

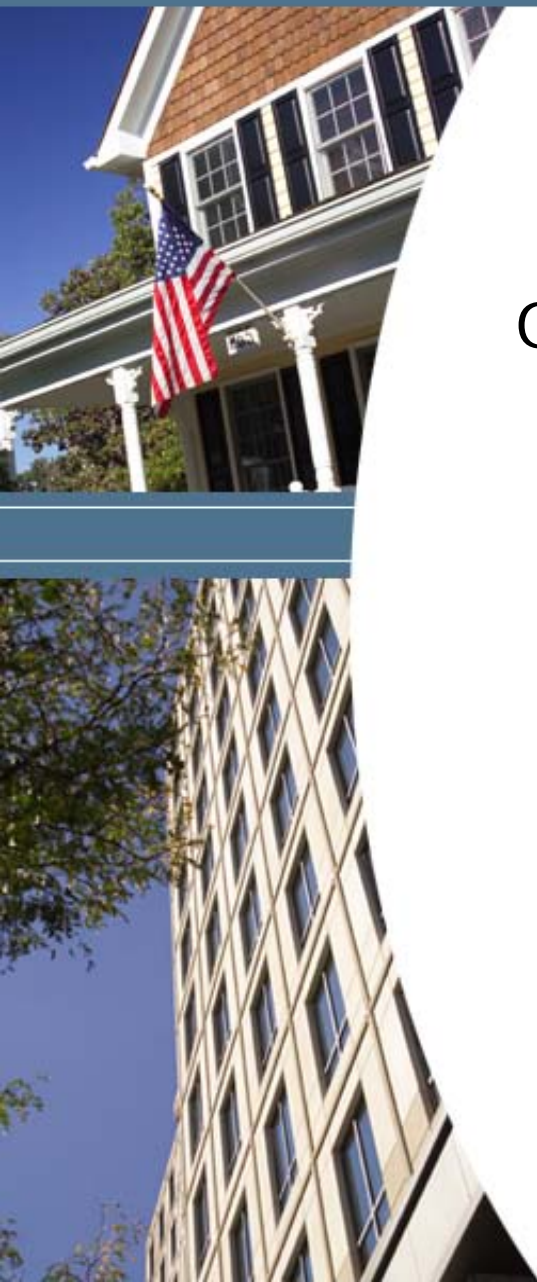


# Colorado Housing and Finance Authority (CHFA)

**Cindy Bradley, Loan Operations Manager**

**303-297-7367**

# WHY CHFA WAS CREATED

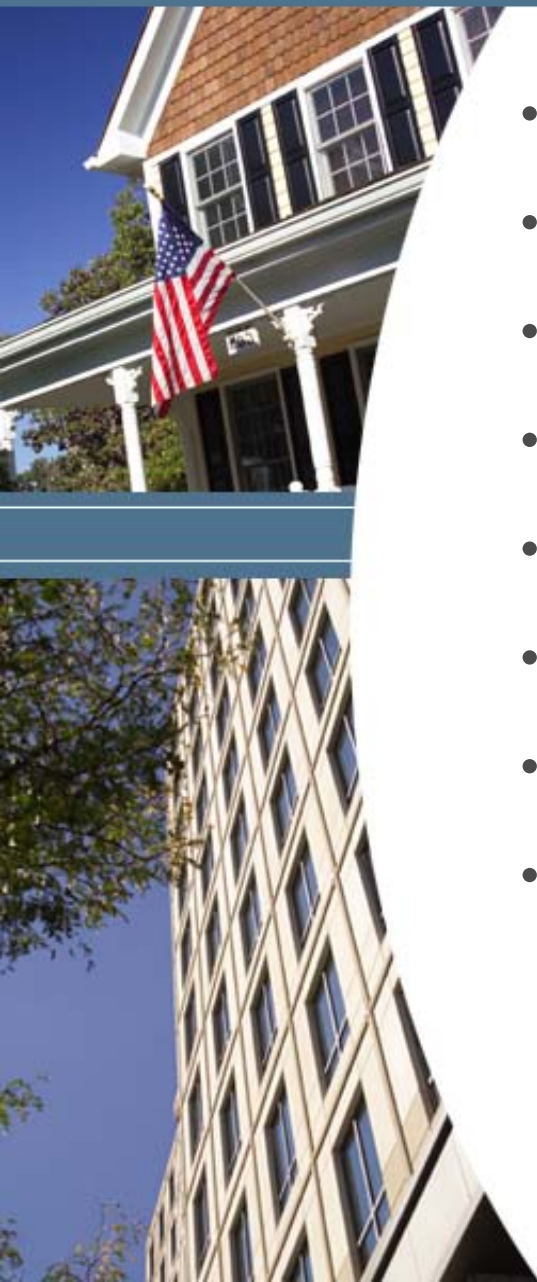


