

To: CHFA Lenders
From: CHFA Single Family Underwriting
Subject: Home Mortgage Programs Commuting Distance Restrictions

CHFA Single Family provides first and second mortgage loan financing for first-time homebuyers as part of our mission to alleviate the shortage of affordable housing for low-to-moderate-income families and persons in the state. Mortgage loan financing is available for the purchase of owner-occupied, principal residences only; second homes or investment properties are not allowed.

To mitigate risk to the Authority, an analysis of an applicant's profile including income, credit, capital, collateral and capacity for repayment as well as assessing the reasonableness of long distance commuting is required.

Effective with loan reservations dated on and after June 10, 2019, lenders will be required to calculate an estimate of the cost of commuting by car for any applicant whose employment location is more than seventy-five (75) miles one-way from the subject property / one-hundred and fifty (150) miles round-trip, to project a monthly commuting expense amount to be added in the total debt ratio calculation for affordability.

Lenders must use the current mileage reimbursement rate for travel expenses as announced by the Internal Revenue Service (IRS) and published by the General Services Administration (GSA) as privately owned vehicle mileage reimbursement rates.

The formula to calculate commuting expenses is shown in the example below:

The GSA rate for 2019 is 0.58 cents per mile.

Commuting distance one-way = 108 miles / round-trip = **216 miles**

216 miles x 0.58 = **\$125.28 per day**

52 weeks – 4 weeks (*vacation*) = **48 weeks**

48 weeks – 12 days (*holidays/sick/personal days estimated*) = **46 weeks**

46 weeks x 5 days per work week = **230 days**

230 days x \$125.28 per day = \$28,814.40 / 12 = \$2,401.20 monthly commuting expense

The monthly commuting expense amount must be added to the total debt ratio for qualifying. Ratios that exceed program guidelines will not be eligible for approval.

Monthly commuting expenses for applicants traveling daily by train or bus 150 miles or more round-trip must be documented; calculated and included in the total debt ratio for qualifying. Ratios that exceed program guidelines will not be eligible for approval.

All questions regarding this Bulletin should be directed to Valencia Taft-Jackson at (860) 571-4224 or valencia.taft-jackson@chfa.org or Hazim Taib at (860)571-4250 or hazim.taib@chfa.org