

# lock to purchase process



*financing the places where  
people live and work*

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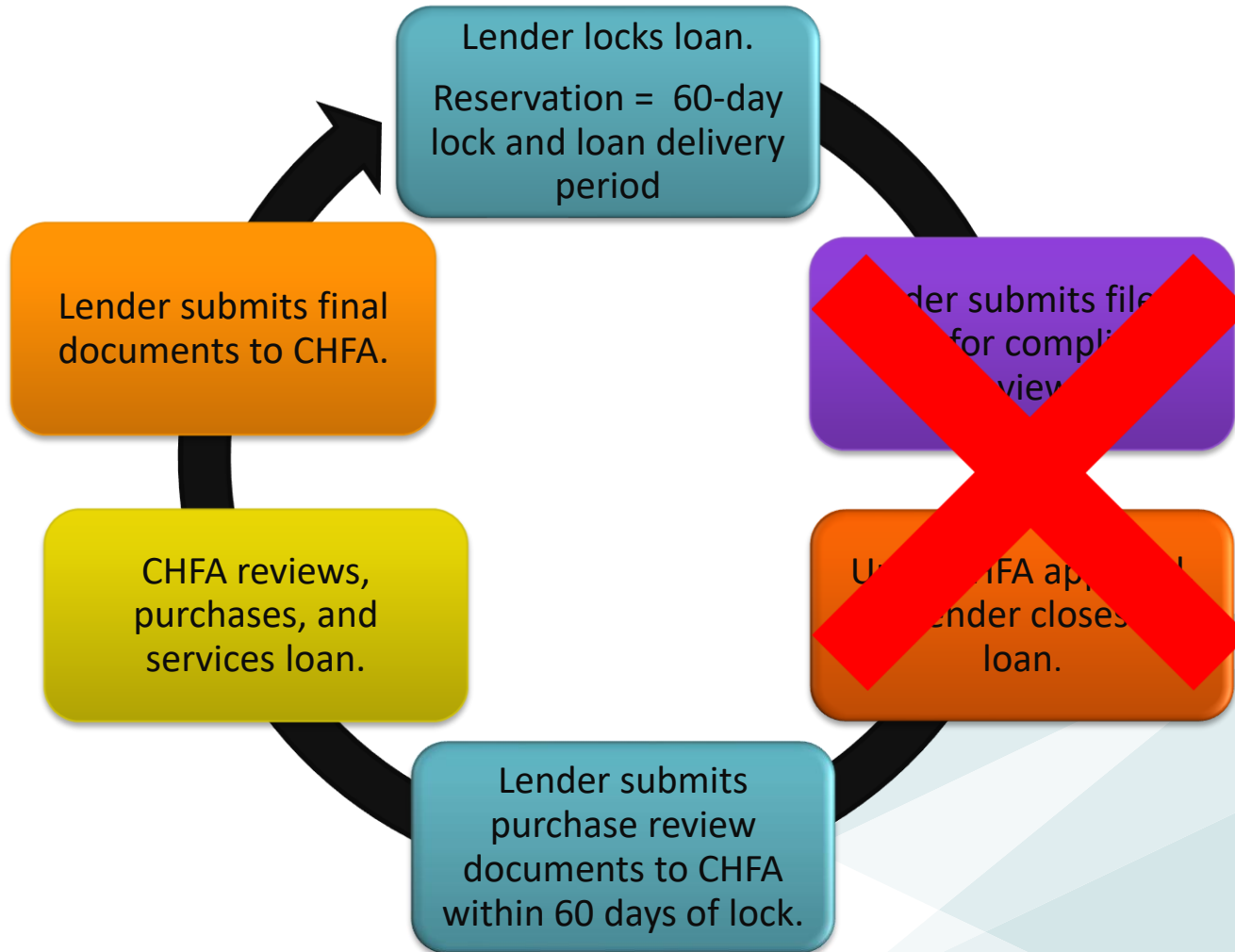
# agenda

- What's changing?
- Why?
- What's staying the same?
- Who's most impacted?
- Getting from locked to purchased
- Questions

# what's changing?

- CHFA will no longer be reviewing CHFA Preferred<sup>sm</sup> or CHFA SmartStep<sup>sm</sup> mortgage loans for program compliance prior to loan closing.
- Loans will go from “Reserved” to “Pre-Funding in Process,” skipping the Compliance Review step.
- CHFA calls this the “Lock to Purchase” process.

