

RESOLUTION AUTHORIZING PUBLIC COMMENT
PERIOD AND ADOPTION FOR PROPOSED AMENDMENTS TO
THE CONNECTICUT HOUSING FINANCE AUTHORITY
SINGLE FAMILY HOUSING PROCEDURES

WHEREAS, the Connecticut Housing Finance Authority (the “Authority”) has adopted certain Single Family Housing Procedures (collectively, the “Single Family Procedures”) in connection with the “Homebuyer Mortgage Program”, the “Reverse Annuity Mortgage Program”, the “Residential Mortgage Refinancing Guarantee Program”, the “Emergency Mortgage Assistance Payment Program”, the “Common Interest Community Common Element Repair Loan Program”, the “Downpayment Assistance Program”, the “Police Homeownership Pilot Program, the “Loan Fund Guarantee Pilot Program”, the “Teachers Mortgage Assistance Program”, and the “Homeowner’s Equity Recovery Opportunity Loan Program”, all in accordance with its responsibilities under Chapters 134 and 136 of the Connecticut General Statutes (the “Act”);

WHEREAS, the Authority is subject to the provisions of Chapter 12 of Title 1 of the Connecticut General Statutes (the “Quasi-Public Agencies Act”); and

WHEREAS, the Authority desires to advertise proposed amendments to its Single Family Procedures for purposes of receiving public comments in accordance with the Quasi-Public Agencies Act and providing for the adoption of such proposed amendments, as described in the attached Memorandum dated September 24, 2024 from Lisa G. Hensley, Managing Director, Homeownership Programs.

NOW THEREFORE, be it resolved by the Board of Directors of the Connecticut Housing Finance Authority, as follows:

Section 1. The Chief Executive Officer - Executive Director is hereby authorized to prepare proposed amendments to the Authority’s Multifamily Procedures in the attached format (the “Proposed Amendments”), to publish notice of the Authority’s intent to adopt such Proposed Amendments in accordance with the Quasi-Public Agencies Act, and to make available such Proposed Amendments to the public for comment in accordance with the Quasi-Public Agencies Act.

Section 2. In the event that the Authority does not receive any public comment during the comment period, the Proposed Amendments shall be deemed adopted and in effect as of December 1, 2024.

To: CHFA Mortgage Committee and Board of Directors
From: Lisa G. Hensley, Managing Director, Homeownership Programs
cc: Nandini Natarajan, Chief Executive Officer – Executive Director
Date: September 24, 2024

Agenda Item: Proposed Amendments to Single Family Procedures

CHFA’s Single Family staff, with the assistance of the Legal Department and input from the Finance Department and Internal Audit Department as well as CHFA’s longstanding outside bond counsel, have performed a review of the CHFA Single Family Procedures. Based on that review, Single Family staff is recommending revisions to the CHFA Single Family Procedures which, among other things, reflect statutory amendments, the utilization of the Mortgage Backed Security financing arrangement, the adoption of a general homeownership program which may utilize sources of funds other than tax exempt bonds (such as through “To Be Announced” financing), and the provision of housing counseling and education services.

Most of the revisions are of a substantive nature, although Staff is proposing to reorder the sections of the Single Family Procedures to group the sections pertaining to home acquisition together followed by the programs for home retention, such as the EMAP program. The accompanying redlined edition of the Procedures displays the substantive changes to the Procedures but does not display the non-substantive changes (such as those pertaining to the re-ordering of the Procedures, including the internal cross-references).

Recommendation:

Authorize the Chief Executive Officer – Executive Director to publish notice of CHFA’s intent to adopt proposed amendments to the Single Family Procedures in the attached format in accordance with Section 1-121 of the Connecticut General Statutes and Sections 8-241 et seq. (the Connecticut Housing Finance Authority Act). In addition, to adopt the resolution providing that if there are no comments received, that the proposed amendments would become effective December 1, 2024.

The following is a brief summary of the most significant changes:

1. Section III.A – Section III.A addresses the Homebuyer Mortgage Program, CHFA’s long standing primary single family homeownership program which is funded with tax exempt bonds issued by CHFA in accordance with the Internal Revenue Code.

1.1 Section A-2 - Reduction in Minimum Tangible Net Worth from \$1,000,000 to \$250,000 or such high amount as the Department of Banking May Require for Licensed Non-depository Participating Lenders. For non-depository lenders, we are proposing to reduce the required minimum tangible net worth for a lender to be accepted as a participating lender to the amount required in order to be licensed by the Department of Banking.

1.2 Change in Minimum Tangible Net Worth from \$1,000,000 to amount (if any) required by Department of Banking for Participating Lenders Acting as Servicers for CHFA. We are proposing to change the minimum tangible net worth for participating lenders to act as a servicer from \$1,000,000 to the amount (if any) required to act as a mortgage loan servicer by the Department of Banking. Federally insured banks and credit unions as well as entities licensed as a mortgage lender which also act as a mortgage servicer from their licensed mortgage lender locations are exempt from the mortgage servicer licensing requirement. Those non-bank/non-credit union servicers which service 2,000 or more loans within the United States are “covered institutions” which must (among other things) under Connecticut law maintain the net worth required under Federal Housing Finance Agency’s Eligibility Requirements for Enterprise Single-Family Seller/Servicers, even if such a mortgage servicer is not approved for government sponsored enterprise servicing. For such servicers, that minimum net worth required is a base amount of \$2.5 million plus an additional amount based on the size of their servicing portfolio.

1.3 Easing of Requirement that Lenders Offer All Loan Products. We propose to ease the requirement that lenders generally offer all CHFA loan products. The change will enable lenders which offer rehabilitation or construction loans but not all of the other programs to become approved as participating lenders.

1.4 References to “Broker” Instead of “Correspondent Lender”. We are proposing to change the references to “correspondent lender” to “broker”, which is the term customarily used in the industry for the entities that perform loan origination functions without funding the loans themselves.

1.5 Revisions Pertaining to Qualification of Loans for Funding from Tax Exempt Bonds. We are proposing several revisions, including to Sections A-5, A-6, A-7, A-8, A-9, A-17, A-18, and A-31 to update the practices to be followed by participating lenders for loans to qualify for funding from tax exempt bonds pursuant to the Internal Revenue Code.

While borrowers are required to agree to take occupancy of the residences within 60 days of closing (other than in the case of a rehabilitation loan), there is no requirement under the Internal Revenue Code for CHFA or for participating lenders to verify the homebuyer’s occupancy. Accordingly, we are proposing to delete the requirement for participating lenders to verify occupancy by conducting a physical inspection. CHFA retains the right nonetheless to take enforcement action against borrowers who breach their agreement to take occupancy within 60 days. Inasmuch as some borrowers might have a reasonable justification for failure to take occupancy (such as an unexpected job transfer), CHFA will have the discretion not to declare such borrowers in default.

As to the determination of compliance with the income limits under the Internal Revenue Code, we are proposing to reference the requirements under the Code without specifying the items includible in income. The Single Family Home Mortgage Programs Operating Manual will, however, provide participating lenders with guidance on the determination of income. Included in the revisions are provisions which recognize that there are income limits even in “targeted areas” (although such limits are higher than in non-targeted areas) within the same geographic area.

As to the evidence of income, we are proposing to delete the mandatory requirement for 3 years of tax returns (which is one manner but not the exclusive manner for determining whether an applicant has not owned a home in the preceding 3 years so as to qualify for a first time homebuyer).

1.6 Disposal of Other Residential Property. We are proposing to address requirements for disposal of other residential property in the Operating Manual instead of in the Procedures (although loan applicants for financing of properties outside of targeted areas will still need to qualify as “first-time homebuyers” by not having had an ownership interest in their principal dwelling in the preceding 3 years).

1.7 Elimination of Maximum Number of Units Financed. We are proposing to eliminate the 50% cap on the percentage of units in a condominium which CHFA will finance. While there is a concentration risk, since most loans presently are assigned to a master servicer from which CHFA purchases the MBS, the credit risk from a high concentration is on the master servicer and not CHFA.

1.8. Updates to Mortgage Insurance Coverage. We are proposing to update the requirements for the duration and amount of mortgage insurance coverage to the requirements under present industry standards and applicable law.

1.9 Removal of Timing and Delivery Requirements for Loan Purchase. We are proposing to remove the required 120 day time frame for delivery of loan purchase packages and address the timing requirements in the Home Mortgage Programs Operating Manual. This will facilitate CHFA’s practice for compensating lenders on an incentive basis for the timely delivery of loans.

1.10 Change in Format for Record Retention. We are proposing to replace the requirement for record retention on microfilm or microcard with retention in electronic format or other manner which complies with state law.

2. Mortgage Backed Security Financing.

We are proposing to add a section to describe CHFA’s process for utilizing mortgage backed security financing, which CHFA is presently using with one master servicer (Idaho Housing and Finance Association) and which CHFA may expand by adding additional master servicers.

3. General Homeownership Loan Program.

3.1 Overview. To address the housing needs of persons who might not qualify for financing from tax exempt bonds, CHFA is moving forward with additional financing sources which may include (among others) the “To Be Announced” (“TBA”) financing. The requirements will be similar to the requirements for the first-time homebuyer program except as noted in proposed Section III.C of the Procedures. Eligible Borrowers will qualify even if they had an ownership interest in the preceding three years and need not use the financing for acquisition purposes.

3.2 Income Limits. CHFA is proposing to adopt income limits which would not exceed 120% of area median income, as determined by Fannie Mae and Freddie Mac.

3.3 Anticipated Market Segment. CHFA anticipates that the General Homeownership Loan Program will be utilized in instances where interest rates are at a level where the TBA market may provide a viable alternative source of funding to tax exempt bonds and in instances where CHFA might face volume cap constraints on the issuance of tax exempt bonds. In addition, it may be a viable option for homebuyers who need down payment assistance which CHFA could provide but where the homebuyers have owned a home in the preceding 3 years and would thereby not be eligible for tax exempt bond financing.

4. Down Payment Assistance Program.

4.1 Subordinate Lien Status Instead of Mandatory Second Lien. Based on recent legislation, CHFA can now offer DAP loans in any subordinate lien position (and not only a second lien position). The revisions to the DAP Procedures correspond to the statutory changes.

4.2 Debt to Income Ratios, Credit References, and Alternative Lending Guidelines. The revisions to the Procedures pertaining the maximum debt to income ratios, the consideration of nontraditional credit references, and the use of alternative lending guidelines for properties located in an affordability incentive zone also correspond to recent statutory changes.

5. Teachers Mortgage Assistance Program.

The Teachers Mortgage Assistance Program provides discounted interest rates for eligible teachers. Legislation in 1997 expanded the scope of eligibility. The proposed changes to the Procedures correspond to the legislative changes.

6. Police Homeownership Program.

6.1 Continuation of Program After Expiration of Pilot Period. Similar to the Teachers Mortgage Assistance Program, CHFA by statute was required to develop and administer a pilot Police Homeownership Program. CHFA has continued to offer a modified police homeownership program following the expiration of the pilot. The proposed changes to the Procedures recognize the continued offering of the Police Homeownership Program.

6.2 Expansion of Eligible Properties and Receipt of Discounted Rate. Loan applicants are no longer restricted to purchasing properties in designated neighborhoods in a participating municipality and can receive a discount off of the otherwise applicable interest rate.

7. Emergency Mortgage Assistance Program.

7.1 Overview. This year at CHFA's request, the legislature enacted Public Act 24-66, An Act Concerning the Emergency Mortgage Assistance Program. This legislation was preceded in 2021 by legislation that expanded the program to homeowners generally (and not just mortgagors) by providing for "lien assistance" (for example, condominium association liens and tax liens) in addition to emergency mortgage assistance. The legislative changes are expected to facilitate CHFA's ability to assist homeowners who are at risk of losing their homes to foreclosures. The proposed changes to the EMAP statute correspond to the legislative changes.

7.2 Deletion of Required Participation in Foreclosure Mediation Program. We propose to delete the requirement for participation in the foreclosure mediation program in order to expedite the processing, closing and funding of assistance to bring homeowners current on their mortgage or other overdue liens.

7.3 Eligibility Expansion, Lump Sum Payments, Deferral of Repayment, Discretion to Require Periodic Recertifications and Authority to Establish a Limit on Amount of Assistance.

Homeowners who have equity in their homes (but might not be able to resume making full mortgage payments) will now also be eligible for assistance.

In addition to monthly assistance, CHFA will be able to make lump sum payments to reduce the principal balance of their mortgage loans.

Repayment of EMAP loans will now be deferred until the homeowner transfers title, ceases to occupy the property as a principal dwelling, or obtains new mortgage loan financing (other than to finance repairs to preserve the property). CHFA sought this legislative change since in practice the source of repayment of EMAP loans has been primarily through a sale or refinance of the homeowner's property as opposed to through periodic repayment.

CHFA will now have the discretion to require homeowners to periodically recertify their income and housing expenses instead of requiring recertification in all instances. Since repayment will now be deferred, a periodic recertification of the income of homeowners will no longer be needed to determine the amount of periodic monthly repayments.

The EMAP statute has provided that homeowners could receive up to 60 months of payments in an amount up to the equivalent on an annual basis of 28% of 140% of area median income. That amount could in many instances be significant. Based on CHFA's experience in administering the MyHomeCT program (the federally funded Homeowner Assistance Fund) for which CHFA adopted a \$50,000 maximum award, CHFA requested a legislative change to permit CHFA to set a limit on the amount of assistance to any one homeowner. Therefore, as set forth in Section G-

5(f) of the proposed revised Procedures, CHFA may now establish a limit on the maximum aggregate amount of emergency mortgage assistance.

8. RAM Procedures. We are proposing revisions to the Reverse Annuity Mortgage Procedures to include the need for long term care as a condition to eligibility (in accordance with the statute), to specify the requirement that the RAM mortgage be in first lien position, and to set forth the permitted long term care expenses for which RAM loan proceeds can be used.

9. Housing Counseling and Education Services. As part of its mission to serve low- and moderate-income persons and families, CHFA may offer housing counseling and education services. Such counseling and education services may be offered either in conjunction with one of CHFA's homeowner programs or separately. Such services may be performed by vendors selected by CHFA or by CHFA's own staff. The proposed revisions to the Procedures recognize CHFA's role in providing or assisting individuals in obtaining such services and in accordance with a resolution that was passed authorizing the housing counseling program.

III

SINGLE FAMILY HOUSING

A. HOMEBUYER MORTGAGE PROGRAM

A-1. Homebuyer Mortgage Loans

The Homebuyer Mortgage Program finances acquisition or rehabilitation of existing or newly-constructed housing with no more than four living units, one of which is required to be occupied by the borrower. The Authority's home mortgage funds are distributed through participating lenders. The Authority provides guidelines, instructions, and forms for participating lenders in its Home Mortgage Programs Operating Manual, Loan Program Outlines & Underwriting Guides, Bulletins and Lender Forms (collectively referred to as the "Home Mortgage Programs Operating Manual").

A-2. Participating Lenders

(a) A "participating lender" is a lending institution that cooperates with the Authority in making funds available under its Homebuyer Mortgage Program by making and/or servicing mortgage loans that the Authority has agreed to purchase.

(b) To be approved by the Authority as a participating lender to originate mortgage loans, a lending institution must meet the following criteria:

- (1) have in Connecticut a brick and mortar facility with the capacity and personnel to originate and close mortgage loans, as determined by the Authority;
- ~~(2)~~ unless it is an FDIC or FSLIC insured deposit taking in the case of a non-depository financial institution incorporated and existing under the laws of Connecticut, have twelve (12) months' experience in making mortgage loans on homes located in Connecticut. In the case of those institutions that acquire an institution in Connecticut, where the acquired institution meets the experience requirement, the acquiring institution shall be deemed to meet the experience requirement;
- ~~(3)~~(2) , maintain a minimum tangible net worth of ~~\$1250,000,000~~ or such other amount (if higher) as the State of Connecticut Department of Banking may require as a condition of licensing as a mortgage lender or provide a letter of credit, available and otherwise uncommitted line of credit, bond or other financial instrument acceptable to the Authority totaling such amount;
- ~~(4)~~(3) be in compliance with applicable federal and state laws, regulations promulgated thereunder and any licensing requirements by agencies of government having jurisdiction;
- ~~(5)~~(4) maintain quality control and management systems to evaluate and monitor the overall quality of its origination activities, and

~~(6)~~(5) execute ~~the standard~~ Master Commitment Agreement for Mortgage Purchases.

(c) To be approved by the Authority as a participating lender to service Authority loans, the institution must meet the following criteria:

- (1) have the capacity and personnel to service mortgage loans, as determined by the Authority;
- (2) demonstrate a proven ability to service the type of mortgages for which Authority approval is being requested;
- (3) in the case of a licensed mortgage servicer, maintain a minimum tangible net worth ~~of \$1,000,000~~ as required by the Connecticut Department of Banking as a condition of licensure or provide a letter of credit, available and otherwise uncommitted line of credit, bond or other financial instrument acceptable to the Authority totaling such amount;
- (4) be in compliance with applicable federal and state laws, regulations promulgated thereunder and any licensing requirements by agencies of government having jurisdiction;
- (5) maintain quality control and management system systems to evaluate and monitor the overall quality of its servicing activities, and
- (6) execute ~~the standard~~ Home Mortgage Servicing Agreement and/or other contracts as determined by the Authority.

(d) The Authority may remove from the list of approved participating lenders any lending institution that has (i) failed to commit, close and/or service mortgage loans in accordance with the Act, these procedures, the Master Commitment Agreement for Mortgage Purchases, and/or the Home Mortgage Servicing Agreement or other agreement governing the closing, origination, or servicing of loans for the Authority, or (ii) ceased to meet the criteria for becoming a participating lender. The Authority may terminate the Master Commitment Agreement for Mortgage Purchases and/or the Home Mortgage Servicing Agreement or other agreement governing the closing, origination, or servicing of loans for the Authority in accordance with the provisions thereof.

(e) ~~Participating~~ The Authority may approve a participating lender which offers rehabilitation mortgage loans or construction loans but does not offer all the other loan products offered by the Authority. Otherwise, participating lenders shall not restrict applications for loans to any segment of offer all loan products offered by the Authority under the Homebuyer Mortgage Program, except that a participating lender for: (i) rehabilitation mortgage loans, (ii) construction loans, (iii) mobile/manufactured homes loans, (iv) USDA loans, or (v) VA loans A participating lender need not accept applications for rehabilitation mortgage loans and need not accept applications for mortgage loans on homes located outside its normal geographic lending areas. The Authority shall have the discretion to limit the participating lenders which are allowed to offer new loan products to

only certain participating lenders. The Authority shall have the discretion to deny a request by a lender to become a participating lender based on the number of approved participating lenders and the geographic areas served by the approved participating lenders.

(f) The Authority may require a ~~newly approved~~ participating lender from time to time to attend training sessions as the Authority deems appropriate.

