chfa seller's guide



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financing the places where people live and work

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chapter 1
lender participation

section 100: nondiscrimination and fair housing

A. CHFA's Nondiscrimination Policy

With respect to its programs, services, activities, and employment practices, Colorado Housing and Finance Authority prohibits unlawful discrimination against Applicants or employees on the basis of age 40 years and over, race, sex, sexual orientation, gender identity, gender expression, color, creed, religion, national origin, ancestry, disability, military status, genetic information, marital status or any other status protected by applicable federal, state, or local law. Requests for reasonable accommodation, the provision of auxiliary aids, or any complaints alleging violation of this nondiscrimination policy should be directed to the Nondiscrimination Coordinator, 1.800.877.2432, TDD/TTY 800.659.2656, CHFA, 1981 Blake Street, Denver, Colorado 80202-1272, chfainfo.com/nondiscrimination, available weekdays 8:00am to 5:00pm.

B. Fair Housing

The Fair Housing Act, 42 U.S.C. 3601 et seq., prohibits discrimination by direct providers of housing, such as landlords and real estate companies, as well as other entities, such as municipalities, banks or other lending institutions and homeowners insurance companies whose discriminatory practices make housing unavailable to persons because of: race or color, religion, sex, national origin, familial status, or disability.

section 101: participating lender qualifications

A. General Qualifications

To be approved by CHFA as a Participating Lender, a Lender must meet the following requirements:

1. Demonstrate a minimum tangible net worth of $1,000,000.
2. Demonstrate minimum warehouse lines of credit of $3,000,000 and be in good standing with those warehouse providers, or have equivalent liquidity.
3. Have fidelity bond and mortgage errors and omissions insurance policies, each with coverage in an amount not less than the greater of (i) three hundred thousand dollars ($300,000), or (ii) such other amount that complies with any and all insurer, guarantor, Fannie Mae, and/or Freddie Mac coverage requirements, as applicable. In addition, insurance deductibles must meet any and all insurer, guarantor, Fannie Mae, and/or Freddie Mac coverage requirements, as applicable.
4. Have internal audit and management control systems in place to evaluate and monitor the overall quality of its loan production.
5. Have the financial ability to Repurchase any Mortgage Loans that fail to meet the performance and quality standards defined in this Guide, in accordance with the terms of the Mortgage Purchase Agreement.

6. Have the ability to service any Mortgage Loan until Loan Purchase by, and servicing transfer to, CHFA.

7. If a Participating Lender is a national banking association or a state or federal savings and loan association, then such Participating Lender must also maintain a (physical) Colorado office; including having staff that conduct business from that office. Home-based offices do not meet the CHFA criteria of a physical Colorado office.

8. A Participating Lender may originate Mortgage Loans through affiliate companies in which the Participating Lender has a 50 percent or greater controlling interest. "Controlling interest" shall mean the Participating Lender has equal or controlling ownership or voting rights. This includes joint ventures, partnerships, limited liability companies, and other types of entities, provided those entities have been pre-approved by CHFA for origination of Mortgage Loans and provided those entities are in compliance with all state and federal laws concerning licensing and regulation of residential Mortgage Loan originators. The Participating Lender shall be responsible for and shall assure that all Mortgage Loans so originated are in compliance with all of the terms of the Mortgage Purchase Agreement and this Guide and shall be responsible for any obligation to Repurchase any Mortgage Loan.

9. Ensure that all staff (and any third-party contractors) are knowledgeable about the various aspects of Mortgage Loan origination, Mortgage Loan sales, and Mortgage Loan servicing, as is applicable to their position within the lender organization.

10. Participating Lender has a process in place to check all employees (including contract employees) involved in the origination and servicing of Mortgage Loans and Borrower(s), individuals, and entities involved in the loan transaction against debarment and exclusionary lists, as applicable, in accordance with insurer, guarantor, Fannie Mae, and Freddie Mac requirements. Such lists may include:

    a. Department of Treasury's Office of Foreign Assets Control Specially Designated Nationals and Blocked Persons List (OFAC List);

    b. System for Award Management (SAM) - General Services Administration's Excluded Parties List System (EPLS);

    c. HUD Limited Denial of Participation List (LDP);

    d. Freddie Mac® Exclusionary List; and

    e. Federal Housing Finance Agency (FHFA) Suspended Counterparty Program (SCP) List.

11. Use sound business judgment in all aspects of its operations.

12. Demonstrate a commitment to providing sound financing options to low- and moderate-income homebuyers in Colorado.

13. Use its best efforts to protect Applicants and Borrowers from fraud, misrepresentation, and/or negligence by and of its staff or third-party contractors involved in the origination process.

14. Have written business practices and procedures that are designed to avoid predatory lending practices, regardless of whether or not the Participating Lender utilizes an automated underwriting system, underwriting staff, or Private Mortgage Insurance contract underwriters to perform credit underwriting functions.

15. Comply with all state and federal requirements for disclosure, licensing, education, identification verification, and other applicable requirements that are mandated for persons and entities which originate residential Mortgage Loans in the state.

16. Be a member of the Mortgage Electronic Registration Systems, Inc. (MERS).

Notwithstanding the qualification criteria provided in this Section 101, CHFA reserves the right to deny a prospective Participating Lender or terminate a Participating Lender's Mortgage Purchase Agreement if, in CHFA's sole discretion, CHFA determines the Lender's conduct, whether past or present, does not align with CHFA's mission, vision, or values.

B. Program-specific Qualifications

If the Lender intends to originate, credit underwrite, and sell:

1. FHA-insured Mortgage Loans to CHFA, the Participating Lender must be an FHA-approved Direct Endorsement mortgagee.
2. VA-guaranteed Mortgage Loans to CHFA, the Participating Lender must be a VA-approved Automatic mortgagee.
3. RD-guaranteed Mortgage Loans to CHFA, the Participating Lender must be an RD-approved mortgagee.
4. Conventional Mortgage Loans to CHFA, the Participating Lender must have an experienced staff underwriter or employ a Private Mortgage Insurance contract underwriter. Additionally, the Participating Lender must ensure Mortgage Loans meet Fannie Mae or Freddie Mac selling criteria, as applicable.

   For all Mortgage Loans, the Participating Lender must utilize the most current underwriting criteria applicable for the specific loan type it is originating for sale to CHFA. Loans originated under a joint venture arrangement must close in the name of the approved Participating Lender.

section 102: participating lender approval process

A. To apply for approval as a Participating Lender for some or all of CHFA's Programs, a Lender must:

1. Complete a Participating Lender Pre-application Questionnaire to determine prequalification. The Questionnaire must be completed and submitted to CHFA for evaluation. Following review of the Pre-application Questionnaire by CHFA, a Participating Lender Application will be sent to those Lenders that prequalify.
2. Complete and submit a Participating Lender Application, with all required attachments and a $1,000 nonrefundable application fee.
3. Provide any additional documentation requested by CHFA.
4. Execute a Mortgage Purchase Agreement with CHFA.

CHFA reserves the right to deny approval of a prospective Participating Lender, in its sole discretion, based on a Participating Lender's historical conduct, including its ability to comply with the requirements for maintaining Participating Lender status set forth in Section 103.

section 103: maintaining participating lender approval

A. After gaining initial approval, in order to maintain its approval a Participating Lender must:

1. Comply with the terms and conditions of all agreements executed between the Participating Lender and CHFA, and this Guide;

2. Maintain compliance with CHFA's Participating Lender requirements as provided in Section 101 of this Guide and annually provide CHFA with the following:

    a. Participating Lender's audited financial statements for the prior fiscal year, including supplemental information;

    b. Participating Lender's quality control policies and procedures which meet applicable investor/insurer/guarantor requirements;

    c. Updated Participating Lender Operational Contacts Form;

    d. Participating Lender's Fidelity Bond Policy and Errors and Omissions Policy. If any such policy expires during the renewal period, Participating Lender must provide the current and renewed policy as applicable;

    e. Participating Lender's Good Standing Certificate, issued by the Colorado Secretary of State dated effective as of or after the date of this Notice;

    f. Disaster recovery and business continuity procedures to ensure their ability to regain critical business operations if there is a disruption or disaster;

    g. Any additional documentation requested by CHFA; and

    h. A $500 annual renewal fee.

3. Participate in all training required for Participating Lenders and staff.

4. Provide immediate notice to CHFA if any regulatory agency assumes a participating role in the management of the Participating Lender's operations;

5. Provide immediate notice to CHFA if any regulatory agency suspends or withdraws the Participating Lender's approval to originate mortgages.

6. Deliver a minimum of one loan per full calendar year of participation and owe no outstanding fees aged two months or greater.

section 104: suspending or terminating participating lender approval

CHFA reserves the right to suspend, modify, terminate approval, or to deny reinstatement or renewal, of an application post-termination if a Participating Lender fails to perform or provide information as required or requested in accordance with the Mortgage Purchase Agreement and/or this Guide, in CHFA's sole discretion. If a Participating Lender is terminated for failure to comply with the requirement set forth in Section 103.A.6., the Participating Lender is precluded from reapplying to CHFA for a period of 12 months from the effective date of termination, in CHFA's sole discretion. Without limiting any of CHFA's rights under the Mortgage Purchase Agreement, in the event that the Participating Lender has failed to observe or perform its obligations under the Mortgage Purchase Agreement and/or this Guide, CHFA may suspend the right of the Participating Lender to make a Lock or sell Mortgage Loans to CHFA for a period of time to allow the Participating Lender to cure its deficiency. Such a suspension is strictly within the sole discretion of CHFA.

section 105: participating lender's representations and warranties

With respect to each Mortgage Loan delivered to CHFA by a Participating Lender, the Participating Lender makes the following representations and warranties. These representations and warranties survive the Purchase of the Mortgage Loan and Servicing Rights, and are expressly relied upon by CHFA.

A. The Mortgage Loan complies with all of the requirements, conditions, and procedures established by CHFA in the Mortgage Purchase Agreement, any Program Participation Agreements, and this Guide.

B. The Participating Lender is the sole owner of the First Mortgage Loan, and all collateral securing the Mortgage Loan is free and clear of all claims, restrictions, liens, and encumbrances, except a first priority lien in favor of the Participating Lender, and the Participating Lender has the authority to sell the First Mortgage Loan, including all servicing rights, if applicable, on the terms and conditions set forth in the Mortgage Purchase Agreement. Upon Purchase, title to the Mortgage Loan shall pass to CHFA.

C. All documents, instruments, and agreements evidencing the Mortgage Loan, the collateral for the Mortgage Loan, and all guarantees and/or insurance for the Mortgage Loan are legal, valid, binding, and enforceable in accordance with their terms; are on the correct forms, if or as required by CHFA, the insurer, guarantor, Fannie Mae, Freddie Mac or Ginnie Mae, as applicable, or by any other applicable legal and regulatory requirements including for manufactured homes, if applicable; have been properly executed, delivered, and—where necessary or advisable to protect or establish CHFA's rights in the Mortgage Loan or the collateral for the Mortgage Loan—filed, registered, and recorded, as applicable, in all appropriate public records ("Recorded"). All mortgages, Deeds of Trust, security agreements, and other documents granting a security interest in collateral for the Mortgage Loan (Collateral Documents) create a valid, perfected, and enforceable lien on the Property.

D. The full principal amount of the Mortgage Loan has been properly advanced to, or for the account of, the Borrower and the Unpaid Principal Balance and escrow deposit balances on the Mortgage Loan are correctly stated by the Participating Lender. All costs, fees, and expenses incurred in the making and closing of the Mortgage Loan and the recording costs, fees, and expenses for recording, filing, or registering all Collateral Documents have been fully paid. No lien of any Collateral Document and no interest in any Property under any Collateral Document has been released or subordinated, and no person or entity liable for all or any part of the indebtedness on the Mortgage Loan has been released for such liability by either express consent or the operation of law. No Mortgage Loan or any Collateral Document has been amended, modified, or changed in a manner not fully disclosed to CHFA in writing. The Mortgage Loan and the Collateral Documents for the Mortgage Loan are not in default.

E. The Participating Lender has properly applied all funds received, from whatever source, intended to reduce or pay the Mortgage Loan or assist in the payment of the monthly payments with respect thereto for the purposes intended.

F. The Mortgage Loan conforms, as applicable, to FHA, VA, RD, Fannie Mae, Freddie Mac, or Ginnie Mae requirements, rules, regulations, and guidelines.

G. Except in the case of a conventional Mortgage Loan with a loan-to-value ratio of 80 percent or less, or a conventional Mortgage Loan originated for a CHFA Program not requiring Private Mortgage Insurance, each Collateral Document evidencing a security interest in real Property shall be insured by the FHA, guaranteed by the USDA, or VA, or insured by an acceptable private mortgage insurer, whichever is applicable.

H. The Mortgage Loan complies with all applicable laws.

I. A mortgagee's title insurance policy with all endorsements deemed necessary or advisable by the institutional warrantor or guarantor's rules, regulations, or guidelines naming the Participating Lender, its successors and/or assigns, as the insured in the full amount of the Original Principal Balance on the First Mortgage Loan shall be in full force and effect when the First Mortgage Loan is sold to CHFA.

J. The assignment of the First Mortgage Loan to CHFA shall be in proper form to be recorded and shall be registered in the name of Mortgage Electronic Registration Systems, Inc. (MERS).

K. All signatures on the Mortgage Loan documents shall be genuine, and all Mortgage Loan documents shall be executed by persons duly authorized to execute them. CHFA accepts electronic signatures for initial disclosures, Initial Applicant Affidavit (CHFA Form 401), initial loan applications, letters of explanation, Condo Project Approval Certification (CHFA Form 770), Affordable Housing Restrictions Approval Certification (CHFA Form 780), and purchase contracts, provided they are obtained in compliance with the E-Sign Act, the Uniform Electronic Transactions Act, and any other applicable requirements, including relating to notarization(s).

   CHFA may accept from Participating Lender additional closing documents that are electronically signed provided: Participating Lender has determined such document is eligible to be electronically signed under all local, state, and federal legal and regulatory requirements, including, but not limited to, insurer, guarantor, Fannie Mae, Freddie Mac, or Ginnie Mae guidelines, as applicable; and any such electronic signature(s) and related notarization(s) fully comply with all such requirements. Notwithstanding the foregoing, promissory notes and deeds of trust must be wet signed, with the exception of eNotes delivered as part of an eNote transaction. Participating Lenders must be approved by CHFA prior to delivering eNotes pursuant to a fully executed Mortgage Loan Addendum to the Mortgage Purchase Agreement.

   CHFA's requirement for all other Mortgage Loan documents to be wet-signed, and if applicable sent in hard copy form, applies notwithstanding any electronic document transmittal and/or electronic signature system's automatically generated disclosures or consents that may provide otherwise.

L. When an individual acts as a Borrower's attorney-in-fact or agent under a Power of Attorney, such Power of Attorney meets insurer, guarantor, Fannie Mae, or Freddie Mac requirements, as applicable, as well as any and all other legal and regulatory requirements, such as duly authorizing the signer to execute any and all of documents that the signer has signed on the Borrower's behalf.

M. The Participating Lender has complied with all federal and state laws and regulations with respect to the servicing of the Mortgage Loan prior to its transfer to CHFA.

N. Upon the Purchase of a Mortgage Loan, CHFA shall have the right to service such Mortgage Loan and the right to receive all compensation payable with respect to such servicing, subject to the Mortgage Purchase Agreement.

O. On the date of Loan Purchase, in the judgment of the Participating Lender, the Mortgage Loan offered for sale to CHFA would in all respects be a prudent investment at the Purchase Price paid.

P. The Participating Lender has not discriminated against any person or group of persons on the basis of race, color, religion, sex, age, national origin, disability, or any other protected classification under federal, state, or local law in making the Mortgage Loan.

Q. The Participating Lender certifies that the underlying transaction satisfies arm's length transaction requirements in accordance with applicable insurer/guarantor or Fannie Mae or Freddie Mac guidelines.

R. No fee, commission, kickback, or tangible or intangible compensation of any kind whatsoever shall be or shall have been received or retained by the Participating Lender, or to the Participating Lender's knowledge, realized by any other person or entity, except such fees as may be disclosed in the Settlement Statement for the Mortgage Loan. Any fees disclosed shall be in compliance with all state and federal laws.

S. The Participating Lender has no knowledge of any circumstance or condition regarding the Mortgage Loan or the Borrower's credit standing that would cause prudent private investors in the secondary market to regard the Mortgage Loan as an unacceptable investment, cause the Mortgage Loan to become delinquent, or adversely affect the value or marketability of the Mortgage Loan.

T. The Participating Lender has no knowledge of any fraud in relation to the Mortgage Loan.

U. The Participating Lender's delivery of Mortgage Loan documents to CHFA and CHFA's possession thereof throughout the Lock Period, as extended, will not violate any agreement the Participating Lender has with its lender(s). Otherwise, the Participating Lender shall be solely responsible for, shall hold CHFA harmless from and shall indemnify CHFA for any costs, expenses, fees, claims, demands and/or damages whatsoever resulting directly or indirectly from such violation(s). CHFA reserves the right, in its sole discretion, to comply with any demand letter from Participating Lender's warehouse lender(s) or any other Participating Lender financiers, including each of their respective representatives or agents, for return of the Mortgage Loan documents as instructed therein.

V. Appraiser Oversight. When originating a Fannie Mae or Freddie Mac loan, the Participating Lender is responsible for the qualifications and quality of work provided by the appraiser(s) it selects and shall have a clear approval, monitoring, and deselection (or watch list maintenance) process for appraiser oversight. If the Participating Lender enters into a contract with any vendor, contractor, or third-party service provider, the Participating Lender remains fully responsible to CHFA for the quality of the work performed. The Participating Lender is responsible for adhering to Appraisal Independence Requirements (AIR). Participating Lenders must have policies and procedures in place to ensure:

    1. Selected appraisers are licensed or certified by the state in which the subject Property is located;

    2. No employee, director, agent of the Participating Lender, or any third party acting on behalf of the Participating Lender shall influence the development, reporting, results, or review of an appraisal through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or any other manner;

    3. The selected appraiser(s) providing the appraisal report(s) was not selected, retained, or compensated in any manner by the Borrower or any other third party, including mortgage brokers, loan originators, and real estate agents. Only the Participating Lender or any authorized third party is responsible for selecting, retaining, and compensating the selected appraiser;

    4. The Participating Lender's production staff are restricted from the appraisal process, including selecting, retaining, or influencing the selection of an appraiser for a specific appraisal assignment;

    5. Misconduct by an appraiser is reported to the applicable state appraiser certifying and licensing agency or other relevant regulatory bodies; and

    6. The Participating Lender will provide Borrower a copy of the appraisal report and other written valuations concerning the subject Property promptly upon completion but no later than three Business Days prior to the Mortgage Loan closing, or will obtain a waiver from the Borrower, in either case, in accordance with applicable legal, regulatory, insurer, guarantor, Fannie Mae, and Freddie Mac requirements.

W. Any appraisal accompanying a Mortgage Loan conforms, as applicable, to FHA, VA, RD, Fannie Mae, Freddie Mac, and/or Ginnie Mae requirements and guidelines, as well as all other appliable legal and regulatory requirements.

section 106: delivery of a mortgage loan

The Participating Lender must review the Mortgage Loan application and the related Mortgage Loan and CHFA Program documents for each Borrower to determine whether the Borrower and the Property meet the eligibility criteria for the applicable CHFA Program.

The Participating Lender is responsible for determining that a Borrower complies with all requirements of the Mortgage Loan insurer or guarantor, or of Fannie Mae or Freddie Mac, as applicable, for conventional

Mortgage Loans, and for determining that a Borrower has the financial ability to repay the Mortgage Loan on the terms proposed. Such determination must be based on a thorough and objective evaluation of the Borrower's creditworthiness.

Reasonable and appropriate measures must be undertaken by the Participating Lender to verify that all information provided is accurate and complete.

Mortgage Loans must be submitted for Purchase within 10 days after the Closing Date. Prior to the delivery of a Mortgage Loan for Purchase, the Participating Lender shall verify the following:

A. Unpaid Principal Balance (UPB)

The amount of the Unpaid Principal Balance of the Mortgage Loan and accrued interest, if any, due and owing from the Borrower.

B. Deed of Trust and Promissory Note

The Mortgage Loan is evidenced by a properly executed Promissory Note and First Deed of Trust and/or Second Deed of Trust, as applicable. The Mortgage Loan documents are the legal, valid, and binding obligations of the Borrowers, and are enforceable in accordance with their terms. All parties executing the Mortgage Loan documents had full legal capacity to execute such documents.

The Participating Lender has not modified, satisfied, canceled, subordinated the Mortgage Loan indebtedness, or released the Property from the lien of the indebtedness. The terms of the Promissory Notes, First Deed of Trust and any Second Deed of Trust have not been materially waived, altered, or modified.

C. Note Endorsement

First Mortgage Loan Promissory Notes are made payable to the Participating Lender and, upon Loan Purchase by CHFA, endorsed by the Participating Lender: "Pay to the order of Colorado Housing and Finance Authority, without recourse," with the name of the Participating Lender, the signature of the authorized officer, and the typed name and title of the signatory below the endorsement. The Note endorsement must not be dated.

All Second Mortgage Loan Promissory Notes are payable to Colorado Housing and Finance Authority and do not require endorsement to CHFA.

D. Title

A Mortgagee's title insurance policy has been issued with respect to the First Mortgage Loan. The title insurance policy meets the requirements of Chapter 7, Purchase Procedures, of this Guide.

The improvements on the Property securing the Mortgage Loan lie wholly within the boundaries and building restrictions of the Property, and no improvements on adjoining properties encroach upon the Property except as noted in the title insurance policy and permitted by Chapter 7, Purchase Procedures. There are no exceptions in the title insurance policy with respect to the survey, except for normal easements and restrictions that comply with the requirements in Chapter 7.

E. Valid Lien

The First Deed of Trust creates a valid and existing first lien to secure the First Mortgage Loan on the Property and any Second Deed of Trust creates a valid and existing second lien to secure the CHFA Second Mortgage Loan on the Property. The Property is located in the state and owned by the Borrower in fee simple together with the improvements and fixtures described.

F. Liens and Encumbrances

The Property has been completed and is free and clear of all mechanics' liens that could materially adversely affect the value of the Property as security for the Mortgage Loan, and no rights are outstanding that could give rise to such liens. The Property is free from all other liens, encumbrances, restrictions, and covenants except those that comply with the requirements of Chapter 7, Purchase Procedures, of this Guide. Upon receipt of notice, the Participating Lender will provide CHFA timely notice of any adverse actions affecting the Property, including but not limited to, the filing of any liens against the Property.

G. Transfer of Mortgage Loan/MERS

The First Mortgage Loan Deed of Trust shall be in proper form to be recorded and the Mortgage Loan shall be registered in the name of Mortgage Electronic Registration Systems, Inc. (MERS). CHFA will accept separate assignments only from Participating Lenders that are not MERS members. Assignments to MERS will be required prior to Purchase if the Participating Lender is not a MERS member. CHFA Form 230M, Assignment, is available at chfainfo.com.

H. No Counterclaim, Offset, Defense, or Right of Rescission

Neither the Borrower, nor any other individual, has the right to assert any counterclaim, offset, defense, or right of rescission against CHFA as assignee of the Mortgage Loan.

I. Recording

The First Deed of Trust and any Second Deed of Trust have been recorded by the Participating Lender in the proper public office in the proper order to give constructive notice thereof to all subsequent purchasers or third parties.

J. State and Federal Laws and Regulations

The Mortgage Loan complies with all applicable state and federal laws and regulations.

The Participating Lender has not discriminated against any person or group of persons on account of race, color, religion, age, sex, national origin, disability or any other protected classification under federal, state, or local law in the origination of the Mortgage Loan.

K. Unlawful Compensation

To the best of the Participating Lender's knowledge and belief, no unlawful fee, commission, kickback, or other unlawful compensation or value of any kind has been or will be received, retained, or realized by any attorney, firm, or other person or entity, and no such unlawful items have been received, retained, or realized by the Participating Lender.

L. Mortgage Loan Insurer or Guarantor Requirements

1. Each FHA-insured Mortgage Loan complies with the requirements of the National Housing Act, as amended, all rules and regulations issued thereunder, and all administrative publications. The FHA insurance is in full force and effect and will, upon Purchase of the Mortgage Loan, inure to the benefit of CHFA;

2. Each VA-guaranteed Mortgage Loan complies with the requirements of the Servicemen's Readjustment Act, as amended, all rules and regulations issued thereunder, and all administrative publications. The VA guaranty is in full force and effect and will, upon Purchase of the Mortgage Loan, inure to the benefit of CHFA;

3. Each RD Mortgage Loan complies with the requirements of the Housing Act of 1949, as amended, all rules and regulations issued thereunder, and all administrative publications. The RD guarantee is in full force and effect and will, upon Purchase of the Mortgage Loan, inure to the benefit of CHFA;

4. Each conventional Mortgage Loan complies with Fannie Mae or Freddie Mac requirements.

5. Each Mortgage Loan complies with the provisions of the policy of pool insurance, if applicable, and the Participating Lender has received a commitment to insure the Mortgage Loan under such policy. No pool insurance premium shall be paid from the proceeds of the Mortgage Loan.

M. Borrower

The Borrower is an eligible Borrower pursuant to Chapter 2, Eligibility Requirements, of this Guide.

N. Advance and/or Use of Funds

Based upon its review of (1) the application submitted in connection with the Mortgage Loan, together with all supporting documentation; (2) the purchase contract and all other contracts and side agreements relating to the purchase of the Property; and (3) the closing statement relating to the disposition of the proceeds of the Mortgage Loan, the Participating Lender has no reason to believe that:

1. Any proceeds of the Mortgage Loan are being used to pay any loan owed by the Borrower or member of his or her household other than a loan permitted by Chapter 3, Programs;

2. The allocation of closing costs between the Borrower and the Seller of the Property are inconsistent with the standard real estate practices in the community in which the Property is located; and

3. The Participating Lender has advanced money, or required any other party to advance money, to the Borrower to be used by the Borrower for the payment of any monthly installment of principal, interest, or other charges payable under the Mortgage Loan.