# lock to purchase process



# what's changing?

- Participating Lender must ensure all programmatic requirements and Agency guidelines are met prior to closing the loan.
- For locks made on or after September 1, 2020, Lenders will no longer receive a “Compliance Approval” for those loans going through the Lock to Purchase process.
- CHFA will not purchase loans that do not meet all requirements and/or Agency guidelines.

# what's changing?

- The Lock to Purchase process is only applicable on the following programs:
  - CHFA SmartStep<sup>sm</sup> and CHFA SmartStep Plus<sup>sm</sup>
  - CHFA Preferred<sup>sm</sup> and CHFA Preferred Plus<sup>sm</sup>
  - CHFA Preferred<sup>sm</sup> Very Low Income Program (VLIP) and CHFA Preferred VLIP Plus<sup>sm</sup>



# why?

- Speed
  - Get to the closing table faster.
- Efficiency
  - 50% of loans in CHFA Purchase Review have been revised from CHFA Program Compliance Review.
    - Loans can still be purchased, but components of the lock like DTI, income, etc. have changed and don't match required Prefunding Review Documentation.
- Industry standards
  - CHFA aims to align with other investors.



# what's staying the same?

- CHFA Program Compliance Review continues for the following programs:
  - CHFA FirstStep<sup>sm</sup>
  - CHFA FirstStep Plus<sup>sm</sup>
- In time, CHFA aims to have all programs go through the Lock to Purchase process.

# important: lock date

- Be aware, lock date is important!
- Regardless of program, locks made prior to September 1, 2020 will continue down the customary path.
  - Lenders should submit a CHFA Program Compliance Review.
  - Utilize the applicable checklist found in document delivery system in HomeConnection or on the CHFA website.
- After September 1, 2020 you will have locks utilizing both paths.



# who's most impacted?

- Lock Desk or individual locking the loan
  - Require all data points to lock loan
- Underwriter
  - Income must be calculated correctly, ensuring it does not exceed programmatic eligibility.
- Processor
  - All documentation must be correct and match CHFA HomeConnection<sup>sm</sup> prior to close.
  - Verify, verify, and verify again



# who's most impacted?

- Closers
  - Verify one **final** time that all data in HomeConnection matches the loan's parameters.
- Shipper
  - There will be an expanded checklist with more documents as part of Purchase Review Package.

# business rules

- Data fields have been added to ensure lock meets CHFA program requirements:
  - Monthly Gross Qualifying Income
  - Total Occupying Property
  - Width of Manufactured Home
  - Actual Appraised Property Value
  - Property Exceeds 50 acres
  - Borrowers' Phone Numbers
  - First-time Homebuyers
  - Ownership of Other Real Property
  - Residency
  - Position/Title/Type of Business
  - Self-employed
  - Sex, Ethnicity, and Race

# validation errors

The screenshot shows the CHFA HomeConnection website interface. At the top, there is a navigation bar with the CHFA logo, links for 'lock', 'pipeline', 'reports', and 'rates', and user options like 'change password' and 'logout'. Below the navigation bar is a progress indicator with steps: Product, File Upload, Loan, Property, Borrowers, and Lender. The 'Loan' step is currently active. A red-bordered box highlights a 'Validation Errors' message with the following list of 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.

Below the error message, there are two form sections. The first is 'Step 3 - Loan', which contains a 'Loan Amount \*' field with a red error icon and a dollar sign icon. The second is 'Current Lock', which shows a 'Product' dropdown menu with 'Program: CHFA SmartStep' selected.










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

# self service

- Lenders can now change the following while a loan is in “Reserved” status:
  - Change a program
  - Change a loan product
  - Update a loan, sales, or down payment amount
  - Change a FICO score
  - Extend a lock
  - Cancel a lock
  - Reinstate a lock



# icon legend for self service

Icon	Feature
	Document delivery and contact info
	Edit lock information
	Data Validation - Disable lock edit capability
	Request enable lock edit capability
	30 day lock extension
	Documents and forms
	Cancel lock
	Reinstate lock
	Relock canceled lock



# self service

- Anyone that has access to update a lock can alter the self-service fields.
- Click on the applicable icon associated with the lock in the right column of the “Pipeline” screen in HomeConnection to make necessary edits.
- 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.

