



# chfa firstgeneration<sup>sm</sup> and firstgeneration plus<sup>sm</sup>

Building a Legacy for the Future



# disclaimer

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# agenda

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FirstGeneration Program Overview

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First-generation Homebuyer Definition

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Gross Annual Income Calculation

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Lock, Delivery, and Purchase Process

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Homebuyer Education

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# program highlights

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- FHA 30-year fixed-rate loan [no 203(k)] Must be a first-g
- Low interest rate
- Must be a first-generation homebuyer
- Property must be owner-occupied
- Funds are unlimited
- Who can offer the program?
  - Any lender with access to FirstStep has access to this program.



# who is a “first-generation homebuyer?”

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- 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.
- **All borrowers** must meet these definitions.
- **How to verify?** CHFA Form 401, Initial Applicant Affidavit, has been updated to include this definition. Borrowers will attest to meeting the definition by signing the form.



# firstgeneration program specifics

## Program Guidelines

- FHA 30-year fixed-rate loan [no 203(k)]
- \$25k DPA Option:
  - 0% Second Mortgage
  - Regardless of loan amount
- Must be a first-generation homebuyer
- Property must be owner-occupied
- Standard CHFA credit and DTI guidelines apply

## Income and Loan Limits

- Two types of income:
  - Borrower's qualifying income allows loan to be FHA-insured.
  - Gross Annual Income to meet CHFA's income limits (CHFA will verify lender calculation)
- Income limits and purchase price limits apply; vary by county, household size, and targeted or non-targeted area
- Loan limit is lower of \$806,500 or the applicable FHA limit

## Document Review

- **CHFA Program Compliance Review required prior to loan closing**
  - Not doing so could result in the loan not being purchased
- Upon CHFA approval, lender can proceed to closing
- Submit Purchase Review documents to CHFA
- Upon purchase by CHFA, submit final documents to CHFA

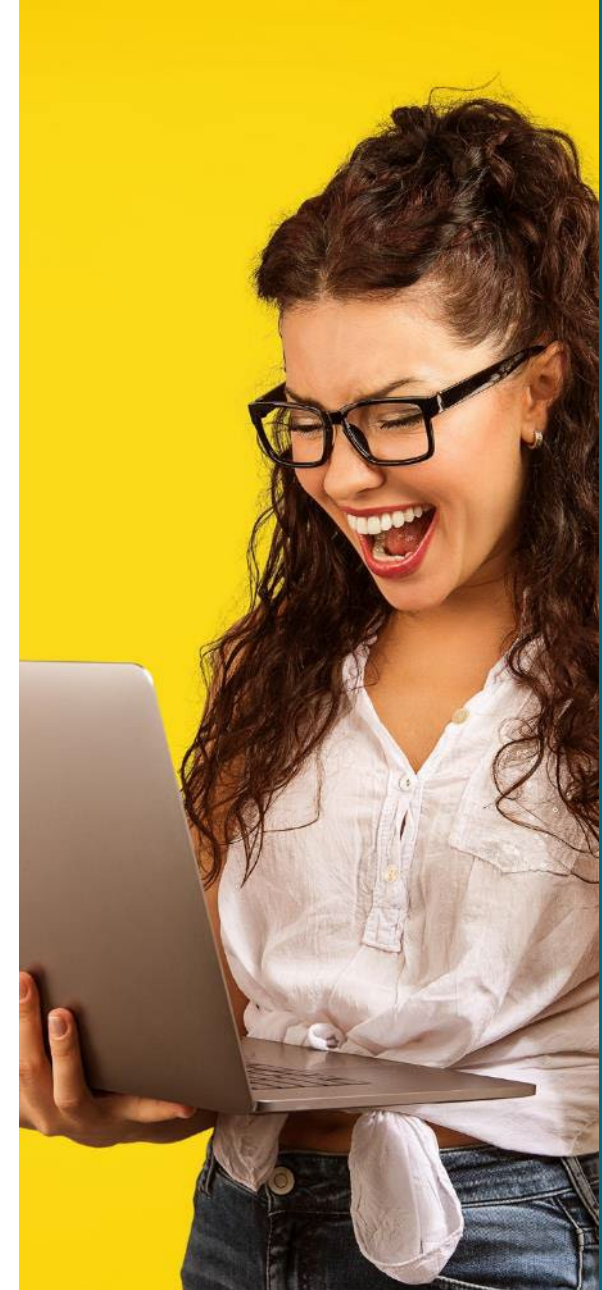
## Other items

- May be manually underwritten
- One year of tax returns or transcripts required (no extensions)
- Subject to Recapture Tax:
  - 1) Property is sold within the first 9 years, and
  - 2) Income exceeds limits for the county and year in which property is sold, and
  - 3) Borrower has a gain on the sale of the property.
  - Refinance does not trigger or eliminate recapture
  - CHFA has reimbursement policy

# \$25k down payment assistance

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- 0% Silent Second Mortgage
  - Regardless of loan amount
  - No monthly payments required, no accrued interest
  - Must be paid in full upon sale, refinance, or payoff, or if the home is no longer the Borrower's primary residence
- Proceeds may go toward down payment, closing costs, prepaids, and/or principal reductions.
- ✕ No Realtor® fees and commissions
- Can be paired with other non-CHFA down payment programs.