(g) A participating lender may sponsor a “~~correspondent lender broker~~” to originate mortgage loans with the prior written approval of the Authority. The sponsoring participating lender ~~will~~shall be ~~required to meet and provide evidence of a minimum tangible net worth of \$1,000,000 in good standing~~ in order to sponsor a ~~correspondent lender. To broker. In addition to such other requirements as the Authority may from time to time establish in its Home Mortgage Programs Operating Manual, to~~ be approved as a ~~correspondent lender broker~~ to originate mortgage loans by the Authority, the ~~correspondent lender broker~~ must meet the same criteria for a participating lender to originate mortgage loans as described in subsection (b) above, except as follows:

- (1) the broker shall have a minimum tangible net worth of \$50,000~~;~~;
- ~~(2) —~~the ~~correspondent lender broker~~ may be required to execute ~~the standard~~ Master Commitment Agreement for Mortgage Purchases~~;~~
- ~~(2) —~~ or other agreement setting forth its obligations to the ~~correspondent lender~~ Authority~~;~~
- (3) the broker may be required to attend a training session(s) prior to originating any Authority loans on behalf of the sponsoring participating lender and any other training sessions as the Authority deems appropriate; and
- (4) the broker shall conform to guidelines as required by the Connecticut Department of Banking ~~and/or the Authority~~ regarding licensing ~~of~~required to act as a ~~correspondent lender broker~~ in the State of Connecticut.

An approved ~~correspondent lender broker~~ may originate home mortgage loans on behalf of a sponsoring participating lender. However, the sponsoring participating lender shall remain fully responsible to the Authority for its obligations pursuant to these procedures, the Authority ~~Homebuyer~~Home Mortgage ~~Program~~Programs Operating Manual, and the Master Commitment Agreement for Mortgage Purchases. The Authority reserves the right to limit the number of ~~correspondent lenders brokers~~ and may rescind approval of a ~~correspondent lender broker~~ at any time with (prior) written notice.

A-3. Distribution of Mortgage Money Funds

(a) The Authority makes ~~mortgage money funds~~ available through participating lenders in the state. The Authority will not issue separate allocations to any particular participating lenders. Generally, ~~mortgage money is~~funds are available on a continuous basis.

(b) ~~Mortgage money~~Funds may be reserved by a participating lender for a prospective borrower only after the prospective borrower has entered into a written sales agreement covering the property to be financed, a copy of which agreement shall be supplied to the participating lender; and has shown evidence of income ~~by supplying a copy of the federal income tax return most recently filed by a prospective borrower, unless he has not been required to file such return.~~ The participating lender will tentatively determine if the prospective borrower is qualified as an eligible borrower as defined in section III, A-5 entitled “Eligible Borrowers” of these procedures. ~~Such reservation of funds not committed within four (4) months of the date of reservation shall be canceled and of no further effect unless extended by the Authority.~~

(c) The Authority reserves the right to hold back a portion of any available ~~mortgage money~~funds for use in special programs, in furtherance of its goals in providing financing for owner-occupied one-to four-family housing; ~~(such as for urban area mortgages).~~ The Authority may limit participation in such special programs to certain designated lenders or may, itself, administer loans made thereunder.

A-4. Commitments for Mortgage Purchase

A participating lender shall submit each mortgage loan application approved by it to the Authority ~~with, and, in the case of all mortgage loans purchased directly by the Authority,~~ all information and documents required to comply with the rules and regulations of the ~~commissioner~~Connecticut Department of bankingBanking, any mortgage insurer or guarantor, and the ~~Homebuyer~~Home Mortgage ProgramPrograms Operating Manual.

A-5. Eligible Borrowers

An applicant shall be eligible for an Authority mortgage loan if the applicant:

(a) Has ~~the financial capacity to repay such loan and has~~ aggregate ~~family~~ income at an annualized rate at the time of application at or below the applicable income limit in effect at the time of application ~~or is, which limit may be different for an applicant~~ purchasing residential property in ~~one of a targeted area designated by the legislatively defined urban areas pursuant to section III, A-9 of these procedures entitled “Urban Area Mortgages”;~~Authority;

(b) Agrees to occupy and use the residential property to be purchased or rehabilitated for a ~~permanent, primary~~principal residence ~~within sixty (60) days of the closing of the mortgage loan;~~

(c) Possesses the legal capacity to incur the obligations of the Authority’s mortgage loan;

~~(d) Possesses the ability, as determined by the Authority, to repay the Authority’s mortgage loan;~~

~~(e) Contracts to purchase or rehabilitate property which qualifies as an eligible dwelling under section III, A-15 of these procedures entitled “Qualification as an Eligible Dwelling”;~~

~~(f)~~(d) Has not, at any time during the three years preceding the date ~~of application for the~~ mortgage loan is executed, had a present ownership interest (as defined by the ~~Homebuyer~~Home

Mortgage ~~Program~~Programs Operating Manual) in ~~his~~their principal residence. This requirement does not apply to loans on properties located in targeted areas as designated by the Authority or to loans made to prior homeowners as permitted by Federal ~~Law~~and state law, and

~~(g)~~(e) Is not using the proceeds of the Authority's mortgage to refinance an existing mortgage on the property (except in the case of a qualified rehabilitation loan) or to finance the acquisition of the remaining interest in a property in which a partial interest already is owned. The use of the loan proceeds to refinance an existing mortgage is permitted only if the prior mortgage is a construction period loan or other temporary financing with a period of twenty-four (24) months or less, or if it is on unimproved land on which a dwelling is to be constructed and is to be paid prior to the closing of the Authority's mortgage loan, which latter loan does not exceed the cost of construction.

A-6. Occupancy

(a) Owner-occupancy is a condition of the Authority's home mortgage loans. As a part of the application process, each applicant for an Authority home mortgage loan shall sign a certificate on a form provided by the Authority attesting to the applicant's intent to live in the housing to be financed. ~~At the closing of such loan, each borrower shall execute an Owner-Occupancy Certificate attesting that the housing property to be financed is being purchased as the permanent primary principal residence of the borrower. The borrower shall occupy the housing property within sixty (60) days of the closing ~~and shall continue to occupy the housing for the term of the mortgage. No later than sixty (60) days after the closing of a loan, the participating lender shall verify owner-occupancy by means of a physical inspection of the mortgaged property.~~~~

~~(b) — Extensions of the deadline for taking occupancy may be granted by the Authority, in its sole discretion, upon a showing of good cause therefor. No extension shall be granted if, prior to closing, the borrower knew or had reason to know of the barrier to occupancy.~~

~~(e)~~(b) ~~The Authority may~~The Authority may in its discretion waive as an event of default the failure of a borrower who has been residing in housing financed by the Authority as the borrower's permanent primary principal residence to occupy such residence for not more than three (3) periods of up to one (1) year provided borrower applies to the Authority in advance, and upon receiving the Authority's waiver, the borrower certifies to the satisfaction of the Authority annually that:

- (1) borrower has complied with the Authority's owner occupancy requirements in good faith;
- (2) borrower has moved out due to unforeseen circumstances beyond borrower's control including, but not limited to, military duty assignment, job transfer, employment training or serious medical condition of a family member which requires borrower's presence;
- (3) the mortgage debt service, taxes, common charges or other required expenses and required insurance are and will remain current;
- (4) if required, the property will be listed and actively marketed for sale, and

- (5) the amount of any rent received from the housing does not exceed the annual sum of mortgage debt service, taxes, common charges and insurance premiums and that any excess shall be paid to the Authority.

~~(d)(c)~~ The Authority ~~shall~~may declare the failure to occupy to be a default of the mortgage loan and may pursue all remedies available under the note and mortgage as permitted by applicable law, the Authority Owner-Occupancy Certificate, or otherwise available at law or in equity, if during the period of sixty (60) days from the closing the borrower does not occupy the mortgaged housing property as a permanent primary principal residence, unless the Authority has extended the time for occupancy as provided herein, in the case of an Authority loan to refinance the rehabilitation of the mortgaged property, or has otherwise been permitted by the Authority.

~~(e)(d)~~ No tenant selection plan shall be required of borrowers in connection with the Authority's home mortgage loans.

~~(f)~~ ~~The Authority may waive as an event of default the failure to continue to occupy the housing for the term of the mortgage for military personnel transferred to another military base, provided the borrower provides the Authority with a written request and proof of transfer.~~

A-7. Credit Review

In determining whether or not an applicant meets the Authority's income limitations, where applicable, an applicant's aggregate income shall be ~~computed by including the elements discussed herein~~calculated in compliance with Section 143 of the Internal Revenue Code and applicable Revenue Procedures issued by the Internal Revenue Service. Presently under the Internal Revenue Code, the family income of applicants shall be determined by the Secretary of the Treasury after taking into account the regulations prescribed under section 8 of the United States Housing Act of 1937 (or, if such program is terminated, under such program as in effect immediately before such termination).

~~(a)~~ ~~An applicant's aggregate income shall include income from whatever source derived, including without limitation, regular earnings; part-time earnings; unemployment compensation; bonuses; overtime income, whether or not guaranteed by an employer; dividends; interest (except on funds which will be used for down payment and closing costs); commissions; military allowances; welfare payments; disability payments; pension, annuity, retirement, and social security benefits; and reimbursement for services in military reserve or National Guard. The Authority may at its option exclude overtime income where it deems such income to be of short duration and of a temporary nature.~~

~~(b)~~ ~~"Aggregate income", for purposes of determining compliance with the Authority's income limitations and qualifications for the Authority's Homebuyer Mortgage Programs, shall consist solely of the aggregate income of the mortgagor (or mortgagors).~~

~~(c)~~ ~~Aggregate income, for purposes of determining compliance with the applicable income limit when purchasing dwellings of two to four units, shall be the percentage of the anticipated fair market income consistent with the applicable loan program.~~

~~(d) — Aggregate family income shall also include alimony, child support, or maintenance payments only to the extent that they are likely to be consistently received. Factors to be considered in determining the likelihood of consistent payments include, but are not limited to, whether the payment is received pursuant to a written agreement or court decree, the length of time the payments have been received, the regularity of receipt, the availability of procedures to compel payment, whether full or partial payments have been made, the age of any child for who child support is to be paid, and the creditworthiness of the obligee, including the credit history of the obligee where available under the Fair Credit Reporting Act (section 1681 et seq. of title 15 of the United States Code) or other applicable laws. A participating lender shall submit to the Authority evidence adequate to support its determination.~~

A-8. Evidence of income

Each applicant for an Authority's home mortgage loan shall provide ~~copies of the three previous years' signed federal income tax returns (one year in the case of a loan in a targeted area or to a prior homeowner) and the three most recent pay stubs (if provided pursuant to section 31-13a of the General Statutes) of the applicant (s), unless such evidence as~~ the Authority agrees in writing to accept may deem appropriate, consistent with industry practice and current requirements under the Internal Revenue Code and other evidence of income where no such return has been filed or no such pay stubs have been provided. The applicable laws. Such evidence may include, in the Authority's discretion, the procurement by a participating lender shall obtain of income and employment verification ~~from the applicant's employer.~~

~~In cases where an applicant is self-employed, or is one of the principal owners of a business, the applicant's schedule C from his most recent federal income tax return or the business' income tax return will, federal income tax returns, and such other documentation as may be used, without adjustment, to determine income. Self-employment or investment losses and employee expenses on Form 2106 will not be reflected for purposes of eligibility, but will be reflected for underwriting ratios common in the industry.~~

A-9. Urban Area Mortgages

~~(a) The Authority may finance mortgage loans in certain State and Federally designated urban targeted areas of the state without regard to, with a higher limit on the borrower's income, a higher limit on the acquisition cost, and a lower interest rate than for borrowers applying in other areas.~~ Such applications are considered only when such desired loans may not otherwise be available on "reasonable terms" as determined by the ~~Executive Director of the~~ Authority.

A-10. Family Size

~~The~~For purposes of the income limitations, the family unit of an applicant for an Authority's mortgage loan shall include the mortgagor (or mortgagors) and their legal dependents and any permanent member of the household that will occupy the subject property, who are related, such as parents; grandparents; in-laws; foster children, etc. ~~The intended spouse of an applicant engaged to be married will be considered part of the family unit regardless of the proposed marriage date. A borrower who is divorced shall submit a copy of the decree of dissolution of marriage as proof of such status. A borrower who is separated from a spouse will be treated for income limit purposes as being married, unless such borrower submits evidence of separation for more than three years or a judicial decree of separation dated prior to the date of application.~~

A-11. Disposal of Other Residential Property

~~Any~~The Authority may set forth in its Home Mortgage Programs Operating Manual requirements relating to the disposal of any real estate that is owned by the borrower and used by the borrower as a residence and that will not be security for a proposed mortgage loan ~~to the borrower shall be disposed of or under bona fide contract for sale before the closing on such loan. In cases where a borrower, such as in a federally approved target area, is in the process of selling such residential property or has sold it during the six months prior to the date of application for the loan, the borrower shall apply the equity proceeds from that sale as a down payment on the eligible dwelling. The borrower may deduct payoff of the present first mortgage, payoff of other mortgages recorded at least one year, real estate commissions and reasonable closing costs on the home being sold in determining equity proceeds.~~

A-12. Determination by Participating Lender

The qualification of an applicant as a borrower shall be determined by each participating lender subject to review by the Authority. A participating lender shall review each application form and related submissions to determine their completeness in accordance with FNMA, FHLMC, FHA, VA, and USDA Guidelines, as applicable, the terms of the Act and these procedures. Reasonable efforts shall be undertaken to verify information given in such application. In the case of applicants who qualify for multiple loan products, the Authority may require that participating lenders offer such applicants the opportunity to obtain the loan product which is most suitable to such applicants, provided a participating lender may offer more than one loan product to any such applicant.

A-13. Denial Caveat

~~A~~Except in the case of a credit union or other depository institution with a limited field of membership and whose deposits are federally insured, a participating lender shall not deny the Authority's mortgage loan to a borrower because the borrower is not a depositor or customer of the participating lender. A participating lender shall not deny the Authority's mortgage loan to a borrower because the borrower is not a member of a particular group that such lender desires to favor or is a member of a particular group that such lender desires to exclude.

A-14. Multiple Loans

~~A~~Unless otherwise allowed by the Authority, a borrower may not have more than one outstanding Authority first mortgage loan, including an Authority mortgage loan that has been assumed by another borrower. A commitment for a borrower who already has an Authority mortgage loan shall contain, as a special condition, the payment in full of the prior loan: unless the Authority provides an exception.

A-15. Qualification as an Eligible Dwelling

(a) An Authority mortgage loan shall be made only to finance the acquisition or rehabilitation of an eligible dwelling. An eligible dwelling is one that is located in the state, is structurally and functionally sound, meets all applicable zoning, building, health, and similar codes and requirements, and has a purchase price not in excess of any limits set by the Authority. A permanent certificate of occupancy shall have been issued for each eligible dwelling. An eligible dwelling may be a building consisting of one to four family dwelling units (one of which will be occupied as the principal residence of the borrower) or may be an owner-occupied unit of a multi-unit complex such as a condominium, or a planned unit development, etc., provided that such multi-unit complex has received the Authority's prior approval. The land on which the eligible dwelling is situated cannot exceed basic livability, other than incidentally, cannot be subdivided, and cannot be a source of income (other than incidental income) to the borrower. The participating lender shall make a preliminary determination as to whether a dwelling as to which an Authority mortgage loan is requested is an eligible dwelling.

~~(b) — The sales contract of a newly constructed house (one which was not occupied prior to the Authority's loan commitment) or a house to be constructed must provide for insulation of at least R30 in the ceiling and R11 in the walls (R38 in the ceiling and R19 in the walls and floors in the case of electric heat) and for double glazed windows with wood or other thermal break (or storm windows in lieu thereof). If necessary, an amendment to the sales contract to provide for these will be required.~~

A-16. Minimum ~~Downpayments~~Down payments

The minimum ~~downpayment~~down payment required in the case of the Authority's mortgage loan insured by Private Mortgage Insurance ("PMI"), the Federal Housing Administration ("FHA"), USDA Rural Development ~~(("RD"))~~ or guaranteed by the Veterans Administration ("VA") shall be such ~~downpayment~~down payment, if any, required from time-to-time by PMI, FHA, RD or VA or such other insurance program accepted by the Authority.

A-17. Income and Sales Price Limits

~~(a) — The Authority shall adopt income limits for borrowers in order to carry out the policies and purposes of the Act, subject, however, to the provisions of section III, A-9 of these procedures entitled "Urban Area Mortgages." The Authority shall adopt income limits for each county in the state that vary with the size of the household to occupy the housing to be financed, except that income limits for households of three (3) persons shall also be applicable for smaller households and the income limits for households of seven (7) persons shall also be applicable for larger households. The income limits applicable to a particular borrower is the one for the appropriate household size in the county in which the housing to be financed is located. In no event shall such income limits exceed~~

the products, rounded to the nearest one hundred (100) dollar multiple, arrived at by multiplying one hundred thirty (130) percent by the following:

- ~~(1) — for Fairfield County, the average of the median family income established from time to time by the United States Department of Housing and Urban Development (“HUD”) for the federal Bridgeport Milford, Danbury, Norwalk, and Stamford primary metropolitan statistical areas;~~
- ~~(2) — for New Haven County, the average of the median family income for the federal New Haven Meriden and Waterbury metropolitan statistical areas;~~
- ~~(3) — for New London County, the median family income for the federal New London Norwich metropolitan statistical area;~~
- ~~(4) — for Hartford and Tolland Counties, the median family income for the federal Hartford primary metropolitan statistical area;~~
- ~~(5) — for each other county in Connecticut, the median family income for the federal non-metropolitan county parts for the particular county.~~

The Authority shall from time to time adopt income limits and sales price limits, provided that such

~~(b) — The Authority shall adopt sales price limits for mortgaged premises to carry out the policies and purposes of the Act. The Authority shall adopt sales price limits for each county in the state. In no event shall any sales price limit exceed the amount which would cause the Authority’s bonds to be taxable under the Mortgage Subsidy Bond Tax Act of 1980. In no event shall such sales price limits exceed the products, rounded to the nearest one hundred (100) dollar multiple, arrived at by multiplying four (4) by the following:~~

- ~~(1) — for Fairfield County, the average of the median family income figures published from time to time by HUD (“MFI”) for the federal Bridgeport Milford, Danbury, Norwalk, and Stamford primary metropolitan statistical areas;~~
- ~~(2) — for New Haven County, the average of the MFI’s for the federal New Haven Meriden and Waterbury metropolitan statistical areas;~~
- ~~(3) — for New London County, the MFI for the federal New London Norwich metropolitan statistical area;~~
- ~~(4) — for Hartford and Tolland Counties, the MFI for the federal Hartford primary metropolitan statistical area, and~~
- ~~(5) — for each other county in Connecticut the MFI for the federal non-metropolitan county parts for the particular county.~~

~~(e) Anything set forth in these Procedures to the contrary notwithstanding, the Authority may from time to time adopt income limits and sales price limits on a basis different than as is provided in subsections A-17(a) and A-17(b) above, *provided, however*, said limits shall be in compliance with~~

section 143 of the Internal Revenue Code of 1986 (26 USC §143) and all rules and procedures promulgated thereunder, and as shall be deemed necessary by the ~~Executive Director~~Authority to carry out the policies and purposes of the Act by the ~~Executive Director~~Authority, as follows:

- (1) The Authority shall adopt income limits for borrowers in accordance with the following:
 - ~~(A)~~ the ~~household~~ income of the mortgagor shall not exceed 100 percent in the case of 1-2 person households or 115 percent in the case of all other households of the applicable median income, unless either (i) the mortgaged property is in a Targeted Area (for which the income limit shall conform to the applicable IRS limit), or (ii) the mortgaged property is located in a high housing cost area, in which case the Authority may adjust the income limit in conformity with the Internal Revenue Code; and
~~(A)~~
 - (B) in the case of any financing provided under any bond issue for targeted area residents:
 - (i) one-third of the amount of such financing may be provided without regard to subparagraph (A), and
 - (ii) sub paragraph (A) shall be treated as satisfied with respect to the remainder of the financing if the household income of the mortgagor is 120 percent or less in the case of 1-2 person households or 140 percent or less in the case of all other households of the applicable median family income.
 - (C) for purposes of this subsection the term “applicable median income” means, with respect to a dwelling, whichever of the following is greater:
 - (i) The area median gross income for the area in which such dwelling is located, or
 - (ii) The statewide median gross income.
- (2) The Authority shall adopt sales price limits for mortgaged premises in accordance with the following:
 - (A) the acquisition cost of a dwelling shall not exceed 90 percent of the average area purchase price applicable to such dwelling, unless in a Targeted Area;
 - (B) for purposes of subparagraph (A) the term “average area purchase price” means, with respect to any dwelling, the average area purchase price of single family dwellings (in the federal statistical area in which

the dwelling is located) which were purchased during the most recent 12-month period for which sufficient statistical information is available, ~~and~~;

- (C) for purposes of this subsection, the determination of average area purchase price shall be made separately with respect to:
 - (i) dwellings which have not been previously occupied, and
 - (ii) dwellings which have been previously occupied;
- (D) in the case of Targeted Area residence, subparagraph (A) shall be applied by substituting “110 percent” for “90 percent.”; ~~and~~
- ~~(E) the Authority in its discretion may establish a cap on the sales price which is less than the IRS limits in order to preserve its lending capacity for housing which is consistent with its mission of serving low and moderate income families and persons.~~

A-18. Computation of Sales Price (Acquisition Cost)

(a) The acquisition cost (which is commonly but not always the sales price) of an eligible dwelling ~~as established in an arm’s length transaction~~ shall not exceed the applicable sales price limit established by the Authority and in effect at the time of the application. The ~~sales price~~acquisition cost of an eligible dwelling shall include all amounts paid, either in cash or in kind, by the buyer (or by another party acting on behalf of the buyer) to the seller (or to another party for the benefit of the seller). In conformity with the Internal Revenue Code and IRS Regulations, for purposes of determining the acquisition cost, other costs and items may be included in the computation.

