



April 9, 2020

covid update: early payment default, repurchase, and forbearance

CHFA requires Participating Lenders to underwrite, originate, and provide any initial servicing of CHFA home mortgage loans in accordance with CHFA's Mortgage Purchase Agreement (MPA) and Seller's Guide; legal and regulatory requirements; and insurer, guarantor, Fannie Mae, or Freddie Mac requirements, as applicable.

As outlined in CHFA's MPA and Seller's Guide, all loans must adhere to applicable underwriting guidelines, including employment verification. If a closed loan becomes an early payment default as defined by the insurer, guarantor, Fannie Mae, or Freddie Mac requirements, as applicable, the loan will be selected for a quality control review.

However, loan repurchase obligations are limited to those specified in the MPA (Section X) and [Seller's Guide](#) (Section 612). A repurchase is not required if the lender is in compliance with those terms.

In addition:

- Although Participating Lenders should fully comply with the CARES Act, CHFA is not at this time changing its loan delivery requirements, including the CHFA requirement that loans be current at the time the loan is purchased by CHFA.
 - As a reminder, the CHFA Seller's Guide requires lenders to, prior to the delivery of a mortgage loan for purchase, verify, among other things, that there is no default or delinquency under the terms and covenants of the mortgage loan.
 - A CHFA mortgage loan must be current at the time of delivery for purchase and, as such, CHFA cannot purchase a loan that is in forbearance.
 - Forbearance granted by CHFA after purchase does not trigger repurchase.
- CHFA securitizes its loans through Fannie Mae, Freddie Mac, or Ginnie Mae, subject to limited exceptions, such as certain smaller specialty programs.
- CHFA utilizes a variety of funding sources including its own funds or warehouse lines to purchase loans from our lenders. We are not solely reliant upon the proceeds of loan securitization for our daily purchases.
- CHFA's internal cycle time for pre-funding purchase review is within six business days of a complete loan file submission to CHFA. We have a one business day cycle time, excluding holidays, to review any suspense items submitted by the lender.
- If you have issues or questions with a loan file submittal, please reach out to the CHFA Analyst identified on the suspense letter or your dedicated [Business Development Specialist](#).

CHFA appreciates your continued support in serving Colorado homebuyers. Stay up to date with CHFA's response to COVID-19 at www.chfainfo.com/chfastrong.

CHFA Home Finance

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people live and work*



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