

## **SECTION 7 - LOAN PURCHASE**

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# SECTION 7 - Loan Purchase

## 7.1 Closing Procedures

### A. Scheduling

Participating Lenders are expected to close Loans in accordance with their established practices. After receipt of a Commitment, the Participating Lender shall make advance arrangements with the borrower to ensure agreement and understanding as to the amounts of and who will pay closing costs, prepaid items and other escrows, costs and fees. The closing must be scheduled at a time prior to the expiration of the Commitment and at a time which is convenient for the borrower. However, the loan may not be scheduled for closing until the Lender has received a CHFA loan commitment letter. The Participating Lender should advise the borrower, at least twenty-four hours prior to closing, of the total amount of funds which the borrower must have at closing and the form in which such funds are to be made available.

### B. Compliance with Laws

1. The Participating Lender shall be familiar with the Real Estate Settlement Procedures Act (RESPA) and other federal or state laws applicable to closing procedures for home mortgage loans, and must comply with their provisions.
2. None of the Mortgage loans are subject to, covered by, or in violation of the Home Ownership and Equity Protection Act of 1994 (HOEPA) and its implementing regulations (Reg. Z) or classified as “high cost”, “covered”, “high risk”, “threshold” or “predatory loans” under any other applicable state, federal or local law, including any predatory or abusive lending laws (or similarly classified loans using different terminology under a law imposing heightened scrutiny or additional legal liability for residential mortgage loans) or in violation of any state law or ordinance comparable to HOEPA or Anti-Predatory Lending Laws.
3. In order to comply with Connecticut General Statutes 42-151 et. seq. (the Connecticut Plain Language Law), a borrower with a Mortgage amount of \$25,000 or less shall be required to be represented by an attorney at the closing.

### C. Escrows

1. The Participating Lender shall determine the amount of escrow payments with respect to any Loan and make arrangements for the establishment of an escrow account with the Servicer if the servicing is not to be done by the Participating Lender. The Participating Lender or Servicer is to comply with the Department of Housing and Urban Development Real Estate Settlement Procedures Act Escrow Accounting Procedures.

2. The Servicer shall escrow for real estate taxes, mortgage insurance premiums and hazard & flood insurance premiums (when hazard insurance or flood insurance premiums are required to be escrowed by the mortgage insurer or guarantor). Servicer shall pay interest on escrow deposits at a rate not less than the minimum set forth in applicable statutes or regulations. CHFA does not prohibit reasonable and prudent investments of such escrow funds.
3. The Participating Lender shall escrow for undisbursed rehabilitation construction amounts for Rehabilitation Mortgage Loans – currently 203(k) Standard or 203(k) Limited Programs. (See Section 4).

Idaho Housing and Finance Association will take prepaid interest in the wire from the date of purchase adjusting interest accordingly; see specific Idaho Housing and Finance Association funding procedures, 7.3.C

#### **D. Completed CLOSING Documentation**

1. The Participating Lender shall verify that all Loan closing documents are properly executed and witnessed and that signatures on all documents conform with one another and to those on the original application.
2. Any erasures or corrected errors which appear on the note or mortgage deed must be initialed by all parties who signed the documents.
3. Documents executed pursuant to a power of attorney should be accompanied by a certified copy of the recorded power of attorney.
4. The Participating Lender must verify that the mortgage deed and assignment of mortgage are complete, correct, properly acknowledged and otherwise in recordable form. **CHFA is not a member of the Mortgage Electronic Registration System (MERS) and assignment of CHFA mortgage loans in MERS is strictly prohibited.**
5. For all CHFA first mortgage loans delivered to CHFA sub-servicer, (AmeriNat) the assignments must be in the name of the Connecticut Housing Finance Authority, 999 West Street, Rocky Hill, CT 06067.
6. The Participating Lender shall confirm that any special CHFA Commitment instructions or conditions have been complied with.

#### **E. Mortgage Insurance and Guaranty Requirements**

1. All required mortgage insurance or guaranty forms and certificates shall be properly completed and executed.

2. Evidence shall be obtained indicating that any special terms and conditions stated by the insurer or guarantor on its commitment have been satisfied.
3. The Participating Lender shall promptly notify the mortgage insurer of the assignment of the mortgage:
  - a. Proof of the electronic mortgagee change is required for FHA loans.
  - b. The Loan Sale Notice form is required for PMI loans.
  - c. No form or notice is required for VA loans.
  - d. USDA-RD Form 3555-11, Guaranteed Rural Housing Lender Record Change.