(b) The following items shall be included in the computation of the ~~sales price~~acquisition cost of an eligible dwelling:

- (1) the reasonable costs of completing the eligible dwelling, whether or not such costs are to be financed with the proceeds of the mortgage loan, if the eligible dwelling is incomplete at the time of closing and the builder does not normally sell similar incomplete homes;
- (2) the capitalized value of the ground rent, for an eligible dwelling subject to a ground rent, which value shall be calculated using a discount rate equal to the yield on the Authority’s bonds from which the loan proceeds were derived; and
- (3) the cost of the land on which the eligible dwelling is to be located, if such land ~~had~~has been owned by the borrower less than two years prior to the commencement of construction of the eligible dwelling or the value of such land if it was acquired by the borrower as a gift less than 12 months prior to the closing of the Authority loan.

(c) Participating lenders shall obtain appraisals of all properties for which the Authority's loans are requested. Said appraisals shall be on forms required by the mortgage insurer or guarantor, shall be made by appraisers acceptable to the Authority. Appraisal reports shall be submitted to the Authority together with other loan documents.

(d) The value of property as reported in an appraisal shall be that which the property would bring in a bona fide, arm's-length transaction between well-informed/advised parties acting in their own best interests, assuming reasonable market exposure for the property and payment in cash or by means of typical financing terms. If an appraisal indicates that a property is in need of repairs, a recertification by the appraiser will be required prior to the closing of the loan. Such recertification shall state that either the necessary repairs have been made or that an escrow has been set up.

(e) As part of the Borrower ~~Affidavit~~Eligibility Certificate submitted to the Authority, the participating lender shall include an Acquisition Cost Worksheet completed by the borrower. Such worksheet, on a form supplied by the Authority, shall set forth in detail the sales ~~(price (i.e., acquisition) price cost)~~ of the eligible dwelling, as computed in accordance with these procedures.

(f) ~~At the closing of each loan, the participating lender shall certify to the Authority that the sales (acquisition) price of the property is not in excess of the applicable sales price limit. Such certification shall be based~~Based on the participating lender's review of the Acquisition Cost Worksheet and other relevant documentation, ~~and shall be made as part of the Participating Lender Certification. the participating lender shall certify that the acquisition cost does not exceed the applicable acquisition cost limit.~~

(g) The Authority may at its option reject an application for a mortgage loan to finance the purchase of an eligible dwelling where the appraised value exceeds the applicable sales price limit by more than five (5) percent.

(h) Notwithstanding any of the above, the Authority reserves the right to require an independent appraisal if, in its sole discretion, it determines that doing so is necessary to ascertain whether the property in question qualifies as an eligible dwelling.

(i) Surveys are not needed unless required by mortgage insurers/guarantors or the Authority. A participating lender shall promptly notify the Authority upon discovery of any state of facts which, from the standpoint of a prudent lender, may indicate the need for a survey of the property in question.

A-19. Eligible Condominiums (Common Interest Community)

The Authority's mortgage loans may be made to finance the acquisition of any unit in the following classes of condominium units:

(a) Any unit not part of a conversion; or

(b) Any unit in a conversion condominium, except that for a period of one (1) year subsequent to the filing of the declaration of condominium, the Authority may provide mortgage loan financing only to an applicant who is a tenant that has rented a unit at the property.

A-20. Condominium Project Eligibility

Authority mortgage loans may finance the purchase by eligible borrowers of units in condominium or common interest communities, *provided, however*, all applicable program requirements determined by the Authority ~~must be~~ are satisfied, including, without limitation, terms and conditions required by any applicable conventional and/or government homeownership mortgage loan programs offered by, among others, the United States Federal Housing Administration, the United States federal government sponsored entities (the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association), and/or private mortgage insurers.

A-21. ~~Maximum Number of Units Financed~~

~~Upon approval of a common interest community (such as a condominium, a planned unit development, etc.), the Authority will determine the number of units that will be eligible for the Authority's mortgage loans. The Authority shall not hold mortgage loans on more than fifty (50) percent of the units in any common interest community, and at least fifty (50) percent of the units shall be sold or under bona fide contract of sale prior to the Authority's purchase of any mortgage loan on a unit, unless otherwise approved by the Executive Director of the Authority.~~

~~A-22. Detached Single Family Houses in a Multi-Unit Complex~~

Detached single family houses in a multi-unit complex shall be considered on the same basis as any single family houses not part of multi-unit complexes.

A-~~23~~22. Leasehold Interests

The following requirements shall apply where a loan is secured by a mortgage on a leasehold interest:

- (a) the lease shall be in full force and effect;
- (b) the notice of lease shall be recorded on the land records of the town in which the leased property is located;
- (c) (i) the term of the lease may not terminate earlier than that number of years beyond the maturity date of the Authority's mortgage loan as is equal to the number of years remaining to maturity; and, (ii) the lease is of a lot in a mobile manufactured home park which is indefinitely renewable under Connecticut General Statutes Section 21-70(b), and such lease is acceptable to a third party mortgage insurer, and the Authority receives an acceptable mortgage insurance policy, or (iii) the loan is for the purchase of a mobile manufactured home located in a manufactured housing community, in which case the lease may be renewable annually and private mortgage insurance shall not be required; and

(d) the lease shall be in a form acceptable to the participating lender and the Authority; it shall provide that the lessee may mortgage the leasehold estate, and that the lease may not be terminated for a lessee's default unless the mortgagee receives from the lessor written notice of, and reasonable opportunity to cure, such default.

A-2423. Mortgage Insurance or Guaranty

(a) Each Authority mortgage loan application submitted to the Authority by a participating lender shall be accompanied by a commitment for mortgage insurance or guaranty if required by the Authority.

(b) Mortgage insurance or guaranty or a firm commitment, if required by the Authority, shall be in effect at the time the Authority purchases a mortgage loan, and the Authority shall be named as the insured or guaranteed mortgagee.

(c) Mortgage insurance or guaranty, whether governmental or private mortgage insurance, shall generally conform with such terms and conditions, including amount of PMI coverage, as are customary in the industry, subject to the discretion of the Executive Director, as promulgated from time to time in the Authority ~~Homebuyer~~Home Mortgage ~~Program~~Programs Operating Manual.

(d) The issuance of a commitment for mortgage insurance or guaranty shall not obligate the Authority to issue a loan commitment for the application.

A-2524. FHA-Insured, RD-Guaranteed and VA-Guaranteed Mortgage Loans

The Authority's mortgage loans may be insured by FHA insurance, RD guarantees or ~~the~~VA guarantees on newly constructed or existing eligible dwellings.

Each FHA-insured, RD-Guaranteed, or VA-guaranteed loan may be insured or guaranteed under one of the ~~following~~ programs:

- ~~(a) — FHA Section 203 (b) or (i); Home Unsubsidized,~~
- ~~(b) — FHA Section 203 (k);~~
- ~~(c) — FHA Section 213: Cooperative Financing;~~
- ~~(d) — FHA Section 221 (d)(2): Low and Moderate Income;~~
- ~~(e) — FHA Section 222: Servicemen;~~
- ~~(f) — FHA Section 233: Experimental Housing;~~
- ~~(g) — FHA Section 234: Individual Condominium Unit;~~
- ~~(h) — FHA Section 235: Lower Income (Interest Subsidy);~~
- ~~(i) — FHA Section 237: Special Credit Risks;~~
- ~~(j) — FHA Section 245: Graduated Payment Mortgages;~~
- ~~(k) — FHA Section 745: Direct Endorsements;~~
- ~~(l) — FHA Section 809: Armed Services Civilian Employees;~~
- ~~(m) — FHA Section 810: Armed Services Housing;~~
- ~~(n) VA Chapter 37, Title 38, U.S. Code (which includes section 501 of the Servicemen's —
— Readjustment Act of 1944, as amended), may be available from time to time.~~

~~(e) — FHA USDA Rural Development Section 502 Guaranteed Rural Housing Loan Program:~~

~~upfront mortgage insurance.~~

~~The Authority's mortgage loans may be insured under any other FHA insurance program with the prior written approval of the Authority.~~

VA and RD-Guaranteed funding fees may be included in the first mortgage loan financed by the Authority, providing provided the LTV does not exceed the guidelines of the insurer.

A-~~26~~25. Mortgage Insurance Coverage

The ~~term~~duration and amount of ~~all~~ mortgage insurance or guarantees with respect to the Authority's mortgage loans shall ~~not expire prior to the payment in full of said loan.~~ be maintained consistent with industry standards and applicable law. Any mortgage insurance or guarantee shall be in full force and effect as of the ~~closing date of the Authority acquires an interest in the Authority's mortgage loan insured or guaranteed,~~ and such insurance or guarantee shall name the Authority as the insured or the beneficiary of the guarantee.

A private mortgage insurer shall not charge a commission, fee, or other compensation for providing mortgage insurance other than premiums at the rate or rates filed with the Connecticut Department of Insurance Commissioner.

~~Notwithstanding the above, private~~

Private mortgage insurance for ~~those~~ loans (including loans on 2-4 family homes) ~~that~~, whether such loans close before, on or after July 29, 1999, shall be subject to cancellation or termination pursuant to applicable law, including, when applicable, the provisions of the Federal Homeowners Protection Act of 1998. ~~In addition, for those loans that closed prior to July 29, 1999, PMI may be terminated if the borrower makes written request to the servicer, subject to the following conditions:~~

~~(1) — Sufficient amortization of the mortgage loan has occurred such that the outstanding principal balance of the mortgage loan is 80% or less of the borrower's purchase price;~~

~~(2) — A current appraisal shows a fair market value of the mortgaged premises such that the current loan to value is 80% or less; and~~

A-26.

~~(3) — The borrower has a good payment history for the 24 months immediately preceding the date of the borrower's request as defined by the Homeowners Protection Act of 1998.~~

~~Provided, PMI shall be automatically cancelled for those loans that closed prior to July 29, 1999 upon the following conditions:~~

~~(1) — The loan has amortized for a period of fifteen (15) years since closing; and~~

~~(2) — The borrower is current on the loan.~~

~~A-27.~~ Terms and Condition of Authority Mortgage Loans

(a) Each Authority mortgage loan shall be secured by a valid first lien on the mortgaged property. Such property shall be free and clear of all prior encumbrances and liens except as approved by the Authority, and no rights may be outstanding that could give rise to such prior liens.

(b) The mortgage note, deed, and any other instruments securing a mortgage loan, shall create legal, valid, and binding obligations of the borrower(s), enforceable in accordance with their terms, free from any right of set-off, counterclaim, or other claim of defense.

(c) The original term of a mortgage loan on a fee interest shall not exceed thirty (30) years. The original term of a mortgage loan on a leasehold interest shall not exceed thirty (30) years, and the term of the underlying lease shall not expire for at least such number of years beyond the maturity date of such loan as is equal to the number of years remaining to maturity.

(d) The Authority may require that mortgage loans be of the growing equity type. Under this type of mortgage the borrower is qualified under an initial monthly payment of principal and interest based on a 30-year term. During the term of the mortgage this monthly payment is increased at certain times with the entire payment increase applied to the principal balance on the loan so that the loan is fully paid in substantially less than 30 years. The note must show the monthly payment for each period of time during the term of the loan.

(e) The principal amount of each Authority loan shall be advanced by the participating lender at the time of closing. Such loan shall provide for monthly amortization payments, interest payable in arrears, with full repayment by maturity. Amortization shall commence within two (2) months after closing. Monthly amortization payments shall be due on the first day of each month, and the final payment date shall be shown on the loan documents.

(f) A mortgage loan shall not provide for a prepayment penalty. Loans may provide for a late charge in an amount not to exceed five (5) percent on payments fifteen (15) days or more past due to cover the expenses attributable to the receipt of payment after the due date.

(g) Each Authority mortgage shall provide for the monthly collection of escrow payments for real estate taxes, mortgage insurance premiums, and, except in the case of a mortgage loan to finance a condominium unit, hazard insurance premiums, ~~whenas~~ required by the mortgage insurer, in addition to the monthly amortization payments. ~~A participating lender~~ A loan servicer shall pay interest on escrow deposits at a rate of not less than the minimum set forth in applicable statutes or regulations.

(h) A mortgage loan shall obligate the borrower to keep the mortgaged premises in good repair and condition, keep the premises free from other liens and encumbrances, and maintain hazard insurance in accordance with the requirements set forth in section III, ~~A-2928~~ entitled "Hazard Insurance Coverage" of these procedures.

(i) The Authority may require the mortgage and the mortgage note to be executed on forms provided by the Authority.

(j) All requirements of all federal and state law, rules, regulations and procedures now existing or hereafter adopted, applicable to mortgages and mortgage loan transactions, including without limitation truth-in-lending laws, fair credit reporting laws, equal opportunity laws, usury laws, and law regulating interest due on escrow accounts, shall be complied with where applicable.

A-2827. Title Insurance

(a) Each Authority mortgage loan shall be insured by a mortgagee's title insurance policy which insures that the Authority has a good and valid mortgage on the mortgaged property. Such policy shall be issued in a form and by a title insurer licensed to do business in the State of Connecticut and must show recording data for the mortgage and the assignment thereof. The policy must be in an amount not less than the original principal balance of such loan. The named insured shall be named in the following form:

“(Participating lender) and/or Connecticut Housing Finance Authority, its successors and assigns, as their interests may appear.”

(b) Title insurance policy exceptions for agreements or restrictive covenants relating to cost, use, building lines, minimum size, building materials, architectural, aesthetic or similar matters (other than single- family use restrictions on two to four family properties) are acceptable to the Authority if:

(1) there is no possibility of reversion or forfeiture of title in the event of violation thereof, and the title policy insuring the mortgage loan affirmatively insures that a breach or violation of covenants, restrictions, agreements, and other encumbrances will not result in a forfeiture or reversion of title; and

(2) no violation of any such agreements or restrictive covenants exists as of the date of closing.

(c) The following title insurance policy exceptions shall be acceptable to the Authority:

(1) any mutual easement agreement recorded in the land records of the town within which the property is situated that establishes a joint driveway or a party wall, whether constructed partly or wholly on the mortgaged property or the adjoining property, but only if the easement agreement allows all present and future owners, their heirs and assigns, unlimited use of the driveway or party wall without any restriction other than any restrictions stating the mutual easement owners' rights in common and duties as to joint maintenance;

(2) Encroachments on the mortgaged property by improvements on adjoining property, provided such encroachments do not extend more than one foot over the property line at any point, do not cover or enclose an area of greater than fifty (50) square feet on the mortgaged property, do not touch any building or any other improvement, and do not interfere with the use of the mortgaged property as a residence. An encroachment not meeting these standards will be acceptable to the Authority only if it is made the subject of a recorded easement agreement; and

(3) liens for real estate or other taxes and assessments, including sewer or street-improvement caveats, no payments under which are due at the time of closing.

A-2928. Hazard/Flood Insurance Coverage

(a) Property subject to an Authority's mortgage loan shall be covered by hazard insurance as follows:

(1) Fire and customary extended coverage insurance in an amount sufficient to cover the outstanding principal balance of such loan or the full insurable value of the improvements on the mortgaged property, whichever is less. The amount of coverage may not be less than the amount required by a mortgage insurer or guarantor nor be required to exceed the maximum amount permitted by applicable statutes.

(2) A participating lender shall ~~be responsible for and shall be deemed to guarantee warrant~~ compliance with the provisions of the Flood Disaster Protection Act of 1973, whenever such provisions are applicable to any Authority mortgage loan. ~~If mortgaged property is located in an area having special flood hazards, as identified by the Secretary of Housing and Urban Development~~If flood insurance is required under federal law, flood insurance shall be maintained in the amount of the outstanding principal balance of the Authority's mortgage loan or the maximum limit of the coverage available under ~~the National Flood Insurance Act of 1968, as amended~~federal law, whichever is less.

(3) Hazard insurance policies may provide for a deductible in an amount acceptable to the Authority for each event of loss, applicable to either fire or extended coverage or both.

(4) Each hazard insurance policy shall be issued by a hazard insurance carrier licensed to do business in Connecticut.

(5) Hazard insurance shall be in effect on the closing date of a mortgage loan and the premium therefore shall be paid in advance for a full year from the closing date.

(6) The participating lender shall notify the Authority whenever the provisions of this section are not complied with.