# self service

- Pay attention to pop-up boxes, as these messages confirm the edits and alert you to any changes in dates, rates, or fees.
- Again, this self-service feature is only available to you while the lock is in “Reserved” status.
- Need to make an edit to a lock feature not mentioned above or the status has changed from “Reserved”?
  - Submit CHFA Form 704: Change or Cancelation of Lock to the CHFA Lock Desk at [chfaLockDesk@chfainfo.com](mailto:chfaLockDesk@chfainfo.com).

# self service

- 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.
- 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.

# self service

- With these self service features, lenders have the ability to lock a loan for a past or current CHFA borrower.
- Important:
  - 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.

# worth repeating: lock date

- Again, pay attention to lock date - it is important!
- Regardless of program, locks made prior to September 1, 2020 will continue down the customary path.
  - Lenders should submit a CHFA Program Compliance Review.
  - Utilize the applicable checklist found in document delivery system in HomeConnection or on the CHFA website.
- After September 1, 2020 you will have locks utilizing both paths.



# how to determine review path

- See banner at the top of pipeline report.
  - Lock to Purchase loan numbers will be **bold**.
- The “Data Validation” icon under Options/Actions in the pipeline view is only visible on Lock to Purchase locks.

chfa. lock pipeline reports rates change password logout

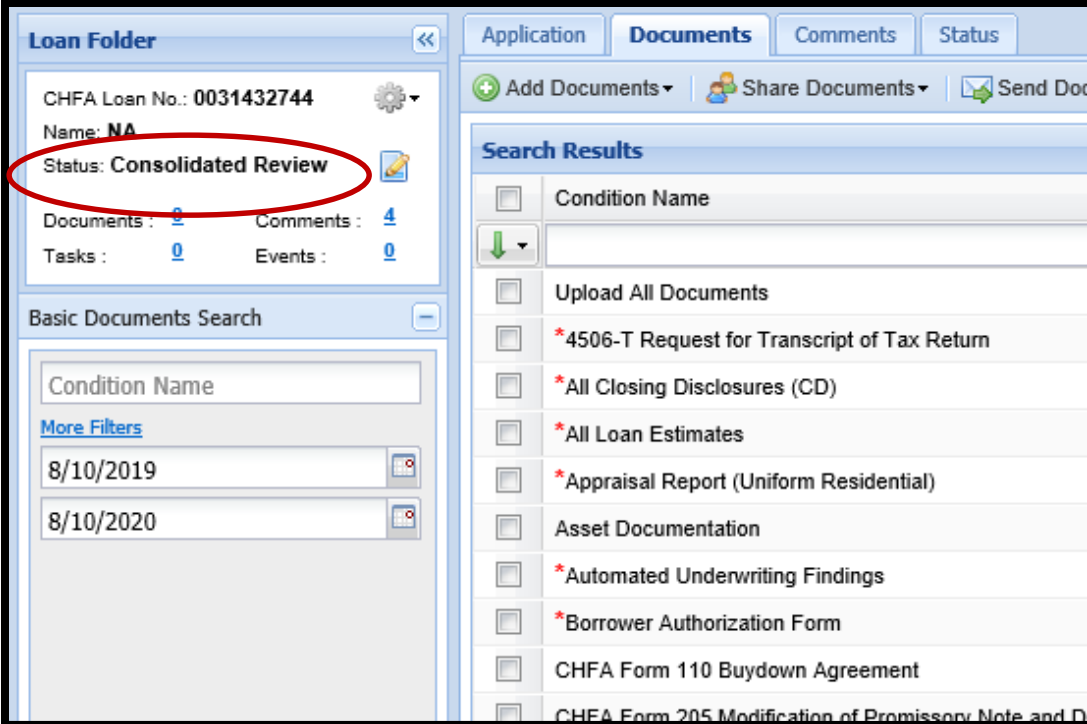
bold loan number = lock to purchase review; all other loans require a CHFA pre-closing program compliance review