#### **F. Collection of Initial Payments**

The Participating Lender should collect initial escrow payments, prepaid interest and applicable fees at the closing.

#### **G. Fees**

1. All fees collected from the Borrower, including but not limited to, application fees and processing fees shall not in their aggregate exceed the amount allowed by the program. No additional fees may be charged by the Participating Lender to either the seller or the borrower.
2. The Participating Lender will be allowed to recover from the borrower all reasonable out-of-pocket expenses incurred in the Loan application in an amount not to exceed 100% of actual cost. Out-of-pocket expenses include those cash expenditures incurred by the Participating Lender to pay for outside services rendered, such as appraisals by outside independent fee appraisers and credit reports by independent credit reporting agencies.
3. The maximum allowable amount CHFA will allow a Lender to collect on first mortgage loan transactions for the origination fee, processing fee and underwriting fee are listed below:
  - a. Loan Origination Fees = 0 point (0.00%); or One point (1.00%) as determined by the applicant.
  - b. CHFA Loan Processing Fee = \$395.00
  - c. CHFA Loan Underwriting Fee = \$395.00

4. Document preparation fees may be charged if performed by a third-party not controlled by the lender. If charged, the document preparation fee may not exceed \$300.00. (See *FHA handbook 4155.1 RE-5 Settlement Requirement Section 1-9A*)

## **H. TILA RESPA Integrated Disclosure**

The borrower and the seller should receive a final itemized settlement statement of loan terms and closing costs. (TILA RESPA Integrated Disclosure Form H-25(B) Eff. 10-3-2015). A signed copy of the form must be obtained.

## **I. Recording**

Following the closing, the mortgage deed together with any necessary riders and the assignment of mortgage shall be promptly recorded on the land records of the town(s) in which the property is located.

## **7.2 Purchase of Committed Loans**

### **A. Loan Purchase Procedure**

1. CHFA will generally fund Loans on the date of the loan closing provided that the Participating Lender faxes the CHFA Loan Purchase Request Form (Form 066-0408) with copies of the Note/s prior to 12:00 noon in order for CHFA to be in a position to affect same day purchase.
  - a. Originating Lenders are required to fax the CHFA Loan Purchase Request form (066-0408-F) with Note copies prior to the 12:00 P.M. funding deadline for all loans closed prior to the deadline.
  - b. Faxes received after 12:00 noon will be funded the following business day.
  - c. If the loan is funded and does not close, the Lender will be required to return purchase funds and will incur a penalty of \$250.
  - d. Government Insured loans which are assigned and sold to Idaho Housing and Finance Association will be purchased pursuant to the instructions in Section 7.3.C.

- e. CHFA will not pay interest on purchases made after the date of loan closing if the delay in purchase results from Participating Lender's failure to fax by the 12:00 noon deadline.
  - f. All loan purchase requests must be faxed to CHFA within 48 hours of loan closing. Please fax completed CHFA Loan Purchase Request Form (CHFA form 066-0408) and executed and endorsed Note to (860) 721-9244.
2. The note amount must be what was issued on the commitment letter.
  3. The interest rate must be what was issued on the commitment letter.
  4. The amount of prepaid interest collected at closing should be calculated as a per diem based on the actual number of days in the relevant year (365 or 366).
  5. Calculate the interest payment from and including the closing date to but excluding the date of the first monthly payment.
  6. For all loans where prepaid interest is collected from the borrower at closing, CHFA will collect prepaid interest from CHFA's purchase date, not the closing date provided that the loan is purchased by CHFA no later than two (2) business days after closing.
  7. For all loans purchased by CHFA three (3) or more business days after closing, CHFA will continue to collect prepaid interest from the closing date of the loan.
  8. After verifying that there is a valid CHFA Commitment, CHFA will confirm the total amount of the purchase, net of prepaid interest and disburse this amount to the Participating Lender.
  9. *Inasmuch as the Loan purchase is made prior to the review of the closed loan documentation, the Loan is subject to repurchase by the Participating Lender as explained in Section 7.2.C.*

**B. SUBMISSION OF LOAN DOCUMENTS FOR PARTICIPATING LENDERS WHO RETAIN SERVICING**

NOTE: Loans released for servicing shall follow the Submission of Loan Documentation as described in Section 7.3. "Release of Loan Servicing".

Participating lenders who retain servicing shall follow the instructions in this section.