## Our Mission Statement:

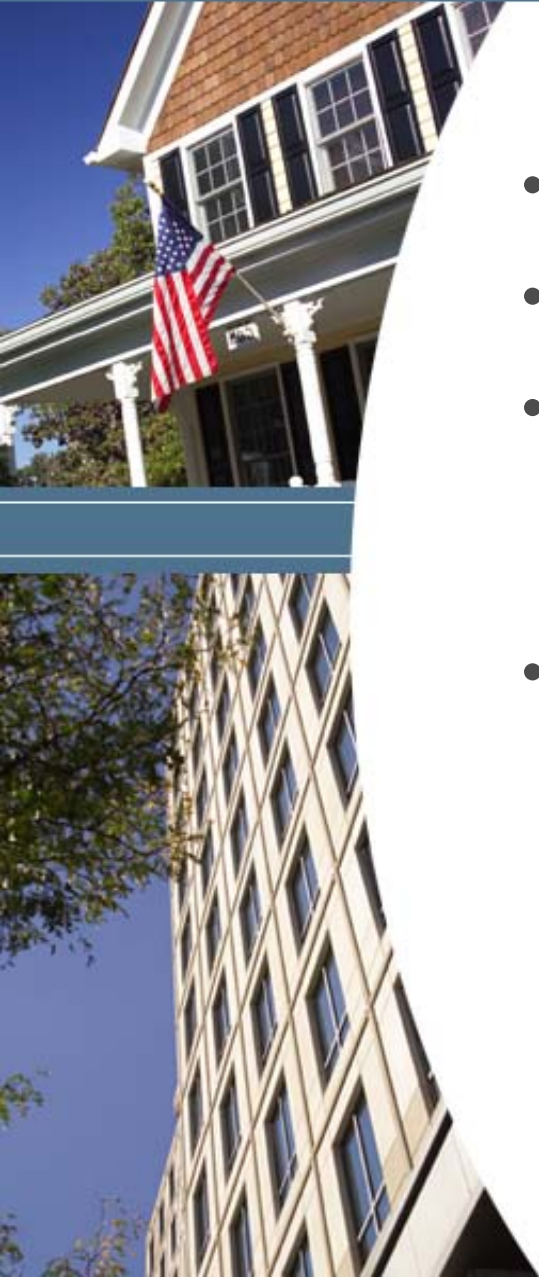
*Increase the availability of affordable, decent and accessible housing for lower income Coloradans.*

*Strengthen the state's economy by providing financial assistance to businesses.*