(b) Insurance policy requirements are as follows:

(1) All policies of hazard insurance shall contain a mortgagee clause naming "Connecticut Housing Finance Authority and/or its successors and assigns, as their interests may appear" as the loss payee.

(2) All policies of hazard insurance shall provide that the insurance carrier will provide written notice to the Authority or the servicer at least ten (10) days in advance of the effective date of any change or cancellation of a policy.

(3) A participating lender prior to loan purchase and thereafter the servicer shall give any notices necessary to fully protect the interest of the Authority as first lienholder under the terms of any insurance policy under which the Authority has an interest and under applicable law.

(c) Insurance policies shall not be accepted by a participating lender, the servicer or the Authority if:

(1) under the terms of the insurance carrier's charter, bylaws or policy, contributions may be required to be made by, or assessments be made against, the Authority or its assigns; or

(2) contributions may be required to be made by, or assessments made against, a borrower, which may become a lien against property prior to the lien of an Authority mortgage; or

(3) by the terms of the insurance carrier's charter, bylaws, or policy, loss payments are contingent upon action by such carrier's board of directors, policyholders, or members; or

(4) the insurance policy includes any limiting conditions that may prevent the Authority or the borrower from collecting insurance proceeds payable under the policy.

A-~~3029~~. Loan Purchase

(a) Participating lenders shall verify that all the Authority's mortgage loan documents are properly executed by the named borrowers and are correct as to property location, principal amount, interest rate and maturity date.

(b) Participating lenders shall determine the amount of monthly escrow payments with respect to each Authority mortgage 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 other servicer shall reserve or escrow amounts estimated to be sufficient to pay all escrow items by their respective due dates.

(c) Participating lenders, or other servicers, shall escrow for real estate taxes, ~~any~~ mortgage insurance premiums, (if any), and hazard insurance premiums (when hazard insurance premiums are required to be escrowed by the mortgage insurer or guarantor), except in the case of a property which is an individual unit in a condominium covered by a blanket insurance policy purchased by the homeowners' association.

(d) All fees collected by a participating lender from a borrower or from the seller of property to such borrower, including without limitation application fees and processing fees, shall not in their aggregate exceed ~~one (1) percent of the mortgage amount, except as set forth in paragraph (e) hereof~~ the amounts established by the Authority under the Authority's Home Mortgage Programs Operating Manual or by bulletins issued by the Authority.

(e) A participating lender may recover certain expenses incurred in processing and closing a mortgage loan application in an amount not to exceed actual cost and not in excess of the

maximum amount permitted by the mortgage insurer or guarantor, and other expenses but not to exceed the limits (if any) established by the Authority under the Authority's Home Mortgage Programs Operating Manual or by bulletins issued by the Authority. Such expenses include cash expenditure to pay for outside services rendered, such as appraisals, surveys, legal representation, credit report, and other items approved in writing as determined to be acceptable by the Authority.

(f) The Authority may transfer funds to a participating lender from whom a mortgage loan has been purchased prior to the receipt and acceptance of all required loan documents, subject, however, to the provisions set forth in section III, A-~~3332~~ entitled "Repurchase Requirements" of these procedures.

(g) ~~Not later than one hundred twenty (120) days after the closing of a mortgage loan,~~ The participating lender shall forward the complete loan purchase package to the Authority containing all documents required by the ~~Homebuyer Authority within the time period set forth in the Home Mortgage Program Programs Operating Manual and the Master Commitment Agreement for Mortgage Purchases.~~ Extensions may be granted by the Authority, in its sole discretion, only upon written request from the participating lender. The Authority may require the repurchase of any loan if its loan purchase package is not received within ~~120 days after the closingsuch time period~~ and no extension has been granted. A participating lender's responsibility to submit a loan purchase package will not be relieved by the fact that a different lender will be handling the servicing of the loan in question.

A-3130. Loan Servicing

Participating lenders which do not service the Authority's mortgage loans shall deliver all documents and information concerning such loans not required to be submitted to the Authority after the closing of such loans to a servicer designated by the Authority, or if there is no designated servicer, to the Authority. All servicing shall be carried out under the terms of ~~the Home Mortgage Servicing Agreement~~ a servicing agreement with a servicer.

~~A-32~~ For a servicer or sub-servicer to be approved to service or sub-service Authority loans where the servicer is not approved by the Authority as a participating lender, the institution must meet the same criteria for a participating lender to be approved to service loans as set forth in Section III.A-2(c).

A-31. Assumptions

(a) The standards for assumption of the Authority's loans depend upon the type of mortgage insurance or guaranty used ~~and the date upon which the loans were originally committed for purchase.~~ These standards are as follows:

(1) ~~loans committed prior to January 1, 1982;~~

A) ~~FHA insured and VA guaranteed loans may be assumed pursuant to applicable federal requirements, without the prior consent of the Authority. Servicers are responsible for ensuring compliance with such federal requirements. Following the assumption, the servicer~~

~~shall furnish the Authority copies of the recorded warranty deed and assumption agreement, as well as evidence of adequate hazard insurance coverage.~~

~~B) PMI loans are assumable only with the prior written consent of the Authority. Both the property and the assuming buyer(s) must meet the standards for eligible borrowers/dwellings as are then in effect. In order to obtain the Authority's consent, the servicer shall forward a request for approval of assumption on forms provided by the Authority, together with such underwriting documents as are set forth in the Homebuyer Mortgage Program Operating Manual. Following the assumption, the servicer shall furnish the Authority with the original recorded assumption agreement, a copy of the warranty deed, an original Owner Occupancy Certificate, executed by the assuming buyer(s), a PMI endorsement naming the assuming buyer(s), evidence of hazard insurance coverage, and the HUD Form 1 (RESPA).~~

~~(2) assumption of loans committed after January 1, 1982:~~

~~A) (1) The prior consent of the Authority is required for the assumption of all loans, regardless of the form of mortgage insurance or guaranty. Such consent may be granted only upon if Section 143 of the property's Internal Revenue Code and applicable Revenue Procedures issued by the Internal Revenue Service are satisfied, including the property and the assuming buyer's buyer, respectively, qualifying as an eligible dwelling and as an eligible borrower, ~~respectively~~, according to those standards in effect at the time of the assumption, such as the eligibility criteria in III.A-5 and the income limitations in III.A-17. The servicer shall forward such documentation to the Authority as is required for approval of new loans.~~

~~(2) VA loans are assumable only if in accordance with 38 CFR Part 36 and for which a copy of the Veteran's Consent Statement, as (if required by 3638 CFR Sec. Part 36.4306 (a) & (e), is on file) shall be filed with the Authority.~~

~~B) (3) PMI loans require the assuming buyer(s) to obtain the PMI company's written approval of the assumption.~~

~~C) (4) Following the assumption, the servicer shall provide the Authority with such documentation as is required by the Homebuyer Home Mortgage Program Programs Operating Manual.~~

(b) The servicer may charge the assuming buyer a fee equal to one percent (1%) of the loan's outstanding principal balance at the time of the assumption, except for those loans which are assumable without the Authority's prior consent. In no event shall the fee charged exceed the maximum permitted by the mortgage insurer or guarantor.

(c) The Authority ~~will not~~ may in its discretion release ~~any~~ an original borrower from liability following the assumption of a loan. ~~Any provision to the contrary in an assumption agreement is void.~~

A-~~33~~32. Repurchase Requirements

Upon a participating lender's failure to comply with reasonable requests from the Authority or the servicer or sub-servicer acting on the Authority's behalf 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 the HomebuyerHome Mortgage ProgramPrograms Operating Manual (which failure is to be determined in the sole discretion of the Authority) without regard to whether the participating lender may be at fault, the mortgage will ~~be re-assigned to the lender. Lender~~either be re-assigned to the participating lender or, at the discretion of the Authority, the Authority may reduce the compensation to the lender for such loan. When the mortgage is re-assigned, the participating lender shall repurchase the mortgage loan as provided under the terms of the Master Commitment Agreement for Mortgage Purchases.

A-3433. Rehabilitation Mortgage Loans

The Authority may make funds available for rehabilitation mortgage loans. Such loans shall meet the requirements of Section 4 of the HomebuyerHome Mortgage ProgramPrograms Operating Manual. Processing of and eligibility for rehabilitation Mortgage loans shall be the same as for regular home mortgage loans, except as set forth in the aforementioned.

A-~~35~~34. Retention of Records; Inspection of Books

Any documents required by these procedures or by state or federal law in connection with the commitment to purchase, purchase, or servicing of an Authority mortgage loan and not delivered to the Authority shall be retained by a participating lender for at least two (2) years after the date of purchase by the Authority of the mortgage loan, or such longer period as may be required by law, and, if requested by the Authority, for a reasonable period thereafter. If during such retention time the Authority requests original or certified copies of such documents, the same shall be delivered to the Authority. Where appropriate, such documents may be kept on ~~microfilm, microcard, or other similar~~photographic media, in electronic format acceptable to the Authority, or in another manner which complies with state law.

Participating lenders shall make all records and books maintained in connection with the Authority mortgage loans available for inspection by the Authority upon request during reasonable business hours.

The Authority may, at its option, reconvey a mortgage loan to the participating lender that assigned said loan to the Authority if such lender has failed to retain documentation as required herein, and such lender shall pay to the Authority the unpaid principal balance, all accrued and unpaid interest, and any other amounts due.

A-~~36~~35. Records of Declined Applications

Participating lenders shall maintain accurate records for each Authority mortgage loan application which is declined. If any such records are requested by the Authority, they must be delivered promptly upon receipt of the request therefor.

A-~~3736~~. Homeownership Program for Public Housing Tenants

The Authority may finance mortgage loans for eligible tenants of public housing receiving public rental assistance, or persons with disabilities receiving living support services from the Department of Developmental Services. The interest rate will be determined by the ~~Executive Director~~ Authority; this interest rate will be lower than the regular Homebuyer Mortgage Program interest rate. Qualified persons under this program must ~~attend~~ participate in such pre-purchase or homeownership counseling as may be required by law or by the Authority. Other eligibility and underwriting requirements will follow the Authority's regular Homebuyer Mortgage Program guidelines.

**A-~~3837~~.
Program**

Insurance Fund

The Authority generally requires that each home mortgage loan be insured pursuant to Sections III A-~~23~~, A-24, A-~~25~~, and A-~~2625~~ hereof. Most loans are insured through FHA, VA, RDA, or PMI. However, where mortgage insurance is not available through the above-mentioned mortgage insurers, the Authority may permit certain loans to be insured through its own Insurance Fund. The loan to be insured must meet the requirements of the Authority ~~HomebuyerHome~~ Mortgage ~~Program~~ Programs Operating Manual and the Authority's Insurance Fund Operating Manual.

Single Family
Homebuyer Mortgage Program
Revised: ~~2/~~ / ~~24~~/~~22~~
Adopted: ~~4/28/22~~ / / ~~24~~

B. ~~MORTGAGE BACKED SECURITY FINANCING~~ MORTGAGE BACKED SECURITY FINANCING

B-1. Introduction

In furtherance of its first lien mortgage loan programs, the Authority may direct participating lenders to assign certain mortgage loans to one or more designated servicers (each a “Master Servicer”) pursuant to a contract between the participating lender and Master Servicer instead of assigning such loans directly to the Authority.

The Master Servicer then assembles and delivers pools or securities guaranteed by the Government National Mortgage Association (“GNMA”), the Federal National Mortgage Association (“FNMA”) or the Federal Home Loan Mortgage Corporation (“FHLMC”), commonly referred to as Mortgage Backed Securities or “MBSs”. The Authority subsequently purchases such MBSs.

In the case of the GNMA program, the mortgage loans must be government insured, and in the case of the FHLMC or FNMA program, the mortgage loans must be insured by private mortgage insurance companies or meet applicable FNMA or FHLMC guidelines for not requiring private mortgage insurance.

B-2. Standards

Participating lenders must generally satisfy the same requirements and restrictions for loans to be assigned to a Master Servicer as the participating lenders must satisfy for loans to be sold to the Authority under the Homebuyer Mortgage Program.

Participating lender must also satisfy any additional requirements of the Master Servicer to be eligible to assign loans to the Master Servicer.

B-3. Rights of Master Servicer

As to loans which would otherwise be assigned to CHFA under the Homebuyer Mortgage Program, the Master Servicer is the holder of such loans. The Master Servicer therefore is the entity which: (a) holds the rights to enforce the occupancy requirements, (b) has rights to be named as the insured under the required policies of title insurance, hazard insurance and flood insurance (if applicable); (c) is entitled to possess the original loan documents, (d) has the authority to establish an assumption policy, and (e) can require a repurchase of loans which do not satisfy the applicable requirements.

Single Family
Mortgage Backed Security Financing
Adopted: --/--
____ / ____ / 2024

C. GENERAL HOMEOWNERSHIP LOAN PROGRAM

C-1. Introduction

The General Homeownership Loan Program is a first lien mortgage loan program to assist applicants finance their principal dwellings. This program is a companion program to the Authority's Homebuyer Mortgage Program. This program is designed to enable applicants to obtain financing with the support of the Authority even if such applicants do not qualify under the Homebuyer Mortgage Program, for which the Authority issues tax exempt bonds. Accordingly, several requirements and restrictions which apply under the Homebuyer Mortgage Program, including but not limited to the requirement for loan applicants generally to be first time homebuyers as well as the restrictions on applicants' incomes and the sales prices of the properties, will not apply to applicants under this program. The Authority in its discretion may nonetheless provide financing under this program to applicants who qualify under the Homebuyer Mortgage Program depending on market conditions and available resources.

Funding for the General Homeownership Loan Program will be from sources other than tax-exempt bonds and may include (but is not limited to) proceeds from the sale of mortgage-backed securities ("MBSs") which may be sold on a "To Be Announced" (also known as "TBA") basis.

C-2. Participating Lenders

A Participating Lender under the Homebuyer Mortgage Program shall be eligible as a participating lender under the General Homeownership Loan Program.

C-3. Distribution of Funds

The Authority will notify participating lenders through the issuance of bulletins of the program and of the availability of funds. Participating lenders must tentatively determine that a prospective borrower is qualified under Section III, C-5. Otherwise, funds shall be available and distributed on the same basis as funds are allocated for the Homebuyer Mortgage Program.

C-4. Commitments for Mortgage Purchase

The Authority will only issue commitments to purchase mortgage loans that will be Ginnie Mae, Fannie Mae, or Freddie Mac qualified and that can be pooled.

C-5. Eligible Borrowers

Borrower eligibility under this program shall be the same as the eligibility criteria established in the Homebuyer Mortgage Program (Section III A), except that a borrower: (i) may have had a present ownership interest in their principal dwelling within the prior three years; and (ii) may use the loan proceeds to either refinance an existing mortgage on their property or to finance the acquisition of the remaining interest in a property for which they already own a partial interest in addition to using the loan proceeds to purchase a new home.

C-6. Occupancy

The same owner occupancy requirement under the Homebuyer Mortgage Program (Section III.A) applies under this program except that the borrower has more than sixty (60) days from the closing to take occupancy of the property as a primary residence.

C-7. Credit Review

In determining whether or not an applicant's income is sufficient to demonstrate the capacity to repay the loan, an applicant's income shall be computed using the factors customarily considered for loans to be eligible to be sold to Fannie Mae or Freddie Mac. A participating lender shall submit to the Authority evidence adequate to support its determination.

C-8. Evidence of Income

Each applicant for an Authority home mortgage loan shall provide the same evidence as the Authority may require for the Homebuyer Mortgage Program except for such evidence as is unique to a homebuyer mortgage program funded with tax exempt bonds.

C-9. Urban Area Mortgages

The Authority may finance mortgage loans in certain State and Federally designated urban targeted areas of the state in the same manner (although with different limits on the borrower's income) as the Authority does under the Homebuyer Mortgage Program.

C-10. Family Size

The family unit of an applicant shall be determined in the same manner as for the Homebuyer Mortgage Program.

C-11. Disposal of Other Residential Property

The Authority may but need not require that the borrower dispose of any borrower-occupied residential real estate under a bona fide arm's-length transaction before the closing on an Authority loan.

C-12. Determination by Participating Lender

The obligation by the participating lender to make a determination of the qualifications of applicants and to offer multiple loan products to applicants shall be the same as for the Homebuyer Mortgage Program.

C-13. Denial Caveat

The right of a participating lender to deny the Authority's mortgage loan to a borrower who is not a depositor or customer of the participating lender or based on the borrower's membership or lack of membership in a particular group shall be the same as for a lender under the Homebuyer Mortgage Program.

C-14. Multiple Loans

A borrower's ability to have more than one outstanding Authority first mortgage loan, including an Authority mortgage loan that has been assumed by another borrower shall be the same as for a borrower under the Homebuyer Mortgage Program.

C-15. Qualification as an Eligible Dwelling

An Authority mortgage loan may be made to finance or refinance the acquisition or rehabilitation of an eligible dwelling. The same criteria for determining whether a dwelling is an eligible dwelling for the Homebuyer Mortgage Program shall apply to this program and the participating lender shall make the preliminary determination as to whether a dwelling is an eligible dwelling.

C-16. Minimum Down payments or Appraised Value

The same minimum down payments as are required for a loan in the Homebuyer Mortgage Program shall apply to this program. In the case of a loan to refinance the acquisition of an eligible dwelling, the minimum appraised value required in the case of the Authority's mortgage loan insured by Private Mortgage Insurance ("PMI"), the Federal Housing Administration ("FHA"), USDA Rural Development ("RD") or guaranteed by the Veterans Administration ("VA") shall be such minimum appraised value, if any, required from time-to-time by PMI, FHA, RD or VA or such other insurance program accepted by the Authority.

C-17. Income Limits

The Authority shall from time to time adopt income limits based on (but not limited to) the area median income as determined by Fannie Mae and Freddie Mac. Such income limits shall not exceed 120% of the area median income as determined by either Fannie Mae or Freddie Mac.

C-18. Sales Price Limits, Appraisals, and Surveys

(a) The Authority may in its discretion adopt: (i) a limit on the sales price of a home to be financed under the General Homeownership Loan Program, and (ii) the manner in which the sales price for purposes of such limit shall be computed.

(b) (i) Participating lenders shall obtain appraisals of all properties for which the Authority's loans are requested. Said appraisals shall be on forms required by the mortgage insurer or guarantor, and shall be made by appraisers acceptable to the Authority. Appraisal reports shall be submitted to the Authority together with other loan documents.

(ii) The value of property shall be determined in the same manner as for the Homebuyer Mortgage Program.

(iii) The Authority's option to reject a loan based on an excessive appraisal or to require an independent appraisal shall be the same as for the Homebuyer Mortgage Program.

(iv) Notwithstanding the foregoing, in lieu of an appraisal the Authority can accept alternative valuation methods in instances where such alternative valuation methods are accepted by Ginnie Mae, Fannie Mae, or Freddie Mac.

(c) The requirements for surveys shall be the same as for the Homebuyer Mortgage Program.

C-19. Eligible Condominiums (Common Interest Community)

The Authority's mortgage loans under this program may be made to finance or refinance the acquisition of any condominium units which would be eligible under the Homebuyer Mortgage Program.

