

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?

- The Authority works with CHFA- Approved Lenders.
(does not self – originate)
 - CHFA- Approved Lenders originate, process and underwrite the CHFA mortgage files.
- Types of CHFA- Approved Lenders:
 - Banks, Mortgage Companies, and Brokers.
- CHFA offers below-market interest rates.
 - CHFA interest rates are updated at 9:00 am daily.
- All CHFA loans must meet Bond Compliance Guidelines.



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**

- Varies by town and city.
- Differs between households of less than three (3) residents and households of three (3) 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








What's New At CHFA?



2019-2020


- Updated LOS and Loan Submission Guides released
- Rates Change Daily
- HFA Preferred and HFA Advantage AMI Overlay
- Max DTI for all programs without DAP = 45.00%
- Teacher Program Enhancements
- Commuting Distance Restrictions
- Procedures for Duplicate Reservations in LOS
- Homeowner Insurance Deductible Clarification
- CHFA Conventional AMI Loan Program (CALP)




www.chfa.org



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



www.chfa.org

Interest Rates

Today's Homebuyer Rate
Residential

3.000 %*

Click for APR

Recent Multifamily Rate
Commercial

4.110 %*

*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



LENDERS, HELPING BORROWERS BUY THEIR FIRST HOMES

CHFA partners with lenders across Connecticut to help low-to-moderate income borrowers buy their first home. We offer many loan options with below-market interest rates to make it easy for lenders to find the right product with the right fit for clients who may not qualify for a traditional mortgage.

Our partnership is important to us, we designed this website to help us work together more easily and efficiently.

Scroll through the resources provided here to learn more about CHFA programs for borrowers, training opportunities for lenders and other tools and information that can improve the work we do together.



Lender Activity Reports

This report will show the number of loans purchased and reserved by your company.



How to Become a CHFA Lender

Follow these steps to become a CHFA-Approved Lender.



CHFA Resource Map

The CHFA Resource Map will provide you with Sales Price and Income Limit guidelines and Targeted Area mapping information.



Homebuyer Education Calendar

View all Homebuyer Education Class Schedules available to our borrowers.

Only approved CHFA lenders can offer our low-interest rate loans. We are always looking to expand consumer access to CHFA loans and welcome the opportunity to speak with anyone interested in becoming an approved lender.

Lenders

[Loan Origination System \(LOS\)](#)[Mortgage Program Resources](#)[Operating Manual - Sections](#)[Lender Forms](#)[CHFA- Approved Housing Counselors](#)[Marketing Materials](#)[Federal Recapture Tax](#)[Training & Events](#)[How to Become a CHFA Lender](#)[Loan Status Information](#)[Homebuyer Education Calendar](#)

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”.

*TARGETED AREA - CENSUS TRACTS			
Targeted areas are denoted with an (*). If the property being purchased is located in a Targeted Area, please note that in these areas, only your income can be higher than what is listed, providing you do not request down payment assistance from CHFA.			
Ansonia	1252, 1253, 1254	Middletown	5411, 5415, 5416, 5417
Bridgeport	ALL CENSUS TRACTS	New Britain	4153, 4155, 4156, 4157, 4158, 4159, 4160, 4161, 4162, 4163, 4166, 4171
Danbury	2101, 2102, 2107.01, 2107.02	New Haven	ALL CENSUS TRACTS EXCEPT FOR 3614.02
Derby	1202	New London	ALL CENSUS TRACTS
East Hartford	5104, 5106, 5113	Norwalk	0434, 0437, 0438, 0440, 0441, 0442, 0444, 0445
Groton	7025, 9800	Norwich	6964, 6967, 6968
Hartford	ALL CENSUS TRACTS EXCEPT FOR 5245.02	Stamford	0201, 0214, 0215, 0216, 0217, 0221, 0222, 0223
Manchester	5147	Torrington	3101, 3102, 3103, 3108.01, 3108.03, 3108.04
Mansfield	8812	Waterbury	ALL CENSUS TRACTS
Meriden	1701, 1702, 1703, 1709, 1710, 1714	Windham	8003, 8006

