

**Bulletin # 117**  
March 16, 2017

To: CHFA Lenders  
From: Single Family Underwriting  
Subject: CHFA Downpayment Assistance Program Update

Effective immediately, the following has been included in the CHFA Operating Manual under Section 8 Downpayment Assistance Program:

### **8.16 Property Repairs**

All repairs required by the property appraisal or negotiated between the seller and buyer must be completed prior to closing. In some instances an escrow holdback for the repair work may be allowed, if applicable (any request for escrows to repair items related to “health and safety” will not be allowed). Request for escrow holdbacks must be submitted in writing from the Lender for CHFA approval, (memos in the file or emails to the Director of Single Family Programs are acceptable).

If the escrow holdback request is approved:

1. It must meet the requirements of the insurer and/or investor, i.e. FHA, VA, USDA, PMI, FNMA or FHLMC (depending on the product the loan is originated under);
2. The escrow must be for a minimum of 1.5 times the cost to cure;
3. The cost of repairs must be paid by the seller;
4. The borrower may not pay out of pocket for any expenses or costs related to repairs on the subject property to facilitate the loan closing;
5. The escrow may be held by the Lender or the borrower’s attorney;
6. Documentation of completion of repairs must be submitted to the CHFA designated loan servicer and to CHFA for retention.

*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 Norbert J. Deslauriers at (860)571-4374 at [norbert.deslauriers@chfa.org](mailto:norbert.deslauriers@chfa.org).*