show 10 entries

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

# how to determine review path

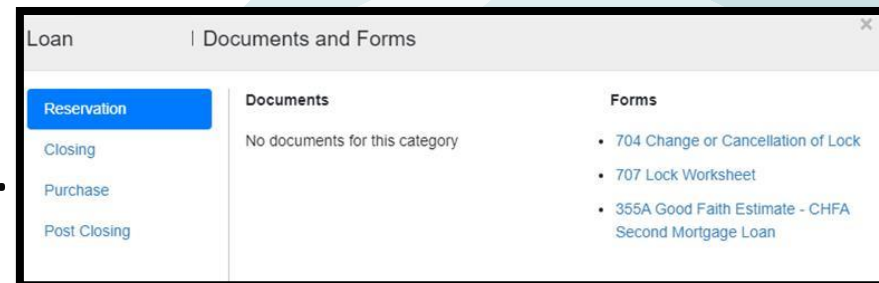
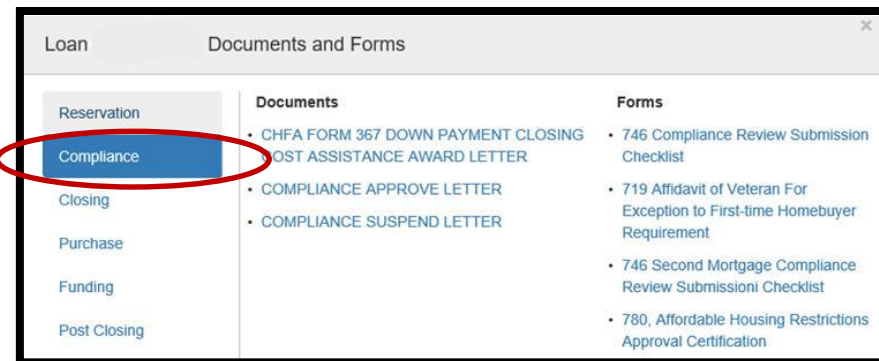
- The status field in document delivery will indicate “Consolidated Review” which is synonymous with “Lock to Purchase.”



The screenshot displays a web application interface for loan management. On the left, a 'Loan Folder' panel shows details for CHFA Loan No. 0031432744. The 'Status' field is highlighted with a red circle and a red arrow pointing to it from the left. Below the status, there are counts for Documents (2), Comments (4), Tasks (0), and Events (0). A 'Basic Documents Search' section is visible below. The main area on the right shows a 'Documents' tab with a search results list. The search results include various document types such as '4506-T Request for Transcript of Tax Return', 'All Closing Disclosures (CD)', 'All Loan Estimates', 'Appraisal Report (Uniform Residential)', 'Asset Documentation', 'Automated Underwriting Findings', 'Borrower Authorization Form', 'CHFA Form 110 Buydown Agreement', and 'CHFA Form 205 Modification of Promissory Note and D'.

# how to determine review path

- The left navigation bar in Documents and Forms will indicate the various Lock stages.
- Compliance review required.
- No compliance review required; you can close and submit for purchase.





# ready to close?

- Once you've made a lock, you can close.
- Important: Prior to close, verify all fields in HomeConnection still match your loan documents.
  - If not, update HomeConnection immediately.
  - Business rules will not let you make unacceptable updates.

# important changes

## ■ Well

- No longer required to verify a well is located within property boundaries
- Shared wells must meet FHA, USDA-RD, VA, and Fannie Mae or Freddie Mac guidelines.
  - Approval documentation must be provided.

## ■ Tax returns

- Tax returns not required on SmartStep and Preferred programs, unless required per AUS.

# important changes

- Accessory Dwelling Units (ADUs)
  - ADUs will be permitted, provided they appraised as one unit, with an accessory unit.
  - Multi-unit properties are not permitted.

# key reminders

- Loans must meet CHFA income limits listed on CHFA website.
- Only borrowers may take title to the property.
  - No cosigners or non-occupying co-borrowers
- Subject property must be owner-occupied within 60 days of closing.
- Homebuyer education must be taken from a CHFA-approved provider.
- Property inspection waivers (PIW) are not acceptable for CHFA loans. Appraisals must be obtained.



# key reminders

- All information on AUS findings and underwriting transmittals must match.
  - CHFA DPA must be correctly reflected in AUS findings and on underwriting transmittals.
- Omitting debt on the AUS findings
  - Notate reason on underwriting transmittal and provide acceptable documentation as to why the debt was omitted.
- Underwriting transmittals must be signed on manually underwritten loans.
  - SmartStep programs only

# fha requirements for dpa grant

- FHA Loan Underwriting Transmittal (LUTS) – CHFA DPA Grant must show as a gift and marked as “Gov’t.”
- 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 \_\_\_\_\_

