



HFA: Connecticut Housing Financing Authority
Entry name: GRI Accreditation Class on CHFA
Homebuyer Mortgage Programs
Category: Special Achievement

NCSHA 2012 Annual Program Awards
Course on CHFA Homebuyer Mortgage Programs for the
Graduate Realtor® Institute (GRI) Designation

Introduction: For REALTORS®, continuing education is a priority, providing an increasing level of professionalism and keeping realtors up to date on trends, new technologies, laws and procedures. Earning a GRI (Graduate Realtor Institute) Designation demonstrates a commitment to excellence in their profession. GRI designees pursue a course of study that represents the minimum common body of knowledge for progressive real estate professionals. The designation amplifies the professionalism of a realtor and shows that they are committed to serving their clients and customers with the highest ethical standards and is recognized nationally.

Background: CHFA has a close working relationship with the Connecticut Association of Realtors® (CAR) and CHFA has established a Realtor Advisory Committee as part of its overall marketing strategy. Realtors are vital partners to CHFA and play an important part in CHFA's marketing plan, as they are CHFA's front line sales force, advising potential borrowers. Buying property is a complex and stressful task. In most cases, it is often the biggest single investment individuals or families will make in their lifetimes. Feedback from realtors at regular advisory meetings indicated they wanted to be better informed about CHFA so that they could prepare and educate buyers about mortgage programs available.

In response to that need, CHFA staff approached CAR to determine if course on the CHFA Mortgage Programs could fit into the curriculum of the GRI Accreditation. The Marketing Coordinator worked to develop an intensive 3-1/2 hour training to capture all aspects of the CHFA Homebuyer Programs. In June, 2011, work began to develop the training syllabus, based on experience and the expertise of the Single Family Division at CHFA. Once the syllabus was completed, a more extensive PowerPoint presentation was developed. Sections were carefully timed to fulfill the strict requirements of the training as required by the Connecticut Department of Consumer Protection, which oversees licensing, CE credits, and additional training such as the GRI Accreditation for real estate professionals.

The State Department of Consumer Protection approved the course as a component of the GRI Accreditation in November 2011. Although CHFA offers a three-hour training on its programs and processes each month for new participating lenders' loan originators, underwriters at CHFA offices or via webinars, this was the first time that a CHFA course was approved for this designation.

Prior to conducting the training, the Marketing Coordinator reviews all information to ensure that any changes to programs that became effective since the initial creation of the training are updated accordingly. As a trainer, it is important to be well-versed in all programs offered by CHFA so that the real estate professionals receive the accurate information necessary to help them understand how the Homebuyer Programs offered by CHFA work and that the training provides them with the knowledge needed to educate their clients going forward

Following approval, two GRI Accreditation classes on the CHFA Homebuyer Mortgage Programs were scheduled by CAR in 2012. CHFA's Marketing Coordinator teaches the classes on a pro bono basis. The first class was held in March with 15 attendees. The second class is scheduled for September.



HFA: Connecticut Housing Financing Authority
Entry name: GRI Accreditation Class on CHFA
Homebuyer Mortgage Programs
Category: Special Achievement

Course Description: The 3-1/2 hour course syllabus includes 14 components that provide an overview and detailed description of CHFA and its Homebuyer Mortgage Programs. A copy of the syllabus, PowerPoint presentation and evaluation is attached.

The course addresses the information gaps that realtors have when it comes to CHFA. For example, many realtors are not aware that CHFA functions as a Quasi-State Agency of the State of Connecticut. The course begins with an overview that identifies who CHFA is and what it does. The next component of the course describes the CHFA website, highlighting the tools it provides for realtors when working with prospective clients. The next several components review the eight different homebuyer programs offered by CHFA including eligibility, a review of the CHFA Downpayment Assistance Program, income analysis as well as insurance and underwriting guidelines. There is an overview of the Federal Recapture Tax, lender's role and processing, homebuyer education and condominium financing guidelines. The last component of the course provides an overview of other programs offered by CHFA including foreclosure prevention programs.

There is a 15-minute added period to the course for a Q&A session. At the end of the class, students must take a quiz, developed by CHFA, as part of the course curriculum. The quiz consists of 15 questions which relate directly to the information discussed in class. The students are required to get a 70% or higher to pass their quiz.