O. Default, Delinquency, and Forbearance

There is no default or delinquency under the terms and covenants of the Mortgage Loan. CHFA will not purchase any Mortgage Loan that is delinquent or in default. In addition, CHFA will not purchase any mortgage loan that is, at the time of purchase, in forbearance.

P. Hazard and Flood Insurance

The Property is covered by a valid and existing policy of hazard insurance (and flood insurance, if applicable), which meets the requirements of Chapter 7, Purchase Procedures.

Q. Property

The Property meets the requirements of Chapter 2, Eligibility Requirements. If the Property is New Construction, the Property has not been previously occupied. A model home is not New Construction.

The Participating Lender has no knowledge that there are any violations of applicable zoning laws or regulations with respect to the Property.

To the best of the Participating Lender's knowledge, there is no pending proceeding for a total or partial condemnation of the Property, and the Property is undamaged by fire, windstorm, or other casualty.

The Participating Lender has no knowledge that either the Property or appurtenances thereto, or the intended use of the Property, is, or will be, in violation of any applicable law, rule, or regulation governing the protection of the environment. The Participating Lender has no knowledge of any pending case or proceeding directly involving the Property in which compliance with any such law, rule, or regulation is an issue.

If the Property is located in a single-family attached project (i.e., condominium project or party wall project), the project meets CHFA criteria described in Chapter 2, Eligibility Requirements.

R. Occupancy

To the best of the Participating Lender's knowledge, the Property is, or within 60 days after the Mortgage Loan closing date will be, occupied by the Borrower as his or her Principal Residence.

S. Underwriting

Each Mortgage Loan was underwritten in accordance with all rules, regulations, and requirements of the applicable mortgage insurer or guarantor and/or of Fannie Mae or Freddie Mac for conventional Mortgage Loans.

section 107: participating lender allowable fees and charges

Unless otherwise stated in specific Program guidelines, the Participating Lender may not charge or collect any fees or points in excess of the fees listed below. Any fees for reimbursement of costs incurred are limited to the amount paid for the service. Other than for the use of disclosing a Permanent Buydown Fee or associated Lock Extension Fee(s), discount points are prohibited.

A. Allowable Fees

1. Origination Fee. The Participating Lender may charge an origination fee of 1 percent of the First Mortgage Loan amount. For FHA 203(k) Mortgage Loans, Participating Lenders may also collect a supplemental origination fee of 1.5 percent of the portion of the Mortgage Loan allocated to rehabilitation or $350, whichever is greater.

2. Other Lender Fees. The Participating Lender may charge "reasonable and customary" fees to the Borrower, provided the fees do not exceed the amounts charged in the area for similar non-CHFA loans, and the fees must be directly related to actual services rendered for providing the loan, whether those fees are paid to a third party or collected by the Participating Lender for providing those services. In addition, the Participating Lender must adhere to applicable legal, regulatory, agency, insurer, and guarantor or Fannie Mae or Freddie Mac guidelines with respect to points and fees limitations. Total points and fees may not exceed the *lower* of: the allowable applicable agency, insurer, guarantor, or Fannie Mae or Freddie Mac guidelines, or 5 percent of the total loan amount. Loans with points and fees which do not meet the foregoing requirements will be subject to Repurchase by the Participating Lender.

3. Program-Specific Fees. See applicable Program directive or matrices for any additional Program-specific allowable fees.

    a. For a CHFA DPA Second Mortgage Loan, Participating Lenders may collect the title company's closing fee and the recording fees for recording the Second Deed of Trust from the Borrower. No other fees may be charged. CHFA does not require the use of a title company to close a CHFA Second Mortgage Loan and does not mandate the collection of a closing fee.

4. Cash Back to Borrower(s) at Closing. CHFA will defer to insurer/guarantor or Fannie Mae or Freddie Mac guidelines with respect to whether the Borrower may receive cash back at Closing, and, if permitted, the amount. However, excess funds resulting from CHFA Down Payment Assistance Grants or CHFA Second Mortgages may not result in cash back to the Borrower at closing. In any event, the Borrower must always meet CHFA's Minimum Borrower Financial Contribution requirements for CHFA's Programs.

5. CHFA Program Fees. No fee shall be charged solely because the Mortgage Loan is originated under a CHFA program and/or is intended for sale to CHFA. No fee shall be designated as a "CHFA fee."

section 108: notice of recapture tax

Tax-exempt Mortgage Loans may be subject to Recapture Tax Provisions, which were incorporated into the Internal Revenue Code (the Code) pursuant to the Technical and Miscellaneous Revenue Act of 1988. See Chapter 11, Recapture Tax Provision, of this Guide and the CHFA website at chfainfo.com for an explanation.

The Recapture Tax is initially disclosed to the Borrower in the Initial Applicant Affidavit. The original of this affidavit must be signed by the Borrower and included in the Program Compliance Review package for Tax-exempt Program Loans.

For Mortgage Loans subject to the Recapture Tax Provision, CHFA will provide a Notice of Potential Recapture Tax to the Borrower by either:

- Providing the Notice to the Participating Lender, and the Participating Lender will complete the form and provide it to the Borrower at the time of closing; or
- Providing the Notice to the Borrower within 90 days after Loan Closing.

Under certain circumstances, Borrowers may be eligible for reimbursement for any Recapture Tax paid by completing CHFA Form 950. See Chapter 11 for further details.

section 109: privacy and confidentiality

A. Pursuant to the Mortgage Purchase Agreement, CHFA and Participating Lender agree to comply with applicable consumer privacy laws as well as any and all federal, state, and local statutes, regulations, rules, and requirements applicable to the protection and privacy of consumer information, including but not limited to the privacy provisions of the Gramm-Leach-Bliley Act, 15 U.S.C Section 6801 et seq. (collectively, "Consumer Privacy Requirements"). Participating Lender's responsibilities include, but are not limited to, implementing appropriate measures, policies and procedures designed to safeguard customer information, ensure transmittal of consumer information is secure, comply with notice requirements upon a security breach and meet any and all other Consumer Privacy Requirements, as applicable.

B. The Participating Lender will maintain the confidentiality of the information governed by consumer privacy laws.

C. The confidentiality conditions in the Mortgage Purchase Agreement are material terms of the Agreement, and either CHFA or a Participating Lender may terminate the Mortgage Purchase Agreement, effective immediately, in the event of any breach of consumer privacy.

D. CHFA has provided on its website an online system, "HomeConnection," whereby Participating Lenders may Lock Mortgage Loans and check the status of Mortgage Loans previously Locked. Participating Lenders must comply with the HomeConnection Terms and Conditions attached to the Mortgage Purchase Agreement.

E. Participating Lenders are responsible for requesting from CHFA requisite access for their staff to HomeConnection, as necessary and appropriate, and Participating Lenders will take all necessary measures to manage access in a timely manner and to prevent unauthorized use.

F. By using the services provided through HomeConnection, users consent to the collection and use of their information among the other provisions in the Terms and Conditions for HomeConnection. Further, by accessing HomeConnection, users affirmatively consent to CHFA emailing CHFA Home Finance eNews communications which generally provide information about CHFA single family Mortgage Loan Programs, guideline updates, trainings, and CHFA events. Users may opt out at any time, but in doing so, may miss timely notifications related to CHFA Home Finance products and operations.

G. When submitting any document or data to CHFA containing consumer information including, but not limited to, personal information or personal identifying information, Participating Lender is fully responsible for ensuring that such transmittal complies with all Consumer Privacy Requirements, including by ensuring any such transmittals are sent through CHFA's HomeConnection[sm], Transport Layer Security (TLS) connection, or Participating Lender's own secure transmittal system meeting all applicable Consumer Privacy Requirements.

H. Participating Lender and CHFA will each, within a reasonable timeframe from when the breach was established, notify the other party (the "Disclosing Party") of any data security breach or any other unauthorized access, disclosure, acquisition, or use of Disclosing Party's personally identifiable information (PII) provided by Disclosing Party or Disclosing Party's customers. As soon as possible thereafter, the party who had the data security breach (the "Recipient") will provide Disclosing Party full details of the unauthorized access, disclosure, acquisition, and/or use. Recipient will cooperate in a commercially reasonable manner to investigate the incident and will exert commercially reasonable efforts to (i) terminate the unauthorized access, disclosure, acquisition, and/or use and (ii) prevent the reoccurrence thereof. Recipient will provide reasonable assistance to Disclosing Party to regain possession of and terminate any unauthorized access, disclosure, acquisition, and/or use of the PII. Recipient will reasonably cooperate with Disclosing Party to conduct investigation of or litigation involving third parties related to said incident. Recipient will assist and cooperate with Disclosing Party concerning any disclosures to affected parties, government or regulatory bodies, and other remedial measures as reasonably requested by Disclosing Party or as required under any applicable privacy or data protection laws. If the data security breach was caused by Recipient's negligence or fault, Recipient will discharge all responsibilities set forth in this Section at Recipient's cost and expense.

section 110: equal opportunity lending

In originating a Mortgage Loan, the Participating Lender:

A. Shall not discriminate against any person or group of persons on the basis of age 40 years and over, race, sex, sexual orientation, gender identity, gender expression, color, creed, religion, national origin, ancestry, disability, military status, genetic information, marital status or any other status protected by applicable federal, state, or local law, because an Applicant receives income from a public assistance program, or because an Applicant has in good faith exercised any right under the Consumer Credit Protection Act, or any other protected classification under federal, state and local law.

B. Shall make Mortgage Loans available in accordance with all federal, state, and local laws and regulations.

C. Shall comply with all requirements of Regulation B, including, but not limited to, the requirements for Applicant notifications.

section 111: borrower communication

CHFA works through and in cooperation with the Participating Lender. Until the Mortgage Loan is Purchased by CHFA, it is the responsibility of the Participating Lender to inform the Borrower or any other person(s) involved in the processing of the Mortgage Loan of CHFA guidelines and requirements.

section 112: lender communication

CHFA may, from time to time, issue eNews, which provide information about CHFA Program guideline updates, trainings, and CHFA events. There may be occasion when an update, communicated though an eNews, takes effect immediately. In such case, the Participating Lender will comply with any such update, regardless of whether the conforming update to the Guide has yet been made.

section 113: cobranding and comarketing

Participating Lenders are licensed to use the CHFA Participating Lender badge and product names within their marketing and advertising pieces. Such use must be in accordance with the requirements of this Seller's Guide Section and with the CHFA Cobranding Guide, which is posted on the CHFA website, chfainfo.com. Participating Lenders are not licensed nor authorized to use the CHFA logo.

Requests for a Participating Lender badge for use in advertising materials, may be directed to the CHFA Marketing and Communications Team at chfabrand@chfainfo.com.

Participating Lender's marketing, informational, commercial or consumer-related publications and materials which, in whole or in part, refer or relate to CHFA including, but not limited to, any CHFA Programs, products, services, or cobranding with CHFA (collectively, the "Comarketing Materials"), regardless of form, whether hard copy, electronic, video, audio, or otherwise, and the manner or means by which such Comarketing Materials are distributed, delivered, posted, or published must fully comply with any and all applicable federal, state, and local legal and regulatory laws, rules, regulations, and requirements including, but not limited to, the CAN-SPAM Act, Truth in Lending Act, and Regulation Z. CHFA and the Participating Lender agree that the Participating Lender shall be designated and deemed the "sender" of the Comarketing Materials for purposes of CAN-SPAM Act compliance. Rights and remedies relating to non-compliance with this provision is as further detailed in the Mortgage Purchase Agreement.

section 114: third-party originators

A Participating Lender may originate Mortgage Loans for sale to CHFA through a wholesale relationship with a third-party originator (TPO), *provided* such TPO is in compliance with all applicable state and federal requirements concerning licensing and regulation of TPOs. The Participating Lender is responsible for all required oversight of such TPOs. In addition, the Participating Lender must assure that all

Mortgage Loans so originated are in full compliance with the Mortgage Purchase Agreement and this Guide, and remains fully responsible for any obligation thereunder relating to such Mortgage Loan including, but not limited to, any required repurchase of the Mortgage Loan(s).

Lenders that intend to utilize TPOs in the origination of Mortgage Loans for sale to CHFA must notify CHFA of their intent to do so. All Mortgage Loans originated using a TPO must close in the name of the CHFA Participating Lender or otherwise must be owned by the Participating Lender prior to sale of the loan to CHFA.

section 115: colorado open records act disclosure

As a political subdivision of the State of Colorado, CHFA is subject to the Colorado Open Records Act (CORA) C.R.S. §§ 24-72-200.1, et seq., which requires CHFA to permit inspection and copying of certain public records. Participating Lenders should be aware that documents submitted to CHFA pursuant to the Participating Lender Application provided in Section 102 are subject to disclosure under CORA The Participating Lender acknowledges and agrees that it will indemnify CHFA from any claims arising from or related to CHFA's disclosure or nondisclosure of any materials submitted to CHFA as part of its Application.

chapter 2
eligibility requirements

section 200: general eligibility requirements

All CHFA Programs have basic eligibility requirements for both the Borrower and the Property. These are subject to applicable Program requirements. Please see the applicable Program matrix for further details.

section 201: borrower eligibility

A. Credit Requirements

All Applicants must credit-qualify for a Mortgage Loan in accordance with the applicable mortgage insurer/guarantor credit guidelines, or under Fannie Mae or Freddie Mac guidelines for conventional Mortgage Loans. Prior foreclosure on a CHFA Mortgage Loan does not necessarily preclude a Borrower from obtaining a new CHFA Mortgage Loan, provided the Borrower meets the applicable insurer, guarantor, or Fannie Mae or Freddie Mac requirements associated with the particular loan Program utilized.

CHFA is eligible for the Housing and Finance Authority (HFA) exemption to the Consumer Financial Protection Bureau's (CFPB) and other federal agencies' Ability-to-Repay (ATR) and Qualified Mortgage (QM) Rules. Nonetheless, CHFA continues to expect Participating Lenders to conduct a thorough underwriting analysis and document the consumer's ability to repay the loan. Because loans financed or administered by HFAs are exempt from the ATR rule, HFA loans are also not subject to the QM standard, or the subset of safe harbor or higher-priced Mortgage Loan (HPML) QMs. Similarly, HFA loans are not subject to FHA's QM standard, or the subset of FHA safe harbor and rebuttable presumption QMs. Accordingly, CHFA will purchase loans that fall into the category of HPML or FHA rebuttable presumption QMs.

Nonetheless, Participating Lenders must adhere to applicable insurer, guarantor, Fannie Mae, or Freddie Mac requirements with respect to points and fees limitations. As always, CHFA will not purchase any loans that meet any of the HOEPA coverage tests applicable to High-Cost Mortgages (12 CFR 1026.32). Further, total points and fees cannot exceed the lower of allowable insurer, guarantor, Fannie Mae, or Freddie Mac requirements or 5% of the total loan amount. CHFA may have additional Borrower credit requirements for any and/or all CHFA Mortgage Loan Programs. See applicable Program matrices, and Chapter 4, Locking Loans, of this Guide for specific guidelines.

B. First-time Homebuyer

Some CHFA Programs are limited to First-time Homebuyers. A First-time Homebuyer is a Borrower who has had no present ownership interest in the Borrower's principal residence at any time during the three-year period ending on the date the mortgage is executed (i.e., the Mortgage Loan Closing Date). CHFA's First-time Homebuyer Programs may also be available to individuals who are not First-time Homebuyers if for the purchase by a Qualified Veteran (see definition) of such individual's principal residence in Colorado or for the purchase of the Borrower's Principal Residence located in a Targeted Area in Colorado.

C. First-generation Homebuyer

Some CHFA Programs are limited to First-generation Homebuyers. A First-generation Homebuyer is any Borrower who has never owned a home and whose parents or guardians never owned a home during the homebuyer's lifetime.

Borrowers who have lived in the foster care system do not need to be First-generation Homebuyers but must have never owned a home.

D. Borrower Residency Status

All Mortgage Loans must be originated in compliance with the legal residency requirements of the applicable insurer or guarantor (FHA/VA/RD) or Fannie Mae or Freddie Mac. All Borrowers must have a valid Social Security number.

E. Occupancy

All Borrowers must intend to, and must, occupy the Property as their Principal Residence within 60 days after the Closing Date. Except for short-term leasebacks which expire within 60 days after the Closing Date, the Borrower may not rent or lease the Property during the term of the Mortgage Loan without the prior written consent of CHFA.

F. Income Limits

Borrowers' income must not exceed the applicable Income Limits associated with the particular CHFA Program under which they are seeking a Mortgage Loan. Income Limits are available on CHFA's website at chfainfo.com and are subject to change at any time.

G. Loan and Purchase Price Limits

Unless otherwise stated in the applicable Program matrix, the maximum total loan limit for all Mortgage Loans is the lower of the Fannie Mae conforming loan limit or the amount determined by the applicable insurer, guarantor, Fannie Mae, or Freddie Mac. The maximum total loan limit includes financed MI, MIP, VA Funding Fee, USDA-RD Guarantee Fee, or 203(k) rehab funds, as applicable. Not all Programs have Purchase Price limits. However, when a Program has Purchase Price limits, under no circumstances may a loan amount or acquisition cost of a Property exceed the Purchase Price available on CHFA's website at chfainfo.com.

H. Debt-to-Income (DTI) Ratio

In no event may a debt-to-income (DTI) limit exceed the lower of any CHFA DTI limit or the maximum DTI limit permitted by FHA, USDA-RD, VA, Fannie Mae, Freddie Mac, and/or the DTI limit determined by the Automated Underwriting System (AUS) findings, as applicable.

CHFA has the following DTI overlay maximums:

- 50.00 percent DTI for Borrowers with a mid FICO of 620 to 659, or
- 55.00 percent DTI for Borrowers with a mid FICO of 660 or above.

I. Ownership of other Residential Real Estate

Subject to applicable Program requirements, Borrowers may have an ownership interest in one other residential Property and still qualify for a CHFA Program Loan, provided that such ownership is permissible under the requirements of the insurer or guarantor, or Fannie Mae or Freddie Mac, as applicable. Please refer to the Program matrix for further details. The Property associated with the CHFA Loan must be owner-occupied and the Borrower's Principal Residence. Borrowers may only have one CHFA-financed Property at any one time.

1. Examples of “other residential Property” are:

    a. Cooperative
    b. Farmhouse
    c. Ranch home
    d. Manufactured Home permanently affixed to a foundation with title purged
    e. Second home
    f. Vacation home
    g. Single family investment Property (one- to four-unit property)

2. The Borrower may own Property not considered residential. Examples are:

    a. Commercial Property
    b. Manufactured Home not permanently affixed to a foundation
    c. Timeshare
    d. Vacant land

J. New Mortgage Loan

The Mortgage Loan must be a new mortgage and not used to refinance an existing mortgage, except as provided below.

1. Repayment of a construction loan; or

2. Repayment of a construction to permanent loan, or other form of temporary financing with an initial term of 24 months or less.

3. Repayment of an existing FHA-insured CHFA First Mortgage Loan, in accordance with the requirements of the CHFA FHA Streamline Refinance program. CHFA may subordinate an existing CHFA Second Mortgage Loan to the new Mortgage Loan pursuant to the terms and conditions of that Program and CHFA guidelines.

K. Homebuyer Education

CHFA requires all Borrowers and Co-Borrowers, except for permitted refinance loans, to individually complete an online or classroom-based CHFA-approved Homebuyer Education course, provided by a CHFA-approved provider. Borrowers are strongly encouraged to complete this requirement early in the homebuying process. CHFA reserves the right to not purchase or require repurchase if the Homebuyer Education requirement is not in compliance with insurer, guarantor, Fannie Mae, and Freddie Mac requirements, as applicable. Cosigners on HomeAccess Mortgage Loans are not required to take a CHFA-approved Homebuyer Education course.

Note: Online Homebuyer Education may not be appropriate for all Borrowers. The Participating Lender may direct a Borrower to a classroom-based course rather than the online course for several reasons, such as Mortgage Insurance incentives or the Borrower’s lack of comfort and familiarity with the internet. Whether to complete Homebuyer Education online or in a classroom is ultimately the Borrower’s decision.

Reasonable accommodation is available at all CHFA-approved Homebuyer Education classes. Courses are available in English and Spanish. Contact the provider if further language interpretation services are needed. In addition, specialized homeownership counseling for persons with disabilities is available.

Homebuyer Education Certificates are valid for 12 months. To meet the Homebuyer Education requirement, Borrowers must execute a purchase contract prior to expiration of the Homebuyer Education Certificate.

The most current list of CHFA-approved in-person and online providers and a schedule of classroom dates are available on the CHFA website at chfainfo.com, or by calling 303.297.7376 or 888.320.3688.

L. Shared Appreciation Course

CHFA requires all Borrowers and Co-borrowers who will obtain a CHFA Schools To Home[sm] mortgage loan to take the CHFA-offered "CHFA Schools To Home: Understanding Your Financial Commitment" course. This course must be taken prior to Mortgage Loan closing and provided in the CHFA Program Purchase Review package. The course is available on the CHFA website at chfainfo.com.

M. Co-borrowers

CHFA permits Co-borrowers if they:

1. meet the CHFA eligibility requirements;
2. take title to the Property;
3. obligate themselves for the Mortgage Loan by signing the Promissory Note(s) and First Deed of Trust; and
4. intend to occupy the Property as their Principal Residence.

N. Cosigners

CHFA only allows cosigners when utilizing the CHFA HomeAccess and CHFA HomeAccess Plus Programs. The Participating Lender must follow applicable FHA, VA, or USDA-RD guidelines for purposes of credit qualifying the Borrowers and any cosigner. Cosigners are not required to take a CHFA-approved Homebuyer Education course.

O. CHFA's Minimum Borrower Financial Contribution

1. CHFA requires Borrowers to make a Minimum Borrower Financial Contribution towards the purchase of the Property. The specific amount is specified in the applicable Program matrix.
2. CHFA requires the Minimum Borrower Financial Contribution to be from the Borrower's own funds. However, the Minimum Borrower Financial Contribution can come from a gift, other than the CHFA DPA Grant or CHFA Second Mortgage Loan, if this is acceptable to the mortgage insurer or guarantor, or to Fannie Mae or Freddie Mac, as applicable, for conventional Mortgage Loans. The Minimum Borrower Financial Contribution cannot come from the proceeds of any subordinate Mortgage Loan, or from any new debt acquired by the Borrower, including credit card debt. Funds that come from a gift, including a gift of Seller's equity, must be documented according to the mortgage insurer or guarantor requirements, or according to applicable Fannie Mae or Freddie Mac requirements for conventional Mortgage Loans.

   The following items, paid by the Borrower outside of closing, may be counted toward the Minimum Borrower Financial Contribution if documented on the Closing Disclosure.

   a. Earnest money deposit;
   b. Application, appraisal, or credit report fee paid to the Participating Lender;
   c. Home inspection fee, including fees paid for additional inspection services, such as sewer scopes, or structural engineer's report;
   d. Hazard and/or flood insurance premium paid outside of closing;
   e. For HUD Homes only, the closing agent's closing fee; and/or
   f. Any Homebuyer Education fee for online Homebuyer Education.

A real estate agent fee, if any, paid by the Borrower cannot be counted toward the Minimum Borrower Financial Contribution.

P. Non-borrowing Individuals

CHFA does not permit non-borrowing spouses or others not obligated to the underlying Mortgage Loan to take title to the subject Property.

Q. Trust

All Mortgage Loans must close in each Borrowers' individual name and may not be closed in the name of a trust.

R. Borrower Participation in Address Confidentiality Program (ACP)

CHFA accepts a substitute address for any Borrower that participates in Colorado's Address Confidentiality Program (ACP). The Borrower is responsible for notifying the Participating Lender of their need to use a substitute address pursuant to the Colorado Address Confidentiality Act. To ensure compliance with the ACP, Participating Lender is responsible for notifying CHFA of the substitute address and providing a copy of the Borrower's valid ACP authorization card with the loan file.

section 202: property eligibility

A. Property Location

The Property must be located within the State of Colorado.

B. Property Interest

In addition to meeting all insurer, guarantor, Fannie Mae, and Freddie Mac requirements, as applicable, including those related to Property interest requirements, a Borrower must own the improvements on the Property and have either a fee simple interest or leasehold interest in the land. CHFA does not permit real Property interests that include, by virtue of such real Property interest, an ownership interest in a company. For example, if Borrower's leasehold interest in the land requires Borrower also take an ownership interest in the lessor company and which ownership interest, whether in the form of a membership interest, shareholder interest or otherwise, is transferred to CHFA upon a foreclosure, then this would not meet CHFA's requirements.

C. Property Type

Properties must conform to all applicable insurer/guarantor or Fannie Mae or Freddie Mac requirements; CHFA guidelines and Property standards; and statutory, regulatory, and compliance requirements. Acceptable Property types to CHFA are single-family attached or detached homes; Planned Unit Developments (PUDs), attached or detached; townhomes; condominium units; Modular Homes; and Manufactured Homes on a permanent foundation, for which title has been purged as evidenced by either an Affidavit of Real Property or a Certificate of Permanent Location, as required in accordance with legal and regulatory requirements, including state statutes.

All condominium projects must meet insurer,guarantor, Fannie Mae, or Freddie Mac guidelines. Required documentation may differ and is dependent on project specifications and review type. Lenders are responsible for determining and providing the necessary documentation to ensure that a project meets all applicable eligibility requirements.

For government loans (FHA, VA, and RD) project documentation must include:

- Evidence of project approval based on the applicable insurer/guarantor guidelines.

For conventional loans, project documentation must include, but is not limited to, the following:

- Condo Project Manager (CPM) Approval or CHFA Form 770, Condo Project Approval Certification;
- Current project budgets (not required for Fannie Mae loans when CPM Approval indicates "Approved by Fannie Mae") Appraisal reports;
- Appraisal reports; and
- Evidence of required insurance policies and related documentation.

In addition, for all conventional loans, the Participating Lender must review the HOA projected budget and determine that it is adequate and provides for the funding of replacement reserves for capital expenditures and deferred maintenance in an amount that is at least 10 percent of the budget.