# Benefits of CHFA

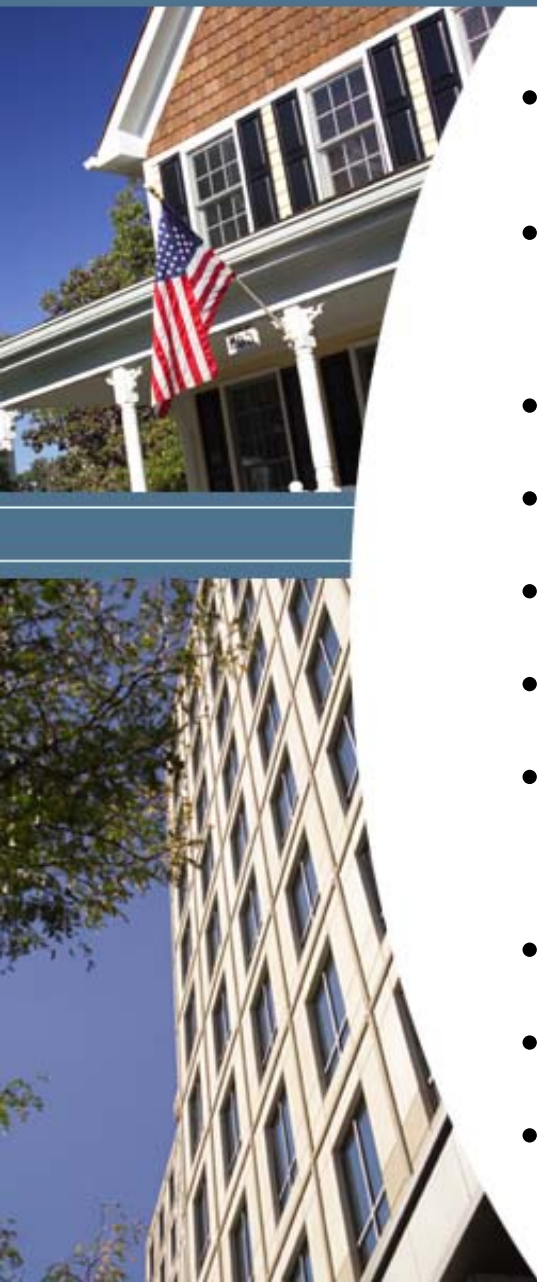
- 
- A collage of images on the left side of the slide. The top part shows a two-story house with a brown roof, white columns, and an American flag flying. The bottom part shows a modern high-rise building with a grid of windows.
- Free Homebuyer Education
  - Competitive rate; funds always available
  - 2<sup>nd</sup> Mortgage Program
  - MCC loan enhancement
  - Many Spanish-speaking Participating Lenders
  - Normal loan processing time
  - No prepayment penalties
  - CHFA loan *may* be assumable when you sell

# Who are our partners?



- Participating Lenders
- Builders
- Cities and Counties
  - » Private Activity Bond (PAB) transfers
- Non Profits and Housing Authorities
  - » Homebuyer Education Providers
  - » Down payment Providers