Course Accomplishments: The CHFA Homebuyer Mortgage Program Course proved to be very successful. All students passed the quiz at the end of the course. After each class, CAR distributes a Course Feedback form. All 15 attendees of the March class responded positively regarding the content of the course. The categories for the grading were: Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree. The categories that were rated included:

- Comprehensive and in depth
- Easy to read and understand
- Relevant to work as a real estate professional
- Practical and provided ideas and tools that real estate professionals can use in day-to-day work
- Met expectations
- Material in course was challenging

The overall rating of the course included categories of Excellent, Good, Fair and Poor. In general, the course was rated Excellent by 9 participants, Good by 4 participants. Two participants did not respond to this section.

Many of the realtors indicated that the course was relative to their business. The majority indicated that they never knew about the different programs offered by CHFA. It was also noted that the course was very much needed not only for agents but also brokers.

The instructor also received high accolades under the following categories: Being on time; Having an in-depth understanding of the subject matter; Making the class an engaging learning experience; Was an effective communicator; Did a good job answering questions; and Adhered to topics of course.



HFA: Connecticut Housing Financing Authority
Entry name: GRI Accreditation Class on CHFA
Homebuyer Mortgage Programs
Category: Special Achievement

Conclusion:

The GRI Course on CHFA Homebuyer Mortgage Programs is a success on many levels. CHFA has developed a program that provides vital information to Realtors, which will enhance professionalism and improve their ability to serve their customers' interests. Offering this education to realtors who may not be familiar with CHFA will lead to greater numbers of applications for CHFA homebuyer mortgages. Finally, CHFA's efforts to create and offer this program has strengthened the working relationship with the Connecticut Association of Realtors and enhanced CHFA's within the local realtor community.

Using CHFA's syllabus and evaluation forms, this program could be easily replicated by other HFAs working with their local Realtor® associations.

Syllabus – Training on CHFA Programs

Presented by Rose Holbrook

Marketing & Customer Service Coordinator

Connecticut Housing Finance Authority (CHFA)

I. Overview – Who is CHFA and What do we Do? – 10 mins.

II. How is CHFA different from other Lenders? – 10 mins.

III. CHFA Website – 10 mins.

IV. CHFA Homebuyer Programs Overview– 40 mins.

- a. Statewide Homebuyer Program
- b. Homeownership Program
- c. Home of Your Own
- d. Police Homeownership
- e. Teachers Mortgage Assistance
- f. Military Homeownership
- g. USDA – Rural Development Guarantee Loan
- h. Manchester Pilot Program

V. Eligibility – 20 mins.

- a. Borrowers
- b. Dwellings
- c. Targeted Areas

VI. Downpayment Assistance Program (DAP) - 10 mins.

VII. Income Analysis – 10 mins.

VIII. Insurance and Underwriting Guidelines – 15 mins.

BREAK – 15 mins.

- IX. Recapture Tax and Homebuyer Tax Credit – 10 mins.
- X. Lender’s Role and Processing – 10 mins.
 - Forms/Reference Materials
- XI. Homebuyer Education – 10 mins.
- XII. Condominium Financing - 5 mins.
- XIII. Other Programs – 25 mins.
 - a. Section 8 Housing Choice Voucher Program
 - b. Reverse Annuity Mortgage Program (RAM)
 - c. Urban Rehabilitation Homeownership Program (UR Home)
 - d. HERO Expansion (Homeowners’ Economic Recovery Opportunity) Program
 - e. 203(k) Rehabilitation
- XIV. Special Programs – 15 mins.
(Foreclosure Prevention)
 - a. Emergency Mortgage Assistance Program (EMAP)
 - b. CT FAMLIES – refinance program
- XV. Questions

3 hours 45 mins. total

CHFA

Homebuyer Mortgage Programs



Realtor® Training

TODAY'S TRAINING

- Introduction
- Review of Timeframe



OUTLINE

- **Mission**
- **Funding History**
- **Website: www.chfa.org**
- **Programs**
 - **Homebuyer Programs**
 - **Eligibility/Qualifying**
 - **Recapture Tax**
 - **DAP**
 - **Other Programs**
 - **Foreclosure Prevention Programs**





OUTLINE, cont.

- **Processing a Loan**
 - **Reserving Funds**
 - **Lock in Rate**
 - **Forms**
- **Reference Materials**
- **How to Get Help**



OVERVIEW

**Who is CHFA and
what do we do?**



CHFA's MISSION

To provide housing opportunities for low- and moderate-income people in Connecticut and to aid economic development.

