

lock to purchase requirements for chfa smartstepsm programs

colorado housing and finance authority



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underwriting and general loan program information

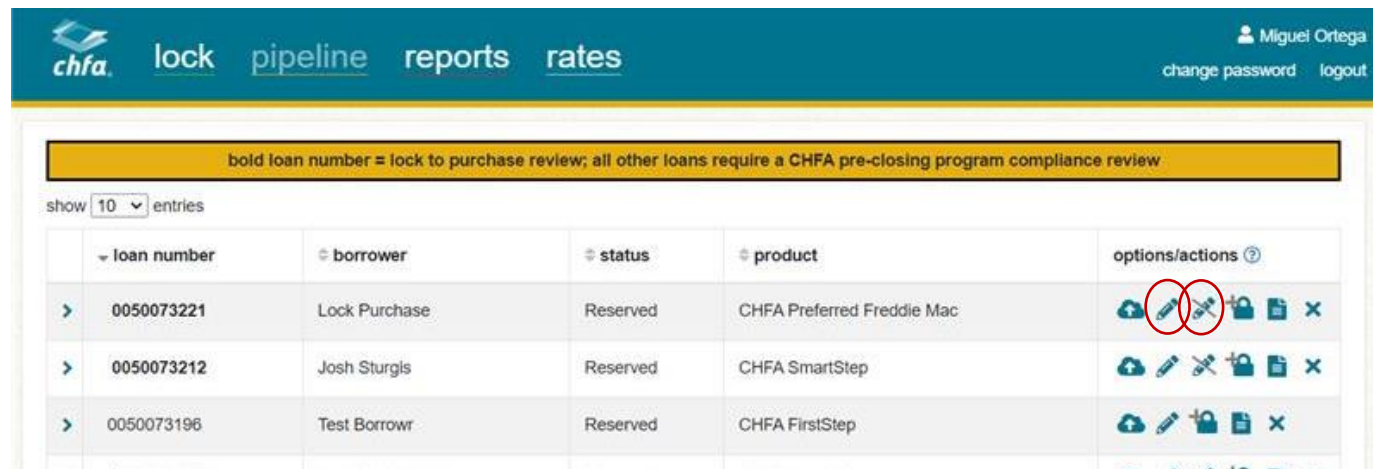
chfa smartstepsm

















CHFA SmartStepsm/SmartStep Plussm

- FHA, VA or USDA-RD loans
 - Available to first time and repeat homebuyers
 - Borrower(s) may own one other residence, cannot be encumbered by a CHFA lien
 - Borrowers may only own one property encumbered by a CHFA lien
 - Must meet FHA, VA, or USDA-RD guidelines for ownership of additional property
 - CHFA DPA – can utilize either the grant or second mortgage
-
- Affidavits not required
 - Gift funds acceptable
-
- Income limits apply – statewide income limit
-
- DU/LPA/GUS
 - Minimum credit score 620
 - Manual underwrites acceptable – follow agency guidelines
-
- 203(k) rehab loan available with program (special pricing applies)
 - Escrow repairs are acceptable – follow agency guidelines
 - Buydowns are not permissible
 - **Lock to purchase process, no CHFA review and approval prior to closing – bolded loan number**

homeconnectionsm validation tool

- Lenders may utilize the program validation tool in HomeConnection to confirm loan meets CHFA guidelines
- Click on the  icon to the right of the loan in HomeConnection
 - Verify information in loan and validate
 - To disable the loan from additional changes click on the  icon.
 - To re-enable the loan click on the  icon and request via email to CHFA



loan number	borrower	status	product	options/actions
> 0050073221	Lock Purchase	Reserved	CHFA Preferred Freddie Mac	    
> 0050073212	Josh Sturgis	Reserved	CHFA SmartStep	     
> 0050073196	Test Borrower	Reserved	CHFA FirstStep	    

homeconnectionsm validation tool

- A "Validation Errors" message will appear if data does not meet CHFA's requirements
 - Data in HomeConnection must match information submitted for loan review
- Any error must be corrected prior to moving forward.
- Do not input incorrect information or falsify data