Targeted Areas

ffiec.gov

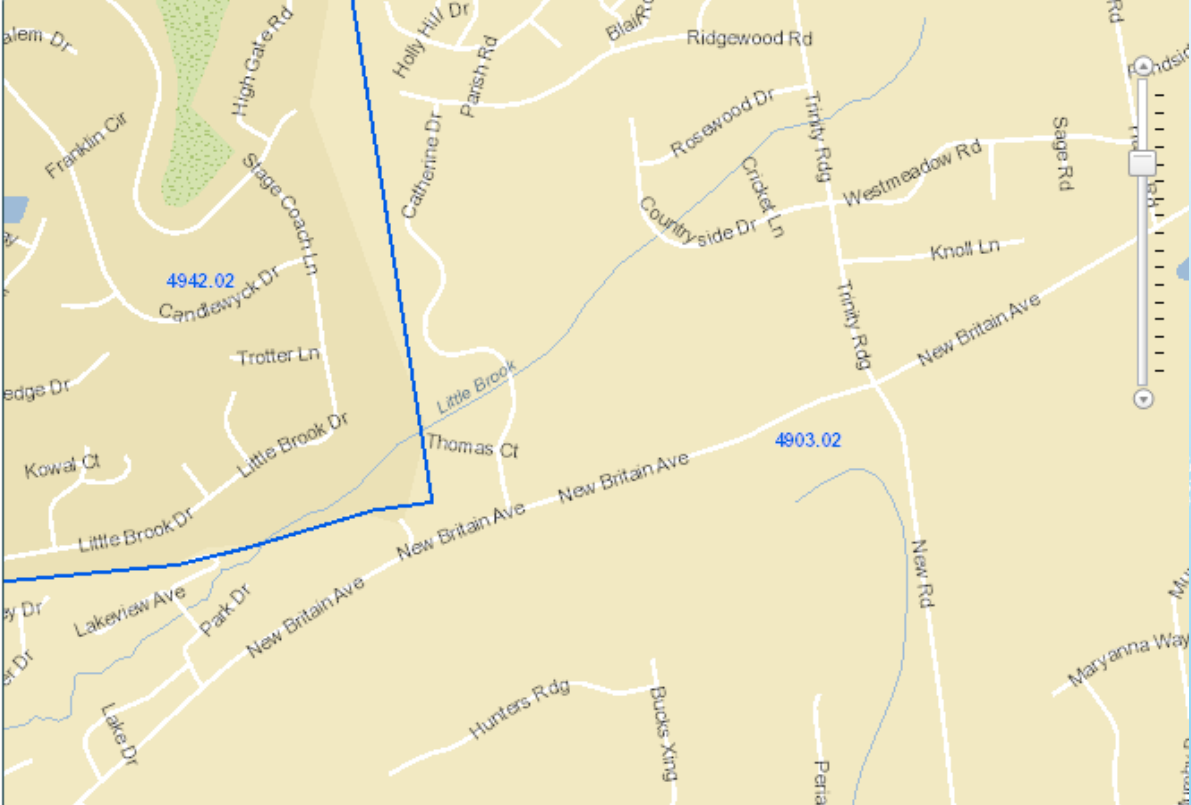
FFIEC Year: 2019 Address: 999 West Street, 06067 Search Reset

Matched Address	
Address	999 WEST ST, ROCKY HILL, CT, 06067
MSA/MD Code	25540
State Code	09
County Code	003
Tract Code	5242.00
MSA/MD Name	HARTFORD-EAST HARTFORD-MIDDLETOWN, CT
State Name	CONNECTICUT
County Name	HARTFORD COUNTY

Census demographic data for the year 2019 are currently unavailable.

Census Demographic Data

☐ User Select Tract



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)



CHFA Resource Map

- **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**



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](#)[Targeted Areas](#)[CHFA- Approved Counselors](#)[CHFA- Approved Lenders](#)[CHFA- Homes For Sale](#)

Income & Sales Price Limits	
Town	Mansfield
Targeted Area	(View Targeted Area Layer)
Income Limits Household Size 1 or 2	\$91,700
Income Limits Household Size 3 or more	\$105,455
Sales Price Limits Existing	\$325,055
Sales Price Limits New	\$325,055

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. Oct. 7, 2019

The Home of Your Own - Homeownership - Reverse Annuity Mortgage Programs use "Statewide" Income Limits: \$100,400 (1 or 2 persons) \$115,460 (3 or more persons)