CREATION AND HISTORY

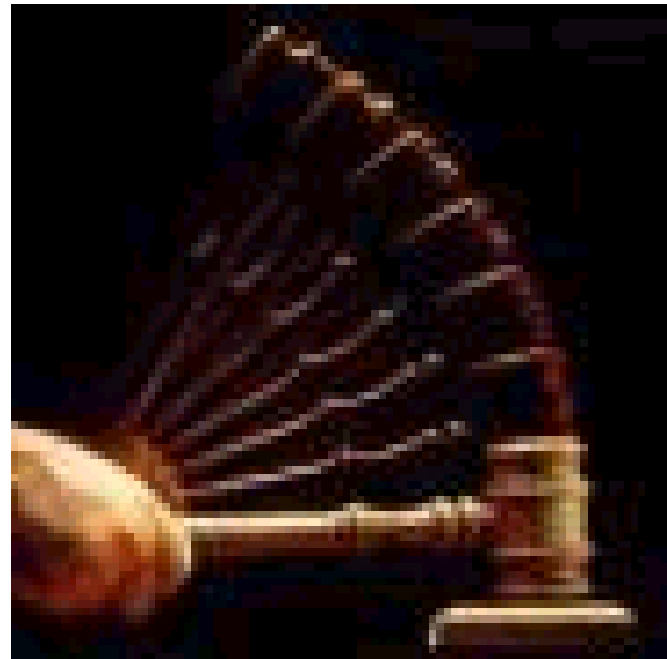


- **1969 - CHFA was created by an act of the Connecticut State Legislature**
- **1970 - began purchasing and insuring residential mortgages**
- **1984 - Reverse Annuity Mortgage Program began**
- **1991 - Homeownership program was introduced for public housing tenants and disabled persons**
- **1995 – CHFA assumes full Administration of the State’s Downpayment Assistance Program**
- **1996 - Introduced Police Homeownership Program**
- **2000 Teachers Mortgage Assistance Program Introduced**
- **2001 Military Personnel Homeownership Opportunities Program introduced**
- **Historical: From inception of Program, CHFA has purchased over 120,000 loans**

SOURCE OF LENDING AUTHORITY

**CT State Statutes
list types of loans
CHFA can make**

**U.S. Tax Code
provides
guidelines we
must follow for
our bonds to be
tax-exempt to
investors**





FUNDING



- **CHFA sells mortgage revenue bonds, using bond authority from the State**
- **Investors buy the bonds, providing CHFA with funds to lend to homebuyers**
- **Because the bonds are tax-exempt, the interest rates are lower**
- **Homebuyers receive lower rates, but are subject to Federal Recapture Tax**

WHAT MAKES CHFA DIFFERENT FROM OTHER LENDERS?



- Competitive Interest Rate
- Recapture Tax Provision
- Owner-Occupancy Requirement For the Life of the Loan with CHFA
- Income & Sales Price Limits
- DAP - 2nd Mortgage Funds



CHFA WEBSITE

www.chfa.org







CHFA WEBSITE INCLUDES:

FOR BORROWERS:

- Program Descriptions
- Counseling Schedules
- Recapture Tax Description and Formula to Compute
- Condo List
- Income/Sales Price Limits
- Interest Rate Updates

FOR BUSINESS PARTNERS:

-  Announcements
-  Operating Manual
-  ALL CHFA Forms
-  On-line Reservation System



CHFA PROGRAMS OVERVIEW



HOMEBUYER PROGRAMS

- **Homebuyer Mortgage**
- **Downpayment Assistance Program (DAP)**
- **Homeownership Program**
- **Home of Your Own (HOYO)**
- **Police Homeownership**
- **Teachers Mortgage Assistance**
- **Military Homeownership**
- **RDA Leverage Loan**

THE HOMEBUYER MORTGAGE

- 📄 First-time homebuyers, with exceptions
- 📄 Below-market interest rate (30 year fixed)
- 📄 1% origination fee
- 📄 DAP available to qualified borrowers
- 📄 No prepayment penalty to CHFA
- 📄 Federal Recapture Tax





Income and Sales Price Limits



INCOME LIMITS



Statewide Limits

\$81,000 - 2 or less in household

\$93,150 - 3 or more in household

(Refer to Income Limit Chart for Exceptions)

