

To: CHFA Lenders
From: CHFA Single Family Underwriting
Subject: **NEW CHFA INSURED PILOT PROGRAM (CIPP)** for First-Time Homebuyers

The Connecticut Housing Finance Authority (CHFA) is committed to helping first-time homebuyers achieve the dream of homeownership by providing mortgage loan financing for all eligible applicants.

To extend this opportunity to borrowers with credit scores that do not meet the stringent standards and credit overlays required by many Lenders and Private Mortgage Insurance (PMI) companies, CHFA is launching a New Mortgage Insurance program for credit worthy applicants with credit scores *less than or equal to 639*.

CIPP loans must be reserved as FHA Insured loans in CHFA LOS and entered in DU or LP as FHA insured in order to receive an AUS Response, (AUS does not recognize CHFA as an insurance provider). Loans that receive Approve/Eligible or Accept/Eligible Responses are eligible for participation in the CHFA Mortgage Insurance Program (CIPP).

To submit loans to CHFA, Lenders must change the loan insurer code in CHFA LOS from FHA to CHFA and follow existing file submission procedures. The completed CHFA Insured Pilot Program Application (Form, # 024-1114) must be included in the hardcopy file.

Applicants that meet the CHFA Program/CIPP criteria and underwriting guidelines are eligible for first mortgage loan financing with up to 95% loan-to-value with CHFA as the Mortgage Insurance Provider.

The CHFA Mortgage Insurance Premium is competitive with FHA and offers applicants the ability to eliminate the MI payment when the property value reaches 80% or less (FHA requires retention of the Mortgage Insurance for the life of the loan).

PREMIUM FACTOR COMPARISON			
FHA UFMIP <i>(included in 1st mortgage loan amount)</i>	1.750%	CHFA UFMIP	3.00% <i>(included in 1st mortgage loan amount)</i>
FHA MONTHLY	1.350%	CHFA Monthly	.65%
FHA EXAMPLE INTEREST RATE @ 3.125%		CHFA INSURED EXAMPLE INTEREST RATE @ 3.125%	
Base Loan Amount	\$ 160,000.00	Base Loan Amount	\$160,000.00
Loan Amount with UFMIP	\$ 162,800.00	Loan Amount with UFMIP	\$164,800.00
Principal & Interest	\$ 697.40	Principal & Interest	\$ 705.96
Monthly MI	\$ 183.15	Monthly MI	\$ 89.26
Total Monthly Payment	\$ 880.55	Total Monthly Payment	\$ 795.22
MI PREMIUM PAID FOR LIFE OF LOAN		MI TERMINATED AT 20% EQUITY IN PROPERTY	

(NOTE: Loans with credit scores less than 640 are not eligible for processing under the CHFA HFA Preferred Loan Program)

This program will be effective with CHFA Loan Reservations dated on or after Monday, December 15, 2014.

CHFA Mortgage Insurance is restricted to applicants that meet the requirements of the program as described in the **PROGRAM ELIGIBILITY AND UNDERWRITING GUIDELINES** published with this Bulletin Announcement.

All questions regarding this notice should be directed to Valencia Taft-Jackson at 860-571-4224 or valencia.taft-jackson@chfa.org or Norbert Deslauriers at 860-571-4374 or norbert.deslauriers@chfa.org.