The Participating Lender must notify CHFA immediately should it become aware of information that may impact the project's eligibility status reflected in CPM including but not limited to, significant deferred maintenance or major litigation.

The Property may not consist of more than one living unit. Two- to four-unit properties are not allowed. Except for CHFA FirstStep and CHFA FirstGeneration Programs, properties with an Accessory Dwelling Unit (ADU) are allowed, subject to applicable insurer, guarantor, Fannie Mae, or Freddie Mac requirements, as applicable.

The maximum permissible acreage is the acreage allowed under insurer/guarantor guidelines, or Fannie Mae or Freddie Mac requirements or 50 acres, whichever is less. Under no circumstance may a Property exceed 50 acres.

For Property where the land also has an income-producing component, the income-producing component must be incidental to the primary use of the Property as the Borrower's Principal Residence. The income-producing component may not be financed with the First Mortgage Loan.

For homes that also have outbuildings, such as barns, chicken coops, sheds, lean-tos, corrals, workshops, or studios (in a separate building), no downward adjustment in the First Mortgage Loan amount is necessary if outbuildings are customary for the area. If outbuildings are not customary for the area, the Participating Lender must reduce the First Mortgage Loan amount by the amount the value of the outbuilding.

Homes with cisterns as the only water source are acceptable provided they meet insurer, guarantor, Fannie Mae, or Freddie Mac guidelines, as applicable.

For a Manufactured Home to be an eligible Property, title must be purged (if a title was issued), and the Manufactured Home must be permanently affixed to real Property in accordance with Colorado law (C.R.S. 38-29-101 et. seq). The Colorado Division of Property Taxation website has Manufactured Home forms available.

Either an Affidavit of Real Property for a Manufactured Home or a Certificate of Permanent Location for a Manufactured Home, as required in accordance with applicable legal and regulatory requirements, including state statutes, must be provided at Loan Purchase if available; or if not yet available, the Participating Lender must provide copies of the documents that are being processed by local officials. A copy of the recorded Certificate of Permanent Location or Affidavit of Real Property for a Manufactured Home, as applicable, must be provided to CHFA within 60 days after

the Closing Date. In addition, for all conventional loans the Borrower must execute an affidavit of affixation that acknowledges their intent for the Manufactured Home to be permanently part of the real property that secures the Mortgage Loan. This affidavit must be recorded and a recorded copy must be maintained in the Mortgage Loan file.

If the Property is in a Leasehold or Land Trust, or the Property will be subject to a deed restriction, or affordable housing covenant, then the Property or project must first be approved by the insurer or guarantor (FHA, RD, or VA), or by Fannie Mae or Freddie Mac, as applicable, for conventional Mortgage Loans, and written evidence of approval deemed acceptable by CHFA, or CHFA Form 780, must be submitted to CHFA.

CHFA does not currently accept Property Inspection Waivers (PIW); all properties must have a full appraisal that conforms, as applicable, with insurer, guarantor, Fannie Mae, Freddie Mac, and/or Ginne Mae requirements, as well as any other applicable legal and regulatory requirements.

Consistent with Colorado state law, private transfer fees are prohibited for all CHFA residential mortgage Programs.

D. Business Use of Property

No more than 15 percent of the total finished enclosed area of a residence may be used primarily in any trade or business activity that would qualify for federal income tax purposes for a home office business expense deduction.

If the land on which the residence is located and any outbuilding located on such land are intended to be used in any trade or business activity that would qualify for federal income tax purposes for a home office business expense deduction, then such use must be merely incidental to the use of the Property as the residence of the Borrower.

section 203: property eligibility - attached projects

For all Mortgage Loans to finance condominium units, the Participating Lender must include the following documentation:

1. For FHA-insured loans, a copy of the current HUD Review and Approval Process (HRAP) or Direct Endorsement Lender Review and Approval Process (DELRAP). CHFA will accept a Single Unit Approval when applicable and permitted by FHA, including all required supporting documentation. For conventional loans, Condo Project Manager (CPM) Approval, Lender full review or limited review, or such other reviews as required by Fannie Mae or Freddie Mac, as applicable, must be provided, using CHFA Form 770, Condo Project Approval Certification. CHFA will also require any additional documents mandated by insurer/guarantor guidelines.

2. A copy of the blanket insurance policy. The blanket or master condominium and unit policies must meet applicable insurer and guarantor guidelines, including Fannie Mae or Freddie Mac for conventional loans.

3. A copy of HO-6 policy aka “walls-in” coverage policy, unless the Participating Lender can document that the master policy provides interior unit coverage, including replacement of interior improvements and betterment coverage to insure improvements that the Borrower has made to the unit. The HO-6 coverage amount must meet the applicable guidelines of the insurer or guarantor, or Fannie Mae or Freddie Mac for conventional loans.

A. Investor and Insurer/Guarantor Representations and Warranties

With respect to each Mortgage Loan submitted to CHFA, the Participating Lender will be deemed to be providing CHFA the same representations and warranties that are provided by CHFA to the applicable insurer/guarantor or investor. In addition to meeting the insurer/guarantor and investor requirements, Properties must conform to all CHFA guidelines and Property standards, as well as other statutory, regulatory, and compliance requirements.

B. Project Saturation

CHFA reserves the right to limit the number of Mortgage Loans CHFA will purchase, secured by Property in a single family attached project, any condominium project, Planned Unit Development (PUD), or party wall project.

C. Conditions or Suspensions

CHFA reserves the right to condition or suspend its Purchase of Mortgage Loans in a particular condominium project, PUD, or party wall project at any time.

chapter 3
programs

section 300: general information

CHFA finances its single family production through various vehicles, which include the issuance and sale of Ginnie Mae mortgage-backed securities (MBS), the sale of whole loans to Fannie Mae and Freddie Mac®, the process of swapping loans for the issuance of a Fannie Mae or Freddie Mac MBS, and the issuance of Taxable and Tax-exempt Mortgage Revenue Bonds.

Programs funded with Tax-exempt Bond proceeds (Tax-exempt Programs) and Mortgage Credit Certificates (MCCs) are subject to the Recapture Tax Provision. Refer to Chapter 11, Recapture Tax Provision, for more information. If the funding for a Program is not a Tax-exempt Program or an MCC Program, it is not subject to the Recapture Tax Provision.

section 301: eligible mortgage loan types

CHFA permits a variety of First Mortgage Loan types for CHFA Programs. CHFA reserves the right to suspend or limit the number of Locks received for each loan type or each Program.

A. FHA-insured Mortgage Loans

CHFA Purchases FHA-insured First Mortgage Loans. The Participating Lender must underwrite First Mortgage Loans in accordance with FHA guidelines. The Participating Lender is responsible for securing the FHA insurance on all FHA First Mortgage Loans. The full loan amount on the First Mortgage Loan Promissory Note must be insured.

B. VA-guaranteed Mortgage Loans

CHFA Purchases VA-guaranteed First Mortgage Loans. The Participating Lender must underwrite the First Mortgage Loan in accordance with VA guidelines.

The Participating Lender is responsible for securing the VA mortgage guaranty on all VA First Mortgage Loans. The VA guaranty must be based on the entire First Mortgage Loan amount, and the VA guaranty and the Borrower's down payment must total 25% of either the Purchase Price of the Property, or the value on the Certificate of Reasonable Value (CRV), whichever is less. The unguaranteed portion of the First Mortgage Loan cannot be greater than 75% of the lesser of the Purchase Price or the appraised value of the Property. The full amount of the veteran Borrower's available guaranty must be applied to the First Mortgage Loan. The funding fee charged by VA must not be included in this calculation.

The cash down payment must also include the amount, if any, by which the Purchase Price exceeds the CRV. Loan amounts for the simultaneous purchase of a home and energy conservation improvements are based solely on the CRV amount. The cash down payment may not be derived from a second mortgage on the Property.

C. USDA-RD-guaranteed

CHFA Purchases USDA-RD-guaranteed First Mortgage Loans underwritten to USDA-RD requirements. The Participating Lender is responsible for securing the USDA-RD mortgage guarantee on all USDA-RD First Mortgage Loans. USDA-RD-guaranteed First Mortgage Loans originated for sale to CHFA must be guaranteed for the maximum amount allowed by USDA-RD and must be originated in compliance with applicable USDA-RD guidelines.

D. Conventional Mortgage Loans

CHFA purchases conventional First Mortgage Loans underwritten according to the requirements of Fannie Mae and Freddie Mac, as applicable. Fannie Mae loans must be underwritten via Desktop Underwriter® (DU) with an "Approve/Eligible" and Freddie Mac loans must be underwritten via Loan Product Advisor℠ (LPA) with a risk class of "Accept."

Mortgage insurance provided by a Private Mortgage Insurance company is required when the loan-to-value (LTV) ratio of the Mortgage Loan is greater than 80 percent. The LTV ratio is determined by dividing the Mortgage Loan amount by the lesser of the sales price or appraised value of the Property. It is the Participating Lender's responsibility to secure the Private Mortgage Insurance when required. The mortgage insurance premium must be paid to the private mortgage insurer according to the private mortgage insurer's requirements. The private mortgage insurer must approve the First Mortgage Loan according to their underwriting guidelines. Refer to the website, chfainfo.com, for approved Private Mortgage Insurance companies and to Chapter 7, Purchase Procedures, for coverage requirements.

1. Program Requirements

   a. By delivering conventional First Mortgage Loans, the Participating Lender represents and warrants the following:

      i. The Participating Lender will underwrite conventional First Mortgage Loans only through DU or LPA, as applicable;

      ii. Each conventional First Mortgage Loan that the Participating Lender sells to CHFA will have an "Approve/Eligible" DU recommendation or an acceptable Indicator Score from LPA, as applicable;

      iii. The appraisal submitted by the Participating Lender to CHFA in the loan file for each conventional First Mortgage Loan is: (i) an exact copy of the final version of such appraisal report uploaded to the Uniform Collateral Data Portal® (UCDP®); and (ii) accurately reflected in the UCDP® Submission Summary Report and Appraisal Findings Detail Report;

      iv. Each conventional First Mortgage Loan sold to CHFA complies with Fannie Mae and Freddie Mac Uniform Closing Dataset (UCD) requirements, and the UCD Feedback Certificate provided to CHFA is an exact copy of the final UCD Feedback Certificate received for the subject loan; and

      v. The Participating Lender has fully complied with any and all Program requirements, including those listed in the Program matrix, as applicable.

   b. Underwriting Responsibility. By participating in the CHFA Preferred℠ Program, the Participating Lender acknowledges and agrees that:

      i. CHFA's DU license is for the purpose of allowing eligible Participating Lenders that do not possess a DU license of their own to underwrite Fannie Mae Loans through CHFA's sponsorship under DU; and

      ii. Notwithstanding CHFA's DU license, CHFA shall in no event be deemed a credit underwriter, or otherwise involved in any manner with the underwriting, of conventional First Mortgage Loans.

      iii. For loans assessed by the DU/LPA validation service, the Participating Lender must:

         a. Obtain Borrower authorization to receive the information from the vendor;

         b. Confirm that the verification report matches the Borrower;

c. Ensure information entered in DU/LPA is properly documented;

d. Investigate and resolve any conflicting or contradictory information;

e. Retain a copy of all verification reports in the Mortgage Loan file in addition to any other documentation required by DU/LPA; and

f. Ensure that the most current version of the verification report is used by the DU/LPA validation service. If the Participating Lender obtains an updated verification report, the Mortgage Loan must be resubmitted to DU/LPA and receive a message that the component has been validated in order for the DU/LPA representation and warranty enforcement relief to apply.

c. DU and LPA Submittals. Under CHFA Preferred, a Participating Lender's submittal to DU or Loan Product Advisor as of the time of the DU or LPA recommendation shall contain the same information provided by the Participating Lender to CHFA in its purchase eligibility review submittal. If the Participating Lender submits to DU or Loan Product Advisor any changes to such information after the DU or LPA recommendation, the Participating Lender must provide such information, including but not limited to, all new reports and the results of the resubmission to CHFA for approval prior to, and as a condition of, CHFA's purchase of such conventional First Mortgage Loan.

d. DU Fees. The Participating Lender shall be fully responsible for prompt payment of any and all fees from the Participating Lender's use of DU in connection with CHFA (DU Technology Fees), regardless of whether such fees are charged to the Participating Lender directly or to CHFA. Any such DU Technology Fees which are charged directly to CHFA may, in CHFA's sole discretion, be deducted from the proceeds owed by CHFA to the Participating Lender for such Loan purchase. Such a deduction shall be reflected in the Purchase Advice for the applicable loan. The Participating Lender agrees to not pass on to its Borrowers any DU Technology Fees incurred in the Participating Lender's use, if any, of CHFA's DU sponsorship.

e. UCD Feedback Certificate. All loans originated for sale to CHFA must comply with Fannie Mae and Freddie Mac requirements regarding the submission of the UCD casefile. Specifically, CHFA requires the Participating Lender to upload the UCD XML data file to Fannie Mae or Freddie Mac prior to CHFA's prefunding loan file review. Participating Lenders do not have to transfer the UCD File to CHFA. However, Participating Lenders must provide CHFA with the UCD Feedback Certificate showing a successful UCD response at prefunding prior to purchase of the loan by CHFA. If the Participating Lender issues a post-consummation Closing Disclosure, it must resubmit the UCD file directly to Fannie/ Freddie and obtain a new UCD Feedback Certificate. The updated UCD Feedback Certificate showing a successful UCD response and the post-consummation Closing Disclosure must be provided to CHFA.

f. IRS Tax Transcripts. Most recent two years' tax transcripts are required for all Borrowers utilizing the CHFA Preferred Program, CHFA Preferred Plus Program, or CHFA Preferred Very Low Income Program. The most recent tax transcripts must be provided. - If not available (due to a recent filing or extension) a copy of the IRS notice showing "No record of return filed" is required.

Additionally, a properly executed 4506-C for all Borrowers is still required for all CHFA Programs.

section 302: special financing enhancements

CHFA permits and/or provides a variety of financing enhancements for its Programs.

A. Interest Rate Buydowns

CHFA does permit a permanent Interest Rate buydown of a First Mortgage Loan in accordance with applicable insurer, guarantor, Fannie Mae, or Freddie Mac requirements. A Permanent Buydown Fee will be assessed.

The Permanent Buydown Fee may be paid by the Borrower, Participating Lender, Seller, Builder, or other acceptable third parties. A Permanent Buydown Fee may be financed into the CHFA First Mortgage Loan as permitted by the insurer, guarantor, Fannie Mae, and Freddie Mac requirements as applicable.. CHFA does not permit temporary Interest Rate buydowns.

Please refer to the applicable Program matrix for eligibility.

B. Seller Contribution

Any Seller contribution toward reasonable and customary closing costs, permanent Interest Rate buydowns, and/or prepaids associated with a Borrower's acquisition of a Property may not exceed the maximum allowed by the applicable insurer or guarantor, or Fannie Mae or Freddie Mac if the Mortgage Loan is a conventional loan.

C. Subordinate Liens

CHFA permits subordinate liens behind the CHFA First Mortgage and any CHFA Second Mortgage Loan to assist Borrowers with down payment and closing costs. The additional sources of assistance must meet applicable insurer or guarantor, or Fannie Mae or Freddie Mac guidelines. Any repayment of any assistance loans must be included by the Participating Lender in the housing payment-to-income ratio.

D. Loan Assumptions

If authorized by the investor, insurer, and/or guarantor, CHFA First Mortgage Loans may be assumed by qualified Borrowers meeting CHFA requirements, and any other eligibility requirements applicable to the Program at the time of the assumption, such as:

- Borrower(s) income may not exceed the current Program's income limits.
- Sales price may not exceed the Purchase Price limits for the Program.
- Borrower(s) must be First-time Homebuyers or Qualified Veterans, if required by the Program.
- Borrower(s) may be subject to a federal Recapture Tax if the loan was financed with Tax-exempt Bonds.
- When a third party assumes the loan, title must be pulled to confirm clear title and ensure any CHFA Second Mortgage Loan has been paid in full.
- The new Borrower(s) and the current Borrower(s) (as Seller) must agree to sign certain affidavits related to income, occupancy, and Purchase Price.

CHFA Second Mortgage Loans are not assumable.

CHFA Loan Servicing at 855.587.8655 can provide additional assumption information.

section 303: pool insurance

CHFA may require pool insurance on Mortgage Loans. Pool insurance coverage is in addition to Private Mortgage Insurance coverage. If CHFA requires pool insurance, CHFA will notify the Participating Lenders with directions on submitting credit packages to the pool insurer. Pool insurance premiums are paid by CHFA and are not directly charged to Participating Lenders or Borrowers.

section 304: chfa down payment assistance options

CHFA Down Payment Assistance options may not be combined in a single loan transaction (i.e., a Borrower may not receive both a CHFA DPA Grant and a CHFA Second Mortgage Loan).

A. CHFA Down Payment Assistance Grant

In the Programs listed below, CHFA offers Down Payment Assistance Grants (DPA Grants) to Borrowers utilizing a CHFA First Mortgage Loan to purchase a home. The CHFA DPA Grants:

- are non-repayable;
- may not exceed the lesser of $25,000 or 3 percent of the CHFA First Mortgage Loan's OPB, rounded down to the nearest dollar [including financed MI, MIP, VA Funding Fee, USDA-RD Guarantee Fee, or 203(k) rehabilitation and repair funds, as applicable];
- may be used toward down payment, closing costs, permanent Interest Rate buydowns, prepaids and/or principal reductions provided all applicable insurer, guarantor, or Fannie Mae or Freddie Mac requirements are met; and
- will not be secured by a lien.

The grants are available in the following Programs:

- CHFA SmartStep Plus[sm]
- CHFA SectionEight[sm] Homeownership Plus

The CHFA DPA Grant may not be used to fund CHFA's Minimum Borrower Financial Contribution, pay off debt, fund escrow repairs, or to cover gaps between the appraised value and sales price.

CHFA will not fund any CHFA DPA Grant unless CHFA purchases the corresponding First Mortgage Loan. If CHFA does not purchase a First Mortgage Loan, the CHFA DPA Grant will be the responsibility of the Participating Lender. The foregoing requirements may be subject to exception, as determined by CHFA, such as for compliance with any applicable government insurer down payment assistance mandates.

B. CHFA DPA Second Mortgage Loan Program

In the Programs listed below, CHFA offers CHFA DPA Second Mortgage Loans to Borrowers utilizing a CHFA Mortgage Loan to purchase a home. The CHFA DPA Second Mortgage Loans:

- have a zero percent Interest Rate;
- may not exceed:

- For CHFA Preferred (including VLIP), CHFA SmartStep, CHFA SectionEight, CHFA FirstStep, Colorado HFA1 Programs, and CHFA Colorado Champions: the lesser of $25,000 or 4 percent of the CHFA First Mortgage Loan's OPB rounded down to the nearest dollar [including financed MI, MIP, VA Funding Fee, USDA-RD Guarantee Fee, or 203(k) rehabilitation and repair funds, as applicable].
- For CHFA FirstGeneration and CHFA HomeAccess Programs: Maximum of $25,000 regardless of CHFA First Mortgage Loan's OPB.
- For CHFA Schools To Home Program: up to 25% of the CHFA First Mortgage Loan's OPB rounded down to the nearest dollar (including financed MIP).

- have a repayment structure wherein repayment is deferred 30 years or until the maturity date, whichever occurs earlier, in accordance with the terms of the loan documents;
- may be used toward down payment, closing costs, permanent Interest Rate buydowns, prepaids, and/or principal reductions provided all insurer/guarantor or Fannie Mae or Freddie Mac requirements are met; and
- will be secured by a lien with no prepayment penalty.

CHFA DPA Second Mortgage Loans are available in the following Programs:

- CHFA Preferred Plus[sm]
- CHFA FirstStep Plus[sm]
- CHFA SmartStep Plus[sm]
- CHFA SectionEight[sm] Homeownership Plus
- Colorado HFA1 Plus[sm]
- CHFA FirstGeneration Plus[sm]
- CHFA HomeAccess Plus[sm]
- CHFA Schools To Home[sm]
- CHFA Colorado Champions Plus[sm]

The CHFA DPA Second Mortgage Loan may not be used to fund CHFA's Minimum Borrower Financial Contribution, pay off debt, fund escrow repairs, or to cover gaps between the appraised value and sales price. In addition, the CHFA DPA Second Mortgage Loan may not be applied toward the cash down payment calculation to meet the 25 percent VA guaranty requirement.

Unless otherwise stated in the applicable Program matrix, when the First Mortgage Loan is subject to the Recapture Tax Provision, the corresponding CHFA DPA Second Mortgage Loan is as well.

1. CHFA DPA Second Mortgage Loan Terms

   Typically, CHFA DPA Second Mortgage Loans are originated for up to 4 percent of the First Mortgage Loan's OPB (excluding CHFA FirstGeneration and CHFA HomeAccess Programs, which may receive up to $25,000 regardless of loan amount, and CHFA Schools To Home Program, which may go up to 25 percent of the CHFA First Mortgage Loan amount) at a zero percent Interest Rate and are subordinate to the CHFA First Mortgage.

The exact amount to be borrowed should be determined by the Participating Lender based on the Borrower's need (cash required to close) less CHFA's Minimum Borrower Financial Contribution.

a. Maturity

Payment on the CHFA DPA Second Mortgage Loan is due in full on the earlier of (i) 30 years from the date of the CHFA DPA Second Mortgage Loan; (ii) the date the Promissory Note, secured by the First Deed of Trust encumbering the Property is paid in full, either by voluntary prepayment, acceleration, or foreclosure; (iii) the date the Borrower assigns, transfers, or conveys all or any part of his/her interest in the Property; or (iv) the date the Borrower ceases to occupy the Property as his/her Principal Residence. Such date is called the "Maturity Date" as defined in the CHFA DPA Second Mortgage Loan documents.

b. Subordinations

Unless otherwise specified in this Section, the CHFA DPA Second Mortgage Loan may only be subordinated to a new CHFA First Mortgage Loan; subordinating to any lien other than a CHFA First Mortgage Loan is not allowed. CHFA will only subordinate the CHFA DPA Second Mortgage Loan once, or as otherwise specified in the Program matrix. Additional liens may be subordinate to the CHFA DPA Second Mortgage Loan.

c. Repayment

The CHFA DPA Second Mortgage Loan is due upon refinance of the CHFA First Mortgage Loan or on the maturity date in accordance with the terms of the loan documents. The CHFA DPA Second Mortgage Loan may be prepaid at any time without penalty.

2. Reimbursement Requirements

CHFA DPA Second Mortgage Loans are closed in CHFA's name and funded at closing by the Participating Lender, and later reimbursed by CHFA in conjunction with the Purchase of the First Mortgage Loan.

CHFA will not fund any CHFA DPA Second Mortgage Loan unless CHFA Purchases the corresponding First Mortgage Loan. If CHFA does not Purchase a First Mortgage Loan, the CHFA DPA Second Mortgage Loan will be assigned to the Participating Lender. The foregoing requirements may be subject to exception, as determined by CHFA, such as for compliance with any applicable government insurer down payment assistance mandates.

If the Participating Lender is required to Repurchase the First Mortgage Loan, the Participating Lender may be required to Purchase the CHFA DPA Second Mortgage Loan encumbering the subject Property.

Participating Lenders must submit the following fully executed documents to CHFA:

- CHFA Form 307, CHFA Second Mortgage Loan Promissory Note;
- CHFA Form 314, CHFA Second Mortgage Loan Deed of Trust;
- Second Mortgage Loan Estimate or Good Faith Estimate, as applicable; and
- Second Mortgage Loan Closing Disclosure, Truth in Lending Disclosure, or HUD-1 Settlement Statement as applicable.

Or if utilizing CHFA Schools To Home:

- CHFA Form 390: CHFA Schools To Home Second Mortgage Loan Promissory Note;
- CHFA Form 395, CHFA Schools To Home Second Mortgage Loan Deed of Trust;
- CHFA Form 250, Shared Appreciation Program Disclosure Rider;
- Second Mortgage Loan Estimate or Good Faith Estimate as applicable; and
- Second Mortgage Loan Closing Disclosure, Truth in Lending Disclosure, or HUD-1 Settlement Statement as applicable.

An Assignment of Deed of Trust for the CHFA Second Deed of Trust is not required as the CHFA DPA Second Mortgage Loan is closed by the Participating Lender in CHFA's name.

Title Insurance is not required on the CHFA DPA Second Mortgage Loan.

CHFA relies on its Participating Lenders to comply with any and all applicable legal and regulatory disclosure requirements. As such, Participating Lenders should follow their company's compliance and/or legal guidelines regarding TRID, TILA, and RESPA as applicable. If a Mortgage Loan is for any reason found not to be in compliance with such disclosure requirements, it will be subject to Repurchase.

section 305: chfa preferred[sm] and chfa preferred plus[sm]

A. Overview

CHFA Preferred provides Borrowers with conventional fixed Interest Rate financing on a First Mortgage Loan. CHFA Preferred Plus provides Borrowers with conventional fixed Interest Rate financing on a First Mortgage Loan and includes the CHFA DPA Second Mortgage Loan.

Borrowers participating in the CHFA Preferred Program must meet all applicable eligibility criteria set forth in Chapter 2, Eligibility Requirements, as well as Program–specific requirements. Unless otherwise specified in this Guide or the Program matrix, Mortgage Loans originated in the CHFA Preferred Program must comply with Fannie Mae HFA Preferred or Freddie Mac HFA Advantage Program guidelines, as applicable. All loans must receive an "Approve/Eligible" decision from Desktop Underwriter or risk class of "Accept" from Loan Product Advisor. In no event may a debt-to-income (DTI) limit exceed the lower of any CHFA DTI limit or the maximum DTI limit permitted by Fannie Mae, Freddie Mac, and/or the DTI limit determined by the Automated Underwriting System (AUS) findings, as applicable.

The CHFA Preferred product is not restricted to First-time Homebuyers. Mortgage Loans originated in the CHFA Preferred Program are not subject to the Recapture Tax Provision. This Program has Income Limits available on CHFA's website at chfainfo.com.