NOTE: No income limits in Targeted Areas for first mortgage (unless buyer is getting down payment assistance)



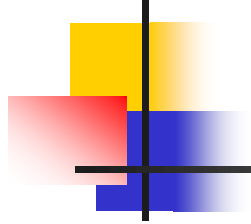
SALES PRICE LIMITS

 **Up to \$725,000**

 **Refer to Sales Price Chart for
Each Town**

 **No Exceptions**





Eligibility Guidelines



ELIGIBILITY

Eligible Borrowers are:

- First-time homebuyers
- Prior Homeowners Purchasing in Targeted Areas
- Prior Homeowners who have not had a principal interest in a home for the past 3 years (review 3 years' tax returns to determine eligibility)

 Owner Occupied within 60 days after closing for life of loan

 Meets Income Limits (no income limit for first mortgage in Targeted Areas)



ELIGIBILITY, cont.

Eligible Dwellings

- ↑ Existing or New (energy efficiency requirements)**
- ↑ Condominiums and PUDs**
- ↑ 1- 4 family homes**
- ↑ Mobile Homes (meeting FHA guidelines)**
(CHFA Also has the Mobile Manufactured Loan Program for purchasing in a park)
- ↑ Leaseholds (minimum 60-year term)**
- ↑ Newly-constructed 2-family homes in Targeted Areas**



ELIGIBILITY, cont.

Eligible Dwellings cont:

- ↑ Refinancing available on any home when rehab is needed**

- ↑ Home may not be for:**
 - Commercial use of over 15%**
 - Recreational/Vacation use**
 - Investment use**
 - Unit in a Co-op**

- ↑ Lot size must be 2.1 acres or less (unless lot deemed not sub-dividable)**



Eligibility, cont.

- **Targeted Areas:**

- **Borrowers need not be first-time buyers**
- **Newly constructed 2-family homes are eligible**
- **Over-income allowed ***

*** (unless requesting a downpayment assistance loan)**





Eligibility, cont.

Determine eligibility for the program the applicant is applying for:

- **check sales price of property vs sales price limit;**
- **check eligibility of property 1- 4 family, if condo is approved by FHA, Owner-occupancy ratio meets MI Co. limit**
- **Look at last 3 years' tax returns for prior homeownership unless purchasing in a Targeted Area;**



Eligibility, cont.

-  **Determine total household income vs. program income limit**
-  **Lender must determine that borrower is eligible for CHFA loan and will then reserve funding for applicant through On-line Reservation System**

DOWNPAYMENT ASSISTANCE

- CHFA DAP 2nd mortgages are available with CHFA first mortgages ONLY
- Closing costs may be borrowed depending on qualification & need
- Minimum DAP \$3,000
- Maximum DAP – 25% of purchase price
- Maximum interest rate of 6%; 30-year fixed rate

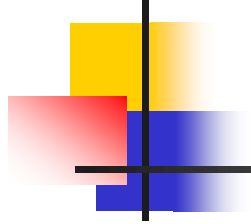


DOWNPAYMENT ASSISTANCE

Continued . . .

- All available household assets must be used first (except for \$5,000)
- Participating Lenders may charge a \$200 application fee for processing DAP loans
- A Homebuyer education class is required
- Examples of DAP Qualification Forms





INCOME ANALYSIS

How to Calculate Income the CHFA Way!

- **Various Income Calculations**
 - **VOE**
 - **W2's**
 - **Pay stubs**
 - **Payroll Ledger**
 - **Federal Income Tax Returns**





LTV REQUIREMENTS

- Maximize base loan amount
- FHA Maximum LTV 96.5%
- MI Insurer's LTV Restrictions
- Other Second Mortgage Programs (SmartMove, UDAG, Adopt-a-House, etc.)

FHA

LTV: 96.5%

Closing Cost requirement: 3.5%

Refer to hud.gov



ELIGIBILITY (UNDER LIMIT)

- **Income measured at time of application and closing (see Section 5.1.B. 1-6) Page 5-2**
- **All occupants age 18 & over (non-students)**
- **All income, regardless of length of history**
- **“90 days prior to app” rule**
- **Divorce/Separation Decrees required**
- **Fiancee` income included**
- **Self-employment / line 12 of 1040 (12-month average)**
- **Include full 100% of expected rent for a 2-4 family dwelling**
- **ALL child support no matter time remaining (not included if not regularly received)**



QUALIFYING FOR UNDERWRITING

- **Borrower income only**
- **Co-signers not allowed**
- **Follow Insurer guidelines and ratios with compensating factors**
- **Stability of income must be established (history and likelihood of continuance)**
- **Rent from 2-4 family units calculated per insurer's guidelines (FHA = 85%)**
- **Self-employment 24-month average from 1040**
- **Child support included if at least 3 years or more and paid regularly**

MORTGAGE INSURANCE

- All loans must be insured by FHA, VA, RD or PMI
- CHFA follows insurer guidelines



MORTGAGE INSURANCE

Continued . . .