- a. Each Loan purchase package shall contain all applicable documents properly completed, IN A SINGLE PACKAGE.
- b. This package shall be delivered to CHFA, Attention: Finance Department, for review within 90 days after the date of the Loan closing. The Loan purchase package must be identified clearly with the CHFA Loan number which appears on the CHFA Commitment. All further correspondence regarding a Loan file must refer to the CHFA Loan number.
- c. CHFA Documents may not be changed or altered in any manner without the prior approval of CHFA. The Participating Lender must use CHFA forms where applicable; computer generated forms, in place of CHFA forms, are acceptable with prior written approval.
- d. The Participating Lender will receive written notice of any defects in the Loan or the documentation. The Participating Lender shall make prompt and diligent efforts to supply adequate correcting or supplemental documentation. In the event that the Loan purchase package is not brought into compliance, repurchase may be required and the Lender will incur a penalty of \$250.

**The following documents are required with each Loan purchase package submitted**

- 1. Promissory Note (must be submitted at time of request)

A copy of the original executed promissory note, endorsed to CHFA as follows:

Loans sold to CHFA are to be endorsed as "Pay to the order of Connecticut Housing Finance Authority without recourse".

(PARTICIPATING LENDER)

BY \_\_\_\_\_  
 TITLE \_\_\_\_\_  
 DATE \_\_\_\_\_

- a. CHFA is not a member of the Mortgage Electronic Registration System (MERS) and assignment of CHFA mortgage loans in MERS is strictly prohibited. All CHFA mortgage loan assignments must be in the name of the Connecticut Housing Finance Authority.
- b. In addition, loans in the amount of \$25,000 or less must bear the following attorney's statement, signed and dated by the borrower's closing attorney: "I am an attorney at law and I represented the borrower at this closing".

2. Certificate of Mortgage Insurance or Guaranty  
A copy of the mortgage insurance certificate must be submitted. (FHA, VA, USDA- RD or PMI)
3. Participating Lender Certification (CHFA Form 019-1101) - A copy of the completed certification must be signed by an authorized officer of the Participating Lender.
4. A copy of the executed and recorded Assignment of Mortgage to CHFA (CHFA Sample Form 036-1014-S).
5. A copy of original, executed DAP Note (CHFAFormDAP07NOT), if applicable.

### **CHFA DOWNPAYMENT ASSISTANCE LOANS**

Depending on the Loan Servicer assigned, the following documents must be delivered to Capital For Change, Inc. (C4C) or Idaho Housing and Finance Association (IHFA) as follows:

#### **CAPITAL FOR CHANGE, INC. (C4C)**

Fax To: Capital For Change, Inc. (C4C) to Loan Servicing (860) 233-5165

Mail To: Capital For Change, Inc. (C4C) at 121 Tremont Street, Hartford, CT 06105

#### **IDAHO HOUSING AND FINANCE ASSOCIATION (IHFA)**

Upload in Lender Connection for Idaho Housing and Finance Association.

- a. A copy of the executed & endorsed original DAP Note (CHFA Form DAP07NOT).
- b. The ORIGINAL executed & endorsed DAP Note (CHFA Form DAP07NOT) and the ORIGINAL, recorded DAP mortgage deed (CHFA Form DAP08MD) are to be sent, within 90 days of closing.
- c. A copy of the TRID Closing Disclosure (CD) (*formerly HUD-1 Settlement Statement*).
- d. A copy of Hazard & Flood Insurance policies.
- e. A copy of Uniform Residential Loan Application –
  - First page only, sent to **Capital For Change, Inc. (C4C)**.
  - Full application included in first mortgage loan documents sent to **Idaho Housing and Finance Association (IHFA)**.



- f. A copy of W-9 Form/s for all borrowers.
- g. A copy of the executed DAP commitment letter.
- h. A copy of the executed Borrower Signature Affidavit for each borrower.

NOTE: A copy of the executed & endorsed, original DAP Note (CHFA Form DAP07NOT) must also be sent to CHFA Finance Dept. – 999 West Street, Rocky Hill, CT 06067.

### **C. Repurchase Requirements**

Upon a Participating Lender's failure to comply with reasonable requests from CHFA to correct or complete documentation for any Loan purchase package or upon other breach of the terms of the Master Commitment Agreement for Mortgage Purchases, or any failure to comply with the requirements for eligibility set forth in this Manual (which failure is to be determined in the sole discretion of CHFA) without regard to whether the Participating Lender may be at fault, the mortgage will be reassigned to the Lender. Lender shall repurchase the Mortgage Loan as provided in the Master Commitment Agreement for Mortgage Purchases and the lender will incur a penalty of \$250.

