



June 26, 2017

Summary of Changes

The CHFA Seller's Guide and program matrices were updated to reflect the following changes.

- Reintroduction of CHFA's tax-exempt Mortgage Revenue Bond (MRB) program, CHFA FirstStepsm
- Changes to CHFA's Gross Household Income calculation methodology
- Miscellaneous updates and technical corrections

CHFA FirstStepsm and FirstStep Plussm

CHFA is reintroducing its tax-exempt MRB program via the CHFA FirstStep and CHFA FirstStep Plus products (see Section 307 of the CHFA Seller's Guide and the CHFA FirstStep and FirstStep Plus Program Matrix). These loan products offer qualified borrowers another great opportunity to achieve affordable homeownership with CHFA. Because these loans are intended to be financed via tax-exempt MRBs, the requirements and documents differ slightly from CHFA's other government programs.

Key program features include:

- Available for purchase loans only
- Restricted to first-time homebuyers, qualified veterans, and non-first-time homebuyers purchasing in targeted areas
- Separate income and purchase price limits apply
- Program eligibility is subject to CHFA's household income calculation (see matrix for details)
- Only available for FHA 203(b) mortgage loans
- Minimum decision credit score for all scored borrowers of 620+; borrowers with no credit score permitted
- CHFA Second Mortgage available for assistance with down payment, closing costs, and prepaids

Full program information can be found in Section 307 of the CHFA's Seller's Guide and in the [program matrix](#).

Effective date: These changes are effective immediately.

Gross Household Income Calculation Methodology

CHFA has revised its methodology for the calculation of gross household income (see Section 501.B of the CHFA Seller's Guide). For purposes of CHFA loan programs which require utilization of gross annual household income rather than qualifying income, gross annual household income is equal to the current total gross annual income for all loan applicants [i.e. borrower(s) and co-borrower(s)], any spouse or civil union partner of any Borrower or co-borrower who will reside in the residence, and any other individual who is expected to both live in the residence and to be secondarily liable on the Mortgage Loan. 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



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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.

Please note: This change does not impact the income calculation used for CHFA Mortgage Credit Certificates (CHFA MCCsSM). See Section 905.E for more information on the household income calculation for MCCs.

Effective date: These changes are effective immediately.

Miscellaneous Updates

- **201.A, Credit Requirements**
Clarifies CHFA's policy regarding the impact of a prior foreclosure on a CHFA loan on a borrower's ability to obtain a subsequent CHFA loan.
- **406, Rate Adjustment Fee**
Explains that a rate adjustment fee may also be charged if a reservation expires and the reserved Mortgage Loan has not been sold to CHFA, and for which the Participating Lender has accepted four or more payments from the Borrower.
- **802, Mortgage Insurance Premiums**
Specifies that mortgage insurance premiums due prior to servicing transfer to CHFA must be paid by the Participating Lender directly to the insurer or guarantor.
- **803, Transfer of Mortgage Insurance/Guaranty, Hazard, and Flood Insurance**
Provides additional detail regarding completion of mortgagee clauses for transfer of mortgage insurance/guaranty, hazard, and flood insurance to CHFA.
- **906, Qualifying With a Mortgage Credit Certificate**
Specifies that for all CHFA loan programs, an MCC may only be utilized as additional income for purposes of qualifying a borrower for a CHFA Mortgage Loan.
- **Various additional technical corrections throughout the Guide**

Effective date: These changes are effective immediately.