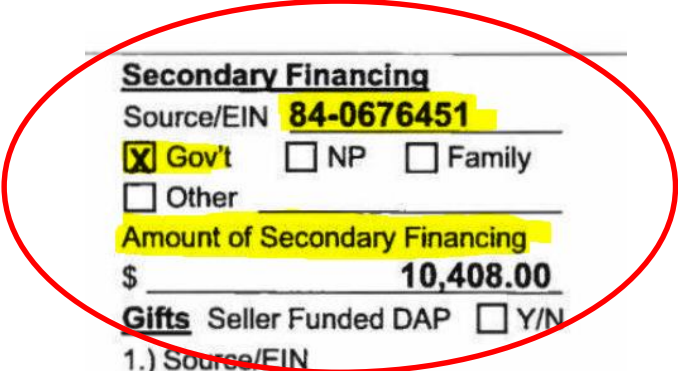
Gov't  NP  Family

Other \_\_\_\_\_

Amount of Gift \$ \_\_\_\_\_

# fha 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 \$ \_\_\_\_\_

# conventional requirements for chfa second mortgage

- Conventional Underwriting Transmittal – CHFA Second Mortgage must show as subordinate financing.

<b>Lien Position</b>	
<input checked="" type="checkbox"/>	First Mortgage
<b>Amount of Subordinate Financing</b>	
(Fannie) \$	10,904.00
(If HELOC, include balance and credit limit)	
<input type="checkbox"/>	Second Mortgage
<b>If Second Mortgage</b>	
Owner of First Mortgage	
<input type="checkbox"/>	Fannie Mae
<input type="checkbox"/>	Freddie Mac
<input type="checkbox"/>	Seller/Other
Original Loan Amount of First Mortgage	\$



# key reminders

- Preferred loans
  - “HFA Preferred” product in DU
  - “HFA Advantage” product in LPA
  - MI coverage – follow AUS findings (should never exceed 18% charter-level coverage)
  
- CHFA DPA
  - Round down to nearest dollar.
  - CHFA will only reimburse for the whole dollar amount—no cents.
  - DPA Award Letter will be available in HomeConnection at time of reservation/lock.



# let's purchase that loan

- Regardless of review path, submit the items outlined on the Purchase Review Submission Checklist.
  - CHFA Form 791: CHFA Preferred Purchase Submission Review Checklist
  - CHFA Form 792: CHFA SmartStep Purchase Submission Review Checklist
  - CHFA Form 792-A: CHFA Second Mortgage Purchase Submission Review Checklist
- Do not include checklist in file submission.

# let's purchase that loan

- Include all supporting documentation used to underwrite file per AUS findings, or manual underwriting guidelines.
  - Include assets.
- Documents traditionally received during Compliance Review will now be reviewed during Purchase Review.
- CHFA is not requiring additional documents that were not previously required.

# second mortgage le and cd

- CHFA relies on its lenders to complete the CHFA Second Mortgage LE and CD in compliance with TRID guidelines.
- Please refer to the TILA-RESPA Integrated Disclosure Rule and Official Interpretations, and consult with your compliance or legal departments for additional guidance in completing disclosures.
- Must use on all CHFA Second Mortgage Loans:
  - CHFA Form 305: CHFA Second Mortgage Loan Promissory Note
  - CHFA Form 310: CHFA Second Mortgage Loan Deed of Trust



# purchase reminders

- Purchase Review turn time is six business days from receipt of a complete file.
  - Suspended or incomplete files will result in additional delays.
  - Cut-off time for file upload is 3:00pm 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.

# purchase reminders

- Submission of suspend conditions to CHFA
  - Upload through Document Delivery System.
    - Utilize the specific line item for each document.
    - If there is not a specific line item, use the “Suspense Conditions” line.
    - Using the bulk upload option will delay the review of suspend conditions.
  - Suspend conditions will be reviewed in order received.
- Lender must provide final documents to CHFA within 90 days of purchase.

# next steps for lenders

- Lock to Purchase effective September 1, 2020
- Encourage your colleagues to take training
- **Important:** Work with your company to ensure processes and systems will be ready for the Lock to Purchase process
- Visit [www.chfainfo.com/L2P](http://www.chfainfo.com/L2P) for the latest info
  - FAQs and new checklists
  - Additional training opportunities
- Reach out to CHFA with questions



# important contacts

- Programmatic questions
  - Find your Business Development Specialist at [www.chfainfo.com](http://www.chfainfo.com)
  - 888.320.3688
  - [homeownership@chfainfo.com](mailto:homeownership@chfainfo.com)
- Document Delivery
  - Kim Longworth
  - 303.297.7473
  - [klongworth@chfainfo.com](mailto:klongworth@chfainfo.com)
- Operations
  - Chris Solheim
  - 303.297.7311
  - [csolheim@chfainfo.com](mailto:csolheim@chfainfo.com)





thank you!



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