

**Servicing Bulletin 2023-05**  
December 1, 2023

To: All CHFA Single Family Servicers  
From: Liisa M. Koeper, Assistant Director, SFAM Default Servicing  
Subject: **Updates to Servicing Bulletin 2023-04, Deferral as a Loss Mitigation Home Retention Option.**

---

This Servicing Bulletin (SB 2023-05) provides clarification to Servicing Bulletin 2023-04, specifically to deferrals, option 2 in the new home retention waterfall for all Connecticut Housing Finance Authority (CHFA) single family loans not insured by FHA, VA or USDA. This bulletin is effective immediately.

For CHFA loans (uninsured, MI insured, CHFA insured) the COVID Post-Forbearance Loan Retention Options announced in Servicing Bulletin 2021-09 (issued October 06, 2021) have been sunsetted, specifically eliminating COVID repayment plans and the CHFA COVID Modification, with changes to Deferrals and to the CHFA Standard Modification.

The new home retention waterfall is:

- 1) **Informal Forbearance** limited to 3 months followed by an informal repayment plan or a deferral.
- 2) **Deferral** limited to 6 months of delinquent PITIA payments which must cure the delinquency. A maximum of two deferrals per life of the loan with the total deferred installments not exceeding 12 (including COVID deferrals). Deferrals must be at least 24 months apart.
- 3) **CHFA Standard Modification** to now include capitalization of corporate advances or other protective advances a servicer may have made on the borrower's behalf.

### **Updated Payment Deferral Process**

1. Servicer will submit the following documents to [modifications@chfa.org](mailto:modifications@chfa.org):
  - Servicer Loan Retention Certification for Payment Deferral - CHFA Form LRC PD2.
  - Completed but not signed CHFA Payment Deferral Agreement - CHFA Form PyAgree 91520-F.
  - A recent loan transaction history and a copy of the recorded mortgage and recorded assignment of mortgage.
2. Servicer will not be required to perform a title search or perfect the lien. Deferral Agreements do not need to be recorded.

3. CHFA will review and authorize.
4. After CHFA's authorization, Servicer will have the borrowers execute two copies of the Payment Deferral Agreement.
5. Once signed, Servicer will mail one copy to CHFA for counter signature.
6. CHFA will return fully executed Payment Deferral Agreement to Servicer for record retention.
7. CHFA will wire to Servicer the total deferral amount.
8. Servicer will apply the funds to bring the loan current with the borrower's next scheduled payment.
9. Once a deferral agreement is completed, Servicer must remit an amount equal to the number of P&I payments that were deferred (less applicable servicer fee) to CHFA in the next regularly scheduled remittance.
10. Deferral pre-payments: CHFA will accept partial or pre-payments on deferred amounts. Servicer must remit any deferral payments to CHFA via a separate wire and send a payment ledger to [liisa.koeper@chfa.org](mailto:liisa.koeper@chfa.org). Ledger must include CHFA loan number and amount to be credited to the deferred amount. Ledger must match the wire amount.
11. CHFA will provide a reconciliation of outstanding deferral funds to Servicer on a periodic basis.

*Questions regarding this Bulletin should be directed to Liisa Koeper at (860) 571-4226; [liisa.koeper@chfa.org](mailto:liisa.koeper@chfa.org).*