

Bulletin # 97
November 4, 2015

To: CHFA Lenders
From: CHFA Single Family Underwriting
Subject: Interest Rate on Duplicate CHFA Loan Reservations

CHFA does not require Lenders to execute a Rate Lock Agreement with loan applicants because the Agreement to fund/ purchase a loan is between CHFA and the Lender, **not** CHFA and the applicant.

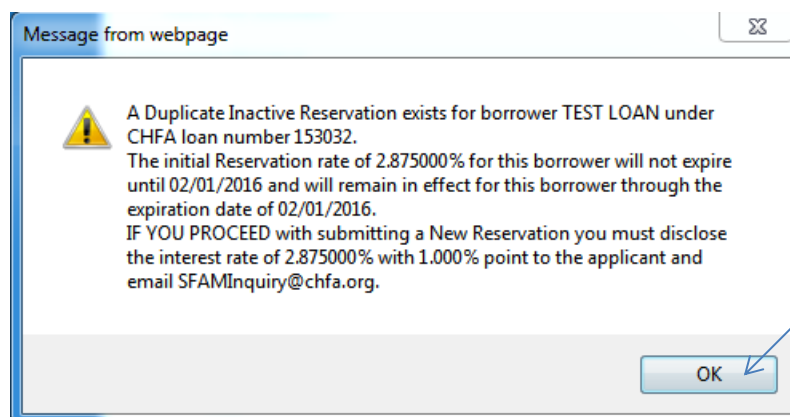
When Lenders reserve funds for applicant(s), the “Initial Interest Rate” is locked in for ninety (90) days from the date the reservation is submitted in the CHFA LOS and the CHFA loan number is assigned. The “Initial Interest Rate” is linked to the applicant(s) social security number(s) and tracked accordingly.

Lenders are responsible for explaining the terms of the CHFA Loan Reservation to applicants by informing them of the 90- day Interest Rate Reservation Period and advising that the Initial Interest Rate will remain in effect until the Reservation Expiration Date expires.

CHFA’s interest rates are subject to change multiple times during the 90- day Interest Rate Reservation Period. Applicants **are not** eligible for rate changes during the Reservation Period (Applicants may elect to revise the point option selected at reservation; if a point option is changed they will receive the corresponding interest rate that was in effect on the date of the **Initial** Reservation).

If an applicant “switches” Lenders prior to the expiration of an Initial Reservation, the applicant will continue to receive the interest rate that was in effect at the time of the Initial Reservation which is linked to their social security number.

To assist Lenders in disclosing the correct interest rate in the event of a “Lender Switch” the CHFA LOS Loan Reservation Screen will now display a **“Duplicate Inactive Reservation Message”** as follows:



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

PROCESSING A NEW RESERVATION AFTER RECEIVING THE DUPLICATE INACTIVE RESERVATION MESSAGE:

- Review the message for the initial interest rate in effect.
- **Disclose the published interest rate to the applicant** (if proceeding with the reservation); if the rate is lower than the prevailing rate, the applicant will receive the lower rate; if the rate is higher than the prevailing rate, the applicant will receive the higher rate.
- Click “OK” to continue.
- Click on “Submit” at the bottom of the screen to receive the new CHFA Loan Reservation Number.
- Immediately send email to SFAMInquiry@chfa.org for a confirmation email from CHFA.

CHFA CONFIRMATION FOR LOANS WITH DUPLICATE INACTIVE RESERVATIONS:

- The “**New** Reservation” in LOS will automatically populate the prevailing interest rate in effect at the time the reservation is submitted; **this will not be the rate the applicant will receive unless the prevailing rate is the same as the rate that was in effect on the date of the Initial Reservation.**
- CHFA will respond to the email received in SFAMInquiry@chfa.org with an email that confirms either:
 - The interest rate for the reservation is the rate disclosed in the Inactive Duplicate Reservation Message, or
 - If the applicant elects to change point options, the interest rate for the reservation is the corresponding rate for the point option selected based on the rates in effect on the date of the Initial Reservation.
- The “New Reservation” period will be for ninety days (90) from the date the “New Reservation” is submitted and the “New” CHFA loan number is assigned.

SUBMITTING THE LOAN TO CHFA

- There are no changes to the process for submitting the loan to CHFA for review. All required screens must be completed in CHFA LOS including the “Additional Data Screen” and “Uploading the 1003”.
- The interest rate in the system will not match the interest rate of the file documentation (unless the prevailing rate was the same as the initial rate); Lenders can override the warning messages in LOS and submit the file for review.
- The CHFA Underwriter will update the interest rate in LOS during the file review and any further communication will reflect the correct interest rate, i.e., Missing Exhibits Letters, Commitment Letters or Adverse Action Letters.

IMPORTANT NOTES

- If the Reservation is “Unlocked” for editing at any time during processing the “Duplicate Inactive Reservation” message will be displayed; to continue processing “Save and Resubmit” to retain the edits.
- **Lenders should not cancel Reservations if applicants switch properties** during an active Reservation period. The Reservation should be “Unlocked” and the applicable fields edited with the new property address and loan information. Canceling the Reservation will activate the “Duplicate Inactive Reservation” message at the time a New Reservation is created.

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