Qualifying Ratios:

FHA 31%/43%

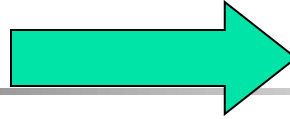
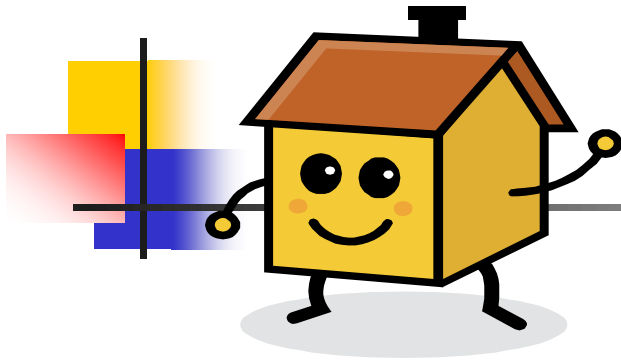
RDA 29%/41%

VA 43% debt ratio

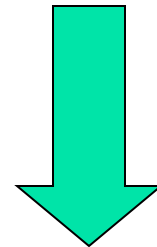
PMI 33%/38%



WHAT IS RECAPTURE TAX?



- IRS Tax Rule
- Applies if owner:
 1. sells the home in the first 9 full years of the mortgage;
 2. makes a net profit;
 3. Income exceeds Federal Recapture Threshold Income Limits

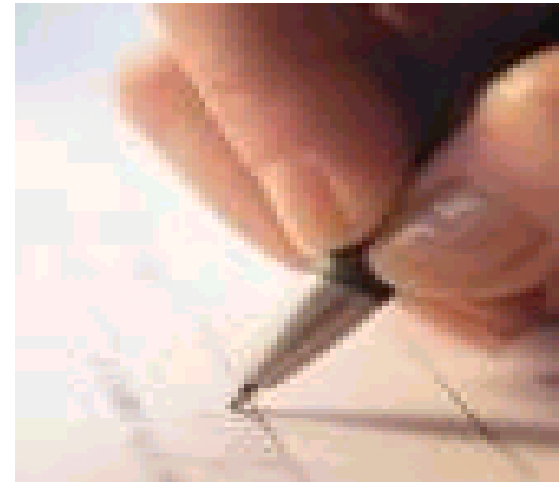


CALCULATING RECAPTURE TAX

- Lesser of:
 1. 50% of net gain

OR

 2. Certain % of mortgage amount based on year of sale. The highest rate is in year 5 – 6.25%.





Lender's Role and Processing



PROCESS



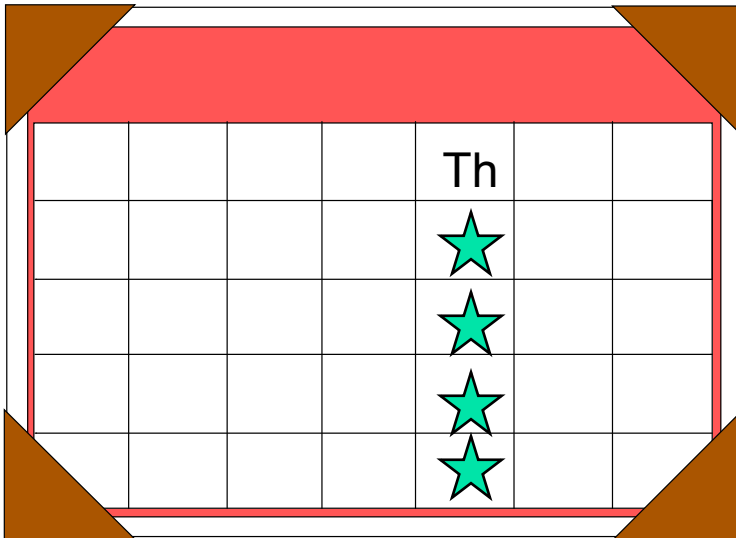
How do I lock in the rate?