B. First Mortgage Terms

The First Mortgage Loan must have a 30-year term, a fixed Interest Rate, and be fully amortizing. Acceptable Mortgage Loan types include Fannie Mae (HFA Preferred) and Freddie Mac (HFA Advantage) purchase loans.

section 306: chfa firststep[sm] and chfa firststep plus[sm]

A. Overview

CHFA FirstStep provides Borrowers with fixed Interest Rate financing on a First Mortgage Loan. CHFA FirstStep Plus provides Borrowers with fixed Interest Rate financing on a First Mortgage Loan and includes a CHFA DPA Second Mortgage Loan.

The CHFA FirstStep Program is restricted to First-time Homebuyers, subject to the following exceptions: purchase by a Qualified Veteran (see definition) of such individual's Principal Residence in Colorado or purchase of the Borrower's principal residence located in a Targeted Area in Colorado. Mortgage Loans originated in this Program are subject to the Recapture Tax Provision. This Program has Income and Purchase Price Limits, which are available on the website at chfainfo.com.

Borrowers participating in the CHFA FirstStep Program must meet all applicable criteria set forth in Chapter 2, Eligibility Requirements.

The CHFA FirstStep Program may not be combined with any Mortgage Credit Certificate (MCC) Program.

B. First Mortgage Loan Terms

The First Mortgage Loan must have a 30-year term, a fixed Interest Rate, and be fully amortizing. Acceptable Mortgage Loan types include FHA 203(b) purchase loans only.

section 307: chfa smartstep[sm] and chfa smartstep plus[sm]

A. Overview

CHFA SmartStep provides Borrowers with fixed Interest Rate financing on a First Mortgage Loan. CHFA SmartStep Plus provides Borrowers with fixed Interest Rate financing on a First Mortgage Loan and includes either the CHFA DPA Grant or CHFA DPA Second Mortgage Loan.

The CHFA SmartStep Program is not restricted to First-time Homebuyers. Mortgage Loans originated in this Program are not subject to the Recapture Tax Provision. This Program has Income Limits available on the website at chfainfo.com.

Borrowers participating in the CHFA SmartStep Program must meet all applicable criteria set forth in Chapter 2, Eligibility Requirements.

B. First Mortgage Loan Terms

The First Mortgage Loan must have a 30-year term, a fixed Interest Rate, and be fully amortizing. Acceptable Mortgage Loan types include FHA, FHA 203(k), VA, and USDA-RD purchase loans.

section 308: chfa homeaccess[sm] and homeaccess plus[sm]

A. Overview

The CHFA HomeAccess Program is restricted to homebuyers who:

1. live with a permanent disability; or

2. are the custodial parent of, having sole or joint custody, or legal guardian of an individual living with a permanent disability. Any such custodial parent or legal guardian must also, at the time of closing, have the legal right for and intend for the individual living with a permanent disability to live in the home purchased using the HomeAccess Loan Program at least 50 percent of the year for the duration of the HomeAccess Loan term.

Permanent Disability of an adult is a permanent impairment as described by the most current Disability Evaluation Under Social Security Listing of Impairments - Adult Listings (Part A). Part A is applicable to individuals age 18 and over and to children under age 18 where criteria are appropriate. ssa.gov/disability/professionals/bluebook/AdultListings.htm

Permanent Disability of a child is defined by the most current Disability Evaluation Under Social Security Listing of Impairments - Childhood Listings (Part B). This provides medical criteria for the evaluation of impairments of children under age 18 (where criteria in Part A - Adult Listings do not give appropriate consideration to the particular disease process in childhood). ssa.gov/disability/professionals/bluebook/ChildhoodListings.htm

Any of the following items are acceptable proof of disability:

1. Receipt of a current award letter for SSI or SSDI benefits. The letter must be dated within the most recent 12 months.

2. A current letter from the Social Security Administration acknowledging eligibility for benefits due to a permanent disability.

3. A letter from a licensed medical doctor on the doctor's or medical facility's letterhead stating that the Borrower or Borrower's child has a permanent disability as defined above by the Social Security Administration or based on other applicable Social Security Administration processes and rules, if any, for making such determination. A diagnosis or statement written on a prescription form is not acceptable.

The CHFA HomeAccess Program is not restricted to First-time Homebuyers. Mortgage Loans originated in this Program are not subject to the Recapture Tax Provision. This Program has Income Limits available on the website at chfainfo.com.

CHFA HomeAccess provides Borrowers with fixed Interest Rate financing on a First Mortgage Loan. HomeAccess Plus provides Borrowers with fixed Interest Rate financing on a First Mortgage Loan and includes a CHFA DPA Second Mortgage Loan.

Borrowers participating in the CHFA HomeAccess Program must meet all applicable criteria set forth in Chapter 2, Eligibility Requirements.

Borrowers receiving a tenant-based Section 8 Housing Choice Voucher with the approval from a participating public housing authority (PHA) may use such Housing Choice Voucher to qualify for the CHFA HomeAccess Program. Borrowers must meet all applicable eligibility criteria for both Programs. In addition, such loans must follow the delivery and purchase procedures outlined under Section 710.B of this Guide.

B. First Mortgage Loan Terms

The First Mortgage Loan must have a 30-year term, a fixed Interest Rate, and be fully amortizing. Acceptable Mortgage Loan types include FHA, VA, and USDA-RD.

section 309: chfa sectioneight[sm] homeownership and sectioneight[sm] homeownership plus

A. Overview

The CHFA SectionEight Homeownership Program (CHFA SectionEight) offers First-time Homebuyers who are currently receiving a tenant-based Housing Choice Voucher from a participating public housing authority (PHA) the opportunity to become homeowners if the PHA participates in HUD's Housing Choice Voucher Program. The monthly Housing Choice Voucher assists qualified families with their monthly homeownership expenses.

HUD's Housing Choice Voucher Homeownership program is a voluntary program offered by HUD through participating current Housing Choice Voucher program and must follow the HUD guidelines as described in 24 CFR Part 982, and as otherwise updated by HUD and stated in this Chapter.

The First Mortgage Loan must be a 30-year term, fixed Interest Rate, and fully amortizing. Acceptable Mortgage Loan types include FHA or USDA-RD.

CHFA SectionEight Homeownership does not provide any form of down payment assistance. CHFA SectionEight Homeownership Plus includes either the CHFA DPA Grant or CHFA DPA Second Mortgage Loan.

B. Originating a Mortgage Loan in the CHFA SectionEight Homeownership Program

Only CHFA SectionEight Homeownership-approved loan officers of Participating Lenders approved to originate Mortgage Loans in the CHFA SectionEight Homeownership Program may make Locks for this Program and agree to the following:

1. Participating Lender's staff or representatives who are designated to underwrite, review, process, or otherwise work on CHFA SectionEight Homeownership Program loans, in any manner, must be trained and approved by CHFA to participate in the CHFA SectionEight Homeownership Program.

2. Participating Lender understands the complexity of the Program requirements and the requirements of the Borrowers and is aware of the uniqueness of the CHFA SectionEight Homeownership Program compared to other CHFA Programs with respect to the timing of specific activities, reservation processes, and documentation and underwriting requirements.

3. Participating Lender is familiar with HUD's Housing Choice Voucher Program requirements.

4. Participating Lenders must be able to originate, and service in the case of a loan repurchase from CHFA, HUD's Housing Choice Voucher loans, as such loans are permitted in the CHFA SectionEight Homeownership Program.

5. Participating Lender understands that CHFA SectionEight Homeownership Program loans must be manually underwritten; an automated underwriting system may not be used.

C. Borrower Eligibility

Borrowers participating in the CHFA SectionEight Homeownership Program must meet all criteria set forth in Chapter 2, Eligibility Requirements.

The Applicant's participation in the participating public housing authority's (PHA) Housing Choice Voucher Homeownership program is voluntary. To be eligible for the Housing Choice Voucher Homeownership program, the Applicant must fulfill the Program's initial qualifications, which include, but are not limited to:

1. Receive tenant-based Housing Choice Vouchers for at least one year prior to application.
2. Have no more than three recertifications of their rental voucher in the 12 months prior to application.
3. Meet CHFA's First-time Homebuyer requirements.
4. Must demonstrate sufficient income to meet any minimum income standard set by HUD or the PHAs.
5. No family member may have a present ownership interest in a residence at commencement of homeownership assistance (current homeowners are not eligible for the Program.)

D. Requirements Prior to Making a Lock

Before making a Lock in the CHFA SectionEight Homeownership or CHFA SectionEight Homeownership Plus Programs, Participating Lenders must determine that the Borrower meets the following criteria:

1. The Borrower has completed a Mortgage Loan application with a CHFA SectionEight Homeownership approved Participating Lender that determines that the Borrower is qualified to buy the Property identified in the purchase contract.
2. The Borrower has a fully executed purchase contract on a Property that is eligible for the Program.
3. The Borrower meets the Income Limits for the Program.
4. The Borrower has the funds available, or will have by the time of Mortgage Loan closing, for CHFA's Minimum Borrower Financial Contribution. Gift funds, other than funds from the CHFA DPA Grant, are acceptable if acceptable to the mortgage insurer or guarantor. PHAs may require a Borrower contribution in excess of CHFA's Minimum Borrower Financial Contribution. Contact the PHA directly for complete program guidelines.
5. The Borrower must provide a letter of readiness and proof of receipt of a tenant-based Housing Choice Voucher from a participating, and CHFA-approved PHA.
6. Section 8 income may not be grossed up. The Applicant's Housing Choice Voucher may change based upon their annual or interim recertification of income, which is determined by the PHA.

E. Section 8 Income

Borrowers receiving Section 8 assistance from a CHFA-approved PHA may use their monthly assistance to help them qualify for a Mortgage Loan in the CHFA SectionEight Homeownership or CHFA HomeAccess Programs. Applicants may be subject to a separate agreement with the PHA. Applicants should provide the Participating Lender with a letter of readiness from the PHA verifying the Applicant's eligibility to participate in the Housing Choice Voucher Homeownership Program and CHFA's SectionEight Homeownership or CHFA HomeAccess Programs.

The Applicant's Housing Choice Voucher may change based upon their annual or interim recertification of income, which is determined by the PHA.

Applicants are ultimately responsible for the entire payment on the First Mortgage Loan and any Second Mortgage Loan.

Housing Choice Voucher payments are applied as an "offset" against the Borrower's First Mortgage Loan payment during loan qualification. The Applicant is responsible for the First Mortgage payment, less the amount of the Housing Choice Voucher payment. The Housing Choice Voucher payment must be paid directly to CHFA by the PHA.

The PHA must certify that the Housing Choice Voucher payments will be sent directly to CHFA. Additionally, the PHA must certify there have been no more than three rental recertifications in the prior 12 months before application. Borrowers with more than three recertifications are deemed to not have a stable financial situation and are therefore, not eligible to participate in the CHFA SectionEight Homeownership Program.

F. Mortgage Loan Payments

The PHA must follow CHFA's method for delivering Section 8 funds to CHFA on behalf of the Borrower. The Participating Lender must explain to the Borrower that he or she will be responsible for forwarding any additional personal funds to CHFA in the amount needed to satisfy the entire monthly mortgage payment, and that the Borrower is ultimately responsible for ensuring timely delivery of the entire monthly payment. All payments received by CHFA after the 15th day of the month will be charged a late fee. PHA payments should be mailed directly to:

Colorado Housing and Finance Authority
Attention: Single Family Servicing
1981 Blake Street
Denver, Colorado 80202

section 310: colorado hfa1 and colorado hfa1 plus

A. Overview

The Colorado HFA1 Programs provide Borrowers with fixed Interest Rate financing on a First Mortgage Loan. Colorado HFA1 Plus provides Borrowers with fixed Interest Rate financing on a First Mortgage Loan and includes a CHFA DPA Second Mortgage Loan.

The Colorado HFA1 Program is not restricted to First-time Homebuyers. Mortgage Loans originated in this Program are not subject to the Recapture Tax Provision. This Program has Income Limits available on the website at chfainfo.com.

Borrowers participating in the Colorado HFA1 Program must meet all applicable criteria set forth in Chapter 2, Eligibility Requirements.

B. First Mortgage Terms

The First Mortgage Loan must have a 30-year term, a fixed Interest Rate, and be fully amortizing. Acceptable Mortgage Loan types include FHA, VA, USDA-RD, Fannie Mae (HFA Preferred), or Freddie Mac (HFA Advantage) purchase loans.

section 311: chfa firstgeneration℠ and chfa firstgeneration plus℠

A. Overview

The CHFA FirstGeneration Program provides Borrowers with fixed Interest Rate financing on a First Mortgage Loan. The CHFA FirstGeneration Plus Program provides Borrowers with fixed Interest Rate financing on a First Mortgage Loan and includes a CHFA DPA Second Mortgage Loan of up to $25,000 regardless of the First Mortgage Loan amount.

The CHFA FirstGeneration Programs are restricted to at least one Borrower being a First-generation Homebuyer; however, all Borrowers must be First-time Homebuyers. The Programs have Income and Purchase Price Limits, which are available on the website at chfainfo.com.

Borrowers participating in the CHFA FirstGeneration Program must meet all applicable criteria set forth in Chapter 2, Eligibility Requirements.

B. First Mortgage Loan Terms

The First Mortgage Loan must have a 30-year term, a fixed Interest Rate, and be fully amortizing. This Program is limited to the loan types specified on the FirstGeneration Program matrix.

section 312: chfa fha streamline refinance

A. Overview

CHFA FHA Streamline Refinance provides CHFA Borrowers fixed Interest Rate financing, using a new FHA-insured CHFA First Mortgage Loan. CHFA may subordinate an existing CHFA Second Mortgage Loan to a new FHA-insured CHFA First Mortgage Loan pursuant to this Program's terms and conditions. There are no changes to the Interest Rate or loan term on the existing CHFA Second Mortgage Loan.

CHFA will generally follow HUD guidelines to complete an FHA Streamline Refinance. Such guidelines do not require an appraisal, a credit review, or a qualification process prior to the refinance.

CHFA does not require a Minimum Borrower Financial Contribution amount, or a minimum FICO score. Borrowers are not required to complete Homebuyer Education to be eligible for a CHFA FHA Streamline Refinance.

To qualify for a CHFA FHA Streamline Refinance, a Borrower or Property must meet the following criteria:

1. The Property must be owner-occupied;
2. HO-6 Insurance is required for all condominium units, even if the Borrower does not currently have such coverage.
3. Generally, the same Borrowers who signed the original FHA loan Note must sign the new Note refinancing the original FHA-insured CHFA First Mortgage Loan. There are possible exceptions, such as in the case of death or divorce, and this will be determined on a case-by-case basis. Participating Lenders must document approval from HUD for any exceptions to the FHA Streamline Refinance guidelines.
4. If the original loan included a co-signer, the individual(s) who co-signed the original FHA-insured CHFA First Mortgage Loan must also sign the new First Mortgage Loan.
5. Eligibility based on payment history:
    a. Mortgages must have a minimum payment history of six months reflecting all payments made within the month due.
    b. If the mortgage is seasoned more than six months, all payments must be made within the month due for the most recent six months and have no more than one 30-day late payment for the previous six months for all Mortgages on the subject Property.
    c. If the mortgage is seasoned more than 12 months, provide a payment history for the previous 12-month period.

Participating Lenders should use the CHFA Payment History Request Form, available on CHFA's website, to request the applicable payment history report. Any charges for providing this payment history report will be added to the payoff total for the CHFA First Mortgage. The fee will be waived if CHFA declines to purchase the CHFA FHA Streamline Refinance loan. CHFA Payment History Request Forms must be faxed to CHFA. Credit reports (including mortgage only credit reports) may be used in lieu of payment history reports, provided they include all payment history data required by FHA. If a Lender obtains a credit report, they must enter all of the credit scores obtained into FHA Connection.

Subject to applicable program requirements, CHFA may subordinate certain CHFA Second Mortgage Loans to the new CHFA FHA Streamline Refinance First Mortgage Loan. CHFA will only subordinate the CHFA DPA Second Mortgage Loan once, or as otherwise specified in the Program matrix. No subordination fee will be charged by CHFA. The Participating Lender can obtain the completed CHFA Form, 724, Subordination Agreement, via CHFA generally within two business days of CHFA Program Compliance approval.

B. CHFA FHA Streamline Refinance First Mortgage Loan Terms

The new First Mortgage Loan must have a 30-year term, have a fixed Interest Rate, and be fully amortizing. The only acceptable Mortgage Loan type for both the existing and the new First Mortgage is FHA.

C. CHFA Second Mortgage Loan Subordination Terms

CHFA FHA Streamline Refinance allows eligible CHFA borrowers to refinance their property by securing a new first loan from the Participating Lender which is intended to be a first and prior purchase money mortgage on the property. As a condition to the issuance of the First Mortgage Loan under this refinance product, the First Deed of Trust must be a first and prior lien on the property.

As such, if there is an existing CHFA Second Mortgage Loan that is not paid off as part of the refinance, then CHFA must also agree, in its discretion, to subordinate such CHFA Second Mortgage Loan and to execute CHFA's Subordination Agreement (CHFA Form 724). Notwithstanding the foregoing, Participating Lender shall be fully responsible for ensuring that the CLTV and all other terms relating to the refinance meets FHA requirements.

CHFA may subordinate certain CHFA Second Mortgage Loans to a new CHFA FHA Streamline Refinance First Mortgage Loan. CHFA may in its discretion permit the subordination of any pre-existing Deed of Trust on the Property which secures a third-party Mortgage Loan and which is not paid off prior to or as part of the FHA Streamline Refinance, provided: 1) all required steps have been taken to effectively subordinate such third-party mortgage to the new CHFA First Deed of Trust and to any CHFA Second Deed of Trust that remains; and 2) the subordination of such third-party mortgage is permitted by and meets all applicable FHA requirements, as well as any other applicable legal and regulatory requirements. Participating Lender is solely responsible for full compliance with the foregoing, which are enforceable by CHFA including, but not limited to, through a Repurchase.

1. Any subordination by CHFA of a CHFA Second Deed of Trust to a First Deed of Trust shall be up to the original principal amount of the Participating Lender's new First Mortgage Loan Note and conditioned on the following material terms:

    a. Participating Lender's sale of the First Mortgage Loan to CHFA;

    b. If the First Mortgage Loan, including such loan's Note and the First Deed of Trust, is not sold to CHFA in accordance with the terms of the Mortgage Purchase Agreement and this Guide, Participating Lender agrees to immediately, without further notice or consent, pay off the CHFA Second Mortgage Loan in full. Such payment will include, but is not limited to, amounts outstanding under the CHFA Second Mortgage Note, and any and all release, processing, and other fees and costs incurred by CHFA in connection with the CHFA Second Mortgage Loan (collectively, the "CHFA's Second Mortgage Fees").

c. Participating Lender is fully responsible for the review and accuracy of any Subordination Agreement provided by CHFA to Participating Lender and for its timely and proper recording. If there are any errors in the Subordination Agreement, whether material or in connection with its recording, Participating Lender must take any and all necessary steps to promptly notify CHFA to allow for the correction of such errors and pay all related costs and expenses. If Participating Lender fails to notify CHFA of any necessary corrections within 15 days of Participating Lender's knowledge of an error, then Participating Lender must immediately, and without further notice or consent, pay off the CHFA Second Mortgage Loan in full. Such pay off must include, but is not limited to, any and all of CHFA's Second Mortgage Fees, defined above.

section 313: chfa schools to home[sm]

A. Overview

CHFA Schools To Home provides Borrowers with Fannie Mae fixed Interest Rate financing on a CHFA First Mortgage Loan and includes a CHFA DPA Second Mortgage Loan up to 25 percent of the CHFA First Mortgage Loan amount.

CHFA Schools To Home is restricted to at least one Borrower being a Public School Employee. CHFA Schools To Home has Income Limits which are available on the website at chfainfo.com.

In addition, participating Borrowers must meet all applicable criteria set forth in Chapter 2, Eligibility Requirements.

Unless otherwise specified in this Guide or the Program matrix, Mortgage Loans originated in the CHFA Schools To Home Program must comply with Fannie Mae HFA Preferred Program guidelines. All Mortgage Loans must receive an "Approve/Eligible" decision from Desktop Underwriter. In no event may a debt-to-income (DTI) limit exceed the lower of any CHFA DTI limit, the maximum DTI limit permitted by Fannie Mae, and/or the DTI limit determined by Desktop Underwriter findings.

B. First Mortgage Terms

The First Mortgage Loan must have a 30-year term, a fixed Interest Rate, and be fully amortizing. Acceptable Mortgage Loan types include Fannie Mae (HFA Preferred) purchase loans.

C. Shared Appreciation

Borrowers must pay a percentage of the Property's appreciation upon payoff of the CHFA First and/or Second DPA Mortgage Loan, including sale or refinance, or if the Property is no longer the Borrower's primary residence.

Shared Appreciation is determined by subtracting the original Purchase Price from the contract sales price (or appraised or fair market value in the event of a refinance, payoff of the CHFA First or DPA Second Mortgage Loan, or other maturity event) at time of sale and multiplying by the calculated percentage of appreciation.

Percentage of appreciation is calculated by dividing the original CHFA DPA Second Mortgage Loan amount by the original Purchase Price.

The CHFA Second DPA Mortgage Loan and Shared Appreciation are a two-part obligation. Both must be paid to CHFA.

Borrowers must contact CHFA for total payoff amount upon payoff of CHFA First or DPA Second Mortgage Loans, sale, refinance, or if the Property is no longer the Borrower's primary residence.

section 314: chfa colorado champions[sm] and chfa colorado champions plus[sm]

A. Overview

CHFA Colorado Champions provides Borrowers with fixed Interest Rate financing on a First Mortgage Loan. CHFA Colorado Champions Plus provides Borrowers with fixed Interest Rate financing on a First Mortgage Loan and includes a CHFA DPA Second Mortgage Loan.

CHFA Colorado Champions is restricted to at least one Borrower being a peace officer, firefighter, and/or emergency medical technician. Peace officer eligibility includes P.O.S.T.-certified peace officers and non-certified deputy sheriffs, emergency communications specialists, corrections officers, port of entry officers, and wildlife officers employed by a Colorado employer and working in Colorado.

CHFA Colorado Champions are not restricted to First-time Homebuyers. Mortgage Loans originated in this Program are not subject to the Recapture Tax Provision. These Programs have Income Limits available on the website at chfainfo.com.

Borrowers participating in CHFA Colorado Champions must meet all applicable criteria set forth in Chapter 2, Eligibility Requirements.

B. First Mortgage Terms

The First Mortgage Loan must have a 30-year term, a fixed Interest Rate, and be fully amortizing. Acceptable Mortgage Loan types include FHA, VA, USDA-RD, Fannie Mae (HFA Preferred), or Freddie Mac (HFA Advantage) purchase loans.

section 315: chfa overlays

Unless specifically stated in the Mortgage Purchase Agreement, Seller's Guide, eNews, and/or applicable Program matrix, no additional overlays exist. CHFA relies on its Participating Lenders to determine whether Borrowers are eligible under the guidelines of the insurer, guarantor, Fannie Mae, Freddie Mac, or the IRS, as applicable. Additionally, Participating Lenders remain responsible for compliance with any and all other applicable legal and regulatory requirements and guidelines, as updated from time to time, including IRS requirements for Qualified Mortgage Revenue Bonds.

chapter 4
locking loans

section 400: general lock information

CHFA accepts Locks from Participating Lenders at the specified Interest Rate, as confirmed by such Lock, and for a specific Property and Borrower intending to purchase a home or refinance a CHFA loan. The Lock is associated with the Borrower, Participating Lender, and Property. All Mortgage Loans should be delivered to CHFA for purchase review within 10 calendar days of the closing date at the Locked Interest Rate. CHFA is under no obligation to purchase a Mortgage Loan if the Interest Rate differs from the Locked Interest Rate. Additionally, if a Mortgage Loan is not purchased by CHFA prior to Lock Expiration, CHFA may decline to purchase the Mortgage Loan.

The loan Delivery period is 60 calendar days from the date of Lock through the Lock Expiration date. Participating Lenders that lock a Mortgage Loan must close the loan, deliver all required documents to CHFA for review, and have the loan purchased by CHFA prior to Lock Expiration.

CHFA expects "best effort delivery" from Lock to the Loan Closing Date, and "mandatory delivery" from the Loan Closing Date to Purchase.

section 401: interest rates

Interest Rates are published on HomeConnection[sm] and made available to subscribing Participating Lenders via a daily email. Interest Rates are subject to change without prior notice.

Interest rates are intended for CHFA's Participating Lenders only. Dissemination and/or publicly posting of CHFA rates is prohibited.

Participating Lenders are solely responsible for ensuring any loan locked under a CHFA Loan Program meets the applicable Interest Rate cap, if any.

Permanent Interest Rate buydowns are permissible on select CHFA programs. Please reference the appliable Program matrix for eligibility.

section 402: making a lock

CHFA accepts Locks through HomeConnection, located on CHFA's website at chfainfo.com. HomeConnection Locks may be made on Business Days from 9:30am to 10:00pm MT, except for scheduled or unscheduled system maintenance.

CHFA permits Participating Lenders to make Locks for Borrowers for a specific Program who meet the following criteria:

A. The Borrower has completed a Mortgage Loan application with a Participating Lender, which makes a preliminary determination that the Borrower is credit-worthy and qualified for the Mortgage Loan (CHFA strongly urges Participating Lenders to obtain full loan approval prior to making a Lock).

B. The Borrower has a fully executed purchase contract for a Property, unless the Mortgage Loan is a refinance, and the Property meets eligibility criteria for the Program.

C. The Participating Lender has determined that the Borrower meets the Income Limits and other eligibility requirements for the applicable Program.

D. The Borrower has or will have the funds available by Mortgage Loan closing for the CHFA Minimum Borrower Financial Contribution (see Chapter 2, Eligibility Requirements).

E. The Participating Lender must provide the Automated Underwriting System Case Number (if any), the lowest middle credit score, and the Borrower's debt-to-income ratio. If the Borrower has less than three credit scores, the Participating Lender should use the lowest score.

