

**Bulletin # 185**  
September 1, 2020

To: CHFA Lenders  
From: CHFA Single Family Underwriting  
Subject: **Teachers Mortgage Assistance Program Expands Eligibility Criteria**

The Teachers Mortgage Assistance Program offers mortgage loan financing at below-market interest rates to Teachers who are certified in the State of Connecticut who teach:

- In the States-Identified Academic Subject Matter Shortage Areas,
- In a Priority or Transitional School District,
- In a Technical High School that is located in a Priority or Transitional School District,

*To help recruit and retain **(\*R&R)** minority Teachers in our communities throughout the state, additional incentives are available for Teachers who:*

- Graduated from a Public High School in an Educational Reform District,
- Graduated from a Historically Black College or University (HBCU) or, Graduated from a Hispanic-Serving Institution (HSI).

Interest Rate Discount:

- Teachers applying under \*R&R will receive 0.250% rate discount; CHFA Target Area rate discount of 0.250% will apply when applicable and will not be combined with this programs rate reduction. *(For \*R&R applicants the Interest Rate discount increased from 0.125% to 0.250%)*
- Certified Teachers who teach in a Priority or Transitional School District, or in a Technical High School located in a Priority or Transitional School District, the dwelling must be located in the district in which the school is located. *(This restriction is waived for Teachers applying under the \*R&R eligibility criteria)*

Total Monthly Debt-to-Income Ratio:

- All Certified Teachers applying for mortgage loan financing under this program that have *student loans in repayment at the time of application* will be eligible for a maximum total debt ratio up to 50% with AUS approval.

**Effective September 1, 2020**

*All questions regarding this Bulletin should be directed to Valencia Taft-Jackson at (860) 571-4224 or [valencia.taft-jackson@chfa.org](mailto:valencia.taft-jackson@chfa.org) or Carolyn Christensen at (860)571-4270 or [Carolyn.Christensen@chfa.org](mailto:Carolyn.Christensen@chfa.org)*

## TEACHERS MORTGAGE ASSISTANCE

### PURPOSE AND OVERVIEW:

*The Teachers Mortgage Assistance Program offers home loans at below-market interest rates to Teachers who are certified in the State of Connecticut who teach:*

- *In the States-Identified Academic Subject Matter Shortage Areas,*
- *In a Priority or Transitional School District,*
- *In a Technical High School that is located in a Priority or Transitional School District,*

*To help recruit and retain (**\*R&R**) minority teachers in our communities, additional incentives are available for Teachers who:*

- *Graduated from a Public High School in an Educational Reform District,*
- *Graduated from a Historically Black College or University (HBCU) or,*
- *Graduated from a Hispanic-Serving Institution (HSI).*

PARAMETER	Eligibility Requirements
LENDER ORIGINATION FEE	CHFA Origination Fee will be 1.00% of the first mortgage loan amount for all loans.
CHFA ALLOWABLE FEES	<ul style="list-style-type: none"> <li>▪ Loan Processing Fee = \$395</li> <li>▪ Loan Underwriting Fee = \$395</li> </ul>
GOVERNMENT PROGRAM UPFRONT FEES	<ul style="list-style-type: none"> <li>▪ FHA - UFMIP – <i>Insurer or Investor guidelines will apply</i></li> <li>▪ USDA - Guarantee Fee</li> <li>▪ VA - Funding Fee</li> </ul>
CHFA INTEREST RATE	<p>The interest rate will be determined by the type of CHFA Loan Product selected.</p> <p>Applicants will receive a 0.125% rate discount off the CHFA Government (<i>i.e. FHA, VA, USDA –RD</i>) rate, or CHFA Non-Government (<i>i.e. PMI or Uninsured</i>) rate in effect at the time of application. (<i>See <a href="http://chfa.org">chfa.org</a> home page</i>)</p> <p><i>(Teachers applying under *R&amp;R will receive 0.250% rate discount; CHFA target area rate discount of 0.250% will apply when applicable and will not be combined with this programs rate reduction.)</i></p>
AMORTIZATION	30-Year Term, Fixed Rate Mortgage (FRM)
TARGET GEOGRAPHY	State of Connecticut

