

To: CHFA Participating Lenders
From: CHFA Homeownership Department
Subject: **Operations Manual and Loan Program Outlines/Additional CHFA Updates**

The CHFA Homeownership Team is excited to announce the release of our updated Operations Manual (Sections 1-5) along with new consolidated Loan Program Outlines. This change brings updated CHFA Bond Compliance requirements as well as documentation requirements. Please see a general explanation of the changes below. Effective Dates are provided for each item.

We have scheduled six (6) webinars in January in which CHFA Homeownership Staff will discuss these, as well as other updates. Please follow the link below to register:

[January Lender Training Calendar](#)

If you have any questions regarding the Operations Manual or Loan Program Outlines, please email SFAMinquiry@chfa.org. CHFA will compile a list of FAQs and send out to all Participating Lenders on Tuesday, December 31st.

Income Limit Calculation

Eligibility Income is to be annualized considering all income. When there is an increase, use current YTD income. When there's a decline, average with last year. When in doubt, use the higher amount. When annualizing based on YTD, the lender must consider if the OT/Bonus/etc. is earned at a higher amount at different times of the year, such as delivery persons are typically busier during the holiday season, line workers in winter/bad weather, etc. For applicants that receive an increase in pay due to an increase in hours, pay raise, promotion, etc., lenders are required to use the most recent salary/income to determine eligibility. Increased income cannot be averaged with lower earnings received in the calendar year prior to reduce income for participation. ***This is Effective Immediately.*** [link to Income Calculation Guide for Eligibility for CHFA Loans Financed Through Mortgage Revenue Bonds](#)

Family Size

The number of proposed household members for Income Limits Calculation will be based on Family Size. The family size of an applicant for an Authority's mortgage loan shall include the mortgagor (or mortgagors) and their legal dependents and any member of the family who will occupy the subject property, such as parents; grandparents; in-laws; foster children, etc. ***This is Effective Immediately.*** [Borrower Eligibility Certificate](#)

First Time Homebuyer Definition

An Eligible Borrower must not have had an "ownership interest in his/her principal residence" (as hereinafter defined), regardless of where it is located, at any time **during the three years preceding the date of the execution of the new mortgage.** This requirement does not apply to Mortgage Loans for Eligible Dwellings located in Targeted Areas. ***This is Effective Immediately.***

Evidence of Previous or Current Homeownership

To verify that the Eligible Borrower meets the three-year requirement, the Participating Lender must obtain a credit report and a fraud report that provides a complete ownership history, such as LoanShield, LexisNexis, FraudGuard, or other industry acceptable Fraud Risk Solution. ***This is effective with loan submissions beginning immediately. Lenders may continue to submit 3 years tax returns in lieu of the fraud report for loan submissions through January 31, 2025.***

Tax Returns

The most recent 3 years signed federal tax returns are only required if the borrower is applying for Time to Own. Otherwise, tax returns will be required only per Agency/Investor guidelines. ***This is Effective Immediately. Lenders may continue to submit 3 years federal tax returns on other files through January 31, 2025.***

Sales Price/Acquisition Cost Requirements

Acquisition Costs means the cost of acquiring the Eligible Dwelling from the Seller as a completed residence. The total acquisition price may not exceed CHFA's sales price limits.

Lenders must complete and have signed by the borrower(s) the Acquisition Cost Worksheet and submit with the loan file submission. ***This is Effective Immediately, with a grace period until a Loan File Submission date of January 31, 2025.*** [Acquisition Cost Worksheet](#)

Financed Conventional Private Mortgage Insurance is permitted (Single or Split Premium)

Following first mortgage Agency/Investor guidelines. ***Effective Immediately***

Compliance Review

Beginning with loan submissions on March 1, 2025, CHFA will be performing a ***Compliance Only*** review of each file to ensure compliance with its programs and overlays. CHFA will not be completing a full underwrite of the entire loan package, as is currently its practice. Lenders may begin submitting files for Compliance Only review beginning immediately, if they so choose. Please submit the correct submission checklist to alert CHFA which process is preferred. Please note, this applies to First Mortgage Loan Programs serviced by Idaho Housing and Finance Association only. All Service Retained and CHFA Whole Loans (serviced by AmeriNat) will continue to be fully underwritten by CHFA. [Link to Compliance Submission Checklist/IHFA](#)

Discontinued LEAN Program

With the Compliance Review comes the discontinuation of the CHFA LEAN Program. Effective January 1, 2025, CHFA will not accept any LEAN Reservations.

Loan File Submissions to CHFA

Please refer to the current Compliance Submission Checklist and File Order Form (CHFA Form #009-1107C) posted on the CHFA website for the list of Submission documents required for most loans.

For Lenders that retain servicing of their loans, a complete full underwriting package must be submitted to CHFA instead of only a Compliance Review Package. See CHFA Form #009-1107W).

In some cases, CHFA may agree to accept a loan as a whole loan, such as in the event an affordable condominium project does not meet Investor/Agency guidelines. These are typically serviced by AmeriNat. In those cases, the lender will be required to submit a full underwriting package to CHFA.

Please submit all documentation in descending order through CHFA's Sharefile program upload process.

Effective with file submissions beginning immediately, but not required until March 1, 2025. [links to Loan File Submission Forms- Compliance/IHFA](#) and [AmeriNat](#)

Loan File Delivery to Servicer

CHFA has updated Servicer Loan Delivery Checklists. There is now a separate checklist for submission to CHFA and a separate checklist for delivery to the servicer. These checklists are Effective Immediately, but to be used no later than March 1, 2025. **Links to delivery checklists-** [IHFA](#) and [AmeriNat](#)

Property Inspection for Owner Occupancy

Participating Lenders are no longer required to complete an Occupancy Inspection on closed CHFA mortgages. Please note, CHFA still requires that the borrower(s) occupy the subject property as their primary residence within sixty (60) days of closing and reserves the right to inspect for occupancy. ***This is Effective Immediately, and fees cannot be charged to the borrower.***

Police Homeownership Program

CHFA is pleased to announce enhancements to our Police Homeownership Program. This program is now open to all Municipal Officers purchasing in the town in which they work and State Officers purchasing anywhere in the State of Connecticut. The participating town / census tracts no longer apply. The Police Eligibility Certificate is no longer applicable. ***This is Effective Immediately.***

Number of Financed Units in a Condominium Complex

The Maximum number of CHFA Financed Units in a Condominium Complex has been removed. ***This is Effective Immediately.***

CHFA LOS (Loan Origination System) Updates

1. When completing a reservation, lenders are required to save the reservation prior to entering a DAP or TTO to the reservation.
2. Lenders are required to save a reservation prior to adding a third borrower.
3. If a reservation is unlocked after the Additional Data Screen has been submitted, the Lender will be required to re-submit the Additional Data Screen.
4. Single / Split Premium Financed PMI is now available.

Please note, the *Operations Manual* is in two parts.

Part 1 – Sections 1-5 [Click Here](#)
Introduction, Eligibility, Underwriting, Closing and Additional Lender Information

Part 2 – Sections 6-8 [Click Here](#)
Loan Purchase/Servicing, Investor Reporting and Remittance, Delinquency and Foreclosure

Loan Program Outlines [Click Here](#)

We would like to thank you for your patience as we diligently completed these updates.

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