

CHFA Form 375

Guide to CHFA Down Payment Assistance (DPA) Second Mortgage Loan Deferred Payment (Balloon)

The focus of this Guide is to provide helpful information when completing the Loan Estimate and Closing Disclosure for the CHFA Down Payment Assistance (DPA) Second Mortgage Loan. The information in this Guide is only applicable to the delivery of CHFA DPA Second Mortgage Loans to CHFA.

This Guide is **not** to be used with CHFA's HomeAccess Second Mortgage Loans and its corresponding disclosures (Form 381 HomeAccess Loan Estimate and Form 382 HomeAccess Closing Disclosure). Please refer to CHFA Form 380 Guide to CHFA's HomeAccess Second Mortgage Loans for more information.

Pursuant to the CHFA Sellers Guide, CHFA relies on its Participating Lenders to comply with all applicable legal and regulatory disclosure requirements. This Guide is not a substitute for the Consumer Financial Protection Bureau's (CFPB) TILA-RESPA Integrated Disclosure Rule (TRID) and the advice of your Compliance Department or Legal Counsel.

CHFA will not advise Lenders on disclosure requirements, disclosure contents, nor how particular sections of the disclosures should be completed. As such, Participating Lenders should consult with their Legal Counsel and Compliance Department prior to disclosing the CHFA DPA Second Mortgage Loan regarding specific disclosure requirements and assistance with questions related to the content of disclosures.

CHFA Form 376 Loan Estimate and CHFA Form 377 Closing Disclosure

CHFA has provided Form 376 Loan Estimate (Form 376) and Form 377 Closing Disclosure (Form 377) as a courtesy and option to our Participating Lenders to use at their own discretion. However, if a Participating Lender is able to generate the Loan Estimate and Closing Disclosure for the CHFA DPA Second Mortgage Loan through its Loan Origination Software it is preferred for Participating Lenders to utilize its own forms.

There may be various disclosure options and interpretations of TILA-RESPA Integrated Disclosure Rule (TRID) requirements when disclosing a simultaneous second mortgage loan in conjunction with a first mortgage loan. CHFA Form 376 and Form 377 represent one option in disclosing the CHFA DPA Second Mortgage Loan.

Lenders are not required to use these disclosures and may use disclosures provided by your Lending Institution.

CHFA makes no representation regarding the accuracy or compliance of these forms with regulatory requirements. The loan is subject to repurchase if the loan is not eligible for pooling or is audited and found to not be in compliance. Please consult with your Compliance Department and/or Legal Counsel regarding whether these forms satisfy your Lending Institution's compliance requirements.

By using these forms, you are agreeing that CHFA and its employees assume no responsibility for, and that you will hold CHFA and its employees harmless from, any claims or expenses that may be related to or arise from any violation of law arising from your use of these forms.

For more information regarding CHFA's DPA Second Mortgage Loans please refer to the CHFA Sellers Guide.

Note: Participating Lenders are required to use CHFA Form 307, CHFA DPA Second Mortgage Loan Promissory Note, and CHFA Form 314, CHFA DPA Second Mortgage Loan Deed of Trust, for all CHFA DPA Second Mortgage Loans.

CHFA Form 307 CHFA DPA Second Mortgage Loan Promissory Note (Subordinate Note) and Form 314 CHFA DPA Second Mortgage Loan Deed of Trust are standardized forms that were prepared in collaboration with Freddie Mac and Fannie Mae, and both have been reviewed and approved by HUD.

CHFA does not prescribe or provide any forms and rely completely on the Lender to determine which Note and Deed of Trust form is appropriate for the first mortgage loan in any given transaction.

Navigating the forms:

Utilizing the tab key to navigate through each document will highlight each available fillable field.

When filled out through HomeConnection, some fields will automatically populate based on the information entered into HomeConnection.

If filling out the forms from the website, some fields will automatically populate regarding the summations of certain terms.

Participating Lenders are responsible for verifying that fillable field values and calculations are correct prior to disclosure.

All automatically populated fields may be manually changed if necessary.

CHFA DPA Second Mortgage Loan Features

The CHFA DPA Second Mortgage Loan is structured as follows:

Loan Type:	Community Second Mortgage
Product Type:	30 Year balloon payment, fixed rate
Loan Term:	30 years
Interest Rate:	This is a non-interest bearing loan. The initial interest rate cannot increase after closing.
Balloon Payment:	No monthly principal and interest payments are due, however, there is a scheduled final balloon payment. The final payment is deferred until 30 years or the "maturity date" as defined in accordance with the terms

of the CHFA DPA Second Mortgage Loan Promissory Note. Please refer to the CHFA Sellers Guide for more information.

- Final Payment: The final payment will generally be the Total Loan Amount the consumer will borrow on the second mortgage as reflected by the face amount of the CHFA DPA Second Mortgage Loan Promissory Note.
- Prepayment penalty: The CHFA DPA Second Mortgage Loan does not have a prepayment penalty.
- Negative Amortization: The CHFA DPA Second Mortgage Loan does not have a negative amortization feature.

Cash Back

The intent of the downpayment assistance loan is to provide the borrower with the funds necessary to close the transaction. The downpayment assistance funds should not result in cash back to the borrower in accordance with applicable investor/guarantor, Fannie Mae and Freddie Mac requirements.

Closing Costs

Fees Not Permitted

CHFA does not permit Participating Lenders to charge the following fees on the CHFA DPA Second Mortgage Loans:

- Origination Fees
- Discount Points
- Processing or Administration fees

Permissible Fees

CHFA permits Participating Lenders to charge the following fees on the CHFA DPA Second Mortgage Loans:

- Settlement Fees:
Although CHFA does not require a settlement fee, lenders are permitted to pass through third-party settlement fee charges in connection with the CHFA DPA Second Mortgage Loan. Provide a description of the individual service being charged and the dollar amount for the individual service provided.

Note: Services listed under either Section B or Section C will automatically populate in the Total Dollar Amount Field with the sum of the lines below if you are filling out electronically. If you are filling out manually, please enter the sum of the lines below into this field.

- Taxes and Other Government Fees:
This section includes the charges assessed by a government authority to record and index the second mortgage loan as required under state or local law. CHFA will allow the total charges to record and index the CHFA DPA Second Mortgage Loan Deed of Trust.

Note: The total dollar amount for all recording fees will automatically populate when you enter the itemized fees for recording the Deed and Mortgage on the line below. If entering manually, please enter the sum of the itemized fees of the Deed and Mortgage from the line below.

Lender Credits

Dollar amount of Lender Credits as applicable to the transaction.

- A fillable field has been provided next to Lender Credits to allow for a statement if part of the credit was paid by the creditor to offset an excess charge above legal limits with funds other than closing funds.

Additional Information About This Loan

Contact Information

Provide the Name and NMLS/___ License ID number for the creditor and mortgage broker, if any, and the individual loan officer of both. The NMLS/___ License ID number should be the same as that identified on the note and other documents. Also, provide the email and/or phone number of the individual loan officer. The person identified as the individual loan officer must be the primary contact for the consumer.

CHFA's name, business address, phone number, or email address should not be listed in the contact section of the disclosures.

Other Considerations

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| Assumption: | The CHFA DPA Second Mortgage Loan is not assumable. |
| Servicing: | Mark the appropriate box based on your organization's servicing policy. |
| Demand Feature: | Mark whether the legal obligation contains a demand feature that can require early payment of the loan. |
| Partial Payments: | Mark the appropriate box in relation to the acceptance of Partial Payment made by the consumer. |