F. CHFA SectionEight[sm] Homeownership Locks

Only CHFA SectionEight Homeownership-approved loan officers of a Participating Lender may make a Lock for the CHFA SectionEight Homeownership Program.

section 403: lock acceptance

Upon completion of a Lock, a loan number for the First Mortgage Loan will be assigned. A separate loan number will be assigned for any CHFA Second Mortgage Loan, and Mortgage Credit Certificate, if applicable. Participating Lenders may view their existing Locks and loan status within HomeConnection.

Participating Lenders can obtain the Lock Confirmation Letter from HomeConnection for their files.

Participating Lenders can track a Mortgage Loan's progress through CHFA's HomeConnection by referring to the Status field on the Pipeline page.

Receipt of a CHFA loan number or a pipeline status indicating "Reserved" does not mean that CHFA has determined a Borrower or the Property are in compliance with Program requirements.

section 404: lock period, lock extension(s), and lock expiration

Participating Lenders must close the Mortgage Loan, deliver all required documents to CHFA for review, and have the loan purchased by CHFA prior to or on the Lock Expiration date.

If a Mortgage Loan has not been delivered and remains in reserved status upon the Lock Expiration date, the Lock will automatically be canceled on day 61. Canceled Locks may be reinstated or relocked following the policies found in Section 407.C of the CHFA Seller's Guide.

The Participating Lender may extend a Lock in HomeConnection for 10 days, provided such request is submitted by or on the Lock Expiration date and has not moved into a Funding status. A 10-Day Lock Extension Fee for 0.125 percent of the Original Principal Balance (OPB) of the First Mortgage Loan will be assessed.

Note, automatic cancelation occurs the day after the 10-day extension if another extension has not been initiated by the lender.

If a Mortgage Loan has been delivered, but not approved for purchase due to missing and/or incorrect documentation, the lender may continue to extend the Lock. Or, by the Lock Expiration date, CHFA will automatically charge the Participating Lender a 10-Day Lock Extension Fee of 0.125 percent of the OPB providing an additional 10 days for the Participating Lender to have the loan purchased by CHFA.

The 10-Day Lock Extension Fee will be assessed and reoccur automatically every 10 days until the loan is purchased, with a maximum of six extensions. With each extension, a new Lock Confirmation will be generated indicating the new Lock Expiration date, as well as a Lock Extension Notice indicating the new Lock Expiration date and the fee assessed.

Regardless of status and after the sixth extension, on day 121, the loan will be automatically canceled. A Lock canceled at day 121 may be reinstated. However, reinstatement will be at the discretion of CHFA's Secondary Marketing Department, and a Rate Adjustment Fee may be assessed.

section 405: lock changes and transfers

While the Mortgage Loan is in reserved status, Participating Lenders can change certain Lock information, including but not limited to: Program, loan product, and First Mortgage and Second Mortgage Loan information, including Purchase Price and down payment assistance amounts. Lock information that can be changed or updated will be visible in HomeConnection. In addition, Participating Lenders can cancel a Lock, extend a Lock, reinstate a Lock, and relock a canceled Lock for the same Borrower and Property.

If the Mortgage Loan is not in reserved status, Participating Lenders cannot make changes in HomeConnection. If changes need to be made after the file checks in for review, Participating Lenders can submit CHFA Form 704 by email to chfalockdesk@chfainfo.com.

At time of Purchase, Participating Lenders cannot change the amount of the CHFA down payment assistance in HomeConnection. The CHFA Loan Analyst will enter the actual amount of the CHFA down payment assistance as stated on the final Closing Disclosure.

Furthermore, Locks are not transferable between Lenders, Borrower(s), or Properties. Should the Lender, Borrower(s) or Property change, the original loan will need to be canceled in HomeConnection or by submitting CHFA Form 704. Only after the previous Lock has been canceled can a new Lock be made by submitting CHFA Form 707. New Locks will be at the current market rate. Technical assistance is available by emailing chfalockdesk@chfainfo.com or calling 888.320.3688.

section 406: canceled or expired locks

CHFA requires Participating Lenders to cancel Locks promptly, and CHFA expects Participating Lenders to report the reason for the Lock cancelation. A loan may be canceled in HomeConnection or by submitting CHFA Form 704 to chfalockdesk@chfainfo.com.

A. Cancellation Policy

CHFA expects "mandatory delivery" from the Closing Date to Purchase, and will monitor all cancellations and expirations. Some examples of acceptable cancellation reasons include, but are not limited to, the buyer canceled after an unacceptable inspection or appraisal; the buyer lost his/her job; the Seller canceled the transaction and returned the earnest money; and any reason that would cause the Participating Lender to issue an Adverse Action Notice. Unacceptable reasons may include, but are not limited to, the Participating Lender closed the Mortgage Loan but did not sell it to CHFA or the Participating Lender did not determine that the Borrower met CHFA requirements prior to making a Lock. Participating Lenders that do not produce evidence of an acceptable cancellation reason in CHFA's sole discretion may be charged a $100 Cancellation Fee for each canceled Lock.

CHFA may suspend for Purchase all Mortgage Loans for any Participating Lender if any and all required fees are not paid in a timely manner. Applicable fees and penalties as described in Section 405 will continue to accrue. Participating Lenders are expected to monitor and manage their pipeline.

B. Canceling a Lock

Any Lock in reserved status may be canceled by the Participating Lender using HomeConnection. Once the Mortgage Loan has been submitted and the loan checks in for Program Compliance Review or Prefunding Review, the Lock may be canceled by submitting a completed CHFA Form 704, Change or Cancellation of Lock.

C. Relocking a Canceled Lock

If a Participating Lender would like to relock a canceled Lock, for the same Borrower and Property, the following options are available:

1. The Participating Lender may have the canceled Lock reinstated within 30 days of cancelation. All terms including Interest Rate, including any permanent Interest Rate buydown if applicable, and Lock Expiration date of the canceled Lock apply.

2. The Participating Lender may lock a new loan at current market rate 31 calendar days from the Lock cancellation date.

3. If relocking within 10 calendar days of the original Lock Date, the Participating Lender may Lock a new loan subject to worst-case pricing and a relock fee of $250.00. A new Lock Expiration date will be established.

4. If relocking after 10 calendar days, of the original Lock date, but within 30 calendar days of the Lock cancellation date, the Participating Lender may Lock a new loan subject to worst-case pricing and a cost of 0.35 percent of the First Mortgage Loan amount OPB. A new Lock Expiration date will be established.

Relock fees may be paid by the Borrower, Participating Lender, real estate agent, builder, or Seller of the Property, provided all such fees and payments comply with all applicable state and federal laws, regulatory requirements and applicable FHA, VA, USDA-RD, Fannie Mae, and Freddie Mac requirements. The fee will be debited against the funded loan balance as illustrated on the CHFA Purchase Advice.

section 407: servicing release premium adjustment and rate adjustment fees

A Servicing Release Premium Adjustment Fee may be charged if a Lock expires and the Mortgage Loan has not been sold to CHFA, and for which the Participating Lender has accepted four or more payments from the Borrower. The Servicing Release Premium Adjustment Fee in such circumstances will be determined at CHFA's sole discretion and will be based upon market conditions and pricing at the time the subject Mortgage Loan is purchased.

If the Mortgage Loan is closed at the wrong Interest Rate, and the Note Interest Rate is higher than the locked Interest Rate, the Participating Lender must reclose the Mortgage Loan at the correct Interest Rate before CHFA will Purchase the Mortgage Loan.

Additionally, Mortgage Loans closed with a Note Interest Rate that is lower than the locked Interest Rate will, if purchased, be subject to a Rate Adjustment Fee at least equal to the cost to buy down the locked Interest Rate to the Note Interest Rate over the Mortgage Loan term. Notwithstanding the foregoing, CHFA is under no obligation to purchase a Mortgage Loan closed at an Interest Rate that differs from the locked Interest Rate.

chapter 5
program compliance review procedures

section 500: general information

CHFA Preferred (including CHFA Preferred VLIP), CHFA SmartStep, Colorado HFA1, CHFA Schools To Home, and CHFA Colorado Champions Mortgage Loans are not reviewed for CHFA Program Compliance prior to loan closing. Participating Lenders will Lock these Mortgage Loans in HomeConnection and then directly deliver these loans upon closing for CHFA Prefunding Review. These Mortgage Loans will no longer receive a CHFA Program Compliance approval. CHFA calls this the "Lock to Purchase" process.

All other Programs will continue to go through a CHFA Program Compliance Review.

Regardless of process, Participating Lenders must still ensure all applicable insurer, guarantor, Fannie Mae, and Freddie Mac guidelines are met prior to closing the Mortgage Loan. In addition, each Program has specific eligibility and programmatic requirements which must be met. Refer to Chapter 2, Eligibility Requirements, and Chapter 3, Programs, for these requirements. CHFA will not purchase Mortgage Loans that fail to meet all applicable requirements and/or guidelines.

Participating Lenders are responsible for determining that a Borrower has the financial ability to repay the Mortgage Loan. Such determination must be based on a thorough and objective evaluation of the Borrower's creditworthiness. Participating Lenders must also follow the underwriting guidelines of the applicable mortgage insurer, guarantor, Fannie Mae, or Freddie Mac. In addition, CHFA may have additional Borrower credit or credit score restrictions for any and/or all CHFA Mortgage Loan Programs. See applicable Program Matrix for specific guidelines.

section 501: chfa program compliance review

In a Program Compliance Review, CHFA Loan Analysts review specific documents to determine if a Borrower and the Property meet the` appropriate CHFA Program eligibility and programmatic requirements. CHFA Program Compliance approval is neither a commitment to Purchase nor an assurance that a loan meets applicable insurer/guarantor or Fannie Mae or Freddie Mac requirements.

CHFA requires submission of a full Program Compliance file at the time of Program Compliance Review for all CHFA FirstStep, CHFA FirstGeneration, CHFA HomeAccess, and CHFA SectionEight Homeownership Mortgage Loans. These loans must be underwritten and approved by a Participating Lender **prior** to submission for Program Compliance Review. Participating Lender should make sure such loans receive Program Compliance Review approval **prior** to proceeding with closing to help ensure eligibility of purchase by CHFA. CHFA FirstStep and CHFA HomeAccess Mortgage Loans require specific CHFA documents to be signed at closing. These documents only become available to you upon CHFA Program Compliance Review approval.

CHFA will perform a CHFA Program Compliance Review of Mortgage Loans within three Business Days after receipt of a complete CHFA Program Compliance Review file. If the Program Compliance Review results in a Mortgage Loan being referred for further review to determine CHFA eligibility or to verify the reasonableness of the transaction, the Participating Lender will be informed and notified of any further required documentation needed. At times, due to a high volume of Mortgage Loans, the maximum review time may exceed three Business Days. Any delays will be communicated to Participating Lenders through HomeConnection and CHFA eNews.

CHFA reserves the right to request additional documentation in the review of a Participating Lender's underwriting decision. Such requests may relate to issues such as, but not limited to, undocumented or poorly documented credit, excessive debt-to-income ratios, unpaid judgments or collections, previous foreclosures, Property inspection findings, or appraisal concerns. CHFA may decline to Purchase any Mortgage Loan that CHFA, in its sole judgment, determines would not be a prudent investment.

A. Document Delivery

Each Program has a checklist, available on CHFA's website at chfainfo.com, which lists all of the documents necessary for Program Compliance Review. All required documents must be submitted and reviewed prior to CHFA issuing approval for CHFA Program Compliance.

Lenders must use CHFA's electronic loan Document Delivery System, which can be accessed via HomeConnection. Instructions for utilizing this system are available on CHFA's website at chfainfo.com.

B. Other Documents

A CHFA Loan Analyst may specify additional items not necessary for CHFA Program Compliance approval, but which are necessary to Purchase a Mortgage Loan. All of these items must be in the Mortgage Loan Purchase file for CHFA to Purchase the Mortgage Loan.

chapter 6
calculating income for program eligibility

section 600: calculating income for program eligibility

A. Qualifying Borrower Income

For determining eligibility with Income Limits under all CHFA Programs other than the CHFA FirstStep and FirstGeneration Programs (collectively, the "Excluded Programs"), CHFA will accept the Qualifying Income utilized by the Participating Lender for determining Borrower eligibility for the Mortgage Loan type, and which complies with applicable insurer/guarantor or Fannie Mae or Freddie Mac guidelines. Except for the Excluded Programs, only the income utilized by the Participating Lender for purposes of credit-qualifying the Borrower(s), or applicable cosigner(s) in the case of HomeAcccess, will be required for purposes of determining eligibility under CHFA's Income Limits.

CHFA FHA Streamline Refinance does not require verification of income.

B. Calculating Gross Annual Income for the CHFA FirstStep and CHFA FirstGeneration Programs

1. CHFA's calculation of Gross Annual Income may differ from a Participating Lender's income calculation for qualifying purposes. Gross Annual Income is equal to the current total gross annual income for:

   - all Borrowers and Co-borrowers, and
   - any spouse or civil union partner of any Borrower or Co-borrower who will reside in the residence.
   - IRS regulations also include "and any other individual who is expected to both live in the residence and to be secondarily liable on the Mortgage Loan, such as a guarantor or co-signor, if applicable." However, CHFA does not currently allow guarantors or co-signors under the above-referenced Programs.

2. If the loan application indicates that the Borrower or Co-borrower is married or in a civil union, the income of the specified spouse/civil union partner who will occupy the Property must be included. All sources of income for all such individuals, from whatever source derived and before taxes or withholdings, calculated in the manner required by Section 143(f)(2) of the Code, must be included.

   Income Limits are available on CHFA's website at chfainfo.com and are subject to change at any time.

C. Required Documentation

In addition to insurer/guarantor or Fannie Mae or Freddie Mac required documentation, CHFA requires the following documentation.

1. Verification of Employment. For CHFA's Program Compliance review, a Verification of Employment (VOE) is required for all Borrowers. The VOE should include the total compensation for the previous year and the year-to-date amount earned. Overtime, bonuses, and other compensation should be noted on the VOE. VOEs should be signed by a representative of the employer or by a third-party business financial advisor or accountant in the case of a Borrower employed by a family business. VOEs may not be signed by a member of the Borrower's family.

   As an alternative, CHFA will accept a verbal VOE, completed by the Participating Lender, combined with paystubs.

2. Paystubs. Paystubs from employers are required by CHFA at Program Compliance Review for all Borrowers. The maximum "age" of a paystub will be in accordance with applicable insurer/guarantor or Fannie Mae or Freddie Mac guidelines. If the paystub does not reflect year-to-date income, supporting documentation, such as a copy of the payroll ledger or a letter from the employer, is required.

3. Prior Year Federal Tax Returns. Prior year tax returns are required for all borrowers utilizing the CHFA FirstStep and CHFA FirstGeneration Programs. Tax returns are not required for all other CHFA Programs unless required by applicable Automated Underwriting System (AUS) findings or manual underwriting guidelines. In instances when tax returns are required:

   - Transcripts of the Borrower's tax returns are acceptable.
   - For Locks made on or after the tax filing deadline of a respective year, the Borrower's prior year tax return is required.
   - Filing extensions will not be accepted in lieu of the tax return.
   - If a Borrower was not legally required to file taxes, a letter of explanation signed by the Borrower will be required.

4. Self-employment Income Documentation. A household member with a 25 percent or greater interest in a business is considered by CHFA to be self-employed. Self-employed Borrowers must provide their personal Federal Income Tax Returns, Business Tax Returns, or Corporate Tax Returns for the previous year and year-to-date Profit and Loss Statement.

   When calculating Gross Annual Income for Borrowers whose income is reported on Schedule C, CHFA adds the net earnings from Schedule C, any depreciation or any mileage deducted, and the year-to-date net income on the Profit and Loss Statement, then divides the total by the number of months covered by Schedule C and the Profit and Loss Statement. Please note, losses from self-employment cannot be used to offset Gross Annual Income to meet CHFA programmatic income eligibility.

5. Income Verification. CHFA requires documentation from all taxable and nontaxable sources of income. CHFA calculates Gross Annual Income from all sources as follows:

   a. Any monthly gross pay; any additional income from overtime, part-time employment, bonuses, and any similar income. This amount is annualized for sums received year-to-date; however, if the Borrower has received a raise (or a VOE shows a raise in the next 60 days), the higher monthly income will be treated as the monthly gross pay and projected forward. Similarly, if the Borrower has ceased working overtime, and this is confirmed in writing by the employer, the amount earned to date will be annualized and will not be projected forward. If the Borrower has ceased working a second job and this is confirmed in writing in the VOE or by the employer, this additional income will not be counted. Voluntary pretax withdrawals such as 401(k) or Section 125 flex spending accounts, should not be deducted.
   b. Recurring payments from retirement funds, pensions, Veterans Administration compensation, insurance policies or annuities, unemployment benefits, workers' compensation benefits, sick or short-term disability compensation, TANF assistance, or any other state or federal public assistance must be included in Gross Annual Income.
   c. All tax-free income, including Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) must be included in Gross Annual Income calculation. The following are acceptable sources of verification:
      i. Federal tax returns, or a more recent bank statement showing receipt of Social Security income;
      ii. A Proof of Income Letter (sometimes referred to as a Budget or Benefits Letter); or

iii. A copy of the Social Security Administration Benefit Statement, SSA-1099/1042S.

If the Notice of Award or equivalent document does not have a defined expiration date, CHFA considers this income likely to continue, and additional documentation is not required.

d. Maintenance and child support must be included in determining Gross Annual Income. The Borrower must provide a copy of the separation and divorce agreement stipulating the amount of maintenance and/or child support to be received. The Participating Lender must also provide proof through court documents, wage garnishments, or canceled checks that the maintenance and/or child support is being received. If documents indicate that child support should be received, but in fact is not being received (and therefore should not be considered as income for eligibility purposes), the Participating Lender must provide proof of non-receipt through the Family Register, bank statements, or other third-party records.

e. Section 8 housing assistance from a Public Housing Authority must be included in the Gross Annual Income calculation. See Chapter 3, Programs, for details on how Section 8 payments may be used.

f. Gross Annual Income for members of the Armed Forces includes base pay, special pay, combat pay, active duty pay, plus any additional payments for housing, rations, uniforms, etc.

g. Income from dividends, interest, investments, net rental income, and capital gains from the sale of an asset, royalties, and trusts for all family members must be included in calculating total Gross Annual Income.

   i. Any income from rents should be calculated as follows: Take the monthly amount received for rent per the applicable lease agreement and subtract the principal, interest, taxes, and insurance (PITI) and HOA payment, if applicable. If this results in a loss for the Borrower, such rental income would not be counted in Borrower's Gross Annual Income, nor would such loss be deducted from total Gross Annual Income. If, however, such calculation results in a profit, such profit should be counted toward the Borrower's Gross Annual Income.

h. Year-to-date lottery winnings, gambling winnings, and one-time bonuses must be included in gross income and annualized.

i. Allowances which are recurring, such as clothing and car allowances, must be included in income.

j. Income received from foster care must be counted for Gross Annual Income purposes; however, the individuals for whom care is being provided are also considered family members when determining family size.

k. Earned income of a child under the age of 18, who is not a Borrower, is not considered a component of Gross Annual Income.

l. Income earned by a Live-in Aide who is not a family member or who is also not a Borrower is not considered part of Gross Annual Income.

   i. If a Live-in Aide resides in the Property, CHFA must receive medical documentation that supports the need for a Live-in Aide. This verification may be a doctor's letter, statement, or prescription. Additionally, CHFA must receive verification that the Live-in Aide is capable of providing the necessary care.

   ii. CHFA may refuse to recognize an individual as a Live-in Aide if the individual:

      - commits fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program;
      - commits drug-related criminal activity or violent criminal activity; or

- currently owes rent or other amounts to a PHA in connection with Section 8 or public housing assistance under the Housing Act of 1937.

m. Not considered when determining Gross Annual Income are gifts, inheritances, out-of-pocket reimbursements, tuition reimbursement, or something similar like an expense reimbursement, sale, or liquidation of an asset (other than capital gains) including 401(k) or IRA withdrawals, or cash-out of annuities or life insurance policies. Do not include any anticipated income that has not been received year-to-date.

D. Calculating Gross Income from Paystubs

Gross Annual Income from paystub information will be calculated as follows:

1. Gross wages before any payroll deductions using year-to-date earnings to obtain an annual amount; or using the hourly, weekly, or monthly pay rate multiplied by the average number of hours worked per pay period and projecting forward.

2. Gross income from tips, gratuities, seasonal income, or commissions averaged from the previous year and the year-to-date tip, gratuity, seasonal, or commission earnings to obtain an annual amount.

3. Gross income earned from overtime or part-time employment, determined by averaging the year-to-date part-time and overtime income and projecting forward.

chapter 7
loan purchase procedures

section 700: general information

Per C.R.S. 29-4-712(2), at the time of transfer of a Mortgage Loan to CHFA, a Participating Lender must certify that in its judgment the Mortgage Loan would in all respects be a prudent investment at the Purchase Price paid. Each Mortgage Loan must conform to all applicable terms and conditions set forth in this Guide and in the Mortgage Purchase Agreement. CHFA reserves the right at all times to decline to Purchase any Mortgage Loan offered by a Participating Lender that CHFA determines, in its sole judgment, does not conform to this Guide and the Mortgage Purchase Agreement.

A First Mortgage Loan must be originated by a Participating Lender, according to all applicable mortgage lending laws, rules and regulations, and insurer/guarantor, and Fannie Mae or Freddie Mac requirements. The Participating Lender must use Mortgage Loan documents that are approved by the mortgage insurer or guarantor or Fannie Mae or Freddie Mac, as applicable, or provided by CHFA.

The Participating Lender must use Mortgage Loan documents that are approved by the mortgage insurer, guarantor, or Fannie Mae or Freddie Mac, as applicable, or provided by CHFA. Current CHFA documents are available on CHFA's website, at chfainfo.com through HomeConnection[sm], and/or through a document preparation system that is approved to provide CHFA forms. Participating Lenders must use the most recent versions of forms available. All applicable Mortgage Loan documents must be promptly and correctly recorded with the appropriate County Clerk and Recorder's Office. After closing, the Participating Lender must submit the Mortgage Loan to CHFA according to the procedures outlined in this Chapter.

section 701: chfa first mortgage loan requirements

The following requirements are applicable to all CHFA First Mortgage Loans.

A. Mortgage Loan Amount

There is no minimum Mortgage Loan amount. Refer to a Program's matrix for the maximum total Mortgage Loan amount.

The full principal amount of the Mortgage Loan must have been advanced to the Borrower or advanced in accordance with the direction of the Borrower prior to CHFA's Purchase of the First Mortgage Loan. The Borrower must not have an option under the First Mortgage Loan to borrow, from the Participating Lender or any other person, additional funds secured by the lien of the First Deed of Trust. The full amount of the First Mortgage Loan must be as represented by the Participating Lender to CHFA and must be fully secured by the First Deed of Trust.

For First Mortgage Loans in the CHFA FHA Streamline Refinance Program, the new First Mortgage Loan amount must be equal to the current unpaid principal balance of the existing CHFA First Mortgage Loan that is being refinanced. Program requirements do not permit inclusion of any fees or costs in the new First Mortgage Loan amount or any cash out of the transaction to Borrowers.

B. Payment Amount

The First Mortgage Loan must provide for equal monthly payments of principal and interest due on the first day of the month.

C. First Payment Due Date

The first monthly principal and interest payment of the First Mortgage Loan will typically be due on the first day of the second month following the month in which the First Mortgage Loan was closed. However, if a Mortgage Loan closes and funds on the first day of the month, no interest is due, or if an interest credit is applied, the Borrower's monthly payments will be due on the first day of the first month following the month in which the First Mortgage Loan was closed. Interest credits are not allowed on any loan when a Housing Choice Voucher is utilized.

Please be advised that if the first payment is due on the first day of the first month following the month in which the First Mortgage Loan was closed, the Participating Lender will be required to receive the first payment prior to the loan being eligible for Purchase. This may result in a delay of the loan being Purchased and will be subject to applicable fees being assessed in accordance with CHFA's Lock Policy.

D. Valid First Lien

The First Mortgage Loan must be secured by a Deed of Trust constituting a valid first lien on the Property. The Property must be free and clear of all prior encumbrances and liens, and no rights may be outstanding that could give rise to such liens, subject only to exceptions previously approved in writing by CHFA and by the First Mortgage Loan insurer or guarantor.

E. Promissory Note, First Deed of Trust, and Riders

Each Promissory Note and First Deed of Trust must be legal, valid, and binding obligations of the Borrower, enforceable in accordance with their terms, free of any right of set-off, counterclaim, or other claim or defense. No part of the Property may have been released from the lien of the First Deed of Trust. The terms of the First Mortgage Loan must not be modified, amended, waived, or changed, except as set forth in a written modification recorded with the appropriate recording office. The Participating Lender must use the appropriate Promissory Note, First Deed of Trust, and rider documents as required by the First Mortgage Loan insurer, guarantor, or investor. In the case of conventional First Mortgage Loans, the Promissory Note and First Deed of Trust must be on forms approved by Fannie Mae or Freddie Mac, as applicable.

The Participating Lender must use CHFA Form 220, Tax-exempt Financing Rider, on all Mortgage Loans originated under CHFA Tax-exempt Programs. The Rider will be attached to and recorded simultaneously with the First Deed of Trust.

The appropriate boxes on the Deed of Trust listing all required riders, including CHFA Form 220, Tax-exempt Financing Rider, shall be checked and all riders attached prior to recording.

Corrections to the Deed of Trust must be completed using CHFA Form 205, Modification of Promissory Note and Deed of Trust.

If a Participating Lender closes a Mortgage Loan at an Interest Rate lower than that which was Locked, the Participating Lender must pay the Rate Adjustment Fee to permanently buy down the Interest Rate over the term of the Mortgage Loan. If the Mortgage Loan is closed at an Interest Rate higher than that which was Locked, the Participating Lender must reclose the Mortgage Loan at the correct Interest Rate before CHFA will Purchase the Mortgage Loan.

