



# chfa participating lender announcement 2020-01

February 5, 2020

## summary of changes

The CHFA Seller's Guide was updated to reflect the following changes:

- Clarification on total loan amount
- Debt-to-income (DTI) limits
- Accessory Dwelling Units (ADU) allowed
- Well documentation that is no longer required
- Property Inspection Waivers (PIW) not acceptable
- Clarified Lock Expiration and extension capabilities
- Lender self-service features
- Tax Return requirements
- Mineral endorsement requirements
- Miscellaneous technical updates

## total loan amount

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 [www.chfainfo.com](http://www.chfainfo.com). (See Section 201.F)

**Effective date:** These changes are already in effect.

## debt-to-income limits

Effective for all locks made on or after Monday, March 2, 2020, CHFA will implement a maximum debt-to-income (DTI) limit on all CHFA Mortgage Loan Programs as follows:

- 50.00% DTI limit for borrowers with a mid FICO of 620 to 659
- 55.00% DTI limit for borrowers with a mid FICO of 660 or above

In no event may a loan exceed the lower of CHFA's DTI limit; the DTI limit permitted by FHA, USDA-RD, VA, Fannie Mae, or Freddie Mac; or the DTI limit determined by the Automated Underwriting System (AUS) findings, as applicable. (See Sections 201.G and 305.A)

**Effective date:** These changes are effective March 2, 2020.



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## accessory dwelling units

Except for CHFA FirstStep<sup>sm</sup> and CHFA HomeAccess<sup>sm</sup> programs, Borrowers may purchase a property with an existing Accessory Dwelling Unit (ADU) subject to applicable insurer, guarantor, Fannie Mae, or Freddie Mac requirements, as applicable. (see Section 202.B)

**Effective date:** These changes are in effect for locks made on or after February 5, 2020.

## properties with wells

For homes with wells as a water source, documentation is no longer required verifying the well is located within the boundaries of the subject property. (Language deleted from Section 202.B)

**Effective date:** These changes are in effect for locks made on or after February 5, 2020.

## property inspection waivers

Except for the CHFA FHA Streamline Refinance Program, CHFA does not currently accept property inspection waivers (PIW); all properties must have a full appraisal. (See Section 202.B)

**Effective date:** These changes are already in effect.

## lock expiration and extensions

The loan Delivery period is 60 days from the date of Lock (Lock Expiration). Participating Lenders that lock a Mortgage Loan must close the Loan and deliver the complete file to CHFA for review prior to Lock Expiration. CHFA will allow a maximum of two 30-day extensions.

If the Mortgage Loan is not delivered to CHFA prior to the end of the Lock Period and an Extension has not been requested, CHFA will charge the Participating Lender one quarter of one percent (.25%) of the OPB for the Loan Delivery Extension, and 10 days will be added to the Delivery Period. CHFA will allow a maximum of one 10-day extension. (See Sections 400, 405.B, and 405.C)

**Effective date:** These changes are already in effect.

## lender self-service

Lenders will have the ability to update the following lock features while the loan is in "Reserved" status:

- Change a program
- Change a loan product
- Update a purchase price, loan, or down payment amount
- Change a FICO score



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- Extend a Lock
- Cancel a Lock
- Reinstate a Lock

Should you need to make an edit to a Lock feature not mentioned above or the Lock is not in "Reserved" status, submit [CHFA Form 704: Change or Cancellation of Lock](#) and email it to the CHFA Lock Desk at [chfaLockDesk@chfainfo.com](mailto:chfaLockDesk@chfainfo.com). (See Section 407)

**Effective date:** These changes are already in effect.

## tax returns

Prior year tax returns are required for all borrowers utilizing the CHFA FirstStep Program or CHFA HomeAccess Program. Tax returns are **not** required for all other CHFA Programs **unless required** by applicable Automated Underwriting System (AUS) findings or manual underwriting guidelines. (See Section 502.C)

**Effective date:** These changes are effective for locks made on or after February 5, 2020.

## mineral endorsements

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 9-06 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. (See Section 606.G)

**Effective date:** These changes are already in effect.

## miscellaneous updates

- **Section 302.B, Temporary Interest Rate Buydowns**  
Discount points and/or permanent Interest Rate buydowns are not permitted.
- **Section 502, Program Specific Compliance Review Requirements**  
Deleted Section 502 and incorporated language into applicable Program descriptions in Sections 305.C and 308.A.
- **Section 601.E, Promissory Note, First Deed of Trust, and Riders**  
The Lender's Endorsement must include a signor's wet signature; stamps are not permitted.



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- **Section 804, Payment of Property Taxes**  
Updates dates to reflect 2020 calendar year.
- **Various additional technical corrections throughout the Guide.**

**Effective date:** These changes are already in effect.