The screenshot displays the HomeConnection validation tool interface. At the top, there is a navigation bar with the CHFA logo and links for 'lock', 'pipeline', 'reports', and 'rates'. A breadcrumb trail shows the current step: 'Product' (highlighted in green), 'File Upload', 'Loan' (highlighted in green), 'Property', 'Borrowers', and 'Lender'. Below the breadcrumb trail are 'Previous' and 'Next' navigation buttons. A prominent pink box titled 'Validation Errors' contains a list of seven required fields that are missing or invalid. A red arrow points to this error box. Below the error box, the 'Step 3 - Loan' form is visible, featuring a 'Loan Amount *' field with a red exclamation mark icon. To the right, the 'Current Lock' section shows a 'Product' dropdown menu and the text 'Program: CHFA SmartStep'.

links & forms chfainfo.com

chfa. lock pipeline reports rates change password logout

Product File Upload Loan Property Borrowers Lender

< Previous Next >

Validation Errors

- The Loan Amount field is required.
- The Second Loan Amount field is required.
- The Purchase Price field is required.
- The Loan Decision Credit Score field is required.
- The Debt to Income Ratio field is required.
- The Monthly Gross Qualifying Income Lender field is required.
- The Total Occupying Property field is required.

Step 3 - Loan

Loan Amount * !

\$ Loan Amount

Current Lock

Product

Program: CHFA SmartStep

homeconnectionsm validation tool reminders

- Anyone that has access to update a lock can alter the fields in HomeConnection
- Important: Always click on the “Update Lock” button once all changes have been made
 - This saves your changes and ensures the lock still meets CHFA requirements
- Once all the fields are accurate and will not change, you can disable editing
- Click on the “Data Validation” icon in the pipeline view in HomeConnection
- No one can edit the lock once this has occurred

homeconnectionsm validation tool reminders

- CHFA can enable the lock for editing by request only.
 - Individual making request will be notified
 - Copy other individuals who need to be notified
 - Ensure you have your authority to make request
 - For example, some companies only want underwriters making this request
- Pay attention to pop-up boxes, as these messages confirm the edits and alert you to any changes in dates, rates, or fees
- Ability to make changes/validate is only available while the lock is in “Reserved” status

chfa general guidelines

- SmartStep loans must meet FHA, VA, USDA-RD, and CHFA guidelines
- Only borrower(s) may take title to the property
 - No one else may be included on the purchase documents/in title to property
- No cosigners or non-occupying co-borrowers or non-purchasing spouses
- Must meet appropriate CHFA Income Limits listed on the CHFA website
- Non-Traditional Credit is acceptable - follow guidelines (FHA, VA, USDA-RD)
- 30 year fixed rate mortgages only
- Owner occupied primary residence only
 - Borrowers must be living in the property as their primary residence within 60 days of closing
- Debt to Income requirements
 - 50.00% DTI max for borrowers with a mid FICO of 620 to 659
 - 55.00% DTI max for borrowers with a mid FICO of 660 or above
- Loan may not exceed the lower of CHFA's DTI limit; the DTI limit permitted by FHA, USDA-RD, VA; or the DTI limit determined by the Automated Underwriting System (AUS) findings, as applicable

chfa general guidelines

- Optional Down Payment Assistance available
 - SmartStep Plus
 - Plus = Down Payment Assistance
- Cash Back – follow FHA, VA, USDA-RD, guidelines
 - Borrowers cannot receive any CHFA down payment assistance as cash back
- Borrower **minimum** contribution \$1,000, which may include:
 - Gift funds (follow agency guidelines);
 - Earnest money deposit;
 - Application, appraisal, or credit report fee paid to the Participating Lender;
 - Home inspection fee, including fees paid for additional inspection services, such as sewer scopes, structural engineers report, etc.;
 - Hazard insurance premium paid outside of closing;
 - Any Homebuyer Education Fee, if applicable
 - HOA Fees paid out of pocket by borrower