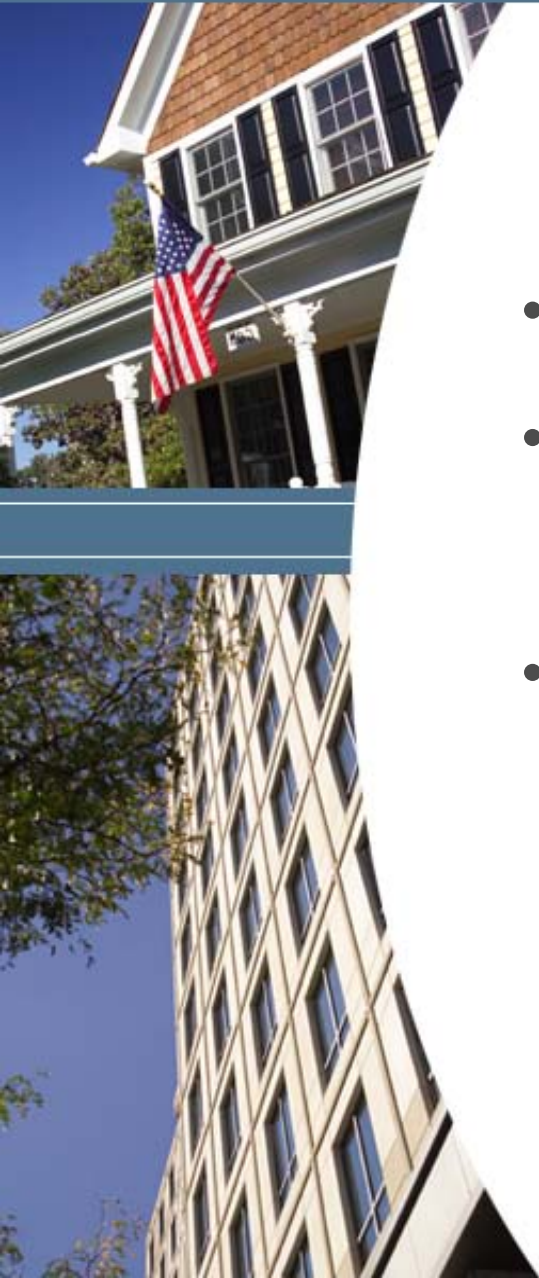
# Basic Guidelines

- 
- Loan must meet appropriate insurer/guarantor guidelines
  - 45% maximum DTI ratio when manually underwritten
  - Income limits for all programs
  - 30 year fixed rate – CHFA sets rate
  - Borrower MINIMUM contribution=\$1,000
  - No cash back at closing
  - Owner occupied only, may not own other residential property
  - No cosigners
  - Optional second mortgage
  - Funds always available

# CHFA Risk Information Score Card (RISC)

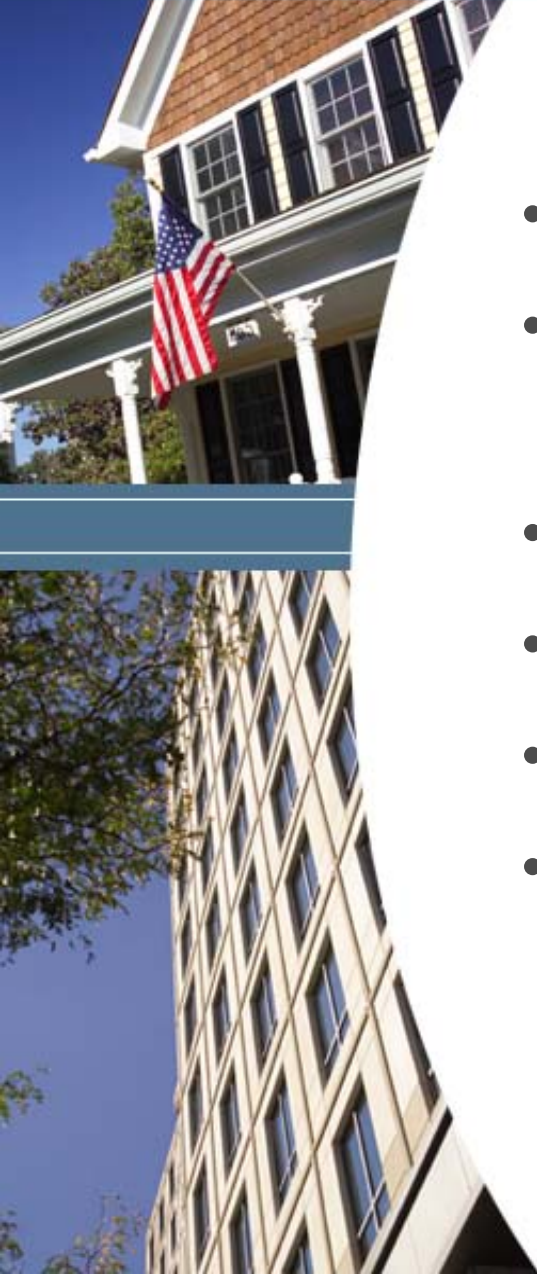
- Required for **ALL** loans with credit score between **580 – 619 AND all loans manually underwritten**
- **STOP – not eligible for CHFA loan**
  - » DTI greater than 45% on manual underwrite
  - » DTI greater than 50% on AUS approve/eligible
  - » Any late rent payment within 12 months
  - » ANY non-medical collection within last 12 months
  - » Any collections/judgments within 13-24 months totaling more than \$2,000, whether paid or not
  - » Total applicant's score **less than 0**

# Homebuyer Education



- Available to all
- Required for all borrowers using **ANY** CHFA program/product
- Available in person and on-line

# CHFA Programs

- 
- CHFA FirstStep/CHFA FirstStep Plus
  - CHFA HomeOpener/CHFA HomeOpener Plus
  - CHFA HomeAccess
  - CHFA SectionEight Homeownership
  - CHFA Hardship Refinance
  - CHFA Statewide MCC