All other Programs use "Town" Income Limits as shown with the exception of loans with CHFA DAP and HFA Preferred™ loans in Targeted Areas

Targeted Area Income limits are not waived for HFA Preferred™ (See FNMA "AMI Limits") or CHFA Conv. AMI Loan Program (CALP) or HFA Advantage® Program

"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	129,720	149,180	Goshen	100,900	116,035	Prospect	100,900	116,035
Bridgeport *All Areas	123,120	143,640	Harwinton	100,900	116,035	Seymour	104,900	120,635
Brookfield	129,720	149,180	Kent	100,900	116,035	Southbury	100,900	116,035
Danbury	129,720	149,180	Litchfield	100,900	116,035	Wallingford	100,900	116,035
*Targeted Areas	135,960	158,620	Morris	100,900	116,035	Waterbury * All Areas	121,080	141,260
Darien	144,300	165,945	New Hartford, New Milford	100,900	116,035	West Haven	100,900	116,035
Easton	123,120	143,640	Norfolk, North Canaan	100,900	116,035	Wolcott, Woodbridge	100,900	116,035

Sales Price Limits

Connecticut Housing Finance Authority - SALES PRICE LIMITS



EFFECTIVE: APRIL 23, 2020

Fairfield County			Litchfield County, cont.			New Haven County, cont.		
Existing	New		Existing	New		Existing	New	
Bethel	534,080	534,080	Goshen	317,590	317,590	Prospect	294,600	294,600
Bridgeport * All Areas	652,765	652,765	Harwinton	317,590	317,590	Seymour	294,600	294,600
Brookfield	534,080	534,080	Kent	317,590	317,590	Southbury	294,600	294,600
Danbury	534,080	534,080	Litchfield	317,590	317,590	Wallingford	294,600	294,600
*Targeted Areas	652,765	652,765	Morris	317,590	317,590	Waterbury * All Areas	360,065	360,065
Darien	534,080	534,080	New Hartford, New Milford	317,590	317,590	West Haven	294,600	294,600
Easton	534,080	534,080	Norfolk, North Canaan	317,590	317,590	Wolcott, Woodbridge	294,600	294,600
Fairfield	534,080	534,080	Plymouth	317,590	317,590			
Greenwich	534,080	534,080	Roxbury	317,590	317,590			
Monroe	534,080	534,080	Salisbury, Sharon	317,590	317,590			
New Canaan	534,080	534,080	Thomaston	317,590	317,590			
New Fairfield, Newtown	534,080	534,080	Torrington	317,590	317,590			
Norwalk	534,080	534,080	*Targeted Areas	388,165	388,165			
*Targeted areas	652,765	652,765	Warren	317,590	317,590			
Redding, Ridgefield	534,080	534,080	Washington, Watertown	317,590	317,590			
Shelton	534,080	534,080	Winchester, Woodbury	317,590	317,590			
Sherman	534,080	534,080						
Stamford	534,080	534,080						
*Targeted Areas	652,765	652,765						
Stratford	534,080	534,080						
Trumbull	534,080	534,080						
Weston, Westport, Wilton	534,080	534,080						
Hartford County			Middlesex County			New London County		
Existing	New		Existing	New		Existing	New	
Avon	313,505	313,505	Chester	313,505	313,505	Bozrah	294,600	294,600
Berlin, Bloomfield	313,505	313,505	Clinton	313,505	313,505	Colchester	294,600	294,600
Bristol, Burlington	313,505	313,505	Cromwell	313,505	313,505	East Lyme	294,600	294,600
Canton	313,505	313,505	Deep River	313,505	313,505	Franklin	294,600	294,600
East Granby	313,505	313,505	Durham	313,505	313,505	Griswold	294,600	294,600
			East Haddam, East Hampton	313,505	313,505	Groton	294,600	294,600
			Essex	313,505	313,505	*Targeted Areas	360,065	360,065
			Haddam	313,505	313,505	Lebanon	294,600	294,600
			Killingworth	313,505	313,505	Ledyard, Lisbon, Lyme	294,600	294,600
			Middlefield	313,505	313,505	Montville	294,600	294,600
			Middletown	313,505	313,505	New London * All Areas	360,065	360,065
						North Stonington	294,600	294,600
						Norwich	294,600	294,600
						*Targeted Areas	360,065	360,065
						Old Lyme	294,600	294,600
						Preston	294,600	294,600
						Salem, Sprague, Stonington	294,600	294,600
						Voluntown	294,600	294,600
						Waterford	294,600	294,600