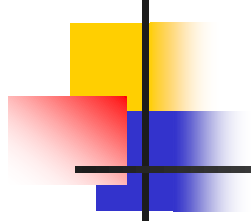
CHFA
On-Line
Reservation
System

A Lender Administrator or Originator reserves the loan on-line directly on the CHFA website.

RATE LOCKS



- Rates are subject to change Thursdays
- Visit www.chfa.org or call rate line at noon: (860) 571-3571.
- Funds are reserved for four months (120 days)
- Applicants cannot withdraw and re-apply at a lower rate
- Rate is locked to SS #



FORMS AND REFERENCE MATERIALS

REQUIRED CHFA FORMS



- 1. Mortgage Loan Submission Sheet**



REQUIRED CHFA FORMS

continued . . .

- 2. Processing Checklist**
- 3. CHFA Recapture Tax Form**
- 4. IRS 4506 or 8821 Request for Consent
(required but not a CHFA form)**
- 5. Borrower's Certificate**
- 6. VA Due-on-Sale**



REQUIRED CHFA FORMS

continued . . .

- 7. Landlord's Verification of Tenant's Address**
- 8. Police Eligibility Letter**
- 9. Teacher's Statement of Eligibility Letter**
- 10. DAP Forms (DAP Qualification Form & DAP Borrower's Certificate)**
- 11. Urban Rehabilitation Homeownership (UR Home) Program UR Home Reservation Form And Homebuyer Eligibility Certificate**



HOW TO GET HELP!



For specific underwriting eligibility questions:

1. Consult the CHFA Operating Manual at WWW.CHFA.org
2. Check HUD.gov Single Family Manual or call 800-225-5342 Option 2 for FHA underwriting questions
3. Call CHFA Single-Family Department (860) 571-3503 for eligibility questions
4. To order brochures, fax Order Form found at www.chfa.org - Forms Library or call 860-571-4327



LENDER ADMINISTRATOR

A designated contact from the CHFA-approved Lender receives:

- **Fax of commitments, denials and Missing Exhibit Letters**

- **Receive e-mails on:**
 - **Underwriting guideline updates**
 - **Notification of procedural changes**
 - **Copies of revised CHFA Forms**
 - **Announcements**

Homebuyer Education

Free Homebuyer Education Classes (3 & 8-hour classes)

- 3-hour required if homeowner is receiving a DAP loan
- 8-hour suggested for all prospective homebuyers



CONDOMINIUM FINANCING

- **Condominiums that are on the FHA-approved list are eligible for CHFA financing.**





Other Programs offered by CHFA

Section 8 Housing Choice Voucher Homeownership Program

- Available for Section 8 tenants
- DAP available with closing costs
- Homebuyer education class required
- Screened by participating Housing Authority
- Loans are originated by McCue Mortgage



Reverse Annuity Mortgage (RAM) Program

- Eligible seniors 70 years of age & older
- Fixed rate at 7%
- Must have long-term care needs
- 5 or 10 year term



URBAN REHABILITATION HOMEOWNERSHIP PROGRAM (UR HOME)

- **Eligible in Bridgeport, Hartford, New Haven, New London, Waterbury, Town of Windham – City of Willimantic (census tracts 8003-8007 only)**
- **Eligible borrowers – State & Municipal Employees & Private Sector Employees**
- **Rate is $\frac{1}{4}\%$ below CHFA Homebuyer Rate**
- **Downpayment Mortgages Available at rate of 3%**



Foreclosure Prevention Programs

CT FAMILIES PROGRAM:

Connecticut Fair Alternative Mortgage Lending Initiative & Education Services

- **Refinance Program for delinquent homeowners with either fixed or adjustable rate mortgages**
- **CHFA Regular Homebuyer Program Rate**
- **Term – 30 years – 1.5% points**
- **CHFA Homebuyer Program Income & Sales Price Limits Apply**