# chfa acceptable property types

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## Single Family Homes

- One unit: attached/detached
- Warrantable condos
- PUDs: attached/detached
- Deed Restrictions, Land Trusts and Affordable Covenants

## Manufactured Homes

- FHA: singlewide or larger
- State documentation of Affidavit of Real Property or Certificate of Permanent Location required

Borrower may not purchase a property with an ADU

# unacceptable property types

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- Investment property
- Second home
- Two- to four-unit properties
- ADUs
- Non-warrantable condos
  - FHA single-unit approvals may be acceptable
- Properties over 50 acres
- Co-ops

# firstgeneration income limits



Vary by county, household size, and whether the subject property is in a targeted area (targeted areas are determined by census tract).



## Two income calculations required (performed by lender's underwriter)

- Income calculation based on FHA income-qualifying guidelines allows the loan to be FHA-insured.
- **Gross Annual Income** calculation determines if the loan meets CHFA income limits.
- CHFA verifies the second income calculation for accuracy.

# gross annual income: definition

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**Note:** Guarantors or cosigners not allowed



Gross Annual Income is equal to:

- the current total gross annual income for all Borrower(s) and Coborrower(s), and
- any spouse or civil union partner of any Borrower or Coborrower *who will live in the residence.*

## example: counting apples

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The Apple family found the perfect property for their multigenerational family. The home is comprised of the following occupants:

- **Jim:** Borrower, earns \$65K/year and has received \$10K in overtime
- **Debra:** Non-borrowing Spouse, earns \$50K/year
- **Nancy:** Daughter, earns \$25K/year
- **Steve:** Son, non-earning dependent
- **Bill:** Coborrower (Jim's brother), earns \$35K/year

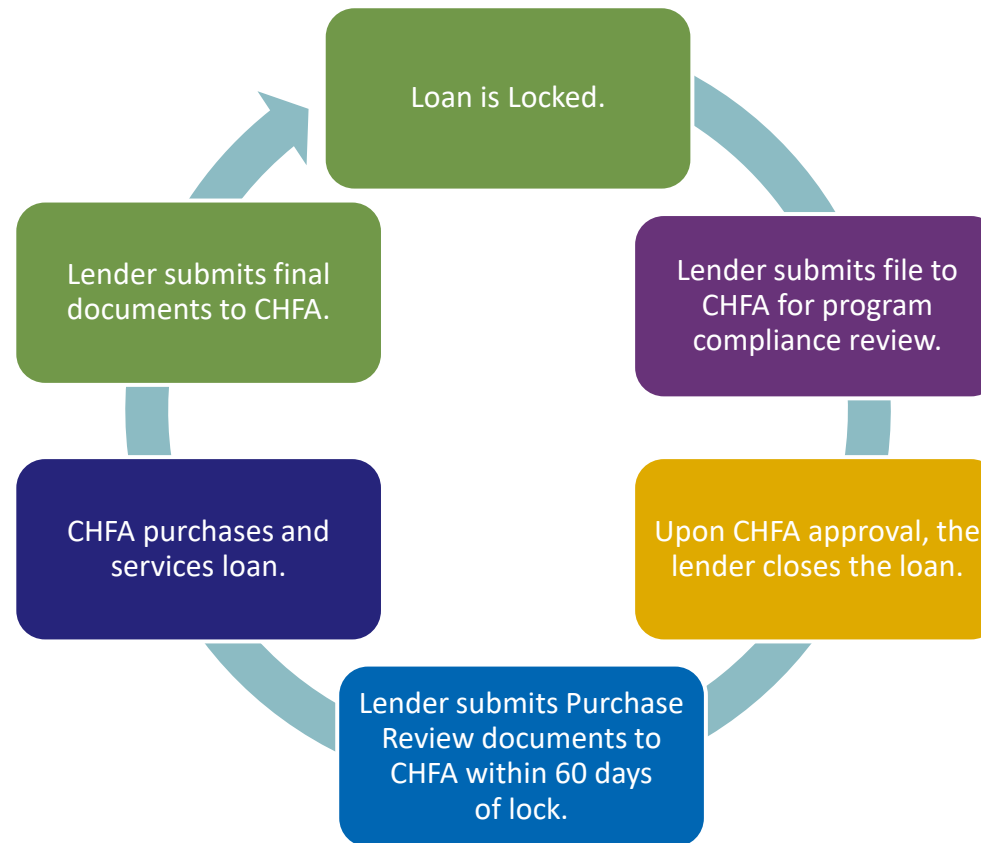
# gross annual income: whose income is counted?

