



march 6, 2017

Summary of Changes

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

- Modifications to CHFA down payment assistance programs, including:
 - The addition of a zero-percent second mortgage for up to 5 percent of the total first mortgage loan amount to assist with down payment, closing costs, and/or prepaids and
 - An increase to the CHFA DPA Grant amount from 3 percent to up to 4 percent of the total first mortgage loan amount
- Elimination of the Borrower Premium option for purchase loans
- Introduction of a Very Low Income Program (VLIP) product which provides a rate benefit through CHFA's existing Freddie Mac loan products for borrowers earning less than 50 percent of Area Median Income (AMI)
- Reintroduction of the CHFA Mortgage Credit Certificate (CHFA MCCsm) program

Down Payment Assistance Updates

CHFA now offers an optional Second Mortgage Loan for assistance with down payment, closing costs, and/or prepaids. Available for up to 5 percent of the total first mortgage loan amount, this product will be a subordinate zero-percent interest mortgage with repayment deferred until the earlier of thirty years or the maturity date in accordance with the terms of the loan documents (see sections 304.B and 604 of the CHFA Seller's Guide and applicable program matrices).

Changes have also been made to the CHFA DPA Grant. Available for up to 4 percent of the total first mortgage loan amount, the CHFA DPA Grant may be used for down payment, closing costs, and/or prepaids. This 4 percent grant replaces the current 3 percent CHFA DPA Grant (see sections 304.A and 603 of the CHFA Seller's Guide and applicable program matrices).

Both down payment assistance programs are available in the CHFA Preferred Plussm, CHFA SmartStep Plussm, CHFA HomeOpener Plussm, and CHFA SectionEightsm Homeownership Plus programs. CHFA down payment assistance options may not be combined in a single loan transaction; i.e. a Borrower may not receive both a CHFA DPA Grant and a CHFA Second Mortgage Loan in the same transaction. The CHFA Second Mortgage Loan cannot be subordinated to any lien other than a CHFA First Mortgage Loan. Additional liens may be subordinate to the CHFA Second Mortgage Loan.

Effective date: These changes are effective immediately.

Borrower Premium Changes

Borrower Premium options are no longer available for purchase loans. All Borrower Premium options remain available for refinance loans (see section 302.A of the CHFA Seller's Guide and applicable program matrices).

Effective date: These changes are effective immediately.



chfa participating lender announcement 2017-01

Very Low-Income Program (VLIP) for CHFA Freddie Mac® Programs

CHFA is offering a new pricing option for borrowers earning 50 percent or less of the Area Median Income (AMI) for the county in which they reside. These borrowers can obtain a CHFA Preferredsm, CHFA Preferred Plussm, or CHFA Advantagesm mortgage loan at a lower interest rate than is available for the standard versions of these products. All program guidelines other than income remain the same as for the standard products. Only Freddie Mac loans underwritten through the Loan Product Advisor® AUS are eligible for this program and its reduced interest rates.

Effective date: These changes are effective immediately.

Reintroduction of the CHFA MCCsm Program

CHFA is once again offering Mortgage Credit Certificates (MCCs). The following requirements govern MCCs issued through the CHFA MCC program:

- All MCCs will be issued with a 20 percent credit rate
- Lenders must use household income to determine eligibility for the CHFA MCC program, not qualifying income as has become customary for most CHFA loan programs
- The CHFA administrative fee for MCCs associated with a CHFA First Mortgage Loan is \$250
- The CHFA administrative fee for MCCs not associated with a CHFA First Mortgage Loan is \$1000; the CHFA administrative fees for stand-alone MCCs must be paid with certified funds at the time of program compliance review, not after loan closing
- Lenders may charge borrowers a \$200 processing fee for their work in preparing and submitting documentation for an MCC
- The CHFA MCC program cannot be paired with a CHFA HomeOpenersm, CHFA HomeAccesssm, or CHFA SectionEightsm Homeownership loan
- A borrower must be a First Time Homebuyer or qualified Veteran to be eligible for an MCC

(See chapter 9 of the CHFA Seller's Guide and the MCC Program Matrix for more information.)

Effective date: These changes are effective immediately.

Miscellaneous Updates

- **201.H, Homebuyer Education**
Specifies that construction-to-permanent loan borrowers must complete homebuyer education.
- **501.A and 501.B, Tax Returns**
Clarifies requirements regarding submission of tax returns for all borrowers, and specifies permissibility of submitting transcripts in lieu of returns.