

## NOTICE OF CONNECTICUT STATE AGENCIES

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### Connecticut Housing Finance Authority

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#### Notice of Intent to Amend Procedures

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In accordance with Section 1-121 of the Connecticut General Statutes, NOTICE IS HEREBY GIVEN that the Connecticut Housing Finance Authority proposes to amend Procedures:

#### **Statement of Purpose:**

To amend the Procedures of the Authority, specifically Section III.G. “Single Family Housing, Downpayment Assistance Program (DAP)”, as described below.

#### **Summary of Proposed Procedures Change:**

The Single Family Housing Procedures are being changed to repeal the borrower asset requirement for downpayment and/or closing costs.

Copies of the proposed Procedures (III.G. Single Family Housing, Downpayment Assistance Program) may be obtained by visiting [www.chfa.org](http://www.chfa.org). All interested persons may submit written data, views and arguments in connection with the above-stated proposed Procedures by email to [PublicComment@chfa.org](mailto:PublicComment@chfa.org) or by mail to attention Valencia Taft-Jackson, Connecticut Housing Finance Authority, 999 West Street, Rocky Hill, CT 06067 no later than 30 days after the publication of this notice.

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## **G. DOWNPAYMENT ASSISTANCE PROGRAM (DAP)**

### **G-1. Introduction**

The DAP Program provides financial assistance in the form of second mortgage loans or second mortgage deferred loans to eligible homebuyers based on their financial needs to assist in the purchase or purchase and rehabilitation of a single family home.

### **G-2. Borrower Eligibility**

Borrower eligibility for a DAP loan shall be the same as the eligibility criteria established in the Authority's Homebuyer Mortgage Program (Section III A), along with those criteria in this Section III G.

### **G-3. Occupancy, Eligible Dwellings**

The criteria for owner occupancy and eligible dwellings shall be the same as the criteria established in the Authority's Regular Homebuyer Mortgage Program (Section III, A-6, A-15, A-19).

### **G-4. Terms & Conditions**

(a) The Authority shall establish the terms and conditions of any loan provided in accordance with this program. In no case shall the term of the DAP loan exceed the term of the first mortgage loan. If the homebuyer under the program assigns, transfers or otherwise conveys his or her interest in such dwelling or ceases to occupy such dwelling, the unpaid principal balance of said loan together with interest thereon shall become due and payable. The Executive Director of the Authority, at his or her discretion, may adjust the interest rate, terms and conditions of any loan if he or she determines that the homebuyer is unable to repay the loan and the adjustment will facilitate repayment.

(b) The homebuyer shall obtain a commitment for an Authority first mortgage. To obtain a DAP second mortgage, the first mortgage loan amount must be the maximum loan-to-value (LTV) that the program allows.

(a) The property shall meet the property standards of the Authority's Homebuyer Mortgage Program.

(b) Borrowers under the Authority's Homeownership Program shall be eligible for a DAP loan at a sliding scale interest rate based on their income, as determined by the Authority.

### **G-5. Closing Costs~~Determination of DAP Loan Amount~~**

~~The borrower shall use all assets which they possess for the downpayment and/or closing costs, with the exception of Ten Thousand Dollars (\$10,000).~~

(a) Closing costs may be included in the determination of the Downpayment assistance if the borrower does not possess assets for closing costs.

(b) Borrowers may request to utilize the DAP second mortgage loan solely to finance closing costs.

~~(c) For purposes of this section, the borrower's assets shall be defined as:~~

~~(1) Any and all cash in checking and saving accounts, certificates of deposit or money market funds;~~

~~(2) Cash in trustee and/or custodial accounts listed under the social security number of the borrower;~~

~~(3) Stocks, bonds and treasury bills;~~

~~(4) Funds in any retirement plan including, but not limited to, IRA accounts and 401K plans, and may be excluded from inclusion in the DAP test calculations even if the plan allows the applicant(s) to borrow or withdraw funds from the plan. The amount of funds in the plan(s) must be fully documented and may be used to evidence reserves subject to the considerations outlined in secondary market underwriting guidelines for retirement accounts; and~~

~~(5) Other assets which the Authority determines to be readily convertible to cash.~~

## G-6. Underwriting

The Authority shall underwrite DAP loans in accordance with underwriting criteria established by the Authority and published in the Authority's Homebuyer Mortgage Program Operating Manual.

Single Family

Downpayment Assistance Program

Revised: 03/27/14

Adopted: 05/29/14