*Please Note: CHFA will require the Participating Lender to repurchase any loan that has been closed in a loan amount and/or interest rate different than the loan amount and interest rate stated in the commitment letter and the lender will incur a penalty of \$250.*

## **7.3 RELEASE OF LOAN SERVICING**

### **A. General**

A Participating Lender who does not service CHFA mortgages must submit all loan documentation as described in 7.3.B.1., 7.3.C.1. and 7.3.C.2. to the assigned Servicer listed on the CHFA commitment. All servicing shall be carried out under the terms of the CHFA Home Mortgage Servicing Agreement.

### **B. Release of Servicing - Conventional Loans (Non-Government Insured) to: AMERINAT (formerly AmeriNational Community Services, LLC).**

1. CHFA will purchase loans released for servicing to AmeriNat, pursuant to Section 7.2.A. of this Manual. Participating Lenders, releasing servicing to AmeriNat, will deliver to AmeriNat within ten (10) days of the loan closing all those loan documents pursuant to the Conventional Loan Delivery Checklist.

2. Submission of Final Loan Documentation

The items listed in Section 7.3.B.1. will be sufficient for AmeriNat to set up servicing. The originating Participating Lender must also submit the following documents to CHFA immediately following the loan closing. Documents must be submitted no later than 90 days from the date the loan is closed.

Loans in the amount of \$25,000 or less must bear the following attorney's statement, signed and dated by the borrower's closing attorney: "I am an attorney at law and I represented the borrower at this closing".

CHFA is not a member of the Mortgage Electronic Registration System (MERS) and assignment of CHFA mortgage loans in MERS is strictly prohibited. All CHFA mortgage loan assignments must be in the name of the Connecticut Housing Finance Authority.

- a. A copy of the Certificate of Mortgage Insurance or Guaranty
- b. A copy of the completed Participating Lender Certification (CHFA Form 019-1101) signed by an authorized officer of the Participating Lender.
- c. A copy of the executed and recorded Assignment of Mortgage to CHFA (CHFA Sample Form 036-1014-S).

The remaining final loan documentation including the following shall be submitted within 90 days of loan closing:

AmeriNat  
Attn: Wanda Attig  
217 South Newton Avenue  
Albert Lea, MN 56007

- g. Original Note.
- h. Original recorded Mortgage Deed with CHFA Uniform Mortgage Rider/Owner Occupancy Certificate, (and Condominium or PUD Rider, if applicable).
- i. Original Title Insurance Policy.
- j. Original PMI Certificate of Insurance, FHA Mortgage Insurance Certificate, or the VA Loan Guaranty or USDA/Rural Development Guaranty, as applicable.

- k. Original Participating Lender Certification (CHFA Form 019-1101).
- l. Original Notice to Mortgagor of Max Recapture Tax (Form 051-0597).
- m. Original recorded Assignment of Mortgage.

### **3. Mortgage Insurance Escrows**

- a. PMI (monthly) insured loans - Two month's mortgage insurance is to be collected and remitted by the Participating Lender to the PMI Company, at time of closing, in order to initialize the mortgage insurance. In addition, the Participating Lender must file the applicable notice of transfer form required by the PMI Company and notify the customer that the first payment will include the monthly PMI premium. AmeriNat will begin paying PMI premiums in the month of the customer's first due date.
- b. PMI (annual) insured loans. Two month's mortgage insurance is to be collected for deposit into the escrow reserves by the Participating Lender at time of closing. In addition, the first year's premium should be delivered to the PMI Company by the Participating Lender along with the notice of transfer form.

### **4. Tax Escrows**

Sufficient Tax Reserves should be collected for all Tax escrow items. All taxes due within 30 days of closing must be paid at the closing and a paid receipt provided with the original faxed package. Tax escrows should only be established for real estate and fire district taxes. Escrows for other taxing authorities should not be made part of the escrow account unless it is part of the real estate tax bill (sewer and water use fees, etc).

### **5. Hazard/Flood Insurance Escrows**

Two month's hazard insurance reserve should be collected by the Participating Lender at closing for the escrow reserves. Participating Lending will notify the borrower at closing that one month's premium will be part of the first monthly payment.