# CHFA FirstStep/FirstStep Plus



- First time homebuyers only  
(exception: Eligible Veteran)
- Income & purchase price limits
- FHA [including 203(k)], VA, RD/USDA
- Available with or without CHFA 2<sup>nd</sup>  
Mortgage

# Dispelling the documentation myth



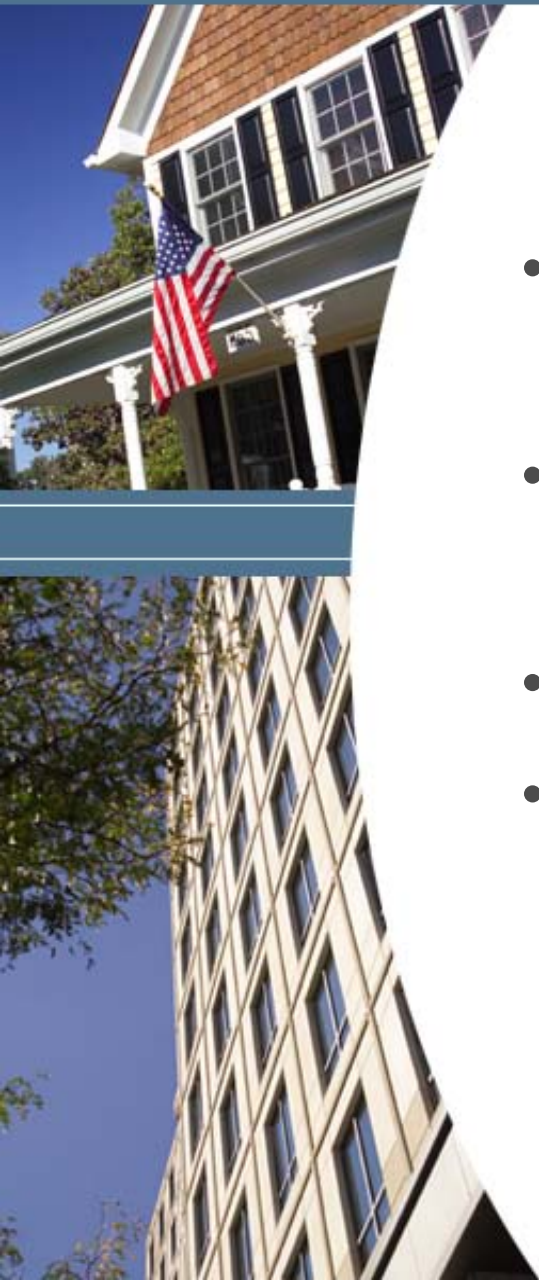
- These are the ONLY additional documents required for a Bond Loan
  - » Initial Applicant Affidavit
  - » Seller's Affidavit
  - » Final Applicant Affidavit
  - » Recapture Tax Notice
  - » Tax Exempt Financing Rider to the Deed of Trust
  - » Three years Federal Tax Returns

# Recapture Tax

- Three Recapture Tax triggers
  - » Home sold in first 9 years AND;
  - » Gain on sale of property AND;
  - » Increases in income of more than 5% per year above the threshold level (adjusted for family size)
- Borrower files tax return and pays any Recapture Tax owed
- CHFA will reimburse any Recapture Tax paid by borrowers for properties sold after September 5, 2006