Please note:

1. If there is an initial line on any page of the Promissory Note or Deed of Trust, the line must be initialed by Borrower(s).

2. Lender Endorsement

a. Must be payable to Colorado Housing and Finance Authority
b. Must state, "Without Recourse"
c. Must include Lender Printed Name and match the Originating Lender on section 1 of the Note
d. Must include authorized signor's Signature (stamps not permitted)
e. Must include authorized signor's Printed Name
f. Must include authorized signor's Printed Title
g. Must not be dated
h. Example:
PAY TO THE ORDER OF: Colorado Housing and Finance Authority
WITHOUT RECOURSE
Company Legal Name

By: _____

Title: _____

i. Note endorsement must reflect the correct order of transfer of the Promissory Note

F. Mortgage Electronic Registration System (MERS)

Participating Lenders must follow MERS membership processing guidelines, contained in the MERS Procedures Manual, Release Bulletins, and Rules of Membership.

The CHFA First Mortgage Loan should be closed using a MERS as Original Mortgagee (MOM) Deed of Trust, which must be recorded in the appropriate county.

Should the Mortgage Loan be closed using a non-MOM Deed of Trust, the assignment to MERS must be executed by the Participating Lender. CHFA Form 230M, Assignment of Deed of Trust (to MERS), is available at chfainfo.com.

If the Mortgage Identification Number (MIN) is omitted or incorrect on the MOM Deed of Trust and/or Assignment, a Mortgagee Affidavit (available on the MERS website, mersinc.com) is required to add and/or correct the MIN number. The Mortgagee Affidavit, recorded in the appropriate county, is required at Final Documents.

Upon Purchase of a First Mortgage Loan by CHFA, the Participating Lender must initiate the transfer of servicing and beneficial rights in the MERS System (mersinc.com) within five calendar days after purchase of the Loan.

CHFA's MERS OrgID number is 1008017.

G. Tax Service Fee

In connection with the Purchase of each First Mortgage Loan, CHFA charges the Participating Lender a one-time Real Estate Tax Service Fee. This fee may be charged to the Borrower if permitted by the applicable insurer/guarantor or Fannie Mae or Freddie Mac. Refer to the applicable Program matrix for the current cost of the Tax Service Fee.

H. Escrow Payments

The First Mortgage Loan must provide for the monthly collection of escrow payments, along with the monthly payment of principal and interest. Escrow payments include those funds collected for payment of taxes, assessments, hazard insurance, HO-6 insurance (condominium unit walls-in coverage), or other insurance premiums or payments to the Mortgage Loan insurer or guarantor. Regardless of LTV, CHFA will not waive escrows.

The Participating Lender must notify the Borrower that CHFA does not escrow for Homeowners Association dues.

For the CHFA FHA Streamline Refinance Program, Participating Lenders must collect sufficient escrow funds to establish the escrow account for the new First Mortgage Loan. The remaining funds in the existing escrow account for the original Mortgage Loan will be refunded to the Borrower within 60 days after closing.

I. Maintenance of the Property

The Mortgage Loan documents must obligate the Borrower to maintain the Property in good repair and condition. The Property must be free from liens and encumbrances that may attain priority over the First Deed of Trust securing the First Mortgage Loan. Hazard and flood insurance must be maintained according to the requirements in this Chapter. The Participating Lender must advise the Borrower of the obligation to carry hazard insurance, and, if necessary, additional condominium insurance and flood insurance.

J. Taxes and Assessments

Taxes and assessments are payable in arrears and all taxes and assessments due must be paid at closing.

During the Participating Lender's servicing of the Mortgage Loan prior to CHFA's Purchase of the Mortgage Loan, the Participating Lender must fully service the Mortgage Loan, including, but not limited to, paying all tax and assessments due and payable.

For any Purchase Loan closed on or after January 1st, all prior years' property taxes must be paid at the time of closing.

Special assessments must be paid in full, unless otherwise authorized by CHFA in writing.

K. Private Mortgage Insurance (PMI) for Conventional Mortgage Loans

Unless provided otherwise for a particular CHFA Program, Conventional Mortgage Loans with a loan-to-value ratio greater than 80 percent must have Private Mortgage Insurance through a CHFA-approved Private Mortgage Insurance company.

CHFA will not accept loans with "Reduced MI," "Lower-Cost MI," or "Custom MI," regardless of Automated Underwriting System (AUS) findings that allow for less coverage unless indicated on the Program matrix. Minimum coverage amounts will be indicated on the applicable Program matrix.

If the PMI Company's coverage requirement differs from CHFA's requirements, the higher coverage requirement shall apply. If the AUS findings allow for a lower coverage amount, the Participating Lender must rerun the AUS with the correct minimum coverage amount to ensure that the Borrower qualifies for the Mortgage Loan with the required mortgage insurance coverage rate.

It remains the Participating Lender's responsibility to ensure that the proper level of mortgage insurance coverage is in place at the time of closing a Mortgage Loan. In addition, the Participating Lender must ensure that Mortgage Insurance Certificates/Endorsements are reflected on acceptable master policy forms as required by the Fannie Mae Selling Guide and Freddie Mac Seller/Servicer Guide, as applicable. For acceptable master policy forms, refer to the Fannie Mae Approved MI Forms List and the Freddie Mac Approved MI Exhibit.

CHFA will either decline to Purchase or will initiate Repurchase for any Mortgage Loan that does not have a valid mortgage insurance certificate, or where the Borrower did not qualify for the Mortgage Loan with the required mortgage insurance coverage.

L. Mortgage Insurance Premiums

The Participating Lender is responsible for remitting the initial or upfront mortgage insurance premium to the mortgage insurer or guarantor. The Participating Lender is also responsible for remitting any monthly mortgage insurance premiums due to the insurer or guarantor until the Mortgage Loan is Purchased and being serviced by CHFA. CHFA will not reconcile any monthly mortgage insurance premiums paid to the insurer or guarantor by the Participating Lender unless the Participating Lender requests the reconciliation within 30 calendar days after the Purchase date.

M. Life of Loan Flood Determination

Participating Lenders must order a Life of Loan Flood Certificate (Certificate) and transfer the Certificate to CHFA after Purchase.Participating Lenders must ensure the flood determination provider and Certificate meet insurer, guarantor, Fannie Mae, or Freddie Mac requirements and any other legal or regulatory requirements as applicable. A copy of the transfer request must be provided to CHFA.

N. Rescission

New First Mortgage Loans in the CHFA FHA Streamline Refinance Program are subject to applicable regulatory and other legal requirements relating to lender disclosures and consumer rights including, but not limited to, the Right of Rescission, as defined by the federal Truth in Lending Act and Regulation Z. Participating Lenders must comply with all such requirements.

section 702: chfa fha streamline refinance

Prior to scheduling a Loan Closing, the Participating Lender must request a payoff of the existing CHFA First Mortgage Loan. If, as part of the refinance transaction, a CHFA Second Mortgage is being subordinated, then to ensure that the CHFA Second Mortgage Unpaid Principal Balance is not included in the payoff, the Participating Lender must clearly note that the payoff is for the CHFA First Mortgage only through the CHFA FHA Streamline Refinance Program, specifying the applicable Program name.

The payoff request must include:

- The Borrower's name and property address
- The payoff effective date
- The Borrower's existing CHFA First Mortgage Loan and CHFA Second Mortgage Loan numbers
- Completed Borrower's Third-Party Authorization form

Payoff request forms are available on CHFA's website or in HomeConnection. Payoff requests may be emailed to CHFApayoff@yourmortgageonline.com or faxed to 847.574.7512.

The Participating Lender can obtain the completed CHFA Form, 724, Subordination Agreement, via HomeConnection generally within two Business Days of the CHFA Program Compliance approval.

section 703: chfa dpa grants

A. CHFA DPA Grant Requirements

General CHFA DPA Grant requirements can be found in Section 304.A of this Seller's Guide.

The CHFA DPA Grant is only available on specified loan Programs.

B. DPA Grant Award Letter

CHFA will issue a DPA Letter on CHFA Form 501, Down Payment Assistance Grant Award Letter (FHA-insured loans), or CHFA Form 502, Down Payment Assistance Grant Award Letter (VA- or USDA-RD-insured loans), to the Participating Lender when the loan is locked.

section 704: chfa dpa second mortgage loan

A. CHFA DPA Second Mortgage Loan Requirements

General CHFA DPA Second Mortgage Loan requirements can be found in Section 304.B of this Seller's Guide.

The CHFA DPA Second Mortgage Loan is only available on specified loan Programs.

B. CHFA DPA Second Mortgage Loan Award Letter

CHFA shall issue a CHFA Form 368, DPA Letter, to the Participating Lender for a CHFA DPA Second Mortgage Loan, provided such loan has been approved by CHFA to be closed in CHFA's name and delivered to CHFA in connection with the closing and delivery to CHFA of a related First Mortgage Loan.

The DPA Letter will be made available in HomeConnection upon Lock for all CHFA SmartStep and Colorado HFA1 Mortgage Loans. The DPA Letter will only become available in HomeConnection upon CHFA Program Compliance approval for all CHFA FirstStep, CHFA FirstGeneration, CHFA HomeAccess, and CHFA SectionEight Homeownership Mortgage Loans. DPA Letters are not issued for the CHFA Preferred Plus Program or CHFA Preferred Very Low Income Program.

The Participating Lender shall obtain the signature of each of the Borrower(s) on the DPA Letter at closing, returning a copy of the executed letter in the Purchase file submitted to CHFA.

C. Mortgage Loan Amount

The maximum CHFA DPA Second Mortgage Loan amount is the lesser of $25,000 or 4 percent of the associated total CHFA First Mortgage Loan's Original Principal Balance (OPB), except CHFA FirstGeneration or CHFA HomeAccess, which may receive up to $25,000 regardless of CHFA First Mortgage Loan amount, and CHFA Schools To Home, which may go up to 25 percent of the CHFA First Mortgage Loan amount. The full principal amount of the CHFA DPA Second Mortgage Loan must have been advanced to the Borrower or advanced in accordance with the direction of the Borrower prior to the Purchase of the CHFA DPA Second Mortgage Loan by CHFA. The full amount of the CHFA DPA Second Mortgage Loan must be as represented by the Participating Lender to CHFA and must be fully secured by the Second Deed of Trust.

D. Valid Second Lien

The CHFA DPA Second Mortgage Loan must list CHFA as the mortgagee and be secured by a CHFA Second Deed of Trust constituting a valid second lien on the Property. The Property must be free and clear of all prior encumbrances and liens except the CHFA First Mortgage Loan, and no rights may be outstanding that could give rise to such liens, subject only to exceptions previously approved in writing by CHFA and by the First Mortgage Loan insurer or guarantor.

E. CHFA Form 307, CHFA Second Mortgage Loan Promissory Note, and CHFA Form 314, CHFA Second Mortgage Loan Deed of Trust

Each Promissory Note and Second Deed of Trust must be legal, valid, and binding obligations of the Borrower, enforceable in accordance with their terms, free of any right of set-off, counterclaim, or other claim or defense. No part of the Property may have been released from the lien of the Second Deed of Trust. The terms of the CHFA DPA Second Mortgage Loan must not be modified, amended, waived, or changed, except as set forth in a written modification recorded with the appropriate recording office.

F. Disclosures

CHFA relies on its Participating Lenders to comply with any and all applicable legal and regulatory disclosure requirements. Participating Lenders should follow their company's compliance and/or legal guidelines regarding the TILA-RESPA Integrated Disclosure Rule (TRID), the Truth-in-Lending Act (TILA), and the Real Estate Settlement Procedures Act (RESPA). If a Mortgage Loan is for any reason found not to be in compliance with such disclosure requirements, it may be subject to Repurchase.

CHFA will rely on Participating Lenders to determine the required disclosures and disclosure contents under TRID, TILA, and RESPA. Furthermore, all disclosures should be generated through the Participating Lender's system. For CHFA DPA Second Mortgage Loans which meet all of the partial exemption criteria under 12 CFR 1026.3(h), Lenders should ensure the disclosure requirements under such exemption are met. Lenders should follow their company's compliance and/or legal guidelines regarding the disclosure requirements under TRID, TILA, and RESPA.

CHFA will rely on its Participating Lenders to comply with TRID, TILA, and RESPA requirements. Participating Lenders should consult their compliance and/or legal departments for guidance to ensure any loan sold to CHFA meets those requirements.

section 705: title insurance requirements

The CHFA First Mortgage Loan must be insured by a title insurance policy, the benefits of which must inure to CHFA. A Short Form Residential Loan Policy (Revised 07.01.2021) is required unless it is not available from the title insurance company. If not available, a full policy (ALTA Loan Policy 07.01.2021) must be provided. The Policy must be received by CHFA within 90 calendar days after Purchase. The title insurance policy must be issued by a title insurance company acceptable to the First Mortgage Loan insurer or guarantor or, in the case of insured conventional First Mortgage Loans, acceptable to Fannie Mae or Freddie Mac, and/or CHFA. The title evidence must ensure that the title is acceptable and that the First Mortgage Loan constitutes a first lien on a fee simple or, in the case of Land Trusts, a leasehold estate.

The Title Policy must include all required endorsements. If the final policy is not a Short Form Residential Loan Policy, then a policy jacket must be included.

Title insurance is not required on CHFA Second Mortgage Loans.

A. Insured

The name of the insured must be the name of the Participating Lender, its successors, and/or assigns.

B. Effective Date and Recording Date

1. Short Form Policy

    a. The Date of Policy should be no earlier than the date and time of recording of the First Deed of Trust, unless the Short Form Title Policy also includes language stating: "or the date of recording, whichever is later."

    b. When the Short Form Title policy does not have the language stating: "…or the date of recording, whichever is later," then the original Date of Policy, or the updated Date of the Policy per a Date Down Endorsement, must be no earlier than the date and time of recording of the First Deed of Trust. If the Deed of Trust is rerecorded then the original Date of Policy, or the updated Date of the Policy per a Date Down Endorsement, must be no earlier than the date and time of the rerecording of the First Deed of Trust.

2. Long Form Policy

    a. The Date of Policy or the Effective Date of the Policy must be no earlier than the date and time of recording of the First Deed of Trust. If the Deed of Trust is rerecorded then the Date of Policy, or the Effective Date of the Policy, must be no earlier than the date and time of the rerecording of the First Deed of Trust.

C. Amount of Coverage

The amount of the title insurance policy must be at least equal to the loan amount.

D. Prior Liens and Encumbrances

The title to the Property must be good and merchantable, and free and clear of all liens and encumbrances prior to the First Deed of Trust, except those permitted by CHFA, the Mortgage Loan insurer, guarantor, or, for a conventional insured Mortgage Loan, Fannie Mae or Freddie Mac.

E. Location Endorsement

Location endorsements are required for all Mortgage Loans. The title insurance policy must include a Colorado Form 100, or its equivalent, for all properties except for Condominium units, which require a Form 115.1, and Planned Unit Developments (PUDs), which require a Form 115.2 or its equivalent.

F. Environmental Protection Lien Endorsement

Environmental protection lien endorsements are required for all Mortgage Loans. ALTA Form 8.1 endorsement provides the required coverage.

G. Other Endorsements

Other required endorsements include those required by the Mortgage Loan insurer or guarantor, or for a conventional First Mortgage Loan, all endorsements as required by Fannie Mae or Freddie Mac. These include, but are not limited to:

1. Date Down: When the Deed of Trust is rerecorded, an endorsement showing the succession of title and bringing the date of the policy to the date of rerecording is required.

2. Condominium Units: a Colorado Form 115, 115.1, or an ALTA 4.1 endorsement or its equivalent is required.

3. PUD (Planned Unit Development) Project: a Colorado Form 115.2 endorsement or its equivalent is required.

4. Mineral Reservations: If the Title Commitment or Title Policy reflects severed mineral rights, Colorado Form 100.29 or 100.30 endorsement or its equivalent is required. The ALTA Endorsement 9 is an acceptable substitution for the 100.29 or 100.30.If the title company is unable or unwilling to provide any such endorsements, then the Participating Lender may be required to provide CHFA, in CHFA's discretion, an Indemnification Agreement covering against loss or damage to improvements on the Property from the use of the surface of the land for extraction or development of minerals.

5. Manufactured Housing: An ALTA Form 7 endorsement or equivalent containing the following language: "The term 'Land' as defined in this policy includes the manufactured housing unit located on the land at the date of policy."

6. Leasehold Estate: An ALTA Form 13.1-06 endorsement or its equivalent is required.

H. Unacceptable Title Exceptions

1. Real estate taxes must be shown as being current, or as being taxes not yet due and payable.

2. Survey exceptions are not acceptable unless the title company insures over the exceptions by a Form 103.2 or 103.3 endorsement, or its equivalent, and the encroachments do not violate the requirements of the Mortgage Loan insurer, guarantor, or investor.

3. Other minor impediments to the title are acceptable to CHFA only if:

   a. The Participating Lender warrants that they do not materially affect the marketability of the Property and agrees to indemnify CHFA, and its assigns, if a loss is later incurred that relates directly to the impediment; and

   b. The impediments are acceptable to the Mortgage Loan insurer, guarantor, or investor, or for a conventional First Mortgage Loan, to Fannie Mae or Freddie Mac. The Participating Lender must identify the impediment and provide the warranty and indemnity prior to closing.

I. Land Trusts Leasehold Estates Title Requirements

1. Lender's title insurance policy, or an endorsement to the policy, must expressly confirm:

   a. the recording of the complete community land trust ground lease or ground lease memorandum;

   b. the recording of the Community Land Trust Ground Lease Rider (Fannie Mae Form 2100, Freddie Mac Form 490, or other HUD-approved Ground Lease Rider);

   c. the First Mortgage Loan and any CHFA Second Mortgage Loan are valid liens on the land trust leasehold estate and the improvements;

   d. there are no existing mortgages or other liens on the fee estate, except as may be permitted under the Community Land Trust Ground Lease Rider;

   e. the ground lessor's reversionary interest is subordinate to the First Mortgage and any CHFA Second Mortgage liens;

   f. there are no related community land trust ground lease occupancy and resale restrictions, covenants, or agreements that "run with the land," and have been recorded apart from the ground lease; and

   g. compliance with any other specific requirements of the insurer or guarantor of the Mortgage Loan.

section 706: hazard and flood insurance requirements

The CHFA First Mortgage Loan must be covered by hazard insurance (and flood insurance, if applicable). CHFA Second Mortgage Loans need not be added to insurance policies.

A. Acceptable Carrier

An insurance carrier must have either a Best's general policyholder's rating of "B" or better, or a Best's Key Rating Guide financial performance index rating of "VI" or better to write the insurance policy.

B. Coverage

The hazard insurance policy must protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement. The coverage must provide for claims to be settled on a replacement cost basis. The Participating Lender must ensure that coverage is compliant with Colorado law and sufficient to meet applicable insurer/guarantor or Fannie Mae or Freddie Mac requirements.

If the subject Property is a condominium or located in a PUD that is subject to a blanket or master policy, the policy must meet applicable insurer and guarantor guidelines, or Fannie Mae or Freddie Mac guidelines for conventional loans. Please reference Section 203 for details.

C. Deductible

The maximum deductible allowed by CHFA for all perils coverage is $5,000. If insurance policy sets separate deductibles (dollar amount or percentage) for wind and hail coverage, policy must meet insurer, guarantor, Fannie Mae, or Freddie Mac guidelines.

Blanket or master policies must meet insurer and guarantor guidelines, or Fannie Mae or Freddie Mac guidelines for conventional loans.

D. Mortgagee Clause

The mortgagee clause should read: "Colorado Housing and Finance Authority, Its Successors, and/or Assigns". If the mortgagee clause is in the name of the Participating Lender, a transfer letter from the Participating Lender to CHFA is required.

1. Hazard Insurance, H06 Insurance, and Flood Insurance:
   Colorado Housing and Finance Authority, Its Successors and/or Assigns
   PO Box 961292
   Fort Worth, Texas 76161-0292

2. Private Mortgage Insurance and Flood Determination Certificate:
   Colorado Housing and Finance Authority, Its Successors and/or Assigns
   1 Corporate Drive, Suite #360
   Lake Zurich, Illinois 60047-8945

Additionally, the fax number for insurance declaration pages, policies, renewals, cancellation notices, and other associated insurance notices is 855.640.4865.

E. Condominium HO-6 Policy

Participating Lenders originating loans on condominium units must provide interior unit coverage ("walls in" HO-6 policy) unless the Participating Lender can document that the master policy provides the same interior unit coverage. This policy must include coverage for replacement of improvements and betterment coverage to cover any improvements that the Borrower may have made to the unit.

The HO-6 policy is in addition to the condominium association blanket insurance policy. The premiums for the HO-6 are paid by the Borrower and must be included in the amount escrowed.

section 707: mortgage loan purchase dates

CHFA will Purchase eligible Mortgage Loans each Business Day.

section 708: funding

A. CHFA Mortgage Loan Funding

The funded amount of the Mortgage Loan will be equal to 100 percent of the Unpaid Principal Balance (UPB) amount, adjusted by Funding Credits and Funding Debits listed below.

CHFA will transfer the Purchase funds to the Participating Lender by wire transfer. It is the Participating Lender's responsibility to keep CHFA advised of the current wiring instructions. CHFA reserves the right to limit the number of funding sources for any Participating Lender.

Amounts that are due to CHFA (e.g., escrow deficiencies), may be deducted from the funded amount.

+) Funding Credits
• First Mortgage Unpaid Principal Balance (UPB) • CHFA Second Mortgage UPB • Servicing Release Premium • CHFA DPA Grant • Par Premium • Early Purchase Premium • Non-metro Premium • Program Premium • Accrued Interest due Participating Lender • AMI Premium* • Credit Score Premium* • Low Loan Amount Premium*

(-) Funding Debits
• Accrued Interest due CHFA • Escrow Balance • Tax Service Fee • 10-day Lock Extension Fee(s) • Servicing Release Premium Adjustment Fee • Rate Adjustment Fee • MERS Registration Fee • Relock Fee • Permanent Buydown Fee

*Participating Lender may receive a maximum of two of the AMI, Credit Score, or Low Loan Amount Premiums.

B. Credit and Debit Descriptions

1. Accrued Interest. Accrued Interest will be calculated based upon the funding date and the next scheduled payment due date. Accrued interest is due to the Participating Lender if the Borrower has paid interest through a date past the Purchase date; accrued interest is due to CHFA if the Borrower has not paid interest up to the Purchase date.

   The CHFA DPA Second Mortgage Loan has a zero percent Interest Rate, and interest does not accrue.

2. CHFA DPA Grant. CHFA DPA Grant funds provided to the borrower by the Participating Lender at closing on behalf of CHFA.

3. CHFA HomeAccess First Mortgage Original Principal Balance (OPB). The OPB on the Purchase Advice must be the actual UPB at the time of Purchase.

4. CHFA Second Mortgage Loan Unpaid Principal Balance. The OPB of a CHFA Second Mortgage Loan less any payments or principal reductions prior to Purchase by CHFA.

5. CHFA SectionEight Homeownership Loan Original Principal Balance. The OPB on the Purchase Advice must be the actual UPB at the time of Purchase. CHFA may not acquire a CHFA SectionEight Homeownership Loan if the Participating Lender has received a monthly payment.

6. Credit Score Premium. A premium paid to Participating Lenders in the amount of 0.125 percent for loans to Borrowers with a mid-credit score of 700 or above.

7. Early Purchase Premium. A premium paid to Participating Lenders in the amount of 0.25 percent for Loans Purchased within 30 calendar days of Locking a Loan, or 0.125 percent for loans Purchased within 45 calendar days of Locking a Loan.

8. Eighty Percent of Area Median Income (AMI) Premium. A premium paid to Participating Lenders in the amount of 0.125 percent for Loans to Borrowers making less than 80 percent AMI of the HUD Colorado Statewide Safe Harbor Limit (SectionEight Homeownership excluded).

9. Escrow Balance. The escrow balance will be the actual escrow balance at the time of Purchase as noted on the Closing Disclosure or payment history, plus any scheduled escrow payments to be made by the Participating Lender, if necessary.

10. First Mortgage Unpaid Principal Balance. The UPB on the Purchase Advice will be the actual UPB at the time of Purchase as noted on the payment history, or it will be the projected amortized UPB following the last scheduled payment to the Participating Lender, if necessary.

11. 10-Day Lock Extension Fee. A fee charged by CHFA to the Participating Lender when a Mortgage Loan is not approved for Purchase within the Lock Period. The 10-day Lock Extension Fee will equal 0.125 percent of the OPB. The 10-day Lock Extension Fee may be applied up to six times.

12. Final Document Late Fee. A $250 fee charged by CHFA to the Participating Lender for every Mortgage Loan not in Post-closing Complete status within 121 calendar days after Purchase. A fee of $150 will be assessed every 31 days following until the loan is in Post-closing Complete status.

13. Low Loan Amount Premium. A premium paid to Participating Lenders in the amount of 0.125 percent for loan amounts under $75,000. The premium is calculated based on the OPB of the First Mortgage Loan amount.

14. MERS Registration Fee. If the Participating Lender is not a MERS Lender, the standard MERS Registration Fee will be assessed at the time of Purchase.

15. MIC/PMI Fee. A Mortgage Insurance Certificate (MIC) or Private Mortgage Insurance (PMI) Fee of $150 will be assessed on day 31 if the correct MIC or PMI required documentation has not been received. Thereafter, a fee of $150 will be assessed every 31 days until the condition has been cleared.

16. Non-metro Premium. A premium paid to a Participating Lender for a Mortgage Loan in a Non-metro Area. The premium is calculated based on the OPB of the First Mortgage Loan amount. Unless otherwise specified in the applicable Program matrix, the Non-metro Premium is calculated at 0.50 percent.

17. Par Premium. A premium paid to Participating Lenders in the amount of 0.25 percent on the OPB of the First Mortgage Loan amount for the CHFA FirstStep or CHFA FirstGeneration Loans with no down payment assistance.