### **6. Remitting Escrow Funds to AmeriNat**

CHFA will wire Net Escrow Funds to AmeriNat

## **7. Borrower Notification**

- a. The Participating Lender will notify the borrower that AmeriNat will be servicing the loan per "RESPA" requirements and in compliance with Federal Consumer Financing Laws applicable to servicing transfers as outlined by CFPB in 12 CFR 1024.33, 1024.38, 10247.41.
- b. The Participating Lender will notify the borrower that AmeriNat will bill the borrower monthly for the mortgage payments which are to be mailed to:  
AmeriNat  
217 South Newton Avenue  
Albert Lea, MN 56007
- c. When the loan is purchased by CHFA; borrower servicing inquiries should be directed to:

AmeriNat  
Toll Free at 1 (888) 263-7628 or Fax to (562) 745-1281  
Website at: [www.amerinatls.com](http://www.amerinatls.com)

## **C. Release of Servicing and Loan Funding for Conventional & Government Loans: IDAHO HOUSING AND FINANCE ASSOCIATION**

This section relates to servicing transfers for loans delivered to Idaho Housing and Finance Association such as:

- a. Conventional Loans - (FNMA, CHFA uninsured)
  - b. HFA Preferred Program, PMI - (FNMA)
  - c. HFA Advantage Program, PMI - (FHLMC)
  - d. Government Loans - FHA, VA, USDA-RD - (GNMA)  
(Service Release Lenders only)
1. The Participating Lender, releasing servicing to Idaho Housing and Finance Association, will ship closed loan files immediately after closing, pursuant to the Idaho Housing and Finance Association Loan Delivery Checklist.

In those commitment letters that CHFA issues for government-insured loans to service-released Participating Lenders, CHFA shall specify the Mortgage Loans to be assigned and sold to Idaho Housing and Finance Association. After the closing of each Mortgage Loan, the Participating Lender shall upload the loan file via the Lender Connection portal to Idaho Housing and Finance

Association immediately following the Mortgage Loan closing, or by overnight mail, those documents identified in Idaho Housing and Finance Association Loan Delivery Checklist.

Idaho Housing and Finance Association shall be entitled to rely upon the Participating Lender as assembler and preparer of all Mortgage Loan documents, and is under no duty whatsoever to investigate or confirm any of the information set forth therein as to its honesty, accuracy, or completeness with respect to the origination, underwriting, and closing of the loan file. Idaho Housing and Finance Association reviews the pertinent documents necessary to ensure the loan meets secondary marketing guidelines, and is under no obligation to re-verify the information contained in such documents for accuracy.

- a. Within 48 hours of the loan closing, please fax the completed CHFA Loan Purchase Request Form (CHFA form 066-0408) to the purchase desk at (860) 721-9244.
- b. Idaho Housing and Finance Association will be responsible for purchasing the first mortgage and service released lenders should follow the instructions below (Submission of Loan Documentation).
- c. If applicable, the DAP Loan will be funded by CHFA only upon receipt and satisfactory review by Idaho Housing and Finance Association of first mortgage loan documentation described in the Loan Delivery Checklist, and upon CHFA's receipt of the accurately completed Loan Purchase Request Form (CHFA Form 066-0408) and executed DAP Note.

## **2. Submission of Loan Documentation**

- a. Receipt of loan files through the Idaho Housing and Finance Association's Lender Connection portal <https://www.lenderct.com> will initiate set up of the loan on Idaho Housing and Finance Association's servicing system to begin servicing of the loan. Idaho Housing and Finance Association will notify Lender of any purchase conditions to be cleared.
- b. The Participating Lender must include the Loan Document Checklist in stacking order, with the post-closing package. The Checklists can be found on the CHFA website under the Lender section as (CHFA Approved Servicer – Idaho Housing and Finance Association Reference Guides) or within the Idaho Lender Connection portal website.

- c. The originating Participating Lender must submit closed loan files to:

Idaho Housing and Finance Association through the Lender Connection portal found at <https://www.lenderct.com>.

