

## Colorado Housing and Finance Authority (CHFA)

### CHFA HomeAccess<sup>sm</sup> Second Mortgage Loan Instructions for Completion of Documents

The Instructions below are provided to assist CHFA's Participating Lenders with completion of the HomeAccess Second Mortgage Loan documents. Instructions in bold print indicate a field or fields to be completed by the Participating Lender.

#### Application Documents

#### CHFA Form 302HA, Good Faith Estimate (GFE)

The Participating Lender must issue a GFE no later than three business days after receipt of an application or information sufficient to complete an application.

##### Page 1:

##### Top of the form

**The Participating Lender enters its name, business address, telephone number, and email address, if any, on the top of the form, along with the applicant's name, the address of the property for which financing is sought, and the date of the GFE.** Do not enter CHFA's name, business address, phone number, and email address in this section.

##### Important dates

**In Line 1, enter the date until which the interest rate for the GFE will be available (i.e., through the estimated loan closing date). In Line 2, enter the date until which the estimate of all other settlement charges for the GFE will be available.** This date must be at least 10 business days from the date of the GFE. **In Line 3, enter how many calendar days within which the applicant must go to settlement once the loan is reserved. In Line 4, enter how many calendar days prior to settlement loan would have to be reserved, if applicable.**

##### Summary of your loan

**Enter the initial loan amount and the loan term.** The loan term is 360 months plus the number of months calculated by dividing the loan amount by \$200.00. For example, if the loan amount is \$25,000, the loan term is 485 months. The initial interest rate is zero percent, and initial monthly principal and interest payment is \$0.00. For the Summary items, beginning with *Can your interest rate rise?* through *Does your loan have a balloon payment?*, No is checked.

##### Escrow account information

The initial monthly payment is \$0.00. The Yes box is checked. CHFA recognizes that the escrow account is tied to the first mortgage loan, not the second mortgage loan, and appropriate adjustments will be reflected on the forms. **The Participating Lender should explain to the applicant that the escrow account is a requirement and is collected with the first mortgage payment.**

Summary of your settlement charges

Your Adjusted Origination Charges from Subtotal A of page 2 is \$0.00. **Enter Your Charges for All Other Settlement Services from Subtotal B of page 2, and the Total Estimated Settlement Charges from the bottom of page 2.**

**Page 2:**

Understanding your estimated settlement charges

Your Adjusted Origination Charges – In Block 1, the origination charge is \$0.00. In Block 2, the first box is checked, and the interest rate is zero percent, which matches the rate on Line 3 of the Summary of your loan on page 1. Your Adjusted Origination Charges at Line A is \$0.00; **enter this on page 1, Summary of Your Settlement Charges, Block A.**

Your charges for all other settlement services

Although CHFA does not require a settlement fee, originators are permitted to pass through third-party settlement fee charges in connection with the second mortgage loan. **If such a fee is charged, it is entered in Block 4.** CHFA assumes the Participating Lender will not permit the Borrower to shop for settlement services.

**The charge to record the Second Mortgage Loan Deed of Trust is entered in Block 7. Generally, enter \$36.00, which is the fee for the Deed of Trust,** with a one-page legal description attached. If there is no attached legal description, still enter \$36.00, as this fee cannot be adjusted up by more than 10 percent at closing. If there is an attached legal description of more than one page, compute the appropriate filing fee and enter it in Block 7.

**In Block 10, enter the number of days and the estimated settlement date from the date of settlement until the first day of the first period covered by the scheduled mortgage payments.**

In Blocks 3, 5, 6, 8, 9, 10, and 11, the amount is \$0.00.

Your Charges for All Other Settlement Services – **Add the numbers in Blocks 4 and 7, and enter this amount at Line B and on page 1, Summary of Your Settlement Charges, Block B.**

Total Estimated Settlement Charges – **Add the subtotals from Lines A and B and enter this total at Line A+B, and on page 1, Summary A+B.**

**Page 3 :**

Using the tradeoff table

**Complete the left column, The Loan in This GFE, by entering the loan amount and total estimated settlement charges from page 1 of the GFE.** The initial interest rate and monthly amount owed are \$0.00.

Do not put any data into the middle and right columns of the tradeoff table.

Using the shopping chart

Leave blank to allow the borrower to complete in order to compare GFEs.

Note that the GFE does not have signature lines, and signature lines may **not** be added to the form.

[Type text]

## **CHFA Form 301A, Initial Truth-in-Lending Disclosure**

**The Participating Lender must issue an Initial Truth-in-Lending Disclosure no later than three business days after receipt of an application or information sufficient to complete an application.**

For CHFA Form 301A, the Lender is Colorado Housing and Finance Authority. **Enter the Borrower Name and Address.**

The Annual Percentage Rate and Finance Charge are zero. **Enter the Amount Financed and Total of Payments, which are equal to the loan amount.**

**Enter the Number of Payments, which is the loan amount divided by \$200.00.** The Amount of Payment will be \$200.00. **The When Payments are Due is estimated based on the anticipated settlement date, with the anticipated first payment date to begin in month 361.**

The Late Charge is 5 percent of the payment.

**Enter the amount of the Filing Fees, which should track with Block 7 of the GFE. The fee is generally \$36.00.**

## **Closing Documents**

### **CHFA Form 305H, Second Mortgage Note**

Top of form

**Insert the Settlement Date, Loan Number, and the Property Address.**

Paragraph 1

**Insert the loan amount (in words and numbers).** The Lender is Colorado Housing and Finance Authority.

Paragraph 3

**Using the drop-down box, enter the month of the first payment. Enter the year of the first payment, which will be the year of the 361<sup>st</sup> payment. Using the drop-down box, enter the month of the loan maturity date. Enter the year of the loan maturity date, which will be the year of the final payment of this loan (360-month term of first mortgage, plus the number of months of this second mortgage as determined by dividing the loan amount by \$200.00 payment, which will usually result in a total term of 485 months).**

The payment address is CHFA's main office address, 1981 Blake Street, Denver CO, 80202.

