



help more borrowers qualify with  
chfa firststep<sup>sm</sup> and firststep plus<sup>sm</sup>

Home Finance



# disclaimer

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# chfa firststep

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CHFA's Lowest-rate  
Program



Funded with  
Tax-exempt Bonds



Additional Guidelines  
and Overlays



Pre-closing Program  
Compliance Review  
Required

# important: chfa pre-closing 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 the guidelines and overlays are met ➔ Most FirstStep 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 FirstStep guidelines at program compliance review, CHFA may allow you to change to another CHFA program.





What if you don't submit for post-closing program compliance review?

If CHFA determines upon CHFA's Post-closing Review that the loan does not meet all programmatic requirements, **we will not purchase the loan.**

# chfa firststep

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FirstStep  
Overlays

2

FirstStep  
Income Limits

3

FirstStep Gross  
Annual Income

# 1 firststep overlays

- ✓ First-time homebuyers
- ✓ Qualified veterans
- ✓ Non-first-time buyers purchasing in a target area



- First-time buyers are defined as someone who has no present ownership interest in the borrower's principal residence at any time during the three-year period ending on the date of the new loan closing.
- Targeted area maps and census tracts are available on [www.chfainfo.com](http://www.chfainfo.com)

# firststep overlays

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- ✔ FHA loans only
- ✔ CHFA Down Payment Assistance (DPA) Second Mortgage Loan only
- ✘ No CHFA DPA Grant
- ✔ Purchase price limits based on the county and census tract



## 2 firststep 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.

### 3 gross annual income: definition

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- ✘ **Note:** CHFA does not currently allow guarantors or cosignors under any of its single family mortgage loan programs.



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
- **Grandma Josie:** Coborrower, 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.
Grandma Josie	She 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.		

# gross annual income calculation: income sources included

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- Monthly gross pay, overtime, part-time employment, bonuses
- Recurring payments from retirement funds, pensions, Veterans Administration compensation, insurance policies or annuities, unemployment benefits, workers' compensation benefits, sick or short-term disability compensation
- Tax-free income, including Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI)
- Income from dividends, interest, investments, net rental income, and capital gains from the sale of an asset, royalties, and trusts
- Maintenance and child support



# additional required documents for chfa pre-closing program compliance review

## Tax Returns

Most recent year's tax return or transcript for all Borrowers

- Extensions not accepted
- If Borrower was not required to file a return, this requirement is waived, and a Letter of Explanation should come from the Borrower(s)

## CHFA Form 401

Initial Applicant Affidavit

- **Must be completed and signed by borrower(s)**, with guidance from the lender
- Potential Recapture Tax must be disclosed/ explained by lender
- Loan is denied until the fully completed/executed form is received

## CHFA Form 750

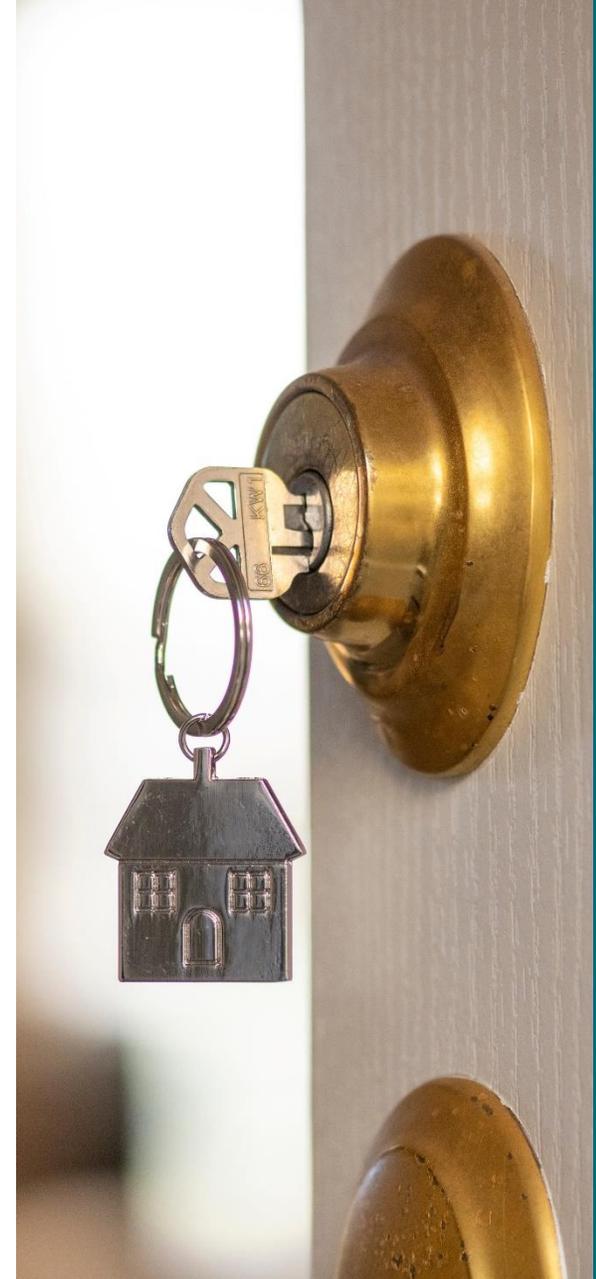
CHFA FirstStep Program Compliance Submission Checklist

- Available on [www.chfainfo.com](http://www.chfainfo.com) or under document delivery in [HomeConnection](#)

# resources

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- FirstStep webpage and flyer
- FirstStep matrix (requirements cheat sheet!)
- FirstStep live training or online slides (locking, processing, and delivering tips!)
- Questions ➡ CHFA Business Development Specialist



# discussion

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Let's answer your questions





thank you!

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