<p><b>ELIGIBLE BORROWERS</b></p>	<p>First-time homebuyers (<i>Teachers</i>) with no property ownership in the past three (3) years.</p> <p><i>(waived in targeted areas – may not own property at time of loan closing)</i></p> <p><u>Teacher holding a valid Connecticut certification</u> and:</p> <ul style="list-style-type: none"> <li>▪ Is employed as a Teacher in a Priority or Transitional School District; or</li> <li>▪ Is employed by the State of Connecticut in a Technical High School that is located in a Priority or Transitional School District; or</li> <li>▪ Graduated from a Public High School in an Educational Reform District as defined in <u>Section 10-262u</u> of the Connecticut General Statutes; or</li> <li>▪ Graduated from a Historically Black College or University (HBCU) or a Hispanic-Serving Institution (HSI); or</li> <li>▪ Employed full or part-time as a Teacher in his/her respective endorsement area/s in one of the State Identified “Subject Matter Shortage Areas”.</li> </ul> <p><i>In the case of certified teachers who teach in a priority or transitional school district, or in a technical high school located in a priority or transitional school district, the dwelling must be located in the district in which the school is located. (This restriction is waived for teachers applying under the *R&amp;R eligibility criteria)</i></p> <p>Note: Statement of Eligibility Letter (<i>CHFA Form 031-030</i>) is required from the School District Superintendent.</p> <p><i>(see following lists – updated annually)</i></p>																																
<p><b>SUBJECT MATTER SHORTAGE AREAS</b></p> <p><i>(JULY 2020- JUNE 30, 2021)</i></p>	<ul style="list-style-type: none"> <li>- Bilingual Education, PK-12</li> <li>- Comprehensive Special Education, K-12</li> <li>- Mathematics, 7-12</li> <li>- Occupational Subject, Vocational Tech High</li> <li>- School Library Media Specialist</li> <li>- Science, 7-12</li> <li>- Speech and Language Pathologist</li> <li>- Technology Education, PK-12</li> <li>- TESOL, PK – 12</li> <li>- World Languages, 7-12</li> </ul>																																
<p><b>PRIORITY &amp; TRANSITIONAL SCHOOL DISTRICTS</b></p> <p><i>(JULY 2020- JUNE 30, 2021)</i></p>	<table border="0"> <tr> <td>Ansonia</td> <td>Enfield</td> <td>New Britain</td> <td>Thompson</td> </tr> <tr> <td>Bridgeport</td> <td>Hamden</td> <td>New Haven</td> <td>Torrington</td> </tr> <tr> <td>Bloomfield</td> <td>Hartford</td> <td>New London</td> <td>Wallingford</td> </tr> <tr> <td>Bristol</td> <td>Manchester</td> <td>Norwalk</td> <td>Waterbury</td> </tr> <tr> <td>Danbury</td> <td>Meriden</td> <td>Norwich</td> <td>West Hartford</td> </tr> <tr> <td>Derby</td> <td>Middletown</td> <td>Stamford</td> <td>West Haven</td> </tr> <tr> <td>East Hartford</td> <td>Naugatuck</td> <td>Stratford</td> <td>Winchester</td> </tr> <tr> <td>East Haven</td> <td></td> <td></td> <td>Windham</td> </tr> </table>	Ansonia	Enfield	New Britain	Thompson	Bridgeport	Hamden	New Haven	Torrington	Bloomfield	Hartford	New London	Wallingford	Bristol	Manchester	Norwalk	Waterbury	Danbury	Meriden	Norwich	West Hartford	Derby	Middletown	Stamford	West Haven	East Hartford	Naugatuck	Stratford	Winchester	East Haven			Windham
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<p><b>ELIGIBLE / INELIGIBLE PROPERTY TYPES</b></p>	<p><b><u>Eligible</u></b></p> <ul style="list-style-type: none"> <li>▪ Existing – Single Family</li> <li>▪ New Construction – <i>Statewide Single Family / 2 unit eligible in Targeted Areas only (3-4 not eligible)</i></li> <li>▪ 2 – 4 units <i>(existing &amp; occupied as residential for the past 5 years)</i></li> <li>▪ Condominiums <i>(FHA, FNMA, FHLMC, VA or USDA-RD approved (Includes 2-4 unit projects – Not applicable to FHLMC)</i></li> <li>▪ Townhomes</li> <li>▪ PUD’s <i>(FHA, FNMA, FHLMC, VA or USDA-RD approved)</i></li> </ul>																																

	<p><b><u>Ineligible</u></b></p> <p>Co-ops , Mixed use properties, Manufactured Homes</p>
<b>ELIGIBLE OCCUPANCY</b>	<ul style="list-style-type: none"> <li>▪ Owner occupied only (investment / vacation home properties not allowed)</li> </ul>
<b>ELIGIBLE PURPOSE</b>	<ul style="list-style-type: none"> <li>▪ Purchases only – primary residence - refinance not allowed</li> </ul>
<b>AUS RECOMMENDATION</b>	<ul style="list-style-type: none"> <li>▪ AUS Approve Eligible/Accept</li> </ul>
<b>MINIMUM CREDIT SCORE</b>	<ul style="list-style-type: none"> <li>▪ CHFA has no requirement – <i>Insurer or Investor guidelines will apply.</i></li> </ul>
<b>NON-TRADITIONAL CREDIT (MANUAL UNDERWRITE)</b>	<p><i>Insurer or Investor guidelines will apply.</i></p>
<b>QUALIFYING RATIOS</b>	<ul style="list-style-type: none"> <li>▪ Monthly Housing Expense-to-Income ratio must be in compliance with the insurer, (i.e. FHA, VA, USDA-RD, PMI or investor, i.e. FNMA / FHLMC) guidelines up to a maximum of 45%.</li> <li>▪ Maximum Total Monthly Debt-to-Income ratio: <ul style="list-style-type: none"> <li>○ <i>Teachers with student loans in repayment are eligible for total debt ratio up to 50% with AUS approval.</i></li> </ul> </li> </ul> <p><b>Total Debt Ratio above will apply to applicants applying for CHFA DAP with AUS Approval.</b></p>
<b>MAXIMUM LTV</b>	<ul style="list-style-type: none"> <li>▪ ≤ 80% Uninsured</li> <li>▪ 96.5% FHA (3.50% Down)</li> <li>▪ 97.0% CHFA Conventional, HFA Preferred™ / HFA Advantage® (3% Down)</li> <li>▪ 95.0% CHFA Conventional, HFA Preferred™ (2-4 unit = 2%)</li> <li>▪ 100 % USDA (LTV may increase to include guarantee fee) <i>DAP not allowed</i></li> <li>▪ 100% VA (LTV may increase to include the funding fee) <i>DAP not allowed</i></li> </ul> <p><i>Insurer guidelines will apply</i></p>
<b>MAXIMUM CLTV</b>	<ul style="list-style-type: none"> <li>▪ CLTV = 100% (CHFA DAP)</li> <li>▪ CLTV = 105% (<i>other Subordinate Financing- Follow Investor Guidelines</i>)</li> </ul>
<b>MINIMUM BORROWER CONTRIBUTION</b>	<ul style="list-style-type: none"> <li>▪ 3% - 3.50% of total purchase price depending on insurer.</li> </ul> <p><i>(VA and USDA may not require any down payment)</i></p>
<b>SUBORDINATE FINANCING</b>	<ul style="list-style-type: none"> <li>▪ CHFA Downpayment Assistance Program is available to qualified borrowers <b>regardless of assets.</b></li> </ul>