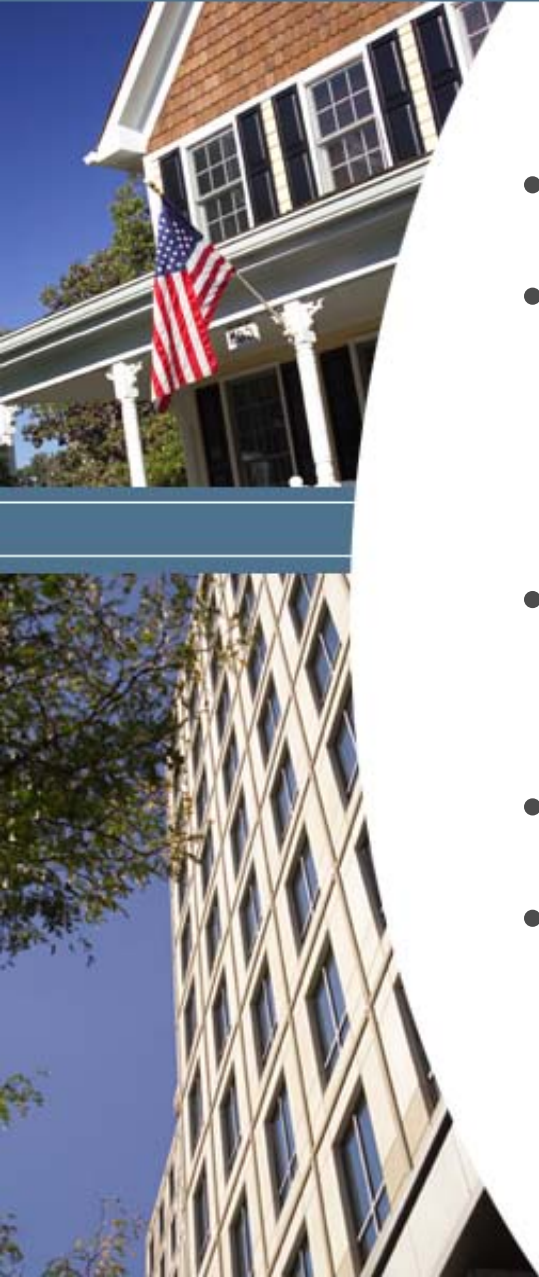


# CHFA HomeOpener/HomeOpener Plus



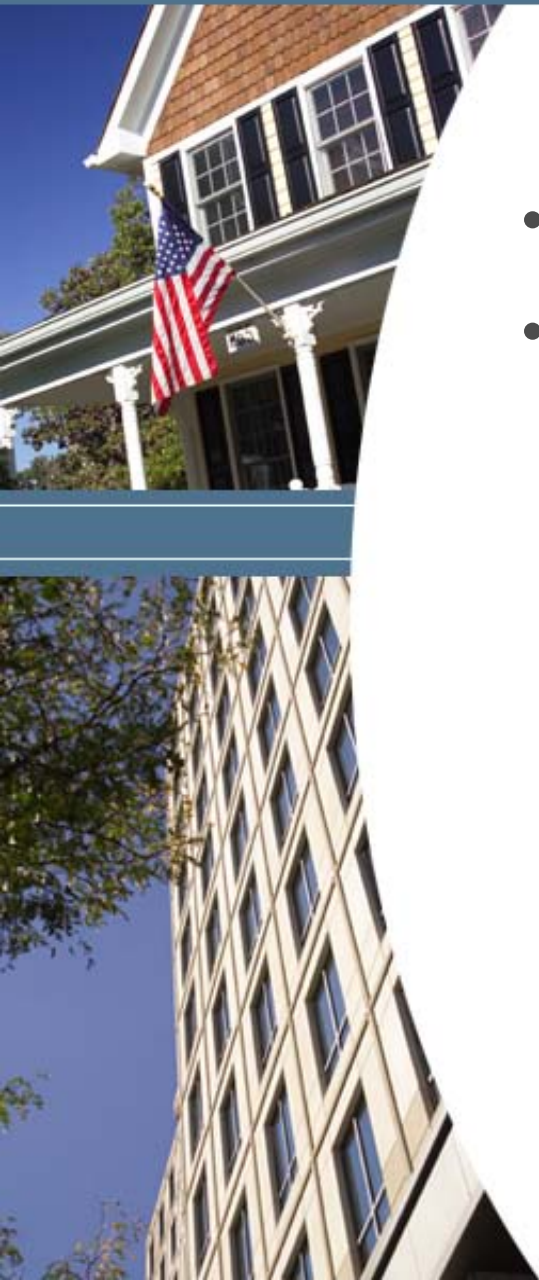
- First time and non-first time homebuyers
- Income & loan limit; no purchase price limit
- FHA [including 203(k)], VA, RD/USDA
- Available with or without CHFA 2<sup>nd</sup> Mortgage