homebuyer education

- Required for **ALL** CHFA programs
- All Borrowers must take Homebuyer Education prior to the loan closing
- Classes from CHFA approved provider list on CHFA website
 - In person Classes
 - No cost to attendees
 - Online Class
 - must be taken through CHFA approved provider; not directly from eHome America
 - eHome America - Fee - \$75 each borrower
 - Framework certificates are not acceptable
 - Required one-on-one counseling session via phone by agency staff after completing online course
 - Follow information on providers site for scheduling counseling session
- Certificates expire twelve (12) months after date of class
 - Borrower must be under contract prior to expiration of certificate

common underwriting issues

- Underwriting transmittal missing information/not complete
 - FHA Loan Underwriting Transmittal (92900LT/LUTS), VA Loan Analysis, 1008 Underwriting Transmittal
 - Ratios, total monthly payment, loan amount, purchase price, appraised value, mortgage insurance payment, etc must match AUS findings
 - CHFA DPA information missing/incorrect
 - DPA based on total loan amount, whole dollar amount (rounded down)
 - Manually underwritten loans, transmittal **must** be signed
 - Risk assessment sections must be completed
 - LUTS must have the CHUMS number for the appraisal reviewer listed
- Omitting debt on the AUS findings
 - Notate reason on underwriting transmittal or provide a written and signed certification as to why the debt is being omitted
- A borrower may only have **one** active CHFA loan at a time
 - Any previous loans must be paid in full otherwise CHFA will not purchase the new loan

chfa's smartstep income guidelines

- Borrower qualifying income as calculated by the CHFA Participating Lender is used for the following CHFA loan programs:
 - CHFA SmartStepsm and SmartStep Plussm
- Only the qualifying income of borrowers on the loan is utilized
 - Qualifying income calculation must comply with applicable FHA, VA, USDA-RD guidelines

fha requirements for dpa grant

- FHA Loan Underwriting Transmittal (LUTS) – CHFA DPA Grant must show as a gift and marked as Government. Also include the EIN number for CHFA – **84-0676451**
- All gifts should be listed separately

Secondary Financing

Source/EIN _____

Gov't NP Family

Other _____

Amount of Secondary Financing
\$ _____

Gifts Seller Funded DAP Y/N

1.) Source/EIN 84-0676451

Gov't NP Family

Other _____

Amount of Gift \$ 5,184.00

2.) Source/EIN _____

Gov't NP Family

Other _____

Amount of Gift \$ _____

fa requirements for chfa second mortgage

- FHA Loan Underwriting Transmittal (LUTS) – CHFA Second Mortgage must show as secondary financing and marked as Government. Also include the EIN number for CHFA – **84-0676451**

Secondary Financing

Source/EIN **84-0676451**

Gov't NP Family

Other _____

Amount of Secondary Financing

\$ **10,408.00**

Gifts Seller Funded DAP Y/N

1.) Source/EIN _____

Gov't NP Family

Other _____

Amount of Gift \$ _____

2.) Source/EIN _____

Gov't NP Family

Other _____

Amount of Gift \$ _____

smartstep program compliance documentation requirements

- Lock to Purchase process
 - Bolded loan number in CHFA HomeConnection
 - No CHFA review and approval prior to closing
 - Must meet all requirements for CHFA to purchase, no exceptions

submission of file for purchase review

chfa smartstep programs purchase guidelines

- All MERS members must close on the MERS/MOM Deed of Trust
 - Non MERS members must use the Standard Deed of Trust and the CHFA Form 230M Assignment
- Lender receives payments on first mortgage loan until purchased by CHFA
 - Lender can take a maximum of 4 payments
 - If utilizing an interest credit, lender MUST take the first payment and any additional payments until CHFA purchases the loan
- Outstanding compliance approval conditions must be in purchase file, if applicable
- Original Collateral send to CHFA's main office
 - Overnight: 1981 Blake Street, Denver, CO 80202
 - Postal mail: PO Box 60 Denver, CO 80201