Inquiries may be directed to:

Idaho Housing and Finance Association

Phone: 1(800) 219-2285 or [RESLOAN@HomeLoanServ.com](mailto:RESLOAN@HomeLoanServ.com)

- d. Note Endorsement as follows:

Pay to the order of Idaho Housing and Finance Association

*(No Ampersand signs, must spell out "And")*

Without Recourse

Lender Name

(signature)

Signatory's typed name, Title

- e. Assignment of Mortgage must be assigned to:

Idaho Housing and Finance Association

P.O. Box 7899

Boise, ID 83707 - or - MERS: IHFA #1009670

- f. Conditions (files with document deficiencies) are communicated by Idaho Housing and Finance Association through the Lender Connection portal and by an email sent to the Participating Lenders assigned contact person.
- g. Participating Lenders must submit corrective/missing documentation to Idaho Housing and Finance Association as soon as possible. Faxed documentation submitted to clear conditions must include a fax cover sheet, for each loan, clearly indicating the Idaho Housing and Finance Association loan number.
- h. Complete compliant loan files are purchased daily. If the loan is not purchased sooner than within 15 days of the first payment due, the first payment will be netted out of purchase amount (P&I only) and the Lender must retain the first payment. Idaho Housing and Finance Association will generate a Purchased Loan Summary Statement for each loan purchased which can be reviewed and printed through the Lender Connection portal – this statement will account for the monthly escrow.

- i. Final recorded documents must be sent to Idaho Housing Finance Association within 90 days of loan purchase to:

Idaho Housing and Finance Association  
565 West Myrtle Street  
Boise, ID 83702  
Phone: 1 (203) 331-4883

### 3. **Repurchase**

CHFA will enforce its repurchase policies in the event of any loan document deficiencies or loans that have been determined by the Servicer, FNMA, or GNMA to be a Non-Qualifying Mortgage Loan. “Non-Qualifying Mortgage Loan” shall mean any Mortgage loan received or serviced by Idaho Housing and Finance Association with respect to which:

- a. The Participating Lender fails to deliver to Idaho Housing and Finance Association all documents of the first mortgage loan file (described in the CHFA Operating Manual) on a timely basis or Idaho Housing and Finance Association determines that such documentation for Mortgage Loans does not conform to the requirements of the Program, GNMA or FNMA Guide, or the CHFA Operating Manual.
- b. FNMA, GNMA or Idaho Housing and Finance Association determine that the Mortgage Loan is not of acceptable quality or is not eligible for sale under the Program, FNMA or GNMA Guides, or the CHFA Operating Manual.
- c. “Repurchase Price,” with respect to a Mortgage Loan to be repurchased from Idaho Housing and Finance Association by CHFA, is defined as the payment of:
  - (i) 100% of the unpaid principal balance of Mortgage Loan plus
  - (ii) any accrued and unpaid interest at the annual rate borne by the Mortgage Notes due and payable to FNMA or GNMA upon purchasing out of the pool or to the date of repurchase if not purchasing out of a pool plus,
  - (iii) the aggregate amount of any advances made by or on account of Idaho Housing and Finance Association for the Mortgage Loan,

- (iv) any attorney's fees, legal expenses, court costs or other expenses which may have been incurred or expended by Idaho Housing and Finance Association in connection with said Mortgage Loan, and
- (v) any fees charged Idaho Housing and Finance Association by FNMA, GNMA for repurchase or withdrawal of the Mortgage Loan out of the applicable pool.

#### 4. Escrows

- a. Mortgage Insurance Escrows - FHA Insured Loans - No monthly FHA premiums should be collected at closing for deposit into the escrow account (in compliance with RESPA), however, Participating Lender is responsible to collect and remit any upfront FHA premium due to HUD and provide proof of such remittance with closing package. In addition, Lender must advise borrower that first payment will include monthly FHA premium.
- b. Tax Escrows – Two months tax reserves should be collected for all tax escrow items. All taxes due within 30 days of closing must be paid at the closing and a paid receipt provided with the original package. Tax escrows should only be established for real estate and fire district taxes. Escrows for other taxing authorities should not be made part of the escrow account unless it is part of the real estate tax bill (sewer and water use fees, etc).
- c. Hazard/Flood Insurance Escrows - Two months hazard insurance reserve should be collected by the Participating Lender at closing for the escrow reserves. The Lender will notify the borrower at closing that one month's premium will be part of the first monthly payment.
- d. Hazard Insurance Mortgagee Clause - **HomeLoanServ** its successors and/or assigns as their interests may appear, P.O. Box 7899, Boise, ID 83709

#### 5. Borrower Notification

- a. As per "RESPA" requirements and in compliance with Federal Consumer Financing Laws applicable to servicing transfers as outlined by CFPB in 12 CFR 1024.33, 1024.38, 1024.41. The Participating Lender will notify the borrower that **HomeLoanServ** will be servicing their loan.