C-20. Condominium Project Eligibility

The criteria for a condominium project to be eligible for this program shall be the same criteria established under the Homebuyer Mortgage Program.

C-21. Detached Single Family Houses in a Multi-Unit Complex

Detached single family houses in a multi-unit complex shall be eligible for financing on the same basis as such houses are eligible under the Homebuyer Mortgage Program.

C-22. Leasehold Interests

The same requirements which apply under the Homebuyer Mortgage Program shall apply to loans secured by a mortgage on a leasehold interest.

C-23. Mortgage Insurance or Guaranty

The conditions and requirements for mortgage insurance or guaranty shall be the same as for the Homebuyer Mortgage Program.

C-24. FHA-Insured, RD-Guaranteed and VA-Guaranteed Mortgage Loans

The terms, conditions, fees and acceptability of mortgage loans insured by FHA insurance, RD guarantees or VA guarantees shall be the same as for the Homebuyer Mortgage Program.

C-25. Mortgage Insurance Coverage

The duration and amount of mortgage insurance or guarantees, the private mortgage insurer's commission, fee or other compensation, and the terms and conditions for cancellation or termination of private mortgage insurance shall be the same as for the Homebuyer Mortgage Program.

C-26. Terms and Condition of Authority Mortgage Loans

The terms and conditions applicable under Section III.A of these Procedures to the Homebuyer Mortgage Loans shall also apply to loans under this program.

C-27. Title Insurance

The Authority loans under this program are subject to the same title insurance requirements which apply to the Homebuyer Mortgage Program.

C-28. Hazard/Flood Insurance Coverages

The Authority loans under this program are subject to the same hazard and flood insurance requirements which apply to the Homebuyer Mortgage Program.

C-29. Loan Purchase

In addition to the obligations and conditions which a participating lender has agreed to with a master servicer purchasing loans directly from the participating lender, participating lenders are subject to the same obligations and conditions to a loan purchase by the Authority (in the case of loans purchased by the Authority) or a loan purchase by a master servicer as apply under the Homebuyer Mortgage Program.

C-30. Loan Servicing

Participating lenders shall deliver all loans to a servicer designated by the Authority, or if there is no designated servicer, to the Authority.

C-31. Assumptions

Loans may be assumed, subject to such consent as the servicer may require. The prior consent of the Authority is not required.

C-32. Repurchase Requirements

Participating lenders are subject to the requirements for repurchase adopted by the servicer.

C-33. Rehabilitation Mortgage Loans

The Authority will only issue commitments to purchase mortgage loans that will be Ginnie Mae, Fannie Mae, or Freddie Mac qualified and that can be pooled. Processing of and eligibility for rehabilitation mortgage loans shall be the same as for regular home mortgage loans, except as set forth in the aforementioned.

C-34. Retention of Records; Inspection of Books

Participating lenders have the same obligations as to the retention and delivery of records and to permit the inspection of records and books as under the Homebuyer Mortgage Program.

C-35. Records of Declined Applications

Participating lenders have the same obligation to maintain accurate records and to deliver records upon request as under the Homebuyer Mortgage Program.

C-36. Homeownership Program for Public Housing Tenants

The criteria for making mortgage loans for eligible tenants of public housing receiving public rental assistance or persons with disabilities receiving living support services from the Department of Developmental Services shall be the same as for the Homebuyer Mortgage Program.

C-37. Insurance Fund Program

When mortgage insurance is not available through FHA, VA, RDA, or PMI, the Authority may permit certain loans to be insured through its own Insurance Fund on the same basis as for loans under the Homebuyer Mortgage Program, except that loans need not be for acquisition nor only for persons who are first time homebuyers.

Single Family
General Homeownership Loan Program
Adopted: --/ /24
 / / 24

D. DOWNPAYMENT ASSISTANCE PROGRAM (DAP)

D-1. Introduction

The DAP Program provides financial assistance in the form of ~~second~~subordinate lien 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.

D-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 B.

D-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).

D-4. Terms & Conditions

(a) The Authority shall establish the terms and conditions of any loan provided in accordance with this program. ~~In~~The term of the DAP loan shall be established by the Authority in its discretion, but in no case shall the term of the DAP loan exceed ~~the term of thirty years if~~ the first mortgage loan ~~is a graduated payment mortgage.~~ If the homebuyer under the program assigns, transfers or otherwise conveys ~~his or her~~their 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 ~~except as otherwise provided by applicable law.~~ The ~~Executive Director of the~~ Authority, at ~~his or her~~its discretion, may adjust the interest rate, terms and conditions of any loan if ~~he or she~~the Authority 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.

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

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

~~(e) The Authority may provide loans to borrowers with a debt-to-income ratio equal to the highest debt-to-income ratio permitted by the Federal Housing Administration, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation for residential mortgage loans, as applicable, subject to any other limitations under applicable law, and consider (i) the application of a prospective borrower, regardless of the prospective borrower's credit score, and (ii) nontraditional credit references submitted by the prospective borrower including, but not limited to, proof of employment or proof of rental and utility payments.~~

(f) If the property is located within an affordability incentive zone, the Authority may utilize lending guidelines that are different from the guidelines utilized for the purchase of a property not located within an affordability incentive zone. Such alternative lending guidelines may include, but need not be limited to, increased eligibility limits with respect to the purchase price of the property, a different maximum loan amount, or a reduced interest rate for any such loan.

D-5. Closing Costs

(a) Closing costs may be included in the determination of the Downpayment assistance.

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

D-6. Underwriting

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

Single Family
Downpayment Assistance Program
Revised: ~~2/ / 24/22~~
Adopted: ~~4/28/22~~ / / 24

E. TEACHERS MORTGAGE ASSISTANCE PROGRAM

E-1. Introduction

The teachers mortgage assistance program is for the purpose of providing assistance to eligible, certified teachers for the purchase of a house as their principal residence.

E-2. Eligibility

An applicant shall be eligible for this program if the applicant:

- (a) is a certified public school teacher in Connecticut;
- (b) meets any one of the four criteria below:
 - (1) is employed by a priority school district pursuant to CGS Section 10-266p; or
 - (2) is employed by a transitional school district pursuant to CGS Section 10-263c; or
 - (3) is employed by a ~~regional-vocational-Technical Education and Career System at a~~ technical education and career school located in a priority or transitional school district; or
 - (4) teaches in a subject matter shortage area as certified to the Authority annually by the Commissioner of Education of the State of Connecticut; or
 - (5) who graduated public high school in an educational reform district, as defined in CGS Section 10-262u; or
 - (6) who graduated from an historically black college or university or a Hispanic-serving institution, as those terms are defined in the Higher Education Act of 1965, P.L. 89-329, as amended from time to time, and reauthorized by the Higher Education Opportunity Act of 2008, P.L. 110-315, as amended from time to time.
- (c) is purchasing a ~~primary~~principal residence in Connecticut which qualifies as an eligible dwelling under the Authority's Homebuyer Mortgage Program; ~~–provided that, for a teacher employed by a priority or a transitional school district, or by a regional-vocational-Technical Education and Career System at a~~ technical education and career school located in a priority or transitional school district, the house must be located in such district; and
- (d) meets the eligibility criteria of the Authority's Homebuyer Mortgage Program.

E-3. Terms and Conditions

(a) The mortgage loan shall generally be subject to the same terms and conditions as the Authority's Homebuyer Mortgage Program.

(b) The interest rate on the mortgage loan shall generally be lower than the interest rate charged under the Homebuyer Mortgage Program. The interest rate shall be determined at the sole discretion of the Authority.

(c) Downpayment assistance ~~second~~ mortgage loans shall generally be made available to eligible applicants under the same terms and conditions as is available to borrowers under the Authority's Downpayment Assistance Program, ~~except that the asset limitation in Section III-G-5(a) hereof shall not be applicable.~~ However, the Authority may decide, in its sole discretion, to impose an asset limitation.

(d) The Authority may, at its sole discretion, require that the mortgage loan documents provide that the Authority shall realize a certain, reasonable portion of the equity gain upon the sale of the mortgaged property.

Single Family

Teachers Mortgage Assistance Program

Revised: ~~08/29/13~~ / ~~12/12/13~~

Adopted: ~~10/31/13~~ / ~~12/12/13~~

F. POLICE HOMEOWNERSHIP ~~PILOT~~ PROGRAM

F-1. Introduction

~~The Police Homeownership Pilot Program (the “Program”), authorized by Public Act No. 96-147, provides~~ Pursuant to legislation enacted in 1996, Connecticut General Statutes Section 8-265mm required the Authority to develop and administer from January 1, 1997 to December 31, 1999 on a pilot basis a Police Homeownership Program to provide low interest loans to local and state police officers to encourage them to purchase and live in an eligible dwelling in certain designated neighborhoods located in the municipality by which they are employed. ~~The Authority shall implement the Program as a pilot program in an amount not to exceed \$10,000,000.~~ A purpose of the ~~Program is~~ original program was to reduce crime by promoting an increased police presence in the community. ~~Following the expiration of the duration of the statutorily mandated pilot period, the Authority has continued to offer and administer a modified Police Homeownership Program (the “Program”).~~

F-2. Borrower Eligibility

In order to be eligible for the Program, an applicant shall: (a) be a local police officer employed full or part time, or a state police officer, (b) certify funds are to be used to purchase real estate located in the municipality where they are employed in the case of a local police officer, (c) take title in applicant’s name, (d) agree to make monthly loan payments for a period not to exceed thirty (30) years in accordance with the Authority’s Procedures, and (e) be in compliance with the eligibility requirements of the Authority’s regular Homebuyer Mortgage Program. ~~In addition, an applicant receiving a downpayment assistance loan or a grant under the Program shall certify intent to own and reside in the dwelling for at least seven (7) years.~~

F-3. Eligible Dwelling

An eligible dwelling is a one, two, ~~or three,~~ or four-family residence ~~located in a “designated neighborhood”, which is an area designated by a municipality where there has been a high incidence of crime or where the municipality determines that increased police presence is needed.~~ The dwelling must also comply with the requirements of the Authority’s regular Homebuyer Mortgage Program, including sales price limits.

F-4. Terms and Conditions

(a) Mortgage Loans pursuant to this Program shall generally be in compliance with the requirements of the Authority’s regular Homebuyer Mortgage Program, including but not limited to, residence, sales price, income limits, and three-year prior ownership, as applicable.

(b) The interest rate of the loans shall generally be lower than the lowest practicable, as interest rate charged under the Homebuyer Mortgage Program. ~~The interest rate shall be determined by at the sole discretion of the Authority, in order to create an incentive for applicants.~~

(c) The term of the mortgage loan shall be thirty (30) years.

~~(d) — A borrower under the Program must reside in the mortgaged dwelling as a principal residence so long as the mortgage remains outstanding.~~

~~(e)~~(d) Any applicant for a loan under the Program shall be eligible to apply for a downpayment assistance loan pursuant to Section III-H of the Authority's Procedures, ~~except that those provisions relating to household income and equity contribution shall not apply. Such loan shall be for a term of years coterminous with the first mortgage loan under the Program.~~ The interest rate will be as determined by the Authority.

~~(f)~~(c) A local police officer must purchase an eligible dwelling in a ~~designated neighborhood located in~~ the municipality by which the officer is employed. A state police officer may purchase an eligible dwelling under the Program in any ~~designated neighborhood so designated by any participating~~ municipality.

~~(g) — The Authority shall provide preference to those applicants under the Program who are purchasing in a municipality which has chosen to provide grants to applicants for closing costs pursuant to Public Act No. 96-147.~~

~~F-5. — Participation of a Municipality~~

~~(a) — Any municipality of the State of Connecticut with a population over 45,000 may elect to participate in the Program by resolution of its legislative body.~~

~~(b) — A municipality that wishes to participate shall notify the Authority in writing of its election to participate in the Program.~~

~~(c) — A participating Municipality shall designate one or more designated neighborhoods pursuant to Public Act No. 96-147 wherein a police officer may purchase an eligible dwelling pursuant to the Program.~~

~~(d) — A participating municipality may provide grants to applicants to pay for reasonable and bona fide closing costs, as described in Section 36a-563(i) of the General Statutes. A municipality that chooses to provide such grants shall so notify the Authority in writing within a time period specified by the Authority.~~

~~(e) — A participating municipality shall cooperate with the Authority in the administration of the Program.~~

Single Family
Police Homeownership ~~Pilot~~ Program
Revised: 08/29/13 / / 24
Adopted: 10/31/13 / / 24

G. EMERGENCY MORTGAGE ASSISTANCE PAYMENT PROGRAM

G-1. Introduction

The “Emergency Mortgage Assistance Payment Program,” (the “Program”) authorized by Connecticut General Statutes Sections 8-265cc through 8-265kk as amended (the “Act”), provides for ~~mortgage~~ assistance payments on behalf of ~~Eligible Mortgagors to Mortgagees~~ Homeowners either in the form of mortgage assistance or lien assistance. Homeowners who are mortgagors can qualify for mortgage assistance for a period of up to sixty months ~~from the initial payment after the occurrence of the monetary default for which emergency mortgage assistance payments are provided~~ in order to maintain the ~~Eligible Mortgagor~~ homeowner(s) as current and in good standing in accordance with mortgage terms and conditions. Commencing as of October 1, 2021, Homeowners could also obtain lien assistance in the form of payments made on the Homeowner’s behalf to the “Lienholder” which holds a qualifying “Lien”. Assistance provided on behalf of the ~~Eligible Mortgagor~~ homeowner(s) is an obligation of the ~~Eligible Mortgagor~~ homeowner(s). Repayment of this assistance is in the form of a mortgage secured by the ~~Eligible Mortgagor’s~~ homeowner’s real property. The Authority is administering this Program. Payments pursuant to the Program to ~~the Mortgagee a mortgagee or a Lienholder~~ are not a general or limited obligation of the Authority. The Authority may contract for services pursuant to its responsibilities under the Act relative to application processing, mortgagor counseling, mortgagor recertification or other activities the Authority deems appropriate. All amounts received by the Authority in repayment of ~~Emergency Mortgage Assistance provided hereunder shall assistance is to~~ be deposited in such accounts as the Authority may establish or identify for such purpose, and be used for the purposes of the Program.

“Emergency Lien Assistance Payments”

~~Effective as of October 1, 2021, the Program is expanded to provide emergency lien assistance payments to “Homeowners” within available funds and in accordance with Public Act 21-101. As set forth in Public Act 21-101:~~

~~a “Homeowner” is defined to mean an owner-occupant of a one-to-four family owner-occupied residential real estate property located in the State (including, but not limited to, a single family unit in a common interest community).~~

~~a “Lien” is defined to mean a debt secured by a lien on a one-to-four family owner-occupied residential real estate property located in the State (including, but not limited to, a single-family unit in a common interest community) pursuant to Connecticut General Statutes: Section 7-239 (Municipal Waterworks Systems), Section 7-254 & Section 7-258 (Municipal Sewerage Systems), Section 47-258 (Common Interest Community Association Assessment), or Chapter 205 (Municipal Tax Liens).~~

~~a “Lienholder” is defined to mean the original lienor of a Lien, or its agents, successors or assigns.~~

Notwithstanding anything to the contrary set forth in these Procedures, eligibility for, and administration of, emergency lien assistance payments under the Program shall be as provided in

accordance with Sections III(~~FG~~-1) through Section III(~~FG~~-6) of the Procedures, except to the extent set forth, or more particularly described, in Section III(~~FG~~-7) below.

G-2. Definitions

(a) “Aggregate Family Income” means the total income of adult persons residing in the same household as the ~~Eligible Mortgagor~~Homeowner(s) and any other adult resident of the household ~~declared by the Eligible Mortgagor(s) as a dependent for federal tax purposes~~, from whatever source derived, including, but not limited to, pensions, annuities, retirement benefits and Social Security benefits, provided the Authority may exclude from income (1) reasonable allowances for dependents, (2) reasonable allowances for medical expenses, (3) ~~all or any part of the earnings of gainfully employed minors or family members other than the chief wage earner~~, (4) income not regularly received, and (5) such other expenses as the Authority may allow. The Authority may make such adjustments relative to the determination of financial hardship and/or the terms of repayment by the ~~Eligible Mortgagor~~Homeowner(s). Allowable adjustments to income ~~will be periodically approved by the Executive Director, described in Authority administrative memoranda, uniformly applied to all applicants and~~ may be periodically revised at the discretion of the Authority ~~and uniformly applied to all applicants~~.

(b) “Homeowner” means an owner-occupant of a one-to-four family owner-occupied residential real estate property located in Connecticut (including, but not limited to, a single-family unit in a common interest community).

~~(b)(c)~~ “Housing Expense” means the sum of the Eligible Mortgagor’s homeowner’s monthly maintenance expenses in a common interest community, ~~utility expense, heating expense,~~ hazard insurance payment, taxes and required mortgage payment, including escrows, ~~and costs arising from uninsured damage to the mortgaged property which affects livability and necessitates repairs associated with the Eligible Mortgagor’s primary residence only.~~

~~(e)(d)~~ “Financial Hardship due to circumstances beyond the Mortgagor’s Homeowner’s control” means a significant reduction of Aggregate Family Income or increase in expenses which reasonably cannot be or could not have been alleviated by the liquidation of Mortgagor Homeowner Assets as determined by the Connecticut Housing Finance Authority including, but not limited to, a reduction resulting from (A) (i) Unemployment or underemployment of one or more of the Eligible Mortgagor Homeowner(s); (ii) A loss, reduction or delay in receipt of such federal, state or municipal benefits as Social Security, supplemental security income, public assistance and government pensions; (iii) A loss, reduction or delay in receipt of such private benefits as pension, disability, annuity or retirement benefits; (iv) Divorce or a loss of child support, alimony, or maintenance payments; or (v) Disability, illness or death of an Eligible Mortgagor Homeowner; or (B) (i) a significant increase in the dollar amount of the periodic payments required by the mortgage; (ii) an unanticipated rise in housing expenses; or (iii) Expenses related to the disability, illness or death of a member of the Eligible Mortgagor’s Homeowner’s family, but does not include expenses related to the accumulation of credit or installment debt incurred for recreational or nonessential items or purposes prior to the occurrence of the alleged circumstances beyond the Eligible Mortgagor’s control in an amount that would have caused the Eligible Mortgagor’s total debt service to exceed sixty per cent of Aggregate Family Income at that time Homeowner’s control.

(e) “Mortgagor Lien” means a debt secured by a lien on a one-to-four family owner-occupied residential real estate property located in Connecticut (including, but not limited to, a single-family unit in a common interest community) pursuant to Connecticut General Statutes: Section 7-239 (Municipal Waterworks Systems), Section 7-254 & Section 7-258 (Municipal Sewerage Systems), Section 47-258 (Common Interest Community Association Assessment), or Chapter 205 (Municipal Tax Liens).

(f) “Lienholder” means the original lienor of a Lien, or its agents, successors or assigns.