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Whose income is counted towards CHFA's Gross Annual Income?	Why?	Whose income is not counted?	Why?
Jim	He is the Borrower; include overtime in calculation.	Nancy	She is not a Borrower, Coborrower, or the spouse or civil union partner of any Borrower.
Bill	He is the Coborrower.	Steve	He is not a Borrower, Coborrower, or the spouse or civil union partner of any Borrower. And, he has no income!
Debra	While not listed as a Borrower, she is Jim's spouse and is an occupant. If she was not an occupant, her income would not be counted.		

# chfa firstgeneration process flow chart

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# important: prior to closing, chfa program compliance review required

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- You must submit all required documents for a CHFA Program Compliance Review **prior** to closing the loan.
- **Why?** Helps to ensure guidelines and overlays are met ➡ Most loans get suspended more than one time!
- **Fast review:** Complete files will be reviewed in one business day.
- **Option to change program:** If the loan does not meet FirstGeneration guidelines at program compliance review, CHFA may allow you to change to another CHFA program.



# homebuyer education

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All borrowers must complete a CHFA-approved homebuyer education course

Available in English and Spanish  
(webinar is English-only)

Free in-person classes and live webinars

On-demand online course available for  
\$75 per borrower (requires follow-up  
counseling session with provider via phone)

Certificates good for 12 months prior to  
purchase contract date



# compliance and purchase forms

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- Find required documents in these checklists:
  - CHFA Form 750, Program Compliance Review Submission Checklist
  - CHFA Form 746-2nd, Second Mortgage Compliance Submission Review Submission Checklist
  - CHFA Form 751, Purchase Review Submission Checklist
  - CHFA Form 747-2nd, Second Mortgage Purchase Review Submission Checklist
  - CHFA Form 738, Post-closing Review Submission Checklist
- ⊗ Do not include checklists with your submissions.

# forms

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## Other useful CHFA forms

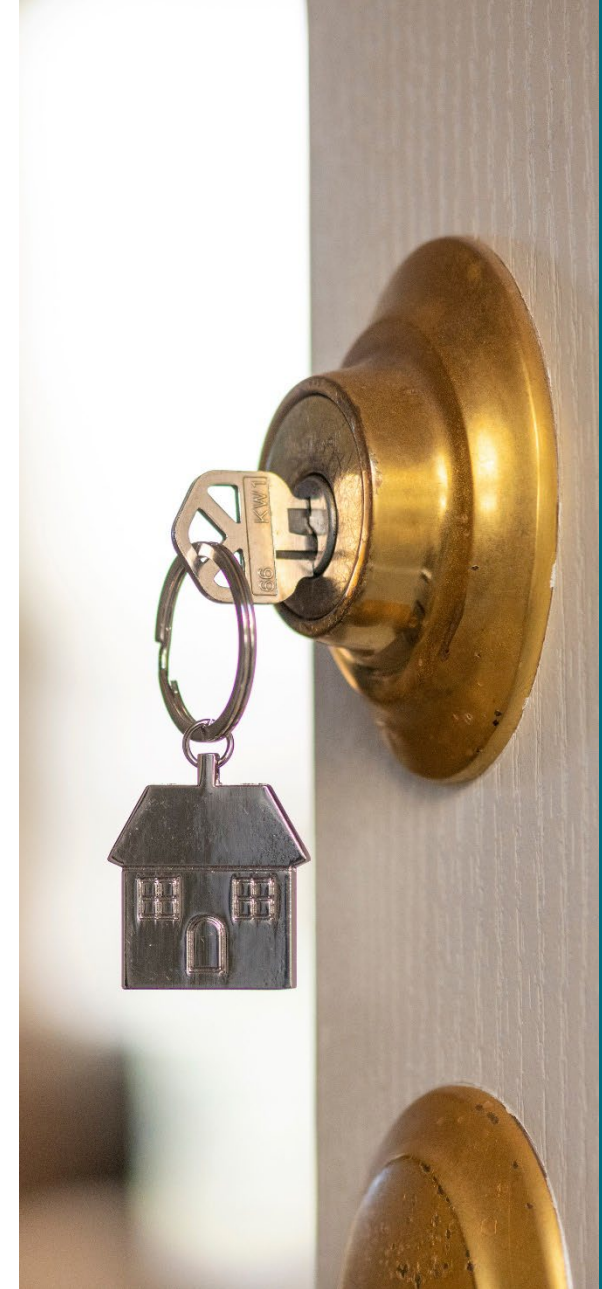
- Automated Payment Program Form (ACH Authorization), if borrower requests ACH for payments
- CHFA Form 718, Single Family Loan Servicing Authorization to Communicate to a Third Party



# additional resources

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- Webpage and flyer: [chfainfo.com/firstgen](http://chfainfo.com/firstgen)
  - Cobranded flyer coming soon!
- FirstGeneration matrix (requirements cheat sheet!)
- FirstGeneration live training or online slides (locking, processing, and delivering tips)
- Seller's Guide (Section 600 for Gross Annual Income)
- Questions ➡ CHFA Business Development Specialist
- [homeownership@chfainfo.com](mailto:homeownership@chfainfo.com) or 888.320.3688





# thank you

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