

## **SECTION 8A – (ADDENDUM)**

### **DOWNPAYMENT ASSISTANCE SPECIAL PROGRAM**

#### **Veterans Homeownership Pilot Program**

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## **SECTION 8A – (ADDENDUM)**

### **VETERANS HOMEOWNERSHIP PILOT PROGRAM**

#### **8.1A Program Description**

The Veterans Homeownership Pilot Program offers a below-market rate for the first mortgage and a 0% interest rate for downpayment assistance and/or closing costs on a second mortgage loan up to \$10,000 for Veterans purchasing a home within the State of Connecticut.

#### **8.2A Funds Availability**

1. **Notice**

CHFA has allocated \$1,000,000 for this program: Funds are limited and are available on a first-come, first-serve basis for Veterans who are first time homebuyers who meet the eligibility and underwriting guidelines for this program.

2. **Funds Registration**

Participating and Correspondent Lenders shall register funds for the CHFA Veterans Homeownership Pilot Program loan simultaneously when registering funding for the CHFA first mortgage loan program within the CHFA On-Line Reservation System.

#### **8.3A Interest Rate**

- a. The interest rate charged on the Veterans Homeownership Pilot Program DAP Second Mortgage Loan is zero percent (0.00%).
- b. The interest rate charged on the first mortgage loan is the CHFA Regular Homebuyer Program interest rate in effect tied to the origination fee paid by the borrower.
- c. Targeted area rate discount of .25% off Regular Homebuyer Program rate will apply for properties purchased in a targeted area or targeted census tracts of the State. (Loans originated under the HFA Preferred product are not eligible for the .25% discount in targeted areas). CHFA Military Program rate discount will not apply.

## **8.4A Loan Amount**

### **1. Minimum Loan Amount**

There is a \$3,000 minimum loan amount.

### **2. Maximum Loan Amount**

- a. To obtain a Veterans Homeownership Pilot Program DAP second mortgage loan; the first mortgage loan amount must be the maximum loan-to-value (LTV) that the program allows.
- b. The maximum Veterans Homeownership Pilot Program DAP second mortgage loan amount is \$10,000 (first mortgage must be maximized).
- c. The maximum CLTV for a CHFA Veteran Homeownership Pilot Program DAP second mortgage loan is 105%.
- d. Effective with Loan Reservations dated on or after February 1, 2015, CHFA will allow Participating Lenders to calculate the CLTV for loans with CHFA DAP loans using the Base Loan amount (excluding UFMIP) added to the Total DAP loan amount divided into the sales price (See Bulletin #79).

## **8.5A Program Fees**

The Participating Lender may charge a \$200.00 application fee for processing the Veteran Homeownership Pilot DAP loan and the actual costs for the recording fees which is retained by the Lender.

Title Insurance is not required on a Veteran Homeownership Pilot DAP loan however, Participating Lenders may collect up to a maximum of \$150.00 for settlement agent expenses associated with closing the second mortgage loan.

If the Participating Lender charges the \$200.00 application fee and the actual recording fees exceed \$100.00, the maximum settlement agent fee must be decreased to ensure the total allowable fees do not exceed \$450.00.

## **8.6A Eligibility**

### **1. Eligible Borrowers**

The Borrower must be a Veteran who served in any branch of the U.S. Military including the Guard or Reserves and was discharged other than dishonorably (VA Form DD-214 required) for eligibility to participate in this program. The Veteran must be a first-time homebuyer, unless purchasing in a CHFA designated targeted area or census tract within the state of Connecticut.

Veterans who are Eligible for this program will be expected to attend a three (3) - hour Homebuyer Education class prior to closing on their loan.

### **2. Eligible Property Types**

- a. 1 – 4 Unit Dwelling
- b. Planned Unit Development
- c. Approved Condominiums

Please note: Manufactured housing, co-ops and mobile homes are ineligible for this program.

Eligible dwellings must meet all established criteria as described in (Section 3.2A and 3.2B) of this manual.

### **3. Sales Price Limits**

The purchase price of the home must not exceed the CHFA Sales Price Limits established for the specific city or town in the state where the property is located.

### **4. Income Limits**

Eligibility for a CHFA DAP second mortgage loan shall follow the same criteria established for the CHFA Regular Homebuyer Program Statewide except that the borrower(s) may not exceed the established CHFA Regular Homebuyer Mortgage Program Income Limits for the area.

Borrower(s) purchasing an eligible dwelling in designated Targeted Area Towns or Targeted Area Census Tracts must have income that is within the established Income Limits for the area. The Targeted Area Income Limit exemption will not apply for these transactions.

## **8.7A Qualifying Ratios**

- a. Maximum Housing Ratio = 35%
- b. Maximum Total Debt-to-Income Ratio = 43%

## **8.8A Maximum LTV/CLTV**

- a. Maximum LTV = 100%
- b. Maximum CLTV = 105%

Seller credits are subject to insurer guidelines; Maximum 6% for loans with LTV  $\leq$  80%.

## **8.9A Underwriting**

CHFA first mortgage loan approval is required. Loans are subject to insurer guidelines and the CHFA DAP standard underwriting guidelines. (*See Section 8 – Downpayment Assistance Program for more information*)

### **Submission for CHFA Review**

CHFA underwriters will review each Veteran Homeownership Pilot DAP loan submission concurrently with the first mortgage loan package. CHFA will make the final determination of the borrower's eligibility for the program and may adjust the Veteran Homeownership Pilot DAP loan request. If the loan is acceptable, CHFA will issue a written loan commitment for loan purchase.

The following Veteran Homeownership Pilot Program DAP loan documentation shall be submitted for review with each first mortgage loan package:

1. DAP Application and Asset Qualification Form (available in CHFA LOS);
2. DAP Borrower's Certificate (CHFA Form DAP95-05);
3. Copy of the TRID Loan Estimate (LE) (*formerly GFE*) for the first and second mortgages;
4. Copy of Counseling Certificate from CHFA sponsored class or other approved counseling.

## 8.10A Servicing

The servicing of the CHFA Veteran Homeownership Pilot DAP second mortgage loan will be released to a CHFA assigned third party servicer, currently Capital For Change, Inc. (C4C) – Effective 6/1/2016. The Veteran Homeownership Pilot DAP second mortgage loan commitment will list the servicer assigned to that loan and the necessary instructions to set up the release of servicing.

### **Loan servicing will be assigned to:**

#### **Capital For Change, Inc. (C4C) - Effective 6/1/2016**

Attn: Loan Servicing Department  
121 Tremont Street, Hartford, CT 06105

Fax - (860) 920-2041 Phone - (860) 233-5165 Ext. 2041

Email: [azielke@capitalforchange.org](mailto:azielke@capitalforchange.org)

The following documents will be required to be faxed or delivered overnight to the above servicer within 24 hours of loan closing:

1. A copy of the signed DAP second mortgage Note;
2. DAP second mortgage Deed – (original/recorded);
3. A copy of the TRID Closing Disclosure (CD) (*formerly HUD – 1 Settlement Statement*).
4. A copy of the declaration page/s of the mortgagor's homeowners and flood insurance policies and paid receipt with the proper second mortgage clause;
5. A copy of the Uniform Residential Loan Application (1<sup>st</sup> page only);
6. A copy of Form W-9, Request for Taxpayer Identification Number and Certification;
7. A copy of the fully executed DAP Commitment Letter