18. Permanent Buydown Fee. A fee assessed to permanently buydown the Interest Rate on a CHFA First Mortgage Loan.

19. Program Premium. An additional premium may be paid to Participating Lenders for Loans originated for specific CHFA Loan Programs. The Program Premium, if any, will be paid on the OPB of the First Mortgage Loan, and will be disclosed on the Program matrix.

20. Rate Adjustment Fee. A Rate Adjustment Fee will be applied when the Mortgage Loan is closed at the wrong Interest Rate, where the Note Interest Rate is lower than the Locked Interest Rate. The Rate Adjustment Fee will equal the cost to buy down the Locked Interest Rate to the Note Interest Rate over the term of the Mortgage Loan.

21. Relock Fee. A Relock Fee will be applied if relocking a loan within 10 calendar days of the original Lock Date.

22. Servicing Release Premium. A Servicing Release Premium will be paid to the Participating Lender on all First Mortgage Loans. The premium is calculated based on the UPB on the Purchase Advice. The Servicing Release Premium is calculated at 1.5 percent. See the applicable Program matrix for additional premium(s).

23. Servicing Release Premium Adjustment Fee: A Servicing Release Premium Adjustment Fee may be charged if a Lock expires and the Mortgage Loan has not been sold to CHFA, and for which the Participating Lender has accepted four or more payments from the Borrower. The Servicing Release Premium Adjustment Fee in such circumstances will be determined at CHFA's sole discretion and will be based upon market conditions and pricing at the time the subject Mortgage Loan is Purchased.

24. Tax Service Fee. A fee of $70 for the monitoring of taxes which is deducted from the funds paid to the Participating Lender at the time of Purchase for each First Mortgage Loan. This fee may be charged to the Borrower if permitted by the applicable insurer/guarantor or Fannie Mae or Freddie Mac.

section 709: purchase reconciliations

Requests for a reconciliation of the Purchase Advice must include supporting documentation, such as a pay history, proof of payment, etc. CHFA will research all reconciliations against the Purchase Advice and payment history. If the Participating Lender makes a duplicate payment of any escrow amounts, the Participating Lender should contact the payee to request a refund. If the refund has been sent to CHFA, CHFA will reimburse the Participating Lender after receipt of the refund. CHFA will not work to reconcile any monthly mortgage insurance premiums paid in error by the Participating Lender to the insurer or guarantor. The Participating Lender should contact the payee directly to request reimbursement.

CHFA requires a separate reconciliation for each Mortgage Loan. CHFA is unable to accommodate bulk reconciliations. All reconciliation requests must be submitted to CHFA via email at reconciliations@chfainfo.com within 30 calendar days of Purchase.

At no time should a Participating Lender use a payment received from a Borrower in error as reconciliation for amounts due from CHFA. Any Mortgage Loan payments due CHFA should be forwarded directly to CHFA in their entirety.

Any funds to be applied to the Mortgage Loan after CHFA Purchase must be forwarded in the form of a check to CHFA at the address listed below. Wire transactions will not be accepted.

Colorado Housing and Finance Authority
Attention: Home Finance
1981 Blake Street
Denver, Colorado 80202

section 710: purchase delivery procedures

A. General Purchase Delivery Procedures

Mortgage Loans must be delivered to CHFA for Purchase within 10 calendar days after the Closing Date. Additionally, if a Mortgage Loan is not Purchased by CHFA prior to Lock Expiration, CHFA may decline to Purchase the Mortgage Loan.

See Chapter 4, Locking Loans, for further details about Lock Expiration and applicable extensions and fees.

Purchase delivery procedures are the same as those for Program Compliance delivery, except where otherwise noted in this chapter. When submitting a file, Lenders have the option of delivering either a paper file or an electronic file. If submitting an electronic file, Lenders must use CHFA's electronic loan document delivery system, which can be accessed via HomeConnection. Instructions for utilizing this system are available on CHFA's website at chfainfo.com.

If submitting a paper file, Lenders should remove all staples and secure the file with a binder clip or rubber bands. Do not hole punch documents. Paper files should be sent to: Colorado Housing and Finance Authority, 1981 Blake Street, Denver, Colorado 80202.

1. Purchase Documents

To enable CHFA to Purchase a Mortgage Loan, the Participating Lender must deliver specific documents to CHFA within the Delivery Period. Should any of the required documents be omitted from the Purchase package, for the First Mortgage Loan and/or the CHFA Second Mortgage Loan, the Mortgage Loan(s) will be suspended for Purchase and a fee will be assessed, if not cleared for Purchase within 10 calendar days after the date of suspension. Each Program has a checklist, available at chfainfo.com, which lists all the documents necessary for Purchase.

For all loans, discrepancies in the payment history provided by a Participating Lender related to the Borrower escrow account may result in a loan being suspended by CHFA. CHFA validates that the initial escrows from the Closing Disclosure are reflected on the payment history, and that all monthly mortgage insurance premium(s) due have been paid. Loans lacking evidence of compliance with CHFA's interim servicing requirements will be suspended until an updated payment history confirming such compliance is provided.

The Participating Lender must also send proof of activation of Private Mortgage Insurance on all conventional loans utilizing mortgage insurance. For FHA loans, Participating Lenders must provide the FHA Case Details Results evidencing payment of all required monthly mortgage insurance premiums due, and any late fees, if applicable. If the Participating Lender has received Borrower payments, CHFA will require this documentation prior to purchase. If the Participating Lender will be receiving a payment after purchase by CHFA, the FHA Case Details Results will be required for CHFA's Final Documents Review.

Any required principal reductions must be reflected in the payment history provided to CHFA prior to purchase.

2. Servicing Deadline

CHFA will Purchase the Mortgage Loan from the Participating Lender and accept the next month's Mortgage Loan payment, if the Participating Lender submits the Mortgage Loan to CHFA, and CHFA has approved the loan for Purchase by the Servicing Transfer Deadline. See Chapter 9, Servicing, for Servicing Deadline details. Any loans approved for Purchase after the

Servicing Transfer Deadline will be Purchased on the projected Unpaid Principal Balance (UPB), and the Participating Lender will be responsible for continuing to service the loan and accepting the next Mortgage Loan payment(s).

B. CHFA SectionEight Homeownership Purchase Delivery Procedures

1. General Purchase Information

Mortgage Loans in the CHFA SectionEight Homeownership Program have specific delivery and purchase requirements differing from other loans. In addition, any CHFA HomeAccess Loans utilizing a Housing Choice Voucher will also follow these delivery and purchase procedures. This process has several advantages to the Borrower, the Participating Lender, and to CHFA, including:

a. eliminating confusion to the Borrower about where to send mortgage payments as CHFA will accept the first payment from the Borrower;

b. reducing the possibility of lost payments; and

c. eliminating the need for Participating Lenders to set up the Mortgage Loan for servicing.

2. Pre-funding Package

To enable CHFA to Purchase a Mortgage Loan in time to accept the First Mortgage Loan payment, the Participating Lender must deliver specific documents to CHFA both within the Lock Period and within 10 calendar days after the Mortgage Loan Closing Date.

If the pre-funding file is not received within 10 calendar days after the Mortgage Loan Closing Date, CHFA may decline to Purchase the First Mortgage Loan.

If the Purchase of the First Mortgage Loan is declined by CHFA, any CHFA Second Mortgage Loan may not be acquired by CHFA, and may be assigned to the Participating Lender.

CHFA Forms 702S and 702S-2nd, CHFA SectionEight Homeownership Purchase Review Checklists, is available on the website at chfainfo.com, listing all of the documents necessary for Purchase.

Upon Purchase, CHFA will order the monthly payment statements to be sent to the Borrower or set up automatic payment (ACH) for monthly payments from the Borrower's account. CHFA will begin collecting payments from the Borrower effective with the first payment. To avoid any delay in the Borrower receiving the payment statement, it is very important for the Participating Lender to ensure that the Closing Disclosure has the Borrower's mailing address. Note if the Borrower participates in Colorado's Address Confidentiality Program (ACP), Participating Lender must provide CHFA with the Borrower's substitute mailing address and a copy of the Borrower's valid ACP authorization card.

The Participating Lender is responsible for promptly filing any applicable Lender record change notification with the applicable insurer or guarantor, naming CHFA as holder, and naming Dovenmuehle Mortgage, Inc. (DMI) as subservicer under a contractual agreement with CHFA.

section 711: purchase review

CHFA will review the Purchase package for completeness and accuracy prior to the Purchase of the Mortgage Loan. CHFA reserves the right to decline to purchase any Mortgage Loan that does not comply with the terms, conditions, and requirements of the Mortgage Purchase Agreement and this Guide. If the Purchase package is complete and satisfies the Purchase conditions, the Mortgage Loan will be approved for Purchase and Purchased at the next available funding date.

If Lock Expiration occurs while the Mortgage Loan is suspended for Purchase, CHFA may decline to Purchase the Mortgage Loan. Refer to Chapter 4, Locking Loans.

The Participating Lender may access HomeConnection to check the status of Mortgage Loans submitted to CHFA for Purchase. CHFA will also notify Participating Lenders in writing of the status of all Mortgage Loans that were submitted and reviewed for Purchase.

section 712: obligation to repurchase

A. Repurchase Amount Determination

The Participating Lender must Repurchase any Mortgage Loan Purchased by CHFA, in accordance with the Mortgage Purchase Agreement, for an amount equal to:

1. the unpaid principal balance of, plus accrued interest on, the Mortgage Loan;
2. the aggregate amount of any advances made by CHFA for the account of the Borrower and interest thereon at the Interest Rate;
3. the Servicing Release Premium and any other fee or premium paid by CHFA to the Participating Lender, if any;
4. the CHFA DPA Grant or CHFA DPA Second Mortgage Loan amount, if any (may be subject to exception, as determined by CHFA, such as for compliance with any applicable FHA down payment assistance mandates); and
5. any attorney's fees, legal expenses, court costs, or other expenses which may have been incurred or expended by or on behalf of CHFA in connection with the Mortgage Loan and interest thereon at the Interest Rate, upon notice by CHFA.

B. Reasons for Required Repurchase

For purposes of this Section, any Repurchase and/or indemnification obligations with respect to Mortgage Loans include Mortgage Loans that are subject to repurchase include current Mortgage Loans; delinquent Mortgage Loans; real estate owned (REO) via foreclosure, deed-in-lieu of foreclosure, or a similar legal process; and all other post-foreclosure situations. A Mortgage Loan is subject to Repurchase as provided in the Mortgage Purchase Agreement, including if:

1. The Participating Lender fails to deliver to CHFA any FHA, VA, HUD, RD-USDA, or Private Mortgage Insurance Mortgage Insurance Certificate or Guaranty Certificate with respect to any First Mortgage Loan sold and delivered to CHFA pursuant to this Guide.
2. The Participating Lender, if at any time whether prior to or after purchase by CHFA, enters into an indemnification agreement with an insurer or guarantor, or Fannie Mae or Freddie Mac, whereby the Mortgage Loan does not fully meet the requirements of this Guide or the Mortgage Purchase Agreement . A Participating Lender must notify CHFA immediately upon execution of any such indemnification agreement with an insurer or guarantor, or Fannie Mae or Freddie Mac and include in such notification full explanation of the reasons or basis for the indemnification agreement or, if legally permitted, a copy of such indemnification agreement.
3. The Participating Lender fails to deliver any documents required by the Guide or pursuant to any condition of Purchase by CHFA, all in form and substance as required by CHFA or by state and federal statutes and regulations, and satisfactory to CHFA in its sole discretion, within the period provided in this Guide.

4. It is determined, at any time, that any representation made by the Participating Lender with respect to the Mortgage Loan was untrue when made (including any information specified in this Guide with respect to such Mortgage Loan), or any warranty or term in the Mortgage Purchase Agreement or in this Guide has been breached. The Participating Lender agrees that any such determination shall be final and conclusive for all purposes between the parties.

5. There was an occurrence of fraud, violation of the Participating Lender's duties under the Mortgage Purchase Agreement or with respect to origination of the Mortgage Loan, or violation of the Participating Lender's Representations and Warranties.

6. It is determined, at any time, that:

   a. any material representation made by the Borrower with respect to the Mortgage Loan was untrue when made or a misstatement by the Borrower of a material fact relating to such Mortgage Loan exists in any of the documents delivered pursuant to this Guide;

   b. such misrepresentation or misstatement is one which the Participating Lender reasonably should have discovered by the exercise of due diligence in originating such Mortgage Loan; and

   c. CHFA has suffered or is threatened with a material loss or detriment by reason of such misrepresentation or misstatement.

7. CHFA is required to Repurchase a Mortgage Loan for underwriting, eligibility, or compliance deficiencies, fraud or misrepresentation related to the origination of the Mortgage Loan

8. It is determined, at any time, through CHFA's quality assurance review process or otherwise that there are material underwriting or compliance deficiencies, or that the Mortgage Loan was originated based on fraud or misrepresentation.

C. Repurchase Process

1. Any Repurchase by the Participating Lender must take place on such date as CHFA may specify in its notice to the Participating Lender of the occurrence of one or more of the foregoing events. Upon Repurchase, CHFA shall transfer the Mortgage Loan servicing rights to the Participating Lender and reassign its interest in all appropriate Mortgage Loan documents, without recourse, including, without limitation, any insurance thereon or with respect thereto, to the Participating Lender, and to the extent permitted by law, will hold the Participating Lender harmless from any loss resulting from any action taken by CHFA which has impaired the mortgage lien.

2. If the Participating Lender is required to Repurchase the First Mortgage Loan, the Participating Lender will also be required to purchase the related CHFA Second Mortgage Loan, subject to certain exceptions, including an exception for compliance with FHA secondary financing mandates. Upon Repurchase, CHFA agrees to promptly endorse the Note and assign the deed of trust securing both the First Mortgage Loan and Second Mortgage Loan to the Participating Lender.

D. Rights and Obligations

1. The Participating Lender agrees to indemnify CHFA and hold CHFA harmless from any losses, damages, and expenses that CHFA may sustain as a result of the occurrence of any of the events constituting an obligation for Repurchase under the Mortgage Purchase Agreement or this Guide (each a "Repurchase Event"), even if such losses, damages, and expenses are determined or incurred by CHFA following foreclosure. For example, Participating Lender shall reimburse CHFA for CHFA's losses from a denial or reduction in the amount paid to CHFA by the Mortgage Loan's insurer, guarantor, or Private Mortgage Insurance company, as applicable, due to the Participating Lenders' underwriting deficiency or other Repurchase Event. In addition to any other remedies available to CHFA, the Participating Lender agrees that, if CHFA is unable or delayed in its ability to require a Repurchase due to Ginne Mae's or applicable insurer, guarantor, or investor restrictions, as applicable, Participating Lender will, upon CHFA's request, enter

into an indemnification agreement or tolling agreement to preserve CHFA's rights under the Mortgage Purchase Agreement or this Guide to address the violation(s) and to ensure CHFA is fully indemnified and reimbursed for its losses, damages, and expenses caused in whole or in part by the Repurchase Event. In addition, CHFA may, in its sole discretion, offer the Participating Lender an indemnification agreement in lieu of a Repurchase even if Repurchase is an option.

2. Should CHFA have to take action to enforce its right to require Repurchase of a Mortgage Loan, the Participating Lender also will be liable to CHFA for attorney's fees and costs, administrative costs, and any related expenses, as well as for any applicable consequential damages.

3. The Repurchase liability period for the Participating Lender shall not exceed 120 calendar days after Purchase, with the exception of instances of fraud, misrepresentation, incomplete documentation, underwriting or origination irregularities, the requirement that CHFA must repurchase the Mortgage Loan as described in paragraph B.6 above, violation of the Participating Lender's duties, or violation of Representations and Warranties. CHFA agrees that it will not make future changes to this Guide related to the Participating Lender's obligations to Repurchase a Mortgage Loan that will have retroactive effect without the acknowledgement of the Participating Lender's Chief Financial Officer or Chief Executive Officer.

4. If the Participating Lender has failed to observe or perform its obligations to Repurchase a loan, CHFA may suspend the right of the Participating Lender to make a Lock or sell Mortgage Loans to CHFA for a period of time to allow the Participating Lender to cure its deficiency. Such a suspension is strictly within the sole discretion of CHFA.

   Further rights and obligations concerning Repurchase are set forth in the Mortgage Purchase Agreement.

section 713: early payoffs

If a Mortgage Loan is refinanced or paid in full within 180 calendar days of purchase by CHFA, then upon notice by CHFA, the Participating Lender must reimburse CHFA for all Lender premiums paid by CHFA to the Participating Lender in connection with the Mortgage Loan. Reimbursement is due regardless of whether the Participating Lender had any direct or indirect influence or involvement in promoting or soliciting such refinancing.

chapter 8
final document procedures

section 800: final document delivery

CHFA requires a complete Mortgage Loan file to comply with FHA, VA, RD, Fannie Mae, Freddie Mac, and other investor regulations and requirements. When CHFA Purchases a Mortgage Loan, many of the required forms and documents are not available for submission by the Participating Lender. Therefore, these forms and documents must be submitted as final documents after CHFA purchases the Mortgage Loan.

A. Time frame

Required forms and documents must be delivered to CHFA, and any and all Loan document errors fully corrected, within 90 calendar days after the First Mortgage Loan Purchase Date, unless an earlier date is required, as set forth below. Failure to deliver and make any needed Loan document error corrections within 120 calendar days after Purchase will result in a $250 Final Document Late Fee being charged to the Participating Lender. Such fees are due within 15 calendar days of assessment. Unless previously approved for an extension by the Servicing and Post-closing Manager, CHFA may, in its sole discretion, begin the Repurchase process if all required forms and documents, and any Loan document error corrections, are not submitted within 150 calendar days after Loan Purchase. See Chapter 7, Loan Purchase Procedures, for Repurchase details.

The following required documents have specific time-frame requirements:

1. Mortgage Electronic Registration Systems (MERS) Members must register the Mortgage Identification Number (MIN) in the MERS system prior to CHFA purchasing the loan.

2. Mortgage Electronic Registration Systems (MERS) Mortgage Identification Number (MIN) complete a TOS/TOB transfer using a transfer date within the five calendar days of Purchase to both CHFA as the servicer (ORG ID 1008017) **and** DMI as the subservicer (ORG ID 1001484).

3. The Mortgage Insurance Certificate (MIC) must be delivered to CHFA within 30 calendar days after Purchase.

For FHA-insured loans, the Participating Lender is responsible for all monthly mortgage insurance premiums for payments they accept, prior to the first payment due CHFA after Purchase. The Participating Lender must transfer the holder to CHFA (05366) and transfer the servicer to Dovenmuehle (11303) after the have made all required monthly mortgage insurance premium payments in FHA Connection.

B. Documents

The Final Document Review Submission Checklist, CHFA Form 738, available at chfainfo.com, lists all final documents required by CHFA. Participating Lenders should pay particular attention to whether an original document is required or if a copy is acceptable. Pay particular attention to which documents may be uploaded or are required to be mailed to CHFA. Any document required to be mailed to CHFA, including an inventory transmittal form, should be sent to:

Colorado Housing and Finance Authority
Attention: HF Final Documents
1981 Blake Street
Denver, Colorado 80202

Participating Lenders should forward documents to CHFA upon receipt; it is not necessary to submit all documents at one time. If the required documents are not received in a timely manner by CHFA, CHFA will contact the Participating Lender's Final Documents Department to determine what actions can be taken to resolve the delayed delivery of the final documents. This may include CHFA contacting title companies, Borrowers, and county recording offices. Should CHFA and the Participating Lender agree that this is the most efficient solution, the Participating Lender will reimburse CHFA for all fees and costs associated with these efforts. Should CHFA and/or the Participating Lender not choose this option, and the outstanding documents are not received by CHFA promptly, the Mortgage Loan may, in CHFA's sole discretion, be subject to Repurchase.

Any errors relating to the Mortgage Loan documents, whether due to recording errors or otherwise, have been fully corrected and addressed in accordance with all applicable legal and regulatory requirements including, but not limited to, as required by the insurer, the guarantor, or Fannie Mae, or Freddie Mac and/or Ginnie Mae, as applicable. Participating Lender acknowledges that any such corrections are its sole responsibility and any efforts by CHFA or any other party to assist with such corrections or in addressing such errors in no way affects or diminishes such Participating Lender obligation or liability.

CHFA Form 205, Modification of Note and/or Deed of Trust – Lenders are encouraged to send any required modification documents to their designated CHFA Final Documents contact for review prior to executing and/or recording.

C. Escrow Closeout Requirements

Closeout requirements for escrow repairs and FHA 203(k) loans must follow applicable insurer/guarantor and Fannie Mae or Freddie Mac guidelines, including providing all required documentation. The Participating Lender is responsible for managing set up, disbursements, and closeout of all 203(k) escrows. CHFA, as required by such guidelines, must receive proof that the repairs have been completed, and CHFA will verify disbursement of funds. The FHA Connection Escrow Closeout Certification will be required for all 203(k) Loans.

chapter 9
servicing

section 900: purchase of mortgage loan and the servicing transfer deadline

CHFA, as Master Servicer, services Mortgage Loans Purchased by CHFA, and other loans for which CHFA has a separate servicing agreement. CHFA uses a subservicer, Dovenmuehle Mortgage, Inc. (DMI).

A. Servicing Transfer

CHFA's Servicing Transfer Deadline is 15 calendar days prior to the due date of the first payment to be accepted by CHFA, which will be the effective date of the servicing transfer.

1. If the Participating Lender intends or is required to have CHFA accept the first payment on the Mortgage Loan, the Participating Lender must submit the Mortgage Loan to CHFA and the Mortgage Loan must be Purchased before the applicable Servicing Transfer Deadline.

2. Otherwise, CHFA will Purchase Mortgage Loans from a Participating Lender and accept the next month's Mortgage Loan payment, following the Participating Lender's submittal and CHFA's Purchase of the Mortgage Loan by the applicable Servicing Transfer Deadline. Until then, the Participating Lender will be responsible for continuing to service the Mortgage Loan, including accepting the current Mortgage Loan payment due.

CHFA will Purchase most Mortgage Loans based upon the current Unpaid Principal Balance (UPB) or the scheduled amortized balance, depending upon the Purchase funding date. Refer to Chapter 7, Loan Purchase Procedures, for details, including calculations of any premiums paid to the Participating Lender. Upon Purchase, CHFA will provide the Borrower with a combined notice of servicing transfer, combining the transferor servicer notice from the Participating Lender and the transferee servicer notice from DMI, CHFA's subservicer.

CHFA SectionEight Homeownership Loans require First Mortgage Loan payments be sent to CHFA. Upon Purchase, CHFA will prepare the monthly payment statements to be sent to the Borrower or set up automatic drafting (APP) for monthly payments from the Borrower's account. The Participating Lender must submit the Mortgage Loan to CHFA within 10 calendar days after the Mortgage Loan Closing. CHFA may decline to Purchase the Mortgage Loan if the foregoing requirements are not met.

B. Assignment of Loan

For each Mortgage Loan Purchased by CHFA, CHFA will provide the Borrower with notice of purchase, assignment, or other transfer of the Mortgage Loan. Such notices will also be provided to the Participating Lender for documentation purposes.

Should a Participating Lender choose to send its own correspondence to a Borrower regarding loan servicing, please include the following information:

- New Servicer Information

  Colorado Housing and Finance Authority c/o Dovenmuehle Mortgage, Inc.
  1 Corporate Drive, Suite 360
  Lake Zurich, Illinois 60047-8945
  Customer Service Department 1.855.587.8655

- Payment Mailing Address

  Colorado Housing and Finance Authority (CHFA)
  PO Box 660592
  Dallas, Texas 75266-0592

- Real Estate Settlement Procedures Act (RESPA) Notices of Error and Requests for Information Address

  Colorado Housing and Finance Authority
  Attention: Mail Stop NOE 1290
  1 Corporate Drive, Suite 360
  Lake Zurich, Illinois 60047-8945

section 901: servicing requirements

If a Participating Lender receives principal reduction payments or any other unscheduled payments after CHFA has Purchased a Mortgage Loan, the Participating Lender must forward the payments via overnight delivery or registered mail to the CHFA Home Finance Division.

The Participating Lender is responsible for IRS reporting for the period prior to transferring the Mortgage Loan servicing to CHFA.

The Participating Lender will maintain all escrow funds in accordance with law, regulation, and the requirements of the mortgage insurer or guarantor, or in accordance with applicable Fannie Mae or Freddie Mac requirements for conventional loans, until the First Mortgage Loan is Purchased by CHFA and servicing is transferred.

section 902: mortgage insurance premiums

The Participating Lender is responsible for remitting the initial or upfront mortgage insurance premium, guarantee fee, or funding fee ("upfront fees") to the mortgage insurer or guarantor. The Participating Lender is also responsible for remitting any monthly mortgage insurance premiums directly to the insurer or guarantor until the Mortgage Loan is Purchased and servicing is transferred to CHFA.

If the Participating Lender calculated an inaccurate coverage level which resulted in a Borrower being charged an incorrect amount for the upfront fees, the Participating Lender must make the correction before CHFA will Purchase the Mortgage Loan.

If the inaccuracy in the calculation resulted in the Borrower being overcharged for the upfront fees, the Participating Lender must provide a principal reduction in the same amount as the overcharge. If the inaccuracy resulted in the Borrower being undercharged for the upfront fees, the Participating Lender must correct the upfront fees amount with the appropriate insurer or guarantor before CHFA will Purchase the Mortgage Loan.

The Participating Lender is responsible for making all monthly Mortgage Insurance Premiums for all payments they receive prior to the first payment due CHFA after the loan has been purchased. CHFA will not work to reconcile any monthly mortgage insurance premiums paid in error by the Participating Lender to the insurer or guarantor. The Participating Lender should contact the payee directly to request reimbursement.

Mortgage insurance premiums for CHFA SectionEight Homeownership Loans will be remitted by CHFA. The Participating Lender should not pay any monthly MIPs to the insurer or guarantor for these loans.

section 903: transfer of mortgage insurance/guaranty, hazard, and flood insurance

The Participating Lender is responsible for filing any applicable mortgagee record change notification with the insurer or guarantor, as well as notifying hazard and flood insurers, Flood Determination Certificate issuers, and other interested parties of the transfer of servicing to CHFA. Failure to timely file these changes or notices may result in a required Repurchase of the First Mortgage Loan.