The Amount of Monthly Payments is \$200.00.

[Type text]

Paragraph 6

The grace period is 15 days, and the late fee is 5 percent.

**Enter the full names of all Borrowers under the signature lines.**

**Verify the loan terms match the terms on the HUD-1A and Second Mortgage Deed of Trust.**

**CHFA Form 310H, Second Mortgage Deed of Trust**

**Enter the loan number, settlement date, Borrowers' full names, property County, and loan amount (in words and numbers). Using the drop-down box, enter the month of the maturity date (from the Note), and if the year is not hard-coded, enter the year of the loan maturity date (from the Note). Enter property County, legal description, and property address. Enter the Borrowers' full names beneath the signature lines. Ensure the Notary Public correctly and fully completes the Acknowledgment.**

**Verify the loan terms match the terms on the HUD-1A and Second Mortgage Note.**

**CHFA Form 302HB, HUD-1A**

CHFA uses a HUD-1A for its subordinate-lien federally related mortgage loans, such as the HomeAccess second mortgage loan.

**Page 1:**

**At the top of the form, enter the Borrower's name and address in the space provided. If the property location is different from the Borrower's address, enter the property address. Enter the CHFA second mortgage loan number in the Loan Number box. The Lender name is Colorado Housing and Finance Authority. Enter the name of the settlement agent, place of settlement and settlement date.**

L. Settlement charges

There are two charges permitted by CHFA under its HomeAccess program requirements and which should be entered on the HUD-1A:

**1102 – Settlement or closing fee, if required by the Participating Lender. Note: CHFA does not require a settlement fee. (Ties to GFE #4)**

**1202 – Fee for recording the Second Mortgage Loan Deed of Trust (Ties to GFE #7)**

\$0.00 is entered for all other fields.

**1400 – Total the Settlement Charges.**

M. Disbursements to others

**1501- List all Disbursements to Others, with the Total Disbursed in Line 1520.**

N. Net settlement

**Enter the second mortgage loan amount in Line 1600. Line 1601 will be \$0.00. Enter Total Settlement Charges (from Line 1400) in Line 1602. Enter the Total Disbursements to Others (from Line 1520) in Line 1603. Calculate the Net Settlement and enter the amount in Line 1604.**

[Type text]

**Page 2 :**

Comparison of Good Faith Estimate (GFE) and HUD-1A Charges:

Charges that cannot increase

All fields should be \$0.00.

Charges that in total cannot increase more than 10 percent

Government recording charges

**In the Good Faith Estimate column, enter the Recording Fee for Second Mortgage Loan Deed of Trust from Block 7 of the GFE (generally \$36.00). In the HUD-1A column, enter the actual recording charge. If the Participating Lender requires a settlement fee, enter the fee description (e.g., Settlement Fee) and in the Good Faith Estimate column, enter the fee amount from Block 4 of the GFE and the actual fee in the HUD-1A column. Total the Charges in both the Good Faith Estimate and the HUD-1A columns.**

**If the Total increased between the GFE charges and HUD-1A charges, enter both the dollar amount and the percentage of the increase. If the increase is more than 10 percent, the Participating Lender shall follow HUD guidance regarding total increases of more than 10 percent.**

Charges that can change

All fields, including Daily Interest Charges, should be \$0.00.

Loan terms

**Enter the loan amount. Enter the loan term in months (360-month term of first mortgage, plus the number of months of this second mortgage as determined by dividing the loan amount by \$200.00 payment, which will usually result in a total term of 485 months). The initial interest rate is zero percent, and the amount of the initial monthly principal and interest payment is \$0.00. For the Summary items, beginning with *Can your interest rate rise?* through *Does your loan have a balloon payment?*, No should be checked. In the final item relating to escrow account payments, the second box, *You have an additional monthly escrow payment of..*, is checked and \$0.00 is entered. One of the boxes with a blank field is checked followed by the words, *Collected with 1<sup>st</sup> Mtg.* **The Participating Lender should explain to the Borrower that the escrow account is a requirement and is collected with the first mortgage payment.****

**First Mortgage Loan HUD-1**

HUD requires that the second mortgage loan be listed on the HUD-1 for the First Mortgage loan (you may use one of Lines 204-209). The second mortgage gross principal balance should be listed to the left of the Borrower's column (in the shaded area) with a brief explanation. The net proceeds of the second loan (from HUD-1A , Line 1604) should be listed on the HUD-1 in the Borrower's column. **Provide this information to the Settlement Agent for the first mortgage loan.**

**Signature lines have been added to the HUD-1A form; CHFA requires that all Borrowers sign all the HUD-1A forms.**

## **CHFA Form 301B, Final Truth-in-Lending Disclosure**

For the CHFA Form 301B, the Lender is Colorado Housing and Finance Authority. **Enter the Borrower Name and Address.**

The Annual Percentage Rate and Finance Charge are zero. **Enter the Amount Financed and Total of Payments, which are equal to the Loan Amount.**

**Enter the Number of Payments, which is the loan amount divided by \$200.00.** The Amount of Payment will be \$200.00. **When Payments are Due is entered based on the date of settlement, with the first payment date to begin in month 361.**

The Late Charge is 5 percent of the payment.

**Enter the amount of the Filing Fees, which should track with Block 7 of the GFE. The fee is generally \$36.00.**