chfa smartstep programs purchase guidelines

- Endorsement on note or allonge should be to: Colorado Housing and Finance Authority
 - Endorsements must be “wet signed”, signature stamps are not acceptable
 - Only 1st mortgage loans should be endorsed to CHFA
 - CHFA 2nd mortgage loans do NOT need endorsement
- Principal reductions received on Closing Disclosure require a pay history showing the unpaid principal balance after principal reduction
- Proof that all MIP payments have been made, including late fees prior to purchase
 - FHA loans – FHA Case Details printout

chfa smartstep programs purchase guidelines

- Purchase review turn time is 6 business days from file check in. Suspended or incomplete files will result in further delays
 - Cut off time for file upload is 3:00 pm MT
- Decision letters
 - Available in HomeConnection after review of file
 - Link for decision letter in HomeConnection will be sent to the contact selected in the CHFA Document Delivery System
- Submission of suspense conditions to CHFA
 - Upload through document delivery system or investor connect
 - Utilize the specific line item for the document
 - Using the bulk upload option will delay the review of suspense conditions
 - Suspense conditions will be reviewed in order received within one business day
- Lender must provide final documents to CHFA within 90 days of purchase

common issues that delay purchase approval and funding

- Purchase file does not check in for review
 - Missing documents or documents uploaded to the incorrect document line
- Missing documentation required in AUS findings
- Incorrect Note or Deed of Trust requiring Modification
- Compliance conditions are not met
- Incorrect, missing, or dated Note Endorsements
 - If an error is made, void any incorrect endorsements prior to sending Note to CHFA for purchase
- Endorser printed name and job title missing
 - Attorney In Fact is allowed to sign, must include Power of Attorney (POA) showing all authorized signors

common issues that delay purchase approval and funding

- Simultaneous use of note endorsement and allonge
- Missing MIP information
- Missing payment history showing principal reduction applied, property taxes paid and/or MIP disbursements and late fees if applicable
- Missing FHA Case Details report showing FHA/HUD has received and processed MIP payments
- CHFA forms not being utilized from CHFA HomeConnection or CHFA website
 - Forms from Lender's document preparation system or any other document preparation system will not be accepted
 - Forms must also be the most current version
- Final closing documents or CHFA documents signed electronically. All final closing documents and CHFA documents must be "wet" signed by all borrowers

manufactured home documents

- Manufactured home documentation requirements – state statute
 - When home and land have been purged
 - Affidavit of Real Property for a Manufactured Home
 - Land Lease property – attach copy of land lease to the Affidavit
 - When new construction or home has not been purged
 - Certificate of Permanent Location for a Manufactured Home
 - Certificate of Permanent Location for a Manufactured Home in a Land Lease Community
- Purged = land and home are taxed together as real property

manufactured home documents

- Manufactured Home Rider
 - Information may be contained in the Deed of Trust
- Affixation Affidavit
 - Unless Manufactured Home Affidavit of Affixation Rider is utilized
 - Must be recorded with first mortgage Deed of Trust
- Manufactured Home Affidavit of Affixation Rider, if applicable
 - Should be recorded with first mortgage Deed of Trust, but acceptable to be recorded separately
 - All information should be completed, including section 14

14. The Homeowner hereby initials one of the following choices, as it applies to title to the Home:

- A. The Home is not covered by a certificate of title. The original manufacturer's certificate of origin, duly endorsed to the Homeowner, is attached to this Affidavit, or previously was recorded in the real property records of the jurisdiction where the Home is to be located.
- B. The Home is not covered by a certificate of title. After diligent search and inquiry, the Homeowner is unable to produce the original manufacturer's certificate of origin.
- C. The manufacturer's certificate of origin and/or certificate of title to the Home shall be has been eliminated as required by applicable law.
- D. The Home shall be covered by a certificate of title.

smartstep purchase documentation requirements

- Follow the list of conditions/documents in the Document Delivery system or utilize document checklist for the respective program
 - CHFA Form 792, Lock to Purchase Submission Review Checklist
 - ***Do not include checklist in file submission***
- All information used to underwrite file from AUS findings or Underwriter requirements – including assets

contact us for information

- toll free: (888) 320-3688
- email: homeownership@chfainfo.com



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thank you!