CHFA must have evidence a Mortgage Loan is insured. A Mortgage Insurance Certificate (MIC) or Private Mortgage Insurance (PMI) Fee of $150 will be assessed on day 31 if the correct MIC or PMI required documentation has not been received. Thereafter, a fee of $150 will be assessed every 31 days until the condition has been cleared.

All insurance and guarantee policies must reflect the Mortgagee Clause as follows:

- Hazard, Condominium Blanket, HO-6, and/or Flood Insurance

  Colorado Housing and Finance Authority, Its Successors and/or Assigns
  PO Box 961292
  Fort Worth, Texas 76161-0292

- Private Mortgage Insurance

  Colorado Housing and Finance Authority, Its Successors and/or Assigns
  Attention: Escrow Department
  1 Corporate Drive, Suite #360
  Lake Zurich, Illinois 60047-8945

- FHA Monthly Mortgage Insurance

  Must be transferred via FHA Connection to Colorado Housing and Finance Authority #05366 as Holder and Dovenmuehle Mortgage Inc. #11303 as Servicer

- USDA/Rural Development Loans
  Must be transferred to Colorado Housing and Finance Authority, Tax ID #84-0676451 as Holding Lender; and Dovenmuehle Mortgage, Inc., Tax ID #36-2435132 as Servicing Lender

- Flood Determination Certificate

  Colorado Housing and Finance Authority, Its Successors, and/or Assigns
  Attention: Escrow Department
  1 Corporate Drive, Suite #360
  Lake Zurich, Illinois 60047-8945

section 904: payment of property taxes

For any loan closed in the prior year and purchased by CHFA after January 28th, Participating Lenders are responsible at minimum for the payment of the first half of required prior year's property taxes and all prior years' taxes due. If January 28th falls on a weekend, the preceding Friday will serve as the purchased-by date.

For any purchase loan closed on or after January 1st, all prior year(s) property taxes must be paid at the time of closing.

CHFA will require proof of property tax payments prior to Loan Purchase.

chapter 10
mortgage credit certificates

section 1000: general information

The Mortgage Credit Certificate (MCC) Program is a homebuyer assistance program designed to help low- to moderate-income families afford homeownership. The MCC Program allows the homebuyer to claim a dollar-for-dollar tax credit for a portion of the mortgage interest paid per year. The remaining mortgage interest paid may still be utilized as an itemized deduction.

An MCC is valid for as long as the original Mortgage loan is outstanding and the homebuyer occupies the home as his or her Principal Residence. An MCC may be reissued if the Borrower refinances their original mortgage, meets the applicable criteria, and the MCC Program allows for a reissued MCC.

MCCs cannot be combined with any other loan Program funded with the proceeds of Tax-exempt bonds, including the CHFA FirstStep and CHFA FirstGeneration Programs. All MCC Programs are subject to the Recapture Tax Provision. See Program Matrices for any additional restrictions.

section 1001: availability of funds

The CHFA MCC Program is not available.

section 1002: final certificate reporting and follow up

Under current Internal Revenue Service regulations, certain reporting and record maintenance requirements are imposed on Lenders and CHFA.

A. Lender Final Certificate Responsibilities

1. Reporting. Lenders must file an annual report to the IRS on Form 8329, Lender Information Return for MCCs, containing information on loans originated in connection with the applicable MCC Program during the prior calendar year. This report must be filed on or before January 31 of the year following the year to which the report relates.

   CHFA may provide the Lender with a report containing all information required by the IRS on all loans for which an MCC was issued for the prior calendar year. This report will be mailed to the Lender at the address listed on CHFA Form MCC18, Lender Information Sheet.

   Notwithstanding the foregoing, anyone failing to file a required report to the IRS at the time and in the manner required may be subject to a penalty imposed by the IRS for each MCC not reported.

2. Record Maintenance: The Lender must retain in its books and records certain information pertaining to the loans issued in connection with MCCs for six years following the year in which the loan is made, unless a longer period is prescribed by the IRS.

3. Notification to CHFA: If a Lender becomes aware of any MCC that does not meet the applicable MCC Program requirements, the Lender should immediately notify CHFA.

B. CHFA Final Certificate Responsibilities

1. Reporting: CHFA must report quarterly to the IRS certain information on holders of MCCs issued during the prior quarter.

2. Revocation of an MCC: An MCC is treated as revoked when the Property to which the MCC relates ceases to be the Borrower's Principal Residence.

   CHFA may revoke an MCC if it is determined that the Borrower, Property, or other MCC Program requirements were not met. When revoking an MCC, CHFA will notify both the Borrower and the IRS.

section 1003: reissued mortgage credit certificate

A Reissued Mortgage Credit Certificate (RMCC) may be available to current holders of CHFA issued MCCs who refinance their Mortgage Loan.

A. Conditions for Reissuance

All RMCCs must meet the following criteria:

1. The Borrower has a CHFA-issued MCC.

2. The applicable MCC Program authorizes the issuance of an RMCC. MCCs issued under the CHFA Statewide MCC Program may be reissued.

3. The Certified Indebtedness Amount of the RMCC is limited to the lesser of the outstanding principal balance of the original loan or the existing loan at the time of refinance.

4. The tax credit rate on the RMCC cannot exceed the tax credit rate of the original MCC.

5. A higher interest credit than would have been available under the original MCC cannot be claimed for any taxable year.

6. The RMCC is valid only until the maturity date of the original Mortgage Loan, unless the maturity date of the new Mortgage Loan is prior to that of the original Mortgage Loan.

7. The Property is still the Borrower's Principal Residence.

8. There is no re-qualification of Borrower eligibility in terms of income or Purchase Price.

9. If the RMCC is not being issued under the names of all the original MCC holders, then evidence, in form satisfactory to CHFA, of a title transfer from an original MCC holder to the remaining MCC holder(s) must be provided to CHFA.

10. Payment of a fee to CHFA for administration.

11. Other applicable Code requirements.

B. Application Procedure

To apply for an RMCC, or for additional information, visit the CHFA website at chfainfo.com.

C. Documentation Required for Reissuance

The following documentation must be submitted to:

CHFA Home Finance
Attention: Home Finance MCC Reissuance
1981 Blake Street
Denver, Colorado 80202

1. CHFA Form MCC19, MCC Reissuance Affidavit;
2. Original Mortgage Credit Certificate;
3. Copy of Promissory Note (with all Riders and/or Addendums) from original loan;
4. Copy of Promissory Note (with all Riders and/or Addendums) from new loan;
5. Copy of the HUD-1 Settlement Statement from the closing of the new loan;
6. Evidence of the outstanding principal balance of the original loan on the date of the refinance;
7. An RMCC fee of $250 in the form of a cashier's check, certified check, or money order made payable to CHFA.

chapter 11
recapture tax provision

section 1100: mortgage loans subject to recapture tax provision

The Internal Revenue Code's recapture tax requirements apply to Borrowers who receive the benefits associated with a Mortgage Loan funded by Tax-exempt Mortgage Revenue Bonds, either through a lower mortgage Interest Rate than what is customarily charged on other Mortgage Loans, or through receipt of a credit against their federal income taxes via a Mortgage Credit Certificate (MCC). Such Borrowers may be subject to recapture of those benefits under certain circumstances as described in this Chapter.

section 1101: borrower notification

When applicable, the Borrower is advised about the Recapture Tax Provision in CHFA Form 401, Initial Applicant Affidavit, which is signed at the time of application. Participating Lenders must explain the Recapture Tax Provision at this time.

CHFA Form 407, Notice of Recapture Tax to Mortgage Loan Applicant, explains the recapture tax formula in detail. When applicable, CHFA will provide CHFA Form 407 to the Participating Lender to be completed and given to the Borrower at closing. The Participating Lender must then provide the original completed and executed form to CHFA in the Loan Purchase package.

For the CHFA MCC and MCC Issuer Programs, Borrowers must sign CHFA Form MCC-2, Initial Applicant and Lender Affidavit, at the time of application and CHFA Form MCC-14, Notice of Recapture Tax to Mortgage Loan Applicant, at Loan Closing.

section 1102: recapture tax provision requirements

When a Borrower receives a Mortgage Credit Certificate with their Mortgage Loan, which is not part of a Tax-exempt Program, they are receiving the benefit of a credit against their federal income taxes based on their MCC rate. If the Borrower sells or otherwise disposes of the Property during the nine years after Closing on the Mortgage Loan, this benefit may be "recaptured." The recapture is accomplished by an increase in their Federal Income Taxes for the year in which they sell the Property. The recapture only applies, however, if the Borrower sells their Property at a gain and if their income increases above specified levels.

A. Calculation of Recapture Tax

The "Maximum Recapture Tax" that a Borrower may be required to pay in addition to their Federal Income Taxes is 6.25 percent of the highest principal amount of their Mortgage Loan. The actual Recapture Tax due, if any, can only be calculated at the time of sale of the Property, using a formula which multiplies the Maximum Recapture Tax by the holding period percentage and the income percentage for the Borrower's geographic area of the state.

Borrowers will receive a Notice of Recapture Tax to Mortgage Loan Applicants (either CHFA Form MCC-14 or CHFA Form 407) along with additional information that will be needed to calculate the Recapture Tax. Refer to these forms for more specific information regarding the calculation and payment of the Recapture Tax.

B. Exceptions to Required Payment of the Recapture Tax

In the following circumstances, no Recapture Tax is due, and the Borrower will not be required to pay the Recapture Tax:

1. the Borrower disposes of the Property more than nine years after Closing on the associated Mortgage Loan;
2. the Property is disposed of as a result of the Borrower's death;
3. the Borrower transfers the Property either to his or her spouse or to his or her former spouse incident to divorce, and the Borrower has no gain or loss included in his or her income under Section 1041 of the Code; or
4. the Borrower disposes of the Property at a loss.

Borrowers may wish to consult a tax advisor or the local office of the Internal Revenue Service at the time they sell the Property to determine the amount, if any, of Recapture Tax required.

C. Reimbursement of Recapture Tax

CHFA will reimburse Borrowers for any Recapture Tax due to the IRS and actually paid, if the Recapture Tax is triggered by the payoff of a Mortgage Loan resulting from the sale of a residence on which there is:

1. a CHFA First Mortgage Loan funded with Tax-exempt Mortgage Revenue Bonds; or
2. an MCC issued by CHFA on a Property that also has a CHFA First Mortgage Loan.

Borrowers must complete CHFA Form 950 to request reimbursement.

chapter 12
targeted areas

section 1200: general information

Targeted Areas are determined in accordance with the Code, and may be changed by the Federal Government from time to time.

Each Participating Lender whose normal lending area includes one or more Targeted Areas must use reasonable diligence in connection with Mortgage Credit Certificates (MCCs) or originating tax-exempt Mortgage Loans in Targeted Areas. CHFA will furnish informational materials for distribution or reproduction by Participating Lenders and will take appropriate steps to advise residents of Targeted Areas of the availability of MCCs or other CHFA Programs. Participating Lenders are encouraged to take additional steps to assure that residents of Targeted Areas have fair and equitable access to all funds.

Although census tract descriptions of the Targeted Areas are included in this Chapter, Targeted Areas may change and it is possible that the information might not be current. You may also obtain census tract information by going to geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx and utilizing the Geocoding/Mapping System. Some entire counties and cities have been designated as areas of chronic economic distress and are therefore considered Targeted Areas.

section 1201: entire counties

These entire counties are Targeted Areas:

- Alamosa
- Baca
- Bent
- Chaffee
- Conejos
- Costilla
- Crowley
- Delta
- Gunnison (excluding Crested Butte and Mt. Crested Butte)
- Huerfano
- Kit Carson
- Las Animas
- Mineral
- Montezuma
- Otero
- Prowers
- Pueblo
- Rio Grande
- Saguache
- San Juan
- Weld
- **Yuma**

section 1202: county targeted areas by census tract

The following census tracts are Targeted Areas:

Adams County

- Census Tract 0078.01
- Census Tract 0078.02
- Census Tract 0079.00
- Census Tract 0083.08
- Census Tract 0086.03
- Census Tract 0087.05
- Census Tract 0087.06
- Census Tract 0092.03
- Census Tract 0093.18
- Census Tract 0093.19

Arapahoe County

- Census Tract 0055.51
- Census Tract 0055.52
- Census Tract 0072.02
- Census Tract 0073.01
- Census Tract 0806.00
- Census Tract 0810.01
- Census Tract 0815.00
- Census Tract 0820.00

Denver County

- Census Tract 0008.00
- Census Tract 0009.03
- Census Tract 0009.04
- Census Tract 0010.00
- Census Tract 0013.02
- Census Tract 0041.01
- Census Tract 0045.03
- Census Tract 0045.04
- Census Tract 0045.05
- Census Tract 0045.06
- Census Tract 0070.37

El Paso County

- Census Tract 0002.03
- Census Tract 0003.02
- Census Tract 0011.01
- Census Tract 0019.02
- Census Tract 0020.00
- Census Tract 0021.02
- Census Tract 0027.00
- Census Tract 0028.01
- Census Tract 0028.02
- Census Tract 0029.01
- Census Tract 0029.02
- Census Tract 0040.09
- Census Tract 0044.05
- Census Tract 0044.06
- Census Tract 0045.01
- Census Tract 0045.13
- Census Tract 0045.16
- Census Tract 0050.00
- Census Tract 0052.01
- Census Tract 0052.02
- Census Tract 0054.00
- Census Tract 0055.02
- Census Tract 0060.00
- Census Tract 0061.00
- Census Tract 0063.02

Fremont County

- Census Tract 9790.02

Jefferson County

- Census Tract 0098.56
- Census Tract 0114.01
- Census Tract 0115.51
- Census Tract 0115.52

Larimer County

- Census Tract 0013.04

Logan County

- Census Tract 9662.00

Mesa County

- Census Tract 0005.00
- Census Tract 0006.01
- Census Tract 0006.02
- Census Tract 0007.00
- Census Tract 0015.04
- Census Tract 0017.06

Montrose County

- Census Tract 9663.02

Morgan County

- Census Tract 0004.00
- Census Tract 0007.00

Routt County

- Census Tract 0007.02

Summit County

- Census Tract 0002.02

definitions

As used in this Seller's Guide, the following words and terms have the meanings set forth below:

10-day Lock Extension Fee

A fee of 0.125 percent of the Original Principal Balance charged to a Participating Lender when a Mortgage Loan is not approved for Purchase within the Lock Period whether automatically assessed or initiated at the Participating Lender's discretion, which will add 10 calendar days to the Lock Period; this fee may be assessed up to six times, regardless of status

Applicant

One or more individuals applying for a Mortgage Loan; also referred to as "Borrower"

Automated Underwriting System (AUS)

Computer underwriting systems used by Participating Lenders [i.e., Desktop Underwriter (DU®), Desktop Originator (DO®), Loan Product Advisor®, Guaranteed Underwriting System (GUS)], to automatically underwrite Mortgage Loans

Borrower

One or more individuals applying for, or obtaining, a Mortgage Loan under a CHFA Mortgage Loan Program or a Mortgage Credit Certificate issued by or administered by CHFA; sometimes referred to as "Applicant"

Business Day

Any day that CHFA is open for business to the public

Certified Indebtedness Amount

The portion of the outstanding principal amount of a Mortgage Loan that is the subject of a Mortgage Credit Certificate on the Closing Date

CHFA Second Mortgage Loan(s)

Second Mortgage Loan(s) provided by CHFA under a CHFA Mortgage Loan Program, which includes the CHFA DPA Second Mortgage Loan

Closing Date

Date on which the Note, Deed of Trust, and other Loan documents are signed and delivered, and proceeds of the Loan are advanced to the Borrower

Code

The Internal Revenue Code, enacted by Congress in Title 26 of the United States Code, as amended, and the Internal Revenue Service Regulations thereunder

Colorado Housing and Finance Authority (CHFA)

A body corporate and political subdivision of the state of Colorado; created to increase affordable housing and economic development in Colorado

Department of Housing and Urban Development (HUD)

The U.S. Government Department which includes within it the Federal Housing Administration (FHA) and has oversight for FHA's mortgage insurance program

Federal Home Loan Mortgage Corporation (Freddie Mac®)

A Government-Sponsored Enterprise, formed with a public mission to stabilize the nation's residential mortgage markets and expand opportunities for homeownership and affordable rental housing

Federal Housing Administration (FHA)

The governmental agency within HUD which provides mortgage insurance on Loans made by FHA-approved Lenders.

Federal National Mortgage Association (Fannie Mae®)

The Federal National Mortgage Association is a Government-Sponsored Enterprise formed to increase availability and affordability of homeownership for low-, moderate-, and middle-income Americans.

First Deed of Trust

A deed of trust creating a first priority lien on a Property

First-generation Homebuyer

A First-generation Homebuyer is any Borrower who has never owned a home and whose parents or guardians never owned a home during the homebuyer's lifetime.

Borrowers who have lived in the foster care system do not need to be First-generation Homebuyers but must have never owned a home.

First-time Homebuyer

An Applicant who has had no present ownership interest in a Principal Residence at any time during the three-year period ending on the date the mortgage is executed (i.e. the Mortgage Loan Closing Date)

First Mortgage Loan

A Loan secured by a First Deed of Trust, made by a Participating Lender to a Borrower for the Purchase of a Property or the refinance of an existing Loan

Gross Annual Income

The current total gross annual income from all sources deemed applicable by CHFA, as further detailed in Chapter 5

Guide

This Seller's Guide, as amended periodically

Homebuyer Education (HBE)

A Homebuyer Education course that meets CHFA's curriculum requirements and is either provided by CHFA online at chfainfo.com or taught by a CHFA-approved Homebuyer Education provider

Homebuyer Education Certificate

The certificate evidencing a Borrower's successful completion of Homebuyer Education

HomeConnection℠

The system at chfainfo.com that Participating Lenders use to make Locks and to track Mortgage Loans as they are processed through CHFA

Housing Choice Voucher

Payments provided by a Public Housing Authority (PHA) to be used for the purchase of a home

HUD Home

A single family home acquired by HUD as a result of foreclosure action on an FHA-insured Mortgage Loan

Income Limits

The maximum income permitted for a specific CHFA Program

Interest Rate

The Interest Rates published by CHFA for each Program, subject to change at any time

Lender

An institution originating residential Mortgage Loans

Live-in Aide

A person who resides with one or more elderly persons, or near-elderly persons, or disabled persons, and who:

a. is determined to be essential to the care and well-being of the persons;
b. is not obligated for the support of the persons; and
c. would not be living in the unit except to provide the necessary supportive services.

Loan Purchase (Purchase)

The process of reviewing, approving, and subsequently purchasing a Mortgage Loan, which Loan is delivered and assigned by a Participating Lender to CHFA

Loan Purchase Date

The date of completion of a Loan Purchase

Lock

Acceptance by CHFA of a Participating Lender Locking a Loan at an Interest Rate for a specific Borrower purchasing a Property

Lock Expiration

The date on which a Lock for a Mortgage Loan expires

Lock Period

The time from the date of Lock through the date of Lock Expiration

Manufactured Home

Housing built in a factory in compliance with the National Manufactured Housing Construction and Safety Standards Act of 1974, 42 U.S.C. sec. 5401 et seq., as evidenced by the presence of a HUD Plate/ Compliance Certificate label

MCC Issuer Program

A qualified Mortgage Credit Certificate Program established by an MCC issuer pursuant to the Code and with whom CHFA has entered into an MCC Issuer Agreement; this Program is subject to the Recapture Tax Provision

Metro Areas

The metropolitan statistical areas in Colorado (i.e., the counties and cities within the counties of Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Elbert, El Paso, Gilpin, Jefferson, Larimer, Mesa, Park, Pueblo, Teller, and Weld) as may be updated from time to time

Minimum Borrower Financial Contribution

The minimum financial investment toward the Purchase of a Property that a Borrower is required to make, using their own funds, including gift funds

Mortgage Credit Certificate (MCC)

A written certificate issued to an eligible Borrower specifying the Certificate Credit Rate and the Certified Indebtedness Amount in the form required by Section 25(c)(1)(D) of the Code

Mortgage Electronic Registration Systems, Inc. (MERS)

Mortgage Electronic Registration Systems, Inc. (MERS), a separate corporation that serves as mortgagee in the land records for Loans registered on the MERS system, acting solely as a nominee for the lender and lender's successors and assigns.

Mortgage Loan (Loan)

A First Mortgage Loan and/or any CHFA Second Mortgage Loan

Mortgage Loan Purchase and Purchase of Servicing Rights Agreement (Mortgage Purchase Agreement)

An Agreement between CHFA and a Participating Lender pursuant to which CHFA agrees to Purchase Mortgage Loans and Servicing Rights, if applicable, from the Participating Lender on the terms and conditions set forth in the Agreement

Non-metro Areas

Areas within the state that are not within a Metro Area

Original Principal Balance (OPB)

The Mortgage Loan amount on the Note

Participating Lender

A Lender approved by CHFA that has executed a Mortgage Purchase Agreement

Permanent Buydown Fee

A fee assessed to permanently buydown the Interest Rate on a CHFA First Mortgage Loan

Private Mortgage Insurance (PMI)

Mortgage insurance provided by a non-governmental entity for conventional First Mortgage Loans with loan-to-value ratios greater than 80 percent; PMI insures the mortgagee against financial loss on a Mortgage if a Borrower defaults on a Loan

Principal Residence

The primary residence of a Borrower

Program

A Mortgage Loan Program, which establishes the terms and conditions under which a Participating Lender may originate Mortgage Loans for Loan Purchase by CHFA; or a Mortgage Credit Certificate (MCC) Program

Program Compliance Review

The process of reviewing a Loan to determine that the Borrower and the Property meet the eligibility requirements of a specific CHFA Program

Promissory Note (Note)

A document evidencing a Borrower's obligation to repay a Mortgage Loan

Property

Real estate that meets the criteria for a CHFA Program, as set forth in Chapter 2 of this Guide, and/ or real estate securing a Mortgage Loan

Public School Employee

Any employee of a Colorado preK-12 public school, school district, charter school, institute charter school, board of cooperative educational services, or innovation zone that is designated a full-time employee by that employer

Purchase Advice

The report CHFA provides to Participating Lenders which provides a breakdown of the individual amounts included in, and deducted from, the funding of the Purchase

Purchase Price

The total acquisition cost of a Property

Qualified Veteran

A veteran (defined in Section 38 USC 101) who served in the active military, naval, or air service of the United States, and who was discharged or released under conditions other than dishonorable, if such individual has not previously qualified for and received financing from proceeds of tax exempt Mortgage Revenue Bonds

Qualifying Income

Income the Lender uses to credit qualify the Borrower

Recapture Tax Provision

The provision of the Code that imposes a recapture tax on Borrowers who receive the benefit of financing funded with tax-exempt Mortgage Revenue Bonds or who receive a Mortgage Credit Certificate

Representations and Warranties

Any and all representations and warranties made by the Participating Lender under this Guide and/or the Mortgage Purchase Agreement

Repurchase

The Participating Lender's obligation to repurchase a First Mortgage Loan and Second Mortgage Loan, if applicable, after CHFA has purchased a Mortgage Loan, and it is determined that the Mortgage Loan does not comply with the requirements of law, regulation, the Mortgage Purchase Agreement, the Program, or this Guide

Rural Development (RD)

Rural Development, a department of the United States Department of Agriculture (USDA), and its successors or assigns [also referred to as Rural Housing Services (RHS)]

Seller

A person conveying a Property via a sale

Servicing Release Premium

A premium paid to a Participating Lender for the Servicing Rights for each First Mortgage Loan to be transferred to CHFA from the Participating Lender

Servicing Rights

The rights to, and responsibilities for, servicing a Mortgage Loan, including the collection of payments and holding of escrows

Servicing Transfer Deadline

The date by which a Mortgage Loan must be approved for purchase for CHFA to accept the next Mortgage Loan payment

Set-asides

Funds allocated for a limited amount of time within a specific Program for specific locations, types of Properties, or types of Borrowers

Shared Appreciation

The amount owed in appreciation under the CHFA Schools To Home Program calculated by subtracting the original Purchase Price from the contract sales price at time of sale (or appraised or fair market value in the event of a refinance, payoff of the CHFA First or CHFA DPA Second Mortgage Loan, or other maturity event) and multiplying by the calculated percentage of appreciation. Percentage of appreciation is calculated by dividing the original CHFA DPA Second Mortgage Loan amount by the original Purchase Price.

Targeted Area

Any of the geographical areas of the state that are federally designated as a "Targeted Area;" See Chapter 12 of the Guide.

Tax-exempt Programs

Programs funded from the proceeds of Qualified Mortgage Revenue Bonds; generally, Tax-exempt Programs are restricted to First-time Homebuyers and/or Qualified Veterans

UCD Feedback Certificate

A certificate provided by Fannie Mae or Freddie Mac indicating receipt of an acceptable Uniform Closing Dataset for a subject Mortgage Loan

Unpaid Principal Balance

The Original Principal Balance of a Mortgage Loan less any payments or principal reductions

VA

The U.S. Department of Veterans Affairs, and its successors or assigns

chfa seller's guide



800.877.chfa (2432)
800.659.2656 tdd

www.chfainfo.com

With respect to its programs, services, activities, and employment practices, Colorado Housing and Finance Authority prohibits unlawful discrimination against applicants or employees on the basis of age 40 years and over, race, sex, sexual orientation, gender identity, gender expression, color, creed, religion, national origin, ancestry, disability, military status, genetic information, marital status or any other status protected by applicable federal, state or local law. Requests for reasonable accommodation, the provision of auxiliary aids, or any complaints alleging violation of this nondiscrimination policy should be directed to the Nondiscrimination Coordinator, 1.800.877.2432, TDD/TTY 800.659.2656; CHFA, 1981 Blake Street, Denver, Colorado 80202-1272; chfainfo.com/nondiscrimination, available weekdays 8:00am to 5:00pm.

EQUAL HOUSING OPPORTUNITY

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