® Programs require an income calculation at or below 80% of the AMI for subject property’s county.

CHFA CALP Program requires an income calculation over 80% of the AMI for subject property’s county. *(Calculation per FNMA and FHLMC Guidelines).*

**Example:**

Borrower is purchasing 123 Main Street, Hartford, CT 06106 - Subject property is in a Targeted Area

$6,749.16 per month x 12 months = $80,990 annual - Qualifying Income and AMI Income

Borrower Exceeds 80% AMI — Borrower only qualifies for CHFA CALP or Government Financing

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* AMI for HFA Preferred™ and HomeReady™ - or - HFA Advantage® and HomePossible® - or- CHFA CALP programs are identical.

** For 2020, all towns in each county have the same AMI.
Monthly Debt-to-Income Ratio

All Mortgage Programs without DAP

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

- **All Programs without CHFA DAP:** Lenders may follow AUS / Total Scorecard for loans with Approve/Accept Eligible findings up to a maximum total DTI of 45%. *

*When applicable, CHFA DAP guidelines will also apply.*

*Up to 50% DTI may be allowable under the Teachers Mortgage Assistance program with Student loans in repayment. See Program Specific Guidelines.*
Monthly Debt-to-Income Ratio

CHFA DAP

Monthly Housing Expense Ratio:
• Lenders may follow AUS / Total Scorecard for loans with Approve/Accept Eligible findings up to a **maximum housing DTI of 35%**.

Monthly Total Expense Ratio:
• Lenders may follow AUS / Total Scorecard for loans with Approve/Accept Eligible findings up to a **maximum total DTI of 45%**.*

Borrower qualifying income on CHFA DAP loans is limited to the use of 60 hours maximum per week.

*Up to 50% DTI may be allowable under the Teachers Mortgage Assistance program with Student loans in repayment. See Program Specific Guidelines.
Resources - Income Limits

www.chfa.org

Click on “Lenders” on CHFA Homepage

Then Click on “Lender Forms”

Form 059 - Income and Sales Price Limits
Resources - Income Analysis Worksheet

www.chfa.org

Click on “Lenders” on CHFA Homepage

Then click on “Lender Forms”

Form 060 - Income Analysis Worksheet
Resources - Income Calculation Calendar

www.chfa.org

Click on “Lenders” on CHFA Homepage

Then click on “Lender Forms”

Form 068
Income Weekly Calculation Lender Calendar
DAP OVERVIEW

• CHFA DAP second mortgages are only available with CHFA first mortgage loan financing and can only be used for down payment and closing costs.

• Rate and term for CHFA DAP is the same as the first mortgage.

• First Mortgage loan must be at maximum LTV. DAP is used for down payment, then closing costs.
DAP ENHANCEMENTS

effective with reservations 11/15/20

• Total DTI increased to 45.00%. Ratios are 35.00%/45.00%*.
• DAP loan will include both down payment and closing costs.
• CLTV increased to 105%.
• Maximum DAP loan amount is $20,000.
• Borrowers are required to contribute $1,000 towards acquisition costs (funds can be gifted, as per Agency/Insurer guidelines).
• Maximum fees collected by lender are increased to $550.

*Borrowers who qualify for the Teachers Mortgage Assistance Program may qualify for 50% total debt ratio with student loans in repayment.
Please see Teachers Mortgage Assistance Program Guidelines.
DAP ALLOWABLE CLOSING COSTS

Loan Estimate and Closing Disclosure cannot reflect fees in excess of $550.00

- Maximum Application Fee - $250.00 (retained by lender)
- Actual costs for Recording Fees
- Actual Pre-Paid Interest
- Maximum Settlement Agent Fees - $200.00

- Title Insurance is not required on a DAP loan however; lenders may collect up to a maximum of $200.00 for settlement agent expenses associated with closing the second mortgage.

If lender charges the $250.00 application fee and, actual recording fees and prepaid interest exceed $100.00 the maximum settlement fee must be decreased to ensure the total allowable fees do not exceed $550.00
DAP LOAN AMOUNT

• Minimum DAP Mortgage Loan Amount = $3,000

• If the final DAP mortgage loan amount is less than $3,000 due to the asset test calculation, borrower will not be eligible for DAP.

• When calculating the DAP 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.
If purchasing a single-family, condominium or PUD with maximum financing of 97% LTV, borrower can apply for DAP to cover 3% down payment and actual closing costs up to 105% CLTV.

If purchasing a multi-family (2-4 unit) property with maximum financing of 95% LTV, borrowers must contribute 3% of their funds. Borrower can apply for DAP to cover 2% down payment and actual closing costs up to 105% CLTV.

HFA Advantage® Program = Single-Family Residences Only

Borrower must contribute $1,000 toward acquisition costs

Max DAP loan amount is $20,000
FHA - If purchasing a 1-4 unit residence, condominium or PUD with maximum financing of 96.5% LTV, borrower may apply for DAP to cover 3.5% down payment and actual closing costs up to 105% CLTV.

USDA-RD / VA - If purchasing a single family residence, condominium or PUD with maximum financing of 100% LTV, borrower may apply for DAP to cover actual closing costs up to 105% CLTV.

Borrower must contribute $1,000 toward acquisition costs.
• Borrower may retain up to $10,000 in liquid assets after purchase transaction.

• $1,000 minimum borrower contribution is included in the $10,000 asset test, as is Ernest Money Deposit.