**INCOME REQUIREMENTS**

An applicant’s annual, before tax income must not exceed the CHFA ***Income Limits for “Applicable Town”***. Borrower’s income limit is based on household size.

*(See “Full List” at [chfa.org](http://chfa.org) “Income & Sales Price Limits” )*

*Example only:*

Connecticut Housing Finance Authority (CHFA) - Income Limits					
Statewide Income Limits		\$89,700	1 or 2 persons	\$103,155	3 or more
		Household Size		Household Size	
Fairfield County	1 or 2	3 or more	Litchfield County	1 or 2	3 or more
Bethel	134,880	157,360	Colebrook	89,700	103,155
Bridgeport *All Areas	107,640	125,580	Cornwall	89,700	103,155
Brookfield	134,880	157,360	Goshen	89,700	103,155

Income Limit can be waived in Federally Targeted Areas unless applicant is also applying for the CHFA Downpayment Assistance Program (DAP).

**SALES PRICE LIMIT**

Purchase price of home must not exceed the CHFA ***Sales Price Limits*** established for the specific city or town where property is located.

*(See “Full List” at [chfa.org](http://chfa.org) “Sale Price & Income Limits” )*

*Example only:*

Connecticut Housing Finance Authority (CHFA) - Sales Price Limits						
		Existing		New		
Fairfield County	Existing	New	Litchfield County	Existing	New	New Haven County
Bethel	574,020	574,020	Colebrook	341,340	341,340	Prospect
Bridgeport *All Areas	701,585	701,585	Cornwall	341,340	341,340	Seymour

Appraised value cannot exceed 105% of the purchase price limit.

**RESERVES**

- Reserve requirements must be in compliance with insurer (i.e. FHA, VA, USDA-RD, PMI) or investor (i.e. FNMA / FHLMC) guidelines.

**INTERESTED PARTY CONTRIBUTIONS**

*Insurer or Investor guidelines will apply.*

**HOMEBUYER EDUCATION**

- 3- Hr. Counseling Certificate required for at least one borrower/co-borrower. *(An optional 8-Hr. in-depth counseling is also accepted.)*
- Landlord Certificate also required if purchasing 2-4 family unit.
- On-Line Homebuyer counseling is available through eHome America in partnership with CHFA. *(See Homebuyer and Lender Online Registration Instructions)*

**ELIGIBLE MORTGAGE INSURERS**

- Government loans must be insured through FHA, VA, USDA-RD.
- Conventional loans must be originated under HFA Preferred™ (PMI), HFA Advantage® (PMI), or CALP Loan Programs.

**MORTGAGE INSURANCE COVERAGE**

*Insurer or Investor guidelines will apply.*

<p><b>FEDERAL RECAPTURE TAX</b></p>	<p>Subject to Federal Recapture Tax unless:</p> <ul style="list-style-type: none"> <li>▪ Home sold more than nine (9) years after purchase.</li> <li>▪ There is no profit (capital gain) on sale.</li> <li>▪ Household income is below Recapture Tax Limit at time of sale.</li> </ul> <p style="text-align: center;"><i>(See eligibility for CHFA reimbursement – Form 049-0313 if recapture tax payment is required.)</i></p>
<p><b>SERVICER</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Idaho Housing Finance Association;</b> Service Released Lenders <i>(HomeLoanServ for loss payee clauses &amp; Servicing Transfer Notice)</i></li> <li>▪ <b>AmeriNat</b> - (FICO score <math>\leq</math>618); Service Released Lenders</li> <li>▪ <b>Service Retained Lenders</b> - (FICO score <math>\leq</math>618) retain servicing.</li> </ul>

*Teachers Assistance – Rev 9-1-2020*