



chfa participating lender announcement 2021-02

November 29, 2021

summary of changes

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

- Debarment and Exclusionary Lists
- Electronic Signatures
- Appraiser Oversight
- Data Security Breach
- Legal and Regulatory Requirements for Manufactured Homes
- IRS Tax Transcripts
- Self-employment Documentation
- DPA Award Letters
- Property Taxes
- Miscellaneous Updates

debarment and exclusionary lists

Participating Lender must have 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. (See Section 101.A.10)

Effective date: These changes are already effective.

electronic signatures

In addition to the documents listed under Section 105.K, CHFA will also accept additional closing documents that are electronically signed provided the Participating Lender has determined such document is eligible to be electronically signed under all local, state, and federal legal and regulatory requirements; and any such electronic signature(s) and related notarization(s) fully comply with all such requirements. (See Section 105.K)

Effective date: These changes are already effective.

appraiser oversight

Under the CHFA PreferredSM Program, 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 removal process for appraiser oversight.



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If the Participating Lender enters 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). More details can be found at Section 105.V.

Effective date: These changes are already in effect.

data security breach

Participating Lenders and CHFA each will 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.

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 terminate the unauthorized access and prevent a reoccurrence. (See Section 109.H)

Effective date: These changes are already in effect.

legal and regulatory requirements for manufactured homes

Manufactured Housing on a permanent foundation, for which title has been purged, must be 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. (See Section 202.C)

Effective date: These changes are already in effect.

irs tax transcripts

The most recent two years tax transcripts are required for all Borrowers utilizing the CHFA Preferred Program, CHFA Preferred Plus Program, and CHFA Preferred Very Low Income Program. The most recent tax transcripts must be provided. If not available (due to a recent filing or filing 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 305.C.6)

Effective date: These changes are effective for Locks made on or after November 29, 2021.

self-employment documentation

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. Borrowers’ current Balance Sheet is no longer required.



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In addition, please note, losses from self-employment cannot be used to offset Gross Annual Income to meet CHFA programmatic income eligibility. See Section 600.C.d)

Effective date: These changes are already in effect.

dpa award letters

DPA Letters will be made available in HomeConnectionsm upon Lock for all CHFA SmartStepsm Mortgage Loans. The DPA Letter will only become available in HomeConnection upon CHFA Program Compliance approval for all CHFA FirstStepsm, CHFA HomeAccesssm, and CHFA SectionEightsm Homeownership Mortgage Loans. DPA Letters are not issued on 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. (See Section 703.B)

Effective date: These changes are already in effect.

property taxes

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

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

CHFA will require proof of property tax payments prior to loan purchase. (See Section 904)

miscellaneous updates

- **Section 702.B, Loan types**
Clarified VA or USDA-RD insured loans
- **Section 703.B Form Number**
Form number updated on CHFA Down Payment Second Mortgage Award Letters
- **Various additional technical corrections throughout the Guide.**

Effective date: These changes are already in effect.