- b. The Participating Lender will notify the borrower that **HomeLoanServ** will provide monthly billing statements.
- c. Payments are to be mailed to:  
Idaho Housing and Finance Association, **Attn: HomeLoanServ**  
P.O. Box 7541, Boise, ID 83707-1899
- d. Payments can also be made online thru: <https://www.borrowerct.com>
- e. Borrower(s) Mortgage servicing inquiries should be directed to:  
Idaho Housing and Finance Association, **Attn: HomeLoanServ**  
Customer Service Toll Free: 1 (800) 526-7145  
Mon. – Fri. (8:00 a.m. – 5:00 p.m. Mtn. time)  
Website at [www.mortgageserv@ihfa.org](http://www.mortgageserv@ihfa.org).
- f. The Participating Lender will provide the borrowers with the initial Escrow Account Disclosure Statement.

## **6. DAP Loan Document Delivery Requirements**

- a. A Copy of the original DAP Note must be sent to the Capital For Change, Inc. (C4C) within 24 hours of DAP loan closing.
- b. The Original DAP Note and the original, recorded DAP mortgage deed are to be sent, within 90 days of closing, to Capital For Change, Inc. (C4C), 121 Tremont Street, Hartford, Connecticut 06105 or Idaho Housing and Finance Association, as applicable.

## **7. Funding General**

Upon receipt and satisfactory review by Idaho Housing and Finance Association of required first mortgage loan documentation described in Loan Delivery Checklists and if there is a DAP 2<sup>nd</sup> mortgage, CHFA's receipt of the accurately completed Loan Purchase Request Form (CHFA Form 066-0408) and copy of executed DAP Note; the loan(s) will be funded.

- a. First Mortgage Funding - All CHFA first mortgage loans will be funded by Idaho Housing and Finance Association after receipt by Idaho Housing and Finance Association of complete, satisfactory documentation. Loans will be funded daily by wire. If the loan was not purchased sooner than within 15 days of the first payment due, the first payment will be netted out of purchase amount (P&I only with Lender retaining first payment).

- b. DAP Second Mortgage Funding - Upon notification from Idaho Housing and Finance Association to CHFA that the first mortgage loan has been funded, CHFA will purchase the DAP second loan for the full Note amount, net of prepaid interest and disburse funds via the wiring instructions CHFA has on file for the Participating Lender, provided CHFA has received the Loan Purchase Request Form (CHFA Form 066-0408) with the 2<sup>nd</sup> mortgage data section accurately completed and a copy of executed DAP Note was provided.

## **7.4 Preparation of Mortgage Releases for Loans Owned by CHFA**

### **General**

The Servicer of the CHFA first Mortgage loan (and UR Home Grant loan, if applicable) will prepare and execute the Release of Mortgage on behalf of CHFA.

- a. **Limited Power of Attorney**  
CHFA gives a Limited Power of Attorney to each servicer to authorize the servicer to release CHFA Home Mortgage loans that it services when the loans are paid in full.
- b. **Standard Release for CHFA First Mortgage** (and UR Home Grant Ln, if applicable)  
The servicer must prepare the applicable standard release of mortgage for all CHFA loans serviced.
- c. **DAP Loans**  
Capital For Change, Inc. (C4C), the servicer of DAP loans, will prepare and execute the release of mortgage on behalf of CHFA for DAP loans or Idaho Housing and Finance Association, as applicable.

## **7.5 Assumption of Loans**

*Important note: The following guidelines do not apply for loans purchased and serviced by Idaho Housing and Finance Association*

### **General**

The Participating Lender will be required to provide different supporting documentation and to observe different procedures for assumption of Loans committed by CHFA prior to January 1, 1982, than for Loans committed by CHFA after January 1, 1982. The first two digits of the CHFA Loan number indicate the year of commitment for this purpose. Those procedures are discussed separately as follows:

**A. Assumption of Loans Committed Prior to January 1, 1982**

1. PMI Loans.

- a. A PMI Loan may not be assumed without prior written approval from CHFA. If the assuming borrower and the Eligible Dwelling meet CHFA requirements in effect at the time of the assumption, approval will not be unreasonably withheld.

