

SECTION 14 – GLOSSARY OF TERMS

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As used in this Manual, the following words and terms have the meanings set forth below:

Acquisition Cost: Means the cost of acquiring the eligible dwelling from the Seller as a completed residence. Usual and reasonable settlement or financing costs are not included.

Act: Title 8, Chapter 134 of the Connecticut General Statutes, as amended, and the procedures of the Authority adopted hereto.

Area of Chronic Economic Distress: An area designated as such by the State and approved by the Federal Secretaries of the Treasury and Housing and Urban Development in accordance with criteria established under the Code.

Bonds: Bonds issued by CHFA to finance its Home Mortgage Purchase Program.

CHFA: Connecticut Housing Finance Authority

C4C: Capital For Change, Inc. (CHFA DAP 2nd Mortgage Servicer Eff. 6/1/2016 F/K/A CHIF)

Code: The Internal Revenue Code of 1986, as amended and rulings and regulations thereunder.

Commitment: A written obligation to purchase a Loan in the amount and upon terms specified, issued by CHFA after review and acceptance of the Loan submission documents submitted to CHFA from a Participating Lender.

DAP 2nd Mortgage: State of Connecticut 2nd Mortgage Downpayment Assistance Program (DAP) to eligible homebuyers in conjunction with a CHFA 1st mortgage.

Eligible Borrower: Any person meeting the requirements set forth in Section 3.1 of this Manual.

Eligible Dwelling: Any residential structure which meets the requirements set forth in Section 3.2 of this Manual.

Escrow Payments: Any payments made by and Eligible Borrower to a Participating Lender or Servicer, pursuant to the terms of a Loan on account of or with respect to: taxes, assessments, insurance or similar charges or premiums.

Family Size: The number of persons in the family unit of an applicant for a CHFA Mortgage Loan including all proposed owner-occupants, and all other proposed residents who will occupy the residence after closing.

FHA: Federal Housing Administration, aka HUD (Housing and Urban Development)

FHLMC: Federal Home Loan Mortgage Corporation, aka Freddie Mac.

FNMA: Federal national Mortgage Association, aka Fannie Mae

Home Mortgage Servicing Agreement: The agreement between CHFA and a Servicer pursuant to which Loans are serviced.

Homeownership Program: These are lower interest rate first mortgages specifically for residents of government-subsidized rental housing who want to purchase a home.

Household Income: Total aggregate household income (gross income) of the borrower and co-borrower.

Loan or Mortgage Loan: A loan to an Eligible to finance the purchase or refinance of an Eligible Dwelling which meets the CHFA guidelines set forth in this Manual.

Master Commitment Agreement for Mortgage Purchases: The agreement between CHFA and a Participating Lender which defines requirements, obligations, and rights pertaining to the issuance of a Commitment and the purchase of a loan by CHFA.

Missing Exhibits Letter: A letter from CHFA to the Participating Lender suspending further processing of an application until missing exhibits documentation or other action specified in letter are received, corrected or clarified.

Newly-Constructed Homes: Are homes never occupied prior to CHFA loan commitment.

Non-Qualified Rehabilitation: Rehabilitation meeting the criteria specified in Section 4 of this Manual even though it does not meet Federal criteria for Qualified Rehabilitation.

Owner-Occupancy or Owner-Occupied: The statutory requirement that each Eligible Borrower live in the Eligible Dwelling as a principal residence (i.e., permanent and primary residence).

Participating Lender: Any institution which is licensed to do business in the State, legally authorized to make mortgage loans of the general character of mortgage Loans, which meets the qualifications for Participating Lender as set forth in this Manual, has been approved by CHFA, and has entered into a Master Commitment Agreement for Mortgage Purchases.

Program: The Authority's Home Mortgage Purchase Program.

Prior Homeowner: A borrower who owns or has owned a home within three years preceding the date of application.

Private Mortgage Insurance Company or PMI: Any insurance company licensed to do business in the State of Connecticut, authorized to issue mortgage insurance, and approved by CHFA.

Qualified Census Tract: A census tract in which 70% or more of the families have a median income of 80% or less of the statewide median family income.

Qualified Rehabilitation: An existing 1-4 family home eligible for rehabilitation refinancing, see Section 4 of this Manual.

Qualifying Income: Amount of gross monthly income used to calculate Eligible Borrower(s) capacity to repay the mortgage loan debt. All sources of income i.e. base salary; overtime; bonuses; commission; dividend/interest; Social Security; Disability, etc. will be included in the income calculation.

USDA- RD: Rural Development, aka (United States Department of Agriculture) or **RDA**

Rehabilitation Mortgage Loan: First mortgages for both first-time homebuyers who wish to purchase and rehabilitate a home and for existing homeowners who wish to keep and rehabilitate their present home.

Seller: The seller of the Eligible Dwelling to the Eligible Borrower.

Servicer: A participating Lender or designated servicer, approved by CHFA, which has executed a Home Mortgage Servicing Agreement.

State: The State of Connecticut

Targeted Area: An area which is either a Qualified Census Tract or in an Area of Chronic Economic Distress. Targeted Areas recognized by CHFA are listed on website www.CHFA.org

VA: Veterans Administration of the United States of America.