# Second Mortgage Info



- Only available w/CHFA first mortgage
- Can be used for downpayment and/or closing costs, prepaids, temporary buydown
- Available to first time buyers and non-first time buyers
- Max 3% of first mortgage amount
- Same interest rate and amortization as 1st mortgage

# Second mortgage is affordable

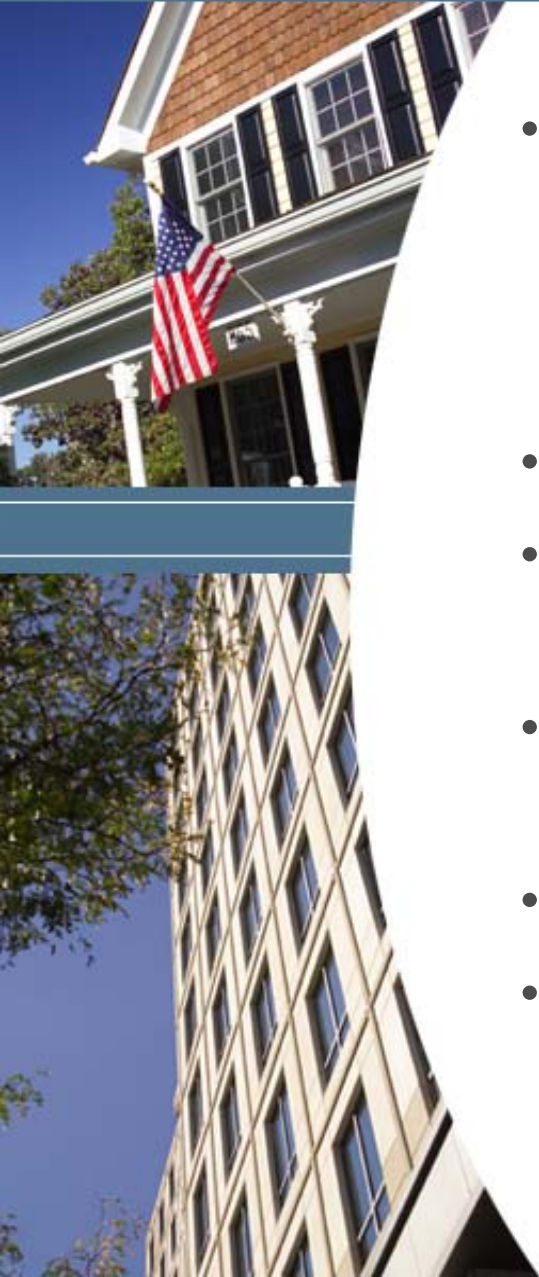


- Example
- \$150,000 loan amount = \$4500 2<sup>nd</sup> mortgage
  - » 30 year am. for both 1<sup>st</sup> and 2<sup>nd</sup> mortgages, 6% rate on both
    - 1<sup>st</sup> mortgage p & i = \$ 899.33
    - 2<sup>nd</sup> mortgage p & I = \$ 27.00

# HomeAccess

- Very low income borrower(s) with a permanent disability or borrower(s) with disabled child(ren)
- Income and Purchase Price limits (40% AMI)
- HBE PRIOR to writing a contract
- FHA [no 203(k)], RD/USDA, and VA
- Large Second Mortgage available