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)**



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/VA/FNMA/FHLMC approved*).
- Multifamily 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:**
 - Must be FHA/VA/FNMA/FHLMC 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*



Eligible Properties

Condominium

- FHA - Approved Condominiums
- 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 must include a memo in the file stating that a limited review was completed.



CHFA INTEREST RATES

All CHFA rates include 1.00% Origination Fee

(FHA 203(k) Rehabilitation Loan Programs - Standard = 2.50% and Limited = 1.50%)

RATE STRUCTURE EXAMPLE

<u>Government Rate</u>	<u>Non-Government Rate</u>	<u>Origination</u>	<u>APR</u>
2.875%	3.000%	1.00	(APR range 2.975% - 3.500%)

(The margins between government and non-government rates are subject to change with published interest rate changes every business day at 9:00 am.)

- Targeted Areas allow for .25 % discount on published interest rates.
- The following programs offer a rate reduction discount of .125%:
Homeownership, Home of Your Own, Military, Police, Teachers Program

Targeted Area and Specialty Program Discounts Cannot Be Combined

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.



Editing Reservations

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

- 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

RESERVATION DETAILS

Lender Code: 001

Lender Name: CHF

Email: sfamtraining@chfa.org

Prepared By: Heat

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:

Co-Borrower



Reservation Period With 31 -60 Days Remaining

RESERVATION DETAILS


Lender Code: 001

Lender Name:

Email: sfamtraining@chfa.org

Prepared By:

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.

OK

*First

Middle Name:

Borrower



Reservation Period With 30 Days or Less Remaining

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)

Reservation Date:

Status: **Not Submitted**

Reservation Expiration 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

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)

Reservation Date:



Additional Lender Fees

Authorized by CHFA

- **Loan Processing Fee = \$395.00**
- **Loan Underwriting Fee = \$395.00**
- **MERS Fee up to \$15.00 (*for IHFA loans only*)**
- **Tax Service fee of \$85.00 (*for IHFA loans only*)**
- **Owner Occupancy Inspection Fee up to \$100.00**

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- 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.**



Regular Homebuyer

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



FHA 203(k) Standard and 203(k) 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™ Programs

HFA Preferred™ & 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.



✓ **Borrower Qualifying Income cannot exceed 80% AMI.**

(Effective 9/4/19)

HFA Advantage[®] Programs

HFA Advantage[®] & 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.

✓ **Borrower Qualifying Income cannot exceed 80% AMI.**



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**



HFA Preferred™ & HFA Advantage® Programs

Important Changes

- ✓ Borrower(s) qualifying income must be at or below 80% AMI.
- ✓ Maximum DTI without DAP = 45%.
- ✓ Income limits *will not* be waived in Targeted Areas.



Conventional AMI

CONNECTICUT – 2019 AMI – FANNIE MAE*

County Name**	2019 Area Median Income (AMI)	2019 Low-income - 80% (AMI)
Fairfield	\$119,000	\$95,200
Hartford	\$98,400	\$78,720
Litchfield	\$100,900	\$80,720
Middlesex	\$98,400	\$78,720
New Haven	\$90,700	\$72,560
New London	\$96,200	\$76,960
Tolland	\$98,400	\$78,720
Windham	\$95,300	\$76,240

* AMI for HFA Preferred™ and HomeReady® is identical. Please refer to <https://www.fanniemae.com/singlefamily/homeready>.

** For 2019, all towns in each county have the same AMI.

FNMA relies on the Annual Qualifying Income (*for underwriting*) to compute the AMI and not on the Annual Household Size Income (*for IRS [CHFA Income Limit Chart]*) which CHFA maintains in determining bond eligibility.



