

# SECTION 1 – GENERAL INTRODUCTION

## 1.1 **Preface**

This Operating Manual (the “Manual”) with the Loan Program Outlines has been prepared by the Connecticut Housing Finance Authority (CHFA) to provide loan origination and operating guidelines for Participating Lenders in its Home Mortgage Purchase Programs. This Manual supersedes all prior operating manuals, program bulletins or other home mortgage program materials distributed by CHFA.

CHFA mortgage loans are available to borrowers who meet income and other eligibility criteria described in this Manual. CHFA does not refinance existing mortgage loans, except when coupled with substantial rehabilitation, or as part of a “special program” initiative authorized by the Authority.

The purpose of the Home Mortgage Purchase Program is to further the general policies of Chapter 134 of the Connecticut General Statutes, including the specific statutory objectives of:

- A. Providing funds for long-term mortgage financing of Connecticut residential housing for occupancy by low- and moderate-income persons and families; and
- B. Encouraging the development of balanced communities of all income levels in cities which qualify as Urban Areas under the Act.

## 1.2 **Organization**

This Manual is intended to provide policy guidelines and detailed instructions for the performance of the written agreements between CHFA and its Participating Lenders. Accordingly, the provisions of this Manual are subject in all respects to the provisions in the Authority’s procedures and the definitive terms of the Master Commitment Agreement for Mortgage Purchases and the Home Mortgage Servicing Agreement in effect from time to time.

From time to time, CHFA may revise this Manual by issuing changed or additional pages, or with the publication of a CHFA Bulletin or the CHFA Loan Program Outline & Underwriting Guides.

CHFA Bulletins will be sent to the Participating Lender’s designated authorized staff and simultaneously posted on the CHFA website at [chfa.org](http://chfa.org).

As noted throughout the Manual, CHFA requires the use, as appropriate, of **FHA, VA, USDA** or **FNMA / FHLMC** printed Mortgage Deed and Promissory Note forms on all First Mortgage transactions. Participating Lenders are responsible for processing and servicing Loans in accordance with specific **FHA, VA, USDA, FNMA, FHLMC, CHFA** or private mortgage insurance (**PMI**) requirements when applicable, and only general reference is made to those requirements in this Manual.

Throughout this Manual, masculine references shall include both genders or either gender, as appropriate.

## **SECTION 2 – ELIGIBILITY**

### **2.1 Eligible Borrowers**

#### **General**

To qualify for CHFA financing, an applicant must meet the eligibility criteria set forth in this section.

- A.** An applicant shall be an Eligible Borrower for a CHFA Mortgage Loan if the applicant meets the following criteria:
  - 1.** At the time of application and at the time of mortgage closing, has the financial capacity to repay such loan and has an annual aggregate income that is at or below the applicable income limit in effect at the time the application was taken. CHFA income limits may be higher in Targeted Areas. Lenders must follow income limits for Target Area census tracts if applicant's property is located in one of the specified Federally Targeted Areas of the state;
  - 2.** Agrees to occupy and use the residential property to be purchased for a principal residence;
  - 3.** Possesses the legal capacity to incur the obligations of the CHFA Mortgage Loan;
  - 4.** Has not, at any time during the three years preceding the date the mortgage loan is executed, had a present ownership interest (as defined by the Home Mortgage Programs Operating Manual) in their principal residence. This requirement does not apply to loans on properties located in targeted areas as designated by the Authority or to loans made to prior homeowners as permitted by Federal and state law; and