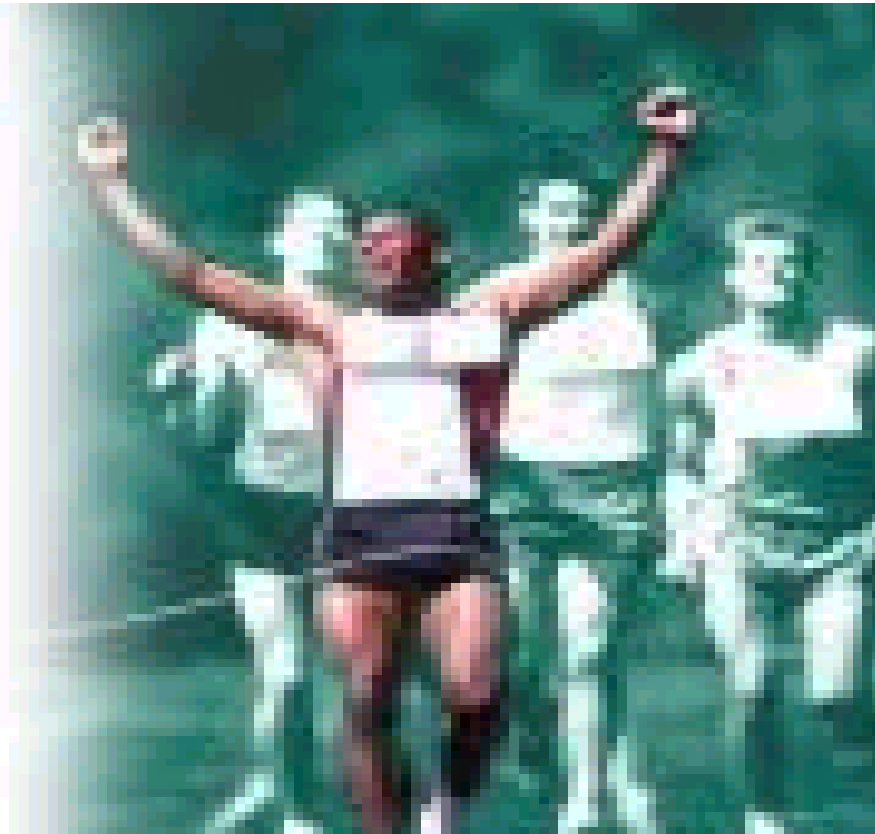
Foreclosure Prevention Programs cont.



EMAP – Emergency Mortgage Assistance Program

- **Loan to help bring homeowner who is suffering a temporary hardship current with their mortgage lender.**
- **Can provide assistance up to a period of 5 years.**
- **Can provide monthly assisted, if needed.**
- **Loan is not paid back until homeowner can comfortably afford existing mortgage and EMAP payment.**
- **Loan is silent and no interest accrues until time of repayment.**
- **Homeowner is assessed every year to determine eligibility and continuation of assistance.**

THE END!



CONNECTICUT ASSOCIATION OF REALTORS®, INC



GRI Instructor Evaluation

Course:

Instructor:

Date:

Course Feedback

| The content of this course was: | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|----------------|-------|---------|----------|-------------------|
| Comprehensive and in depth | 1 | 2 | 3 | 4 | 5 |
| Easy to read and understand | 1 | 2 | 3 | 4 | 5 |
| Relevant to my work as a real estate professional | 1 | 2 | 3 | 4 | 5 |
| Practical and provided ideas and tools that I can use in my day-to-day work | 1 | 2 | 3 | 4 | 5 |
| Did this course meet your expectations | 1 | 2 | 3 | 4 | 5 |
| The material in this course was challenging | 1 | 2 | 3 | 4 | 5 |

Overall, I rate this course as (check one): Excellent Good Fair Poor

Course Strengths: _____

Course Weaknesses: _____

Instructor Feedback

| The instructor: | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|--|----------------|-------|---------|----------|-------------------|
| Was on time and prepared | 1 | 2 | 3 | 4 | 5 |
| Demonstrated an in-depth understanding of the subject matter | 1 | 2 | 3 | 4 | 5 |
| Made this class an engaging learning experience | 1 | 2 | 3 | 4 | 5 |
| Was an effective communicator | 1 | 2 | 3 | 4 | 5 |
| Did a good job handling and answering questions | 1 | 2 | 3 | 4 | 5 |
| Adhered to the topics of the course | 1 | 2 | 3 | 4 | 5 |

Overall, I rate this instructor as (check one): Excellent Good Fair Poor

Instructor Strengths: _____

Instructor Weaknesses: _____

Would you take another course from this instructor (check one)? Yes No