(d)(g) “Homeowner Assets” means (1) the sum of the household’s savings and checking accounts, market value of stocks, bonds and other securities, other capital investments, the value of any portion of pensions and retirement funds valued in an amount greater than excess of one hundred thousand dollars, personal property and equity in real property including the subject mortgaged property. Income derived from family assets shall be considered as income. Equity is the difference between the market value of the property and the total outstanding principal of any loans secured by the property and other liens and (2) lump-sum additions to family assets such as inheritances, capital gains, insurance payments included under health, accident, hazard or worker’s compensation policies and settlements, verdicts or awards for personal or property losses or transfer of assets without consideration within one year of the time of application. Pending claims for such items must be identified by the Eligible Mortgagor Homeowner as contingent assets.

(e)(h) “Consumer Credit Counseling Agency” means a nonprofit corporation or governmental agency located in this state which has been designated by the Authority to provide homeowners’ emergency mortgage assistance program counseling. A qualified consumer credit counseling agency must either be certified as a housing counseling agency by the federal Department of Housing and Urban Development or otherwise determined accepted by the Authority.

(f)(i) “Foreclosure Mediation Program” means the foreclosure mediation program established by the Act Connecticut General Statutes Section 49-31m.

(g)(j) “Periodic Payments” means principal, interest, taxes, insurance and, if applicable, condominium fees.

G-3. Eligibility

(a) “To be eligible for emergency mortgage assistance, a homeowner must either: (i) be the borrower under an Eligible Mortgages” are those owner occupants of Mortgage which encumbers a one-to four-family, homes home or a unit in a common ownership interest community in the State of Connecticut who are is, as a result of financial hardship due to circumstances beyond the Eligible Mortgagor’s Homeowner’s control, sixty days or more delinquent on an Eligible Mortgage, or anticipates that he or she will be sixty days or more delinquent on an Eligible Mortgage based on financial hardship beyond such mortgagor’s homeowner’s control, provided the Authority determines that such mortgagor/homeowner will be so delinquent upon review of facts and circumstances provided by the Mortgagor Homeowner or have received a notice from a Mortgagee of intent to foreclose, or is (ii) be delinquent on a Lien such as charges, assessments and fees associated with a condominium or common interest community, or taxes, provided the taxing authority or unit owner association or other such Lienholder has indicated to the mortgagor/homeowner of its intention

to foreclose as provided in section 8-265ee265ff. As part of the application process, the Authority may refer the applicant to a counseling agency approved by the United States Department of Housing and Urban Development.

(b) Eligible Mortgages are those mortgage deeds or other instruments which constitute a first or a second consensual lien on the primary residence of ~~Eligible Mortgagors~~Homeowners (including, without limitation, a reverse mortgage or a home equity conversion mortgage).

(c) ~~Mortgagors~~Homeowners who filed emergency mortgage assistance applications on and after July 1, 2008 who did not receive emergency mortgage assistance may re-apply. MortgagorsHomeowners who previously received emergency mortgage assistance are eligible to reapply if the Homeowner reinstated their mortgage and was not delinquent again during the six-month period immediately following such reinstatement. Homeowners may apply or reapply for emergency mortgage assistance if such ~~mortgagor~~homeowner is referred to the emergency mortgage assistance program by the foreclosure mediation program.

G-4. Application Process

(a) Notification of Availability of Funds: The Authority shall provide written notice of the availability of funds to ~~Eligible Mortgagors~~Homeowners through a statewide advertising campaign.

~~(b)~~ (b) Notification of Eligible Mortgagor to Homeowner(s): ~~the~~The Mortgagee shall provide written notice to the address of the property secured by the Eligible Mortgage, through Registered, or Certified Mail- Postage Pre-paid, to ~~any~~any ~~mortgagor of an~~ Eligible Mortgage contractually delinquent, against whom it desires to foreclose upon an Eligible Mortgage, that the Homeowner(s) has 60 days from the date of such notice:

~~(1) — the Authority is currently accepting applications;~~

~~informs the Eligible Mortgagor(s) that within 60 days from the date of such notice the Eligible Mortgagor(s) must~~ (1) to have a face-to-face meeting, telephone conference or other conference with the Mortgagee or a face-to-face meeting with a consumer credit counseling agency ~~designated by the Authority~~ to attempt to reach an agreement to resolve the delinquency or default; ~~and;~~

~~(2)~~ (2) if such efforts are unsuccessful, to contact the Authority during such 60-day time period in order to apply for Emergency Mortgage Assistance;

~~(3) — describes the Mortgagee's deferral of action in pursuit of foreclosure or judgment, pursuant to the Act, from the date until (i) the Eligible Mortgagor(s) and Mortgagee reach an agreement to resolve the delinquency or default, (ii) the Authority reaches a determination regarding the Eligible Mortgagor's application for Emergency Mortgage Assistance, or (iii) at any time following the conclusion of 30 calendar days from the Mortgagee's provision of the notification described in this subsection, if the Eligible Mortgagor(s) have neither reached an agreement with the Mortgagee to resolve the delinquency~~

~~or default nor submitted a completed application to the Authority for Emergency Mortgage Assistance during such 30 calendar days.~~

- ~~(4) describes the consequences of the Eligible Mortgagor's failure to meet or confer with the Mortgagee except in cases in which the mortgagee refuses to meet with the mortgagor or the designated consumer credit counseling agency to attempt to resolve the delinquency or default, comply with the terms of any such agreement pursuant to the Act to resolve delinquency or default, or contact the Authority to apply for Emergency Mortgage Assistance within thirty days of any default in payment under an agreement to resolve the delinquency or default;~~
- ~~(5) informs the Eligible Mortgagor(s) that the application for or the award of Emergency Mortgage Assistance affects mortgagor recourse to benefits under section 49-31f of the General Statutes relative to the rights of underemployed and unemployed homeowners.~~

Should funds no longer be available to provide Emergency Mortgage Assistance, the Authority shall ~~notify Mortgagees~~ post a notice on its Internet website and will ~~suspend~~ discontinue accepting applications. Upon receipt of such notice, Mortgagees will not be required to provide the Notification ~~of Eligible Mortgagor to Homeowner~~(s) described in this Subsection.

~~(e)~~ Mortgagor(c)
Homeowner Application for Emergency Mortgage Assistance:

- ~~(1)~~ (1) Upon contacting the Authority as described in Subsection ~~b-2(1)~~, above the Eligible MortgagorHomeowner(s) will be informed how to apply for Emergency Mortgage Assistanceassistance and may be directed to the Authority's agent to make such application.
- ~~(2)~~ (2) Applications for Emergency Mortgage Assistanceassistance shall be filed on forms provided by the Authority. The MortgagorHomeowner shall complete and sign the application subject to the penalty of false statement under Connecticut General Statutes Section 53a-157b.
- ~~(3)~~ (3) Upon receipt of an application for Emergency Mortgage Assistanceassistance, the Authority will notify the Eligible MortgagorHomeowner (s) of the receipt of such application, and shall not later than eight business days after the date of receipt of such application notify all of the Mortgagees listed on the Eligible Mortgagor'sHomeowner's application holding a mortgage on the Eligible Mortgagor'sprimary Homeowner's principal residence.

~~(4)~~ (4) Determination on the ~~Eligible Mortgagor's~~Homeowner's application will be made within 30 calendar days of receipt of a completed application by the Authority or its agent.

~~(5)~~ (5) The ~~Eligible Mortgagor~~Homeowner(s) shall provide all information and supporting exhibits to the Authority or its agents that the Authority may require as necessary to make a determination regarding the ~~Eligible Mortgagor's~~Homeowner's application. Failure to provide such required information in a timely manner within the 30-day application period shall be grounds for ~~rejection. Rejection~~denial. Denial for incomplete application will be documented in writing to the applicant indicating specific deficiencies.

~~(6)~~ (6) The ~~Eligible Mortgagor~~Homeowner(s) shall provide such information as the Authority may require relative to:

- (A) financial hardship due to circumstances beyond the ~~Mortgagor's~~Homeowner's control;
- (B) Aggregate Family Income;
- (C) Housing Expense;
- (D) ~~Mortgagor~~Homeowner assets and liabilities;
- (E) current mortgage insurance;
- (F) place of principal residence;
- (G) previous receipt of ~~Emergency Mortgage Assistance~~assistance;
- (H) residential mortgage payment history;
- (I) current mortgage statement evidencing the interest rate and payment increase; and
- (J) length of time the ~~mortgagor~~Homeowner has lived in the home.

~~(7)~~ (7) Upon failure of the ~~Eligible Mortgagor~~Homeowner (s) to submit a completed application to the Authority or its agent within 60 days from the date of the Notification ~~of Eligible Mortgagor to~~ Homeowner(s) by the Mortgagee described in subsection (b), above, or if the ~~Eligible Mortgagor's~~Homeowner's application for ~~emergency mortgage~~ assistance payments is not approved within 30 days of the receipt by the Authority of the ~~Eligible Mortgagor's~~Homeowner's completed application, the Mortgagee, at any time thereafter, may pursue foreclosure without further restriction or requirement, in accordance with the Act.

~~(d) — Participation in Foreclosure Mediation Program required: Eligible Mortgagors who have applied for Emergency Mortgage Assistance where a mortgagee has commenced foreclosure are required to participate in the Foreclosure Mediation Program as part of the application process.~~

G-5. Determination and Award

(a) Upon receipt of a completed application, the Authority will make a determination at its sole discretion and judgment whether:

~~(1)~~ (1) the ~~Eligible Mortgagor~~Homeowner (s) is (are) suffering from financial hardship due to circumstances beyond the ~~Eligible Mortgagor's~~Homeowner's control based on the

Authority's assessment of the ~~Eligible Mortgagor's~~Homeowner's employment history, credit history, past and present income, assets, liabilities, total debt service, net worth, eligibility for other types of assistance, length of time the mortgagor has lived ~~his or her~~in their home and other factors as the Authority may determine to be relevant ~~including, but not limited to, documentation of unanticipated increases in housing expense such as monthly mortgage loan statements or other written communication from the mortgagor's lender demonstrating increases in mortgage interest rate and/or payment or increases in required escrow payments; copies of tax bills; statements from utility providers~~ or other documentation satisfactory to the Authority regarding the increase in expense. In determining whether credit or installment debt was incurred for recreational or nonessential items, the Authority may consider the type of debt, the date it was incurred, the total obligation and monthly repayment terms and may review billing statements or other documentation related to the creation of the obligation;

~~(2) (2)~~ the ~~Eligible Mortgagor~~Homeowner(s) has (have) insufficient household income or net worth to correct the delinquency or delinquencies within a reasonable period of time ~~and make full mortgage payments;~~

~~(3) (3)~~ the ~~Eligible Mortgagor~~Homeowner(s) has (have) been fully discharged from any action of bankruptcy, provided the Authority shall not prohibit a Homeowner from participating in the Program solely on the basis that the Homeowner received a discharge of debt through a bankruptcy filing and did not reaffirm such debt;

~~(4) (4)~~ there is a reasonable ~~expectation~~prospect that the ~~Eligible Mortgagor~~Homeowner(s) will ~~(i)~~ be able to resume full mortgage payments on the original, modified or refinanced mortgage ~~and to pay within sixty months after the monetary default for which emergency mortgage assistance payments are provided, or (ii) have sufficient equity to repay such mortgage and the Emergency Mortgage Assistance within a reasonable payments at the end of the time period of time for which such Emergency Mortgage Assistance payments are provided and (ii) to repay the Emergency Mortgage Assistance~~ under the terms and conditions of repayment under the Act.

(b) Determination regarding an application for Emergency Mortgage Assistance will be made by the ~~Executive Director or his designee(s)~~Authority based on the findings described in (a) above. Upon determination ~~or the applicant's failure to timely submit a completed application,~~ the Mortgagee and the ~~Eligible Mortgagor~~Homeowner(s) will be notified in writing by ~~certified-mail within 2 business days.~~

(c) Applicants who are denied Emergency Mortgage Assistance may request a review of this negative determination. Such a review shall be made by an employee of the Authority other than the employee who denied the application. Applicants who request such a review shall provide the Authority with information documenting a material change in the information provided in their application and supporting a change in the Authority's initial determination.

(d) Upon positive determination to award Emergency Mortgage Assistance, the Mortgagee shall receive notice which includes the date on which the Mortgagee will begin to receive one or more Emergency Mortgage Assistance Payments in accordance with Emergency Mortgage Assistance Agreement and the amount of the initial and any ongoing payments. The notice to the Mortgagee and the ~~Eligible Mortgagor~~Homeowner(s) shall indicate the amount, terms and conditions

of the Emergency Mortgage Assistance and the ~~Eligible Mortgagor's~~Homeowner's monthly payment ~~(if any)~~ to the Authority.

(e) Upon positive determination to award Emergency Mortgage Assistance, the Authority and the ~~Eligible Mortgagor~~Homeowner(s) will enter into a ~~Mortgagor~~an Emergency Mortgage Assistance Agreement. Such Agreement will establish the particular terms and conditions of assistance and repayment in accordance with the Act.

(f) The Authority may in its discretion make an award in the form of monthly mortgage assistance payments, lump sum emergency mortgage assistance, or any combination thereof. The Authority may approve assistance to reduce the principal balance of the Eligible Mortgage to an amount for which the homeowner will have a reasonable prospect of resuming full periodic mortgage payments following disbursement of all emergency mortgage assistance provided by the Authority. The Authority may from time to time establish an aggregate limit on the amount of emergency mortgage assistance payments that a homeowner may receive. The limit of sixty months of emergency mortgage assistance shall include any payments that the Authority provides to reinstate a homeowner's mortgage or lien to a current status with the initial disbursement of assistance.

G-6. Loan Terms and Conditions

(a) ~~Mortgagor~~Homeowner Payment: ~~while~~While the Authority is making Emergency Mortgage Assistance Payments to the Mortgagee, and while the ~~Eligible Mortgagor~~Homeowner(s) is (are) required to repay such Assistance, the ~~Eligible Mortgagor~~Homeowner(s) shall make payment to the Authority in accordance with the Act and the ~~Mortgagor Assistance Agreement~~. ~~If the Eligible Mortgagor(s) completes payment on a second or more junior mortgage while the Emergency Mortgage Assistance Loan remains unpaid, the Authority reserves the right to require that the Eligible Mortgagor make monthly payments to the Authority in the amount of the monthly payment previously made on the second or more junior mortgage loan.~~ Agreement.

(b) Repayment Term: ~~If the mortgagor's total housing expense, including projected repayments of emergency mortgage assistance, is greater than thirty five percent of the mortgagor's aggregate family monthly income, repayment of the emergency mortgage assistance payments shall be deferred until such total housing expense including projected repayment of emergency mortgage assistance is less than or equal to thirty five percent of such aggregate family income monthly. Repayment of the emergency mortgage assistance payments shall be deferred until the homeowner:~~ (1) transfers title to the homeowner's residential real property, other than a transfer to another mortgagor under the same mortgage pursuant to a dissolution of marriage or by devise, descent or operation of law upon the death of a homeowner, (2) ceases to occupy the residential real property as a principal dwelling, or (3) obtains new mortgage loan financing, other than home improvement mortgage loan financing for repairs necessary to preserve the residential real property, which increases the amount of mortgage debt to an amount that is more than the amount of mortgage debt that encumbered the residential real property at the time when emergency mortgage or lien assistance payments were initially approved by the Authority.

(c) Payment Schedule: ~~the Mortgagor~~The Emergency Mortgage Assistance Agreement shall provide for monthly payments to the Mortgagee(s) for no more than sixty (60) months after the monetary default for which emergency mortgage assistance payments are provided, either consecutively or non-consecutively ~~beginning on the date of the first Emergency Mortgage Assistance~~

Payment, except no such payments shall be made after sixty months have passed since the date of the initial payment.

(d) Interest Rate: the ~~Mortgagor~~Emergency Mortgage Assistance Agreement ~~shall~~may provide for an interest rate to be charged on the outstanding balance which will be established by the Authority at the time of the closing of the Emergency Mortgage Assistance Loan. ~~Interest shall accrue against the loan to the Mortgagor from the date on which the Eligible Mortgagor(s) is (are) required to commence repayment in accordance with the Agreement. Interest (if any) shall either be payable from time to time or shall accrue. If interest accrues, such interest will either compound periodically or accrue as simple interest. For any such interest that accrues, (i) the Authority has the discretion to establish the rate of accrual at the time of the closing of the Emergency Mortgage Assistance Loan, provided that such rate shall not exceed the then highest rate on the Authority's homebuyer loan program, and (ii) such interest shall start to accrue at the end of the sixty month period established under Connecticut General Statutes Section 8-265gg(a) during which one or more emergency mortgage assistance payments were provided.~~

(e) Periodic Recertification: ~~Eligible Mortgagor~~The Authority may in its discretion require Homeowner(s) shall, no later than the first anniversary of the award of Emergency Mortgage Assistance to, from time to time, certify their current Aggregate Family Income, assets and liabilities, and Housing Expense at that time in a manner and in a form prescribed by the Authority. ~~to enable the Authority to determine the necessity for the continuation, termination or adjustment of assistance to or payments from the homeowner.~~ The Authority may designate an agent to administer recertification requirements. The Authority reserves the right to request such recertification no more than three times in any twelve-month period.

(f) Subsequent Liens: ~~Eligible Mortgagor~~Homeowner(s) shall not enter into any lien agreements subsequent to execution of the ~~Mortgagor~~Emergency Mortgage Assistance Agreement without the prior written consent of the Authority.

(g) Mortgagee Payment: ~~while~~While the Mortgagee is due payment, such payment will be made in accordance with the Act and the ~~Mortgagor~~Emergency Mortgage Assistance Agreement.

(h) ~~Mortgagor~~Homeowner Default: ~~in~~In the case of ~~Eligible Mortgagor~~Homeowner default under the terms of the ~~Mortgagor~~Emergency Mortgage Assistance Agreement, the Authority ~~shall~~may review the facts and circumstances of the default and modify or terminate the Agreement in accordance with the terms of the Agreement and the Act.

G-7. Emergency Lien Assistance

(a) General Eligibility. A Homeowner may apply for emergency lien assistance in accordance with this Section F if such Homeowner: (i) has received notice of a Lienholder's intent to foreclose a Lien, (ii) is sixty (60) days or more delinquent on the debt secured by the Lien, or (iii) anticipates that he or she will be sixty (60) days or more delinquent on the debt secured by the Lien based on a financial hardship beyond such Homeowner's control, provided that the Authority determines that such Homeowner will be so delinquent.

(b) Re-Application Eligibility. In addition to the requirements set forth in this Section F of these Procedures, a Homeowner who has previously received lien assistance payment shall be

eligible to reapply only if the Homeowner has brought the debt underlying the Lien current and the Homeowner is not delinquent on regular payments to the Lienholder for the tax, water, assessment or usage charges underlying the Lien for eighteen (18) consecutive months immediately following the date such debt is made current.

(c) Forbearance Eligibility. In addition to the requirements set forth in this Section F, a Homeowner who is also the borrower under a mortgage encumbering such real property may apply for Program assistance if the homeowner's mortgage is in forbearance.