The Participating Lender shall submit a Request for Approval of Assumption together with the following forms and documents concerning the assuming borrower:

- 1) FHLMC Loan Application Form
  - 2) FHLMC Residential Loan Appraisal
  - 3) Credit Report
  - 4) Copy of Purchase Agreement
  - 5) Verification of Income:
    - (a) Employment
    - (b) Federal Income Tax Return (latest year)
    - (c) Three most recent pay stubs
- b. The assuming mortgagor will be required to execute a Loan Assumption Agreement which shall include language affirming the outstanding mortgage and promising to pay the remaining principal balance of the debt, with interest. Said agreement shall be recorded on the land records, and the original provided to CHFA with the Participating Lender's notice of assumption.
- c. The Participating Lender may charge an assumption fee of 1% of the current outstanding balance of the Loan.

2. FHA Insured and VA-Guaranteed Loans.

A loan insured by FHA or guaranteed by VA may be assumed pursuant to applicable federal requirements.

3. Notice. Notice of any assumption of mortgage shall be forwarded to CHFA.

- a. Notice of an FHA or VA assumption must include:
- (1) Copy of recorded warranty deed and, if used, the original recorded assumption agreement.
  - (2) Evidence of hazard/flood insurance coverage.

- b. Notice of a PMI assumption must include:
  - (1) Original recorded assumption agreement and copy of recorded warranty deed.
  - (2) Evidence of hazard/flood insurance coverage.
  - (3) Owner-Occupancy Certificate.
  - (4) Endorsement to mortgage insurance to show new borrowers
  - (5) TRID Closing Disclosure (CD) (*formerly HUD-1*). If there is no HUD-1, a copy of a signed, itemized statement will be acceptable.
  
- c. An application for CHFA mortgage insurance may be submitted in lieu of the above.

## **B. Assumption of Loans Committed After January 1, 1982**

### **1. Qualifications Prior to Assumption**

No Loan may be assumed without prior written approval of CHFA. CHFA may approve an assumption of a Loan only if the assuming party qualifies as an Eligible Borrower under Section 3.1 and the property qualifies as an Eligible Dwelling under Section 3.2. In addition, disclosure and acknowledgment requirements of VA, FHA, and USDA-RD rules and regulations relating to assumption of mortgages, as applicable, must be met.

### **2. Mortgage Insurance and Guaranty Restrictions**

In order to meet the requirements of Federal law relating to non-assumption of Mortgage Loans, CHFA requires provisions to be stated in all Loans which provide for acceleration of the maturity ("Due on Sale" provisions) on the sale or conveyance of the security property to a person ineligible for a CHFA Loan.

CHFA may only approve assumptions if the following additional criteria, as applicable, are satisfied:

- a. In the case of a VA-guaranteed Loan, a copy of the veteran's consent statement, as required by 36 CFR Section 36.4306(a) and (e), must be on file with CHFA.
  
- b. In the case of a PMI-insured Loan, the assumption must obtain written PMI approval for the transfer of interest or obtain CHFA mortgage insurance.
  
- c. In the case of a USDA-RD-guaranteed loan, the assumption must obtain written USDA-RD approval to be provided to CHFA.

### **3. Required Documentation**

The Participating Lender shall submit a request for assumption approval together with evidence to establish the eligibility of the borrower and of the dwelling as of the time of the assumption request to CHFA. Such evidence shall be a Loan submission package with the forms and documents required in Section 5.5.

### **4. Assumption Closing**

- a. CHFA will review the eligibility of the proposed assumption and the dwelling. If acceptable, CHFA will issue written approval of assumption. The assumption closing may not take place unless the Participating Lender has received approval from CHFA.
- b. CHFA will require the following documents to be submitted with a Notice of Assumption letter from the Participating Lender subsequent to the closing:
  - (1) Original assumption agreement which shall have been recorded on the land records and shall include language affirming the outstanding mortgage and a promise to pay the remaining principal balance of the debt, with interest.
  - (2) Evidence of PMI Mortgage Insurance, if a PMI Loan.
  - (3) USDA-RD Form 3555-17 with the completed assumption agreement block in the case of an USDA-RD Loan.
  - (4) Participating Lender Certification (CHFA Form 019-1101).
  - (5) TRID Closing Disclosure (CD) (*formerly HUD-1*). If there is no form, a copy of a signed, itemized statement will be acceptable.

### **5. Fees**

The Participating Lender may charge an assumption fee of 1% of the current outstanding balance of principal for a PMI insured loan. In the case of an FHA insured and VA Guaranteed loans, a loan insured by FHA or guaranteed by VA may be assumed pursuant to applicable federal requirements.

### **C. Release of Liability**

CHFA will not release any borrower from liability following an assumption.