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 reflecting borrower(s) income exceeds 80% AMI
- PMI Coverage:
 - 95.01% - 97.00% LTV - 25%
 - 90.00% - 95.00% LTV - 25%
 - 85.01% - 90.00% LTV - 25%
 - 80.01% - 85.00% LTV - 12%
- Income Limits NOT Waived in Targeted Areas



Conventional AMI Loan Program (CALP) Servicers

First Mortgage:

AmeriNat - or - Service Retained Lender

CHFA DAP:

Capital for Change, Inc. (C4C)



Teacher Mortgage Assistance Program

Teachers certified in the State of Connecticut may qualify for the Teachers Mortgage Assistance Program as follows:

- Teaching in a Priority or Transitional School District; **or**
- Employed by the State of CT in a technical high school that is located in a Priority or Transitional School District; **or**
- 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; **or**
- Teach in their respective endorsement area/s in one of the State-Identified Subject Matter Shortage Areas.

Note: In the case of certified teachers in a Priority or Transitional School District, or in a technical high school located in a Priority or Transitional School District, the dwelling must be located in the district in which the school is located.



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 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-RD, FNMA or FHLMC products.



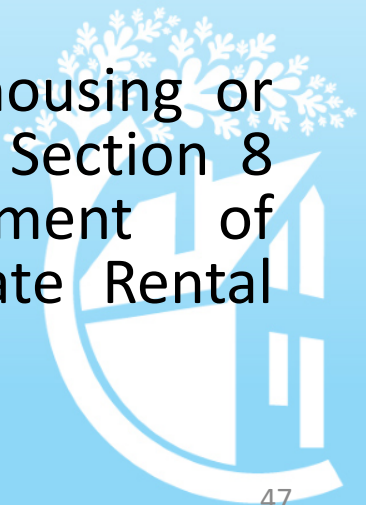
Home of Your Own Program

- 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 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 the CHFA
Loan Program Outlines & Underwriting Guides



LOAN PROGRAM OUTLINES & UNDERWRITING GUIDES



999 West Street, Rocky Hill, CT 06067-4001
Phone: (860) 721-9501 Fax: (860) 571-3550
Website: www.chfa.org

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 45%**. *(effective with reservations 9/4/19)*
- **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.
- **AMI:** Only calculated on HFA Preferred™, HFA Advantage® and CHFA CALP Programs. ***This is in addition to the income calculation required for CHFA income limit eligibility.***
- **INCOME LIMITS:** All Income Earned by Borrower(s)
 - Follow CHFA income analysis worksheet.



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

Annuity

Bonus

Child Support

Commission

Dividends

Disability

Foster Care

Military Allowance

Military Reimbursement

Overtime

Pension

Rental Income

Retirement

Social Security/VA Benefits

Welfare

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



Review Income Documents In Workbook



Tax Returns

- **Why Three (3) Years?**
- **Dependents**
- **Additional Income**



Downpayment Assistance Program Overview

- **CHFA DAP 2nd mortgages are only available with CHFA first mortgage loan financing and can only be used for down payment.**
- **Rate and term for CHFA DAP is the same as the first mortgage.**



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.



DAP Loan Amount

- 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 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.

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 up to 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 up to 2% DAP* for down payment. Maximum 97% CLTV.

HFA Advantage[®] Program = Single-Family Residences Only

**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 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-RD 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 Asset Test

2 – 4 Family Unit - Reserve Requirements

- CHFA requires Lenders to collect the amount of reserves that is in compliance with the guidelines of the insurer, (*i.e. FHA, VA, USDA-RD 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.



Review Bank Statements and Paystubs in Workbook



Bank Statements

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



Paystubs

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



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?**

1003

- **Complete?**
- **Declarations**
- **Dependents**
- **Manner In Which Title Will Be Held must be complete** (to be decided in escrow or TBD not acceptable)
- **Only borrower(s) can take title**

AUS Findings

(See Workbook)

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



CHFA

Commitment Letters

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



See CHFA Loan File Submission Forms

See the CHFA Lender Forms Workbook



Work Flow

1. Offer on property accepted, Loan Application Complete
2. Complete Reservation in LOS
3. Duplicate Reservation? Follow instructions provided by LOS at time of reservation
4. Process and Underwrite the file at your office
5. Your Underwriter clears the file 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



See the CHFA Lender Training Forms Workbook



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