• Be sure to account for ALL liquid assets and review paystubs and bank statements carefully for additional asset accounts.

• DAP loan amount will be reduced by any amount of liquid assets in excess of $10,000.

• DAP asset test may be waived under Teachers Mortgage Assistance and Police Homeownership Programs.
BORROWER CAN KEEP A MAXIMUM OF $10,000 IN LIQUID ASSETS AFTER CLOSING

- All liquid asset accounts must be disclosed and verified (most recent 3 months statements required). Any deposit or withdrawal greater than or equal to 10% of borrower’s gross monthly income to be sourced.

- Review paystubs and bank statements for additional deposit accounts not disclosed, as well as direct deposits, garnishments and transfers. Document all undisclosed activity shown on these documents.

ALL DEROGATORY CREDIT MUST BE PAID IN FULL AND CURRENT

All Collection accounts must be paid prior to closing, regardless of AUS Findings with the exception of Medical Collections. This includes payoff of all delinquent IRS tax obligations currently in repayment.
DAP Highlights

• The maximum hours allowed for calculating repayment income is sixty (60) hours per week. *(this includes combined income from base salary, overtime or second job).*

• *DAP worksheet must be completed accurately in CHFA LOS prior to submission.* *(all changes to worksheet calculations must be updated).*

• Apply “common-sense” underwriting! If borrower has borderline credit history, no rental history, substantial overdrafts and little savings – additional alternative credit may be requested. Document the file; tell CHFA why the file should be approved.

• Double check the terms of DAP/Subordinate financing are correct in AUS.

Refer to CHFA Operating Manual Section 8 – Downpayment Assistance Program and DAP Matrix in the Loan Program Outlines and Underwriting Guide for questions on DAP eligibility, underwriting guidelines and overlays.
Origination Disclosures and Closing / Post-Closing Forms

All CHFA Origination Disclosures, Program Forms, Checklists and Closing / Post-Closing Forms can be found on our Website at www.chfa.org
### Lender Forms

*Origination documents are highlighted below. Include DAP forms only if applicable.*

<table>
<thead>
<tr>
<th>Form ID</th>
<th>Loan Program - Forms</th>
<th>Form # S = Sample</th>
<th>Last Revision Date</th>
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<tbody>
<tr>
<td>007</td>
<td>Assignment of Mortgage - Sample</td>
<td>036-1014 - S</td>
<td>6/11/17</td>
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<tr>
<td>010</td>
<td>Assumption Agreement - Sample</td>
<td>036-1195 - S</td>
<td>7/16/16</td>
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<tr>
<td>011</td>
<td>Assumption Approval</td>
<td>035-1195</td>
<td>7/1/14</td>
</tr>
<tr>
<td>015</td>
<td>Borrower Eligibility Certificate</td>
<td>014-1107</td>
<td>6/1/14</td>
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<tr>
<td>018</td>
<td>Borrower Signature Affidavit</td>
<td>014-0718</td>
<td>8/1/17</td>
</tr>
<tr>
<td>022</td>
<td>Closed Ln Doc Checklist: -(AmeriNat or Service Retained)</td>
<td>009-0810</td>
<td>3/1/19r</td>
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<tr>
<td>026</td>
<td>Condominium Eligibility Certification</td>
<td>013-490</td>
<td>10/15/19</td>
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<td>Downpayment Assistance Program (DAP) Appl for Downpayment ONLY</td>
<td>DAPappONLY</td>
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<td>Downpayment Assistance Program (DAP) Closing Checklist Procedures</td>
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<td>9/20/19</td>
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<td>Downpayment Assistance Program (DAP) Closing Checklist Procedures</td>
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<td>6/2/20</td>
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<td>Downpayment Assistance Program (DAP) Second Mortgage Deed</td>
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<td>038</td>
<td>Downpayment Assistance Program (DAP) Second Mortgage Note</td>
<td>DAP07NOT</td>
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<td>044</td>
<td>Employment Verification (Telephone) - Sample</td>
<td>037-1195 - S</td>
<td>7/16/16</td>
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<tr>
<td>049</td>
<td>Gift Letter - Sample</td>
<td>022-1195 - S</td>
<td>7/16/16</td>
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</table>
Reserving a Loan in LOS

Use HELP tab in LOS to access Guide
Other Training Opportunities

Please sign up for Bulletins, News and Announcements to receive Training Announcements and check out the Training and Events section of our Website to register for the following CHFA Training Classes:

- Loan Programs and Reservations
- Bond Compliance and Homebuyer Education
- CHFA CALP (Conventional AMI Loan Program)
- Loan File Submission
- Calculating Income the CHFA Way
- www.chfa.org
- CHFA DAP
- Closing / Post-Closing
- CHFA Disclosures and Forms
QUESTIONS?

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

Lender’s Underwriter, AllRegs /Agency Guidelines
~ and ~
CHFA Online Resources
(CALP FAQ’s, Operating Manual, Loan Program Outlines & Underwriting Guides)

Please email:
SFAMinquiry@chfa.org

Counseling Related Questions should be directed to:
counseling@chfa.org

Questions regarding acceptable AMI calculations should be directed to
Fannie Mae or Freddie Mac
THANK YOU FOR JOINING US!

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Content may be subject to change as result of updates and corrections to the programs and presentations.

CHFA reserves the right to revise and/or alter these training materials at any time.