(d) Authority Lien Assistance Payment. The Authority shall make emergency lien assistance payments directly to the Lienholder in an amount equal to the lesser of: (i) the full amount due and payable to the Lienholder under the Lien, or (ii) the full amount due and payable to the Lienholder under the Lien for the thirty-six (36) month period commencing on the date the first tax, water, assessment or usage charge underlying the Lien became due and payable. Such payment amount shall include and pay all arrearages and all reasonable costs and attorney's fees incurred by the Lienholder in connection with the foreclosure of the Lien.

(e) Homeowner Repayment. The amount of emergency lien assistance payments made by the Authority to the Lienholder shall be a loan in that amount made by the Authority to the Homeowner. Any such loan shall be evidenced and repaid in accordance with Section III(~~EG~~-6) of this Section of the Procedures.

**Single Family
Emergency Mortgage Assistance Program**
Revised: ~~9/30/21~~ / ~~1~~ / ~~24~~
Adopted: ~~11/18/21~~ / ~~1~~-~~24~~

H. REVERSE ANNUITY MORTGAGE PROGRAM

H-1. Introduction

The reverse annuity mortgage (“RAM”) loan program allows low and moderate income Connecticut elderly citizens to use the equity in their homes to provide a monthly cash payment for a term of years. By this means, the elderly homeowners obtain sufficient income to enjoy and maintain their homes for an indefinite period of time.

H-2. Eligibility

An applicant shall be eligible for a RAM loan if the applicant:

(a) has an annual aggregate household income not in excess of the limit set by the Authority;

~~(b)~~ (b) is 70 years of age or older; ~~and~~

~~(b)(c)~~ (c) is in need of long-term care; and

~~(e)(d)~~ (d) is the owner of an eligible home.

An applicant’s aggregate household income shall include the income of all adult members of the household, other than full-time students, during the prior year.

A RAM loan must be secured by a first mortgage on an eligible home located in the State of Connecticut. An eligible home may be a building consisting of one to four family dwelling units or may be an owner-occupied unit of a common interest community.

H-3. Application Process

(a) The applicant submits a preliminary application to the Authority, or to the State Department of Social Services, which application is forwarded to the Authority.

(b) A representative of the Authority will meet with the applicant to complete the application and determine eligibility.

(c) The Authority arranges for an appraisal of the home.

(d) The Authority notifies the applicant of the final determination as to eligibility.

H-4. Terms and Conditions

(a) Each RAM loan shall be secured by a valid lien on the mortgaged property. Such property shall be free and clear of all prior encumbrances and liens except as approved by the Authority, and no rights may be outstanding that could give rise to such prior liens.

(b) The promissory note, mortgage deed and other instruments securing a RAM loan shall create legal, valid, and binding obligations of the borrower, enforceable in accordance with their terms, free from any right of set-off, counterclaim, or other claim or defense.

(c) The borrower shall receive monthly installment payments on the first day of each month during the term of the RAM loan.

(d) The principal amount of each RAM loan shall not exceed seventy (70%) percent of the appraised value of the mortgaged property. Also, said principal amount shall not exceed the maximum loan amount as determined by the Authority. The minimum RAM loan amount shall be twenty-five thousand dollars, or such other amount as the Authority may determine.

(e) A RAM loan shall obligate the borrower to keep the mortgaged premises in good repair and condition, and maintain hazard insurance.

(f) The borrower must occupy the home as ~~his~~their principal residence.

(g) Each RAM loan shall be insured by a mortgagee's title insurance policy, in form and content, and issued by a company acceptable to the Authority.

H-5. Long Term Care

Long Term Care ("LTC") describes a wide range of medical and supportive services provided to individuals who have lost some or all capacity to function on their own due to a chronic illness or condition. The Authority may from time to time modify the RAM program to benefit applicants with LTC needs. - A borrower may use RAM loan proceeds to cover housing expenses as well as costs for lawn maintenance and landscaping, snow removal, daily meals, in-home care, out-of-home care (including hospitals, convalescent nursing homes, homes for the aged or adult day care), medically indicated home alterations, to maintain the safety, security, and health-supportive elements of their home, long-term care insurance premiums, uninsured recurring and catastrophic medical expenses, prescription drugs, and other health care expenses.

Single Family
Reverse Annuity Mortgage Program
Revised: / /24
Adopted: / /24

I. COMMON INTEREST COMMUNITY COMMON ELEMENT REPAIR LOAN PROGRAM

I-1. Introduction

Pursuant to Section 8-252 (o) of the Connecticut General Statutes, as amended by Public Act 93-125, the Authority may finance repairs to common elements of common interest communities upon a finding by the Board of Directors that such financing is not readily available and that it is appropriate and in the public interest.

I-2. Eligible Common Interest Communities

(a) A common interest community as defined in Section 47-202 (9) providing housing is eligible if:

- (1) it is approved for permanent mortgage loan financing by either FHA or the Authority;
- (2) it has no outstanding or unexercised development rights;
- (3) it is authorized pursuant to its organization documents to enter into the security agreements required herein;
- (4) it has been refused similar financing by two lending institutions within twelve months preceding the common interest community's application for the program;
- (5) no more than 10% of the units are owned by a single investor or developer and no more than 30% of the units are owned by investors;
- (6) 75% of the owner-occupants are low and moderate income families and persons as determined by the Authority;
- (7) management satisfactory to the Authority, provided that common interest communities with more than 50 units must have professional management satisfactory to the Authority.

and complies with the submission, underwriting and other requirements of these Procedures.

(b) Applications will not be accepted from entities or principals of entities or from principals affiliated with entities:

- (1) which have or have had nonperforming or delinquent loans with the State of Connecticut Department of Housing or the Authority or other governmental agencies or departments; or

- (2) have or have had outstanding tax delinquencies with the state of Connecticut or other governmental bodies; or
- (3) have been found to have misused governmental funds;

unless prior approval to submit an application is received from the Board of Directors of the Authority.

I-3. Eligible Repairs

Repairs eligible for financing under this program shall be limited to significant capital repairs of common elements, including but not limited to, roof or roadway repair or repairs to heating plants. Deficits in existing operating budgets are not eligible for financing.

I-4. Submission Requirements

(a) Eligible common interest communities must (i) complete a pre-application prior to submitting an application for financing, and (ii) submit an application for financing, including, but not limited to:

- (1) copies of all common interest community organization or governing documents such as the declaration and bylaws together with corporate organization and governing documents of any association as applicable.
- (2) evidence of authorization by the governing body of the common interest community to make the application.
- (3) a capital needs assessment study prepared by an entity approved by the Authority covering a minimum period of fifteen (15) years. The cost of the study shall be paid by the eligible common interest community and may be included in the financing to be provided, as determined by the Authority.
- (4) financial statements for the preceding three years together with projected and actual operating budgets, collection rates, increases in common charges and reserve levels prepared by an independent certified public accountant.
- (5) description of the repairs proposed for financing including preliminary cost breakdown.
- (6) income certifications of owner occupants.
- (7) description of mortgage indebtedness on common elements and individual units, including principal amounts, present balances and names and addresses of mortgagors and mortgagees.
- (8) appraisals of units representing each type or model. The cost of the appraisals shall be paid by the eligible common interest community and may be included in the financing to be provided, as determined by the Authority.

(9) application fee as determined by the Authority.

(b) An environmental assessment prepared by an entity approved by the Authority will be required at loan closing.

A current certificate of good standing from the State of Connecticut will also be required at loan closing.

I-5. Underwriting Requirements

(a) Downpayment requirement

The common interest community shall demonstrate to the Authority's satisfaction that it can provide a minimum of 20% of the total cost of repair from either existing reserves and/or a special assessment.

(b) Debt Service Coverage Ratio

The minimum debt service coverage ratio permitted for Authority financing shall be 1.25 based on the net operating income after reasonable operating expenses including reserves have been deducted from all income derived from common charges and special assessments.

(c) Maximum Loan Amount

The maximum loan amount will be based on the lesser of:

- (1) up to 80% of the total uses as approved by the Authority. Such uses shall be limited to specific physical needs;
- (2) \$3,000.00 per unit;
- (3) the required debt service ratio;
- (4) the annual debt service divided by the applicable loan constant; or
- (5) \$200,000.00.

(d) Term

The loan term shall not exceed fifteen (15) years and will be amortized as determined by the Authority.

(e) Interest Rate

The interest rate for the loan will be determined by the Authority at the time funding for the loan is secured or allocated and shall be based on the Authority's costs incurred for bonds issued other than under the Authority's general bond resolution or other sources available to the Authority.

(f) Increase in Common Charges

The Authority shall set a limit on the amount by which the common charges may be increased in order to support the loan requested. This increase in fees relates in part to the amount these fees represent as a percentage of the unit's value. Fees may not be increased to a level higher than the Authority deems reasonable, and may not be lowered without the prior consent of the Authority.

(g) Collection Rate on Common Charges

The collection rate for common charges should be not less than 90% for the preceding twelve (12) months and remain at this level or higher at the time of loan closing.

I-6. Security

The Authority may require as security for any loan made pursuant to this program the assignment of the common interest community's right to future income, a mortgage on all or a portion of the common elements and/or a mortgage on the unit owners' interests individually.

I-7. Submission for Approval

(a) Upon review by Authority staff, applications determined to meet the requirements of the program are presented to the Mortgage Committee of the Authority for review and consideration. Applications approved by the Mortgage Committee are submitted to the Board of Directors for consideration.

- (1) If an application is accepted by the Board of Directors, a commitment for financing will be issued.
- (2) Common interest communities will be notified of any application that has been rejected.
- (3) The Authority will notify the applicant within 10 days if there is any deficiency in the application.

(b) The Authority will consider applications based on both the order of the application date and completeness.

I-8. Requirements Upon Approval

- (a) The Authority's commitment for financing may require:
 - (1) commitment fee in an amount as determined by the Authority;
 - (2) title insurance acceptable to the Authority;
 - (3) opinion of counsel for the common interest community regarding legal matters affecting the financing;
 - (4) construction contract and security for performance as required by the Authority;
 - (5) such other matters as may be required by federal or state law or the Authority's Procedures.

**Single Family
Common Interest Community Common Element Repair Loan Program
Revised: 08/29/13
Adopted: 10/31/13**

J. LOAN FUND GUARANTEE PILOT PROGRAM

J-1. Introduction

Public Act No. 96-147 charged the Authority with developing a pilot program of revolving loans to developers in conjunction with existing private lending programs and private lenders. The loans will be made from the Community Development and Preservation Loan Fund (the "Fund").

J-2. Eligible Property

(a) A loan to a developer from the Fund must be for a property that consists of one to four dwelling units.

(b) The property, once completed, must be eligible for financing under the Authority's regular Homebuyer Mortgage Program.

(c) The property must be located in a municipality in the State of Connecticut that is eligible for a the Authority's Downpayment Assistance Program ("DAP") loan or be in a municipality that provides its own downpayment assistance program.

(d) The property must be located in a neighborhood which is included in a local rehabilitation initiative such as a neighborhood revitalization zone or similar municipally supported community development effort.

J-3. Eligible Developer

In order to obtain a loan from the Fund, a developer must demonstrate experience in undertaking similar projects. Eligible developers may include nonprofit housing corporations.

J-4. Application and Distribution

(a) The developer applies to the Fund, through a qualified originator, for a loan to acquire, and rehabilitate or construct an eligible property.

(b) The appropriate municipality must certify to the Fund and the Authority that the property is in an area designated for revitalization.

(c) An appraisal is performed to establish the present and as completed values of the property.

(d) The municipality must certify that sufficient funds are available and reserved for an eligible purchaser to cover the financing gap where the value of the property, upon completion, is less than the total development costs.

(e) The Authority certifies to the Fund that the property is qualified for the Authority's lending under its regular Homebuyer Mortgage Program and that the required financing, including a DAP loan, is available for an eligible purchaser upon completion.

(f) Loans are originated by certain lenders approved by the Fund. The originator shall review the developer's application and make a recommendation to the Fund.

(g) Upon receiving an approval recommendation from a qualified originator, the loan approval committee of the Fund shall, upon review, approve or deny the application based upon the underwriting guidelines. If there are underwriting exceptions, any approval will be made by the Fund Board of Directors.

(h) Upon approval of the loan, the Fund then distributes the appropriate money to the originator for disbursement to the developer as construction progresses.

(i) The Authority and the Fund may establish criteria in regard to underwriting and development costs.

J-5. Guarantee

(a) In order to effectuate lending from the Fund, the Authority has determined that it may be necessary to issue guarantees to the Fund when the Fund lends to developers under the following conditions:

- (1) The developer has less than 15% equity; or
- (2) The total development costs exceed the as completed appraised value of the property, resulting in an appraisal gap.

(b) The total amount of outstanding guarantees to be issued by the Authority under the Program shall not exceed \$4,500,000 at any one time.

(c) The Authority shall have the right to charge a premium fee in such amount as the Authority shall determine when it issues a guarantee to the Fund.

(d) The guarantee for each approved loan shall be an amount equal to the loan amount minus eight-five (85%) percent of the as completed appraised value. The amount of the guarantee shall be established at the time of the closing of the construction loan.

(e) The guarantee coverage shall be provided from the Authority Mortgage Insurance Fund.

(f) The Authority shall issue such forms as it deems necessary to establish and administer the guarantee.

(g) Claims against the Authority guarantee shall be made in such manner and under such terms as the Authority shall determine.

J-6. Terms and Conditions

(a) The loans from the Fund shall be pursuant to such terms and conditions as the Authority and the Fund shall establish.

(b) The developer must provide at least five (5%) percent equity toward the total development costs of the property.

(c) No loan shall be approved wherein the development costs exceed 130% of the as completed appraised value of the property.

(d) The term of each construction loan from the Fund shall not exceed twenty four (24) months.

(e) The interest rate shall be as approved by and the Fund.

(f) The maximum loan amount for a property is \$200,000. The Fund may issue loan commitments up to a maximum of \$1,500,000 in total loans per borrower.

(g) The developer must sell the property to an Authority qualified borrower. The Authority shall provide financing to each qualified borrower in the form of a first mortgage and a DAP second mortgage. This end loan financing, in addition to a municipal appraisal gap loan where required, will pay off the construction loan.

(h) The municipality where the property is located must commit to provide financing to the individual purchaser of the property in an amount equal to the appraisal gap. Such financing shall be subordinate to Authority financing to the purchaser, shall have no regular payment associated with it, and shall be forgiven over time. The municipality will not look to the borrower personally for any deficiency on the appraisal gap financing.

**Single Family
Loan Fund Guarantee Pilot Program
Revised: 08/29/13
Adopted: 10/31/13**

K. RESIDENTIAL MORTGAGE REFINANCING GUARANTEE PROGRAM

K-1. Introduction

In accordance with Public Act 93-308 there is established a “Residential Mortgage Refinancing Guarantee Program.” The purpose of this program is to provide guarantees to mortgagees where refinancing mortgage lending would be possible but for the decline in value of the mortgaged property. According to the Act it is found beneficial and in the public interest that the State extend such mortgage loan guarantees to mortgage lending institutions in such circumstances. This program is to be administered by the Authority separately from its other mortgage lending program for low and moderate income households. Payment on the mortgage loan guarantees are not, in whole or in part, an obligation of the Authority. Payment due pursuant to any refinancing mortgage loan guaranteed in accordance with these procedures is a liability of the “Residential Mortgage Refinancing Guarantee Fund.”

K-2. “Residential Mortgage Refinancing Guarantee Fund”

There shall be established a “Residential Mortgage Refinancing Guarantee Fund” (hereafter “the Fund”) for the purposes of the program for mortgage refinance guarantees established by Public Act 93-308. The assets and liabilities of the Fund are not the assets and liabilities of the Authority.

K-3. Fees and Expenses

The Authority shall determine reasonable and customary expenses for the purposes of this program.

K-4. Final Authorization

No mortgage guarantees provided under these procedures are valid unless signed by the Executive Director or his designee.

K-5. Public Notice

The Authority shall provide public notice of the availability of mortgage loan guarantees.

K-6. Non-Discrimination

Mortgage lending guaranteed by this program shall be in compliance with all applicable Federal and state statutes regarding non-discrimination and Fair Housing.

K-7. Eligible Mortgagees

Eligible Mortgagees are those financial institutions licensed or chartered by the State or Federal government to originate home mortgage loans in the State of Connecticut that have executed a “Master Agreement for Refinancing Mortgage Guarantee” (hereafter “Master Agreement”) with the Authority.

Such Master Agreements shall identify the terms and conditions of the refinancing mortgage loan guarantees and the rights and responsibilities of the Authority and the mortgagees.

K-8. Underwriting Criteria and Guidelines

Underwriting criteria and guidelines applied by the Mortgagee on loans for which guarantee is sought shall be those generally applied industry standards for refinancing mortgages to determine mortgagor ability, intent and willingness to repay and shall be acceptable to FNMA, or other secondary market purchaser as may be appropriate. These criteria and guidelines shall be described and incorporated into the Master Agreement by reference in a form therein described by the Authority. The Mortgagee shall certify in each application that the underwriting criteria therein applied are those generally applicable underwriting guidelines so referenced.

K-9. Mortgage Certification

Each application from the Mortgagee shall contain, in a form prescribed by the Authority, a certification that the loan for which guarantee is sought would be approved for a refinancing mortgage by the Mortgagee but for the value of the mortgaged property being insufficient to support applicable loan to value requirements.

K-10. Appraisals

Each application from the Mortgagee shall contain a current appraisal satisfactory to the Authority as may be further described in the Master Agreement. Appraisal standards applied therein shall be those generally applied industry standards for such home mortgage refinancing and shall meet secondary market requirements as may be further defined by the Authority. These standards shall be referenced in the Master Agreement in a manner therein described by the Authority and the appraiser shall certify in each application that the appraisal standards therein applied are such standards.

The Authority reserves the right to review appraisals submitted in the application and claims process. Appraisals involving substantial discrepancies, materially misstated facts, participation in fraudulent transactions or negligence are unacceptable. In cases where the appraisal is deemed unsatisfactory a new appraisal may be ordered by the Authority.

K-11. Selection of Appraiser

The appraiser shall be selected by the Mortgagee in accordance with criteria that may be further defined in the Master Agreement with regard to appraiser qualifications.

K-12. Fees and Expenses

Mortgagees may charge mortgagors for those fees and expenses that would have been charged to any applicant for refinancing mortgages through the mortgagee including an application fee, credit report costs, appraisal fee, attorney fees and mortgage discount points. Such mortgagee fees and expenses shall be incorporated by reference in the Master Agreement in a form therein described by the Authority and as may be amended by the Mortgagee at its discretion. In each application the Mortgagee shall certify that the fees and expenses are no greater than those charged to any applicant

for a refinancing mortgage through the Mortgagee. As required by the Authority, Mortgagees shall collect on behalf of and remit to the Authority any fees and charges required in connection with this program.

K-13. Title Insurance

Each application must evidence a valid title insurance policy satisfactory to the Authority.

K-14. Guarantee Limitations

Resources available to honor loan guarantees are those made available by the State of Connecticut as authorized through P.A. 93-308.

The Mortgagee shall certify and agree that guarantees provided through the Master Agreement are not obligations of the Authority, either general or limited.

K-15. Certificate

Upon approval the Mortgagee shall receive a certificate evidencing the terms and conditions of the guarantee coverage.

K-16. Secondary Markets

Mortgage guarantees provided shall, to the maximum extent feasible, incorporate terms and conditions acceptable to secondary market purchasers.

K-17. Mortgagee Reporting

The Mortgagee shall file with the Authority such reports regarding servicing, defaulted loans and their status as the Authority may require.

K-18. Retention of Records

The Mortgagee shall retain such records in a form and for a duration as the Authority may at its discretion require in the Master Agreement. Failure to so maintain such records may result in the invalidation of any guarantees based on such records.

K-19. Mitigation of Loss

Upon delinquency the Mortgagee shall use its best efforts to reduce losses to the Mortgagee and to the Guarantee Fund including counseling, appropriate modifications to payment schedules or early sale of the property. In the case of an early sale of the property the Authority may request current financial data on borrowers, property inspections and appraisals.

K-20. Acquisition of Title

Upon the failure of efforts to mitigate loss the Mortgagee must obtain marketable title to the property as a prerequisite to filing a claim. Title may be obtained either by foreclosure or by voluntary conveyance. In any case the Mortgagee must agree to assign to the Authority any rights of recovery against the borrower, including the right to receive a deficiency judgment, which may not be adversely effected by the Mortgagee.

K-21. Claim for Loss

To avoid a waiver of coverage a claim for loss must be filed within 60 days of acquiring marketable title unless otherwise authorized in writing by the Authority. The Mortgagee must be in physical possession and control of the property. The amount payable to the Mortgagee is determined by subtracting the net proceeds of the sale from the total claim up to the amount of the guarantee. In the case where the property is not sold within 60 days of acquiring title, the Mortgagee shall submit a claim for loss. The Guarantee Fund shall either pay the full amount of the claim and the mortgage balance and acquire title to the property, or pay a percentage of the full claim as may be further defined in the Master Agreement with title remaining with the Mortgagee.

K-22. Sale of Property Prior to Claim

The Mortgagee must obtain prior written approval of the sales price, terms and conditions of all offers received prior to claim settlement. If prior approval of the sale is not obtained, a claim for loss cannot be submitted.

K-23. Claim Amount

The amount of any claim shall be the sum of the following: unpaid principal balance, accrued interest at the contract rate to the date of claim, reasonable attorney and trustee fees. The following additional items may also be included in the claim on terms as may be further defined in the Master Agreement: property taxes, special assessments, condominium or other common-element fees, hazard insurance premiums, preservation expenses, and other expenses associated with proceeding to acquire title. As may be further defined in the Master Agreement the following must be deducted from any claim: any rental or other such payments derived from the property, remaining escrow balances, any cash that the mortgagee may hold as security against the mortgage, amounts received under any fire or extended coverage insurance policies or any other funds available to reduce the Mortgagee's exposure.

K-24. Required Exhibits

In support of any filing for claim for loss the Mortgagee shall supply to the Authority any exhibits as may further defined in the Master Agreement including but not limited to the following: warranty deed, evidence of marketable title, mortgage loan history, closing statements, receipts for all disbursements, tax bills, mortgage note, and evidence of payment of condominium fees.

K-25. Eligible Borrowers

Are those owner-occupant Mortgages applying for refinancing mortgages who could be approved by the Mortgagee for such financing but for the value of the mortgaged property being insufficient to support applicable loan to value requirements.

K-26. Eligible Property

Are one, two and three family homes, units in a common interest community located in Connecticut for which the Mortgagor retains marketable title.

K-27. Eligible Mortgages for Refinancing

Are those mortgage deeds or other instruments which may constitute a first or consensual second lien on eligible property.

K-28. Eligible Mortgages for Guarantee

Are those first mortgage deeds or other instruments which constitute a first or second consensual lien on eligible property which meet other terms and conditions as may be further defined in the Master Agreement.

K-29. Guarantee Amount

The guarantee amount is the maximum amount necessary to retire the current first mortgage and consensual second liens not to exceed the difference between 125 and 80 percent of appraised value or \$100,000 whichever is less.

K-30. Application

Shall be made by eligible mortgagees in a manner and form as may be satisfactory to the Authority and further described in the Master Agreement. All information provided to the Authority pursuant to an application for mortgage loan guarantee shall subject the Mortgagor to penalty for false statement. Applications shall provide notice that the termination of coverage and prosecution are penalties for false statement.

K-31. Review by the Mortgagee

Before submission of the application package to the Authority the applicant Mortgagee shall review all materials for accuracy and completeness. The application and relevant exhibits shall be signed by an officer of the Mortgagee empowered to make such application and certifications.

K-32. Authority Review and Determination

No refinancing mortgage loan guarantee provided shall be valid until final approval by the Authority. The Authority shall render decision on each application after receiving a complete application from

the Mortgagee. Such decisions shall be rendered by the Authority at its sole discretion based on the Act, these procedures and the terms of the Master Agreement.

K-33. Appeal of Authority Determination

Upon disapproval of the Mortgagee's application for mortgage refinance guarantee the applicant is entitled to an appeal to the Authority within 5 business days. The determination of such an appeal will be final.

K-34. Program Fees

The Mortgagor shall pay to the Authority the required fee to 2 percent of the guarantee amount at closing and .5 percent of the amount of the guarantee annually payable monthly.

L. RESIDENTIAL MORTGAGE REFINANCING GUARANTEE PROGRAM II

L-1. Introduction

In accordance with Public Act No. 99-262, there is established a “Residential Mortgage Refinancing Guarantee Program II”. The purpose of this program is to provide guarantees to mortgagees where refinancing mortgage lending would be possible but for the decline in value of the mortgaged property. According to the Act, it is found beneficial and in the public interest that the State extend such mortgage loan guarantees to mortgage lending institutions in such circumstances. This program is to be administered by the Authority separately from its other mortgage lending programs. Payment on the mortgage loan guarantees is not, in whole or in part, an obligation of the Authority, but rather an obligation of the Fund described in Section 2 below.

L-2. “Residential Mortgage Refinancing Guarantee Fund II”

There shall be established a “Residential Mortgage Refinancing Guarantee Fund II” (hereafter “the Fund”) for the purposes of the program for mortgage refinance guarantees established by the Act. The assets and liabilities of the Fund are not the assets and liabilities of the Authority.

L-3. Public Notice

The Authority shall provide public notice of the availability of mortgage loan guarantees, and a general description of the program.

L-4. Non-Discrimination

Mortgage lending guaranteed by this program shall be in compliance with all applicable Federal and state statutes regarding non-discrimination and Fair Housing.

L-5. Eligible Mortgagee

An Eligible Mortgagee is a financial institution licensed or chartered by the State or Federal government to originate home mortgage loans in the State of Connecticut that has executed a “Master Agreement for Refinancing Mortgage Guarantee” (hereafter “Master Agreement”) with the Authority.

The Master Agreement shall identify the terms and conditions of the refinancing mortgage loan guarantees and the rights and responsibilities of the Authority and the Eligible Mortgagee.

L-6. Eligible Mortgagor

A Mortgagor is eligible to participate in the program subject to the following express conditions:

- (a) The Mortgagor is the owner-occupant of Eligible Property.
- (b) The Mortgagor occupies the Eligible Property as a primary residence, and must continue such occupancy for five (5) years after the date of the refinancing.

(c) The Eligible Mortgage was placed on Eligible Property between January 1, 1986 and December 31, 1992.

(d) The Eligible Mortgage has a current loan to value ratio of no more than one hundred twenty-five (125%) percent.

(e) The Mortgagor shall have no second mortgage on the Eligible Property, except a second mortgage where repayment is waived after a certain period of time has elapsed.

(f) The Eligible Mortgage is insured by private mortgage insurance.

(g) The household income of the Mortgagor shall not exceed one hundred twenty percent of the state median income.

(h) The Mortgagor must have been current on the payments on the Eligible Mortgage for the most recent twenty-four month period.

(i) The Mortgagor's credit rating shall meet secondary market standards.

(j) The Mortgagor has no other refinancing alternatives. For example, the Eligible Mortgage must not be insured by FHA or owned by FNMA or FHLMC.

L-7. Eligible Property

Eligible properties are one, two and three family homes, and units in a common interest community. The property must be located in Connecticut.

L-8. Eligible Mortgages for Refinancing

An Eligible Mortgage is a first mortgage placed on Eligible Property (owned by an Eligible Mortgagor) between January 1, 1986 and December 31, 1992, which mortgage is insured by private mortgage insurance.

L-9. Eligible Mortgages for Guarantee

To be eligible for a guarantee, the new mortgage must be in conformity with general secondary market standards. Also, the mortgage must not provide any cash back to the Mortgagor in the refinancing of the Eligible Mortgage.

L-10. Underwriting Criteria and Guidelines

Underwriting criteria and guidelines applied by the Mortgagee on loans for which a guarantee is sought shall be those generally applied secondary market industry standards for refinancing mortgages. The Mortgagee shall certify in each application that the underwriting criteria therein applied are those generally applicable underwriting guidelines so referenced.

L-11. Mortgage Certification

Each application from the Mortgagee shall contain, in a form prescribed by the Authority, a certification, with penalties for false statement that the loan for which guarantee is sought would be approved for a refinancing mortgage by the Mortgagee but for the value of the mortgaged property being insufficient to support applicable loan to value requirements.

L-12. Fees and Expenses

The Authority shall determine reasonable and customary fees and expenses for this program.

L-13. Guarantee Limitations

Resources available to honor loan guarantees are those made available by the State of Connecticut as authorized through the Act.

The Mortgagee shall certify and agree that guarantees provided through the Master Agreement are not obligations of the Authority, either general or limited.

L-14. Certificate

Once a loan guarantee is approved by the Authority, the Mortgagee shall receive a certificate evidencing the terms and conditions of the guarantee coverage.

L-15. Secondary Markets

Mortgage guarantees shall, to the maximum extent feasible, incorporate terms and conditions acceptable to secondary market purchasers.

L-16. Mortgage Reporting

The Mortgagee shall file with the Authority such reports regarding servicing, defaulted loans and their status as the Authority may require.

L-17. Retention of Records

The Mortgagee shall retain such records in a form and for a duration as the Authority may at its discretion require in the Master Agreement. Failure to so maintain such records may result in the invalidation of any guarantees based on such records.

L-18. Mitigation of Loss

Upon delinquency, the Mortgagee shall use its best efforts to reduce losses to the Mortgagee and to the Fund, including counseling, appropriate modifications to payment schedules or early sale of the property. In the case of an early sale of the property, the Authority may request current financial data on borrowers, property inspections and appraisals.

L-19. Acquisition of Title

Upon the failure of efforts to mitigate loss, the Mortgagee must obtain marketable title to the property as a prerequisite to filing a claim. Title may be obtained either by foreclosure or by voluntary conveyance. In any case, the Mortgagee must agree to assign to the Authority any rights of recovery against the borrower, including the right to receive a deficiency judgment, which may not be adversely affected by the Mortgagee.

L-20. Claim for Loss

To avoid a waiver of coverage, a claim for loss must be filed within 60 days of acquiring marketable title unless otherwise authorized in writing by the Authority. A claim shall be deemed filed when actually received by the Authority.

L-21. Sale of Property Prior to Claim

The Mortgagee must obtain prior written approval of the Authority of the sales price, terms and conditions of all offers received prior to claim settlement. If prior approval of the sale is not obtained, a claim for loss cannot be submitted.

L-22. Claim Amount

The amount of any claim shall be the sum of the following: unpaid principal balance, accrued interest at the contract rate to the date of claim, and such other items as the Authority may determine.

L-23. Required Exhibits

In support of any filing for claim for loss, the Mortgagee shall supply to the Authority any exhibits as may be further defined in the Master Agreement including but not limited to the following: proof of title such as Certificate of Foreclosure or Deed, last 12 months loan history, paid receipts of claimable items, and a copy of the court appraisal at time of foreclosure.

L-24. Guarantee Amount

The maximum amount of the Guarantee shall be in such amounts as the Authority may determine.

L-25. Request for Guarantee

The Request for Guarantee (the "Request") shall be made by Eligible Mortgagees in a manner and form as may be satisfactory to the Authority and further described in the Master Agreement. All information provided to the Authority pursuant to a Request for mortgage loan guarantee shall subject the Mortgagor to penalty for false statement. Requests shall provide notice that the termination of coverage and prosecution are penalties for false statement.

L-26. Review by the Mortgagee

Before submission of the Request to the Authority, the Mortgagee shall review all materials for accuracy and completeness. The Request and relevant exhibits shall be signed by an officer of the Mortgagee empowered to make such application and certifications, with penalties for false statement.

L-27. Authority Review and Determination

The Authority shall render decision on each Request submitted by the Mortgagee. Such decisions shall be rendered by the Authority at its sole discretion based on the Act, these procedures and the terms of the Master Agreement. No guarantee shall be valid until approved, and signed, by the Authority.

M. HOMEOWNER'S EQUITY RECOVERY OPPORTUNITY LOAN PROGRAM

M-1. Introduction

In accordance with SHB 5577 "An Act Concerning Responsible Lending and Economic Security," as amended, there is established a Homeowner's Equity Recovery Opportunity Loan Program as an additional purpose of the Authority pursuant to the provisions of subdivision (32) of section 8-250 of the general statutes. The purpose of the HERO Program is to permit the Authority to purchase mortgages directly from lenders and place borrowers it determines eligible on an affordable repayment plan and to make mortgage loans to borrowers who it determines to be eligible and who purchase foreclosed or abandoned properties or properties conveyed by deed in lieu of foreclosure or short sale and shall be undertaken consistent with and subject to the Authority's contractual obligations with its bondholders in an initial amount of thirty million dollars.

M-2. Definitions

(a) "Abandoned Property" has the same meaning as Connecticut General Statutes Section 8-169p;

(b) "Act" means SHB 5577 An Act Concerning Responsible Lending and Economic Security, as amended;

(c) "Assets" means;

(1) The sum of the household's savings and checking accounts, market value of stocks, bonds and other securities, other capital investments, pensions and retirement funds, personal property and Equity in real property including the subject mortgage property. Income derived from family assets shall be considered as income, and

(2) Lump-sum additions to family assets such as inheritances, capital gains, insurance payments included under health, accident, hazard or worker's compensation policies and settlements, verdicts or awards for personal or property losses or transfer of assets without consideration within one year of the time of application. Pending claims for such items must be identified by the Borrower as contingent assets.

(d) "Authority" means the Connecticut Housing Finance Authority created under section 8-244 of the general statutes;

(e) "Borrower" means the owner-occupant of a one-to-four family residential real property located in this state including, but not limited to, a single family unit in a common interest community, who has a mortgage encumbering such real property;

(f) "Equity" means the difference between the market value of the property and the total outstanding principal of any loans secured by the property and other liens;

(g) “HERO Program” means the Homeowner’s Equity Recovery Opportunity Loan program created pursuant to the Act;

(h) “Lender” means the original lender under a mortgage, or its agents, successors or assigns, and

(i) “Mortgage” means a mortgage deed or other instrument which constitutes a first or second consensual lien on one-to-four family owner-occupied residential real property located in this state, including, but not limited to, a single-family unit in a common interest community, securing a loan made primarily for personal, family or household purposes.

M-3.—Notice

~~The Authority shall provide public notice of the availability of the HERO Program.~~

M-4. Eligible Mortgages

(a) The Authority shall purchase mortgages directly from lenders that, in the determination of the Authority, are at a discount sufficient for the Authority to underwrite a HERO loan affordable by the Borrower.

(b) The Authority shall make mortgage loans to borrowers who it determines to be eligible and who purchase and occupy as their primary residence foreclosed or abandoned properties or properties conveyed by deed in lieu of foreclosure or short sale. Income limits shall not apply to borrowers obtaining mortgage loans pursuant to this subsection (b) provided the Authority’s income limits shall apply to such borrowers who are first time homebuyers seeking downpayment assistance.

M-54. Borrower Eligibility

A Borrower shall be eligible for the HERO Program if, in the Authority’s determination, the Borrower:

(a) has made an effort to meet his or her financial obligations to the best of the Borrower’s ability;

(b) has sufficient and stable income to support timely repayment of a HERO loan;

(c) has legal title to the mortgaged property and resides in it as the Borrower’s permanent residence, and

(d) if the Borrower has stopped making monthly payments, has the ability to account for the Borrower’s cash flow by showing how those funds were escrowed, saved or redirected.

The Borrower shall provide the Authority with full disclosure of all Assets and liabilities, whether singly or jointly held, and all household income regardless of source.

All Borrowers approved by the Authority for the HERO Program shall attend in-person financial counseling at an authority-approved agency.

M-65. Hero Loan Terms

A HERO loan shall:

- (a) be in the first lien position;
- (b) be a mortgage for up to thirty years in an amount determined by the Authority;
- (c) provided an interest rate at an amount determined by the Authority;
- (d) be serviced by the Authority or its agents;
- (e) have property taxes and insurance, including mortgage insurance, homeowner's insurance and, if applicable, flood insurance, included in the Borrower's monthly payment amount, and
- (f) contain prepayment restrictions as determine by the Authority.

M-76. Application

Borrowers shall apply for the HERO Program on a form provided by the Authority. Borrowers shall complete and sign the application subject to the penalty for false statement under section 53a-157b of the general statutes.

M-87. Determination

The Authority shall make a determination of eligibility for the HERO Program no later than thirty calendar days after the date of receipt of the Borrower's application.

M-98. Disqualification

Any Borrower who fails to file a complete application or who fails to provide the Authority with full disclosure of all Assets and liabilities as required herein or who misrepresents any financial or other pertinent information in conjunction with the filing of an application for a HERO loan may be denied assistance.

Single Family
Homeowners Equity Recovery Opportunity Program
Revised: 08/29/13 / /
Adopted: 10/31/13 / /

N. WAIVERS, EXEMPTIONS HOMEOWNER COUNSELING AND MODIFICATIONS EDUCATION

The Authority by a resolution on March 30, 1978 recognized that many homebuyers are unaware of the complexities of homeownership, that there is a need to help homeowners understand the complexities of homeownership, and consequently authorized the Authority to commence a home counseling program.

To serve its mission, the Authority is authorized to provide directly or through approved vendors counseling and education services to assist the public in budgeting and avoiding financial pitfalls.

Such services may include pre-purchase education, pre-closing education, landlord education in the case of applicants purchasing a two- to four-family dwelling, financial fitness, financial coaching, and foreclosure prevention counseling.

Single Family
Homeowner Counseling and Education
Revised: / /
Adopted: / /

O. WAIVERS, EXEMPTIONS AND MODIFICATIONS

The Authority's Executive Director or his/her designee may, from time to time, vary the Single Family Housing Homebuyer Mortgage Program Procedures in order to provide financing initiatives that are consistent with the Authority's statutory purpose. Any exceptions shall be reported to the Authority's Board of Directors.

Single Family

Waivers, Exemptions and Modifications

Revised: ~~08/29/13~~ ___ / ___ / ___

Adopted: ~~10/31/13~~ ___ / ___ / ___