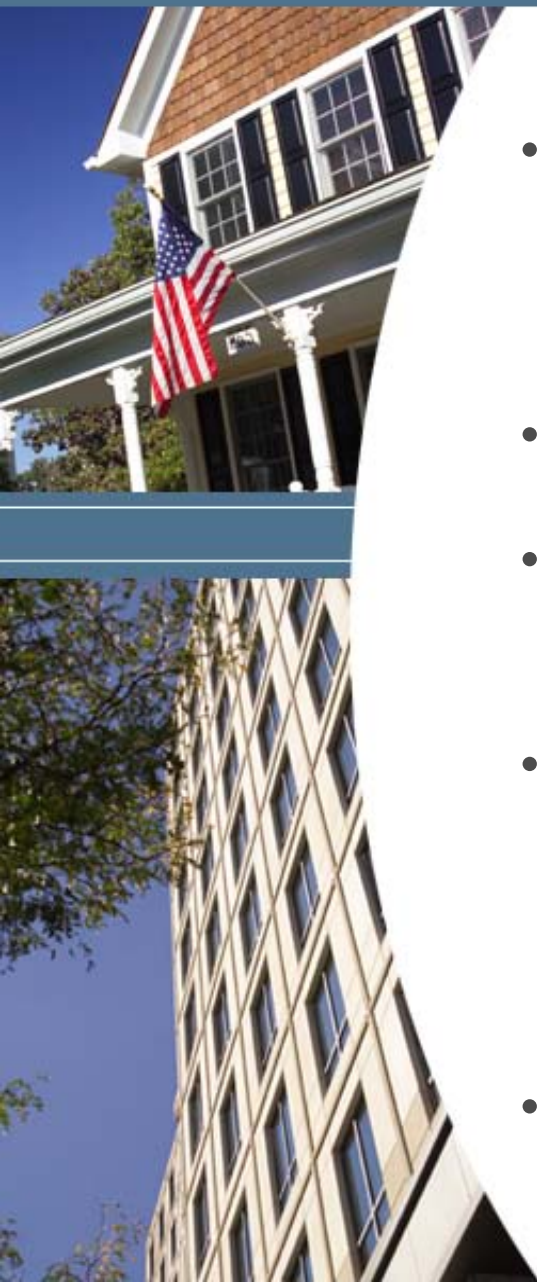
# CHFA SectionEight



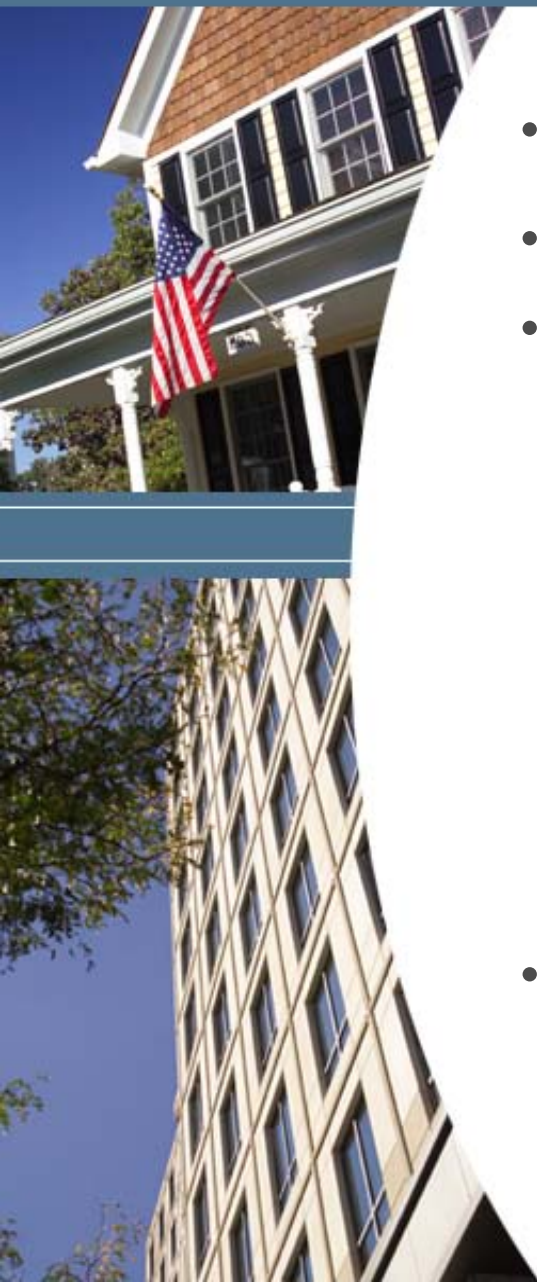
- Allows use of Section 8 voucher from approved PHAs (Public Housing Agencies) with Homeownership plan to assist with house payment
- FHA [203(k), no VA]
- Same interest rate and second mortgage as HomeOpener and HomeOpener Plus programs
- Section 8 voucher payment is applied as an offset to PITI, not included as income
- HBE required before writing contract
- CHFA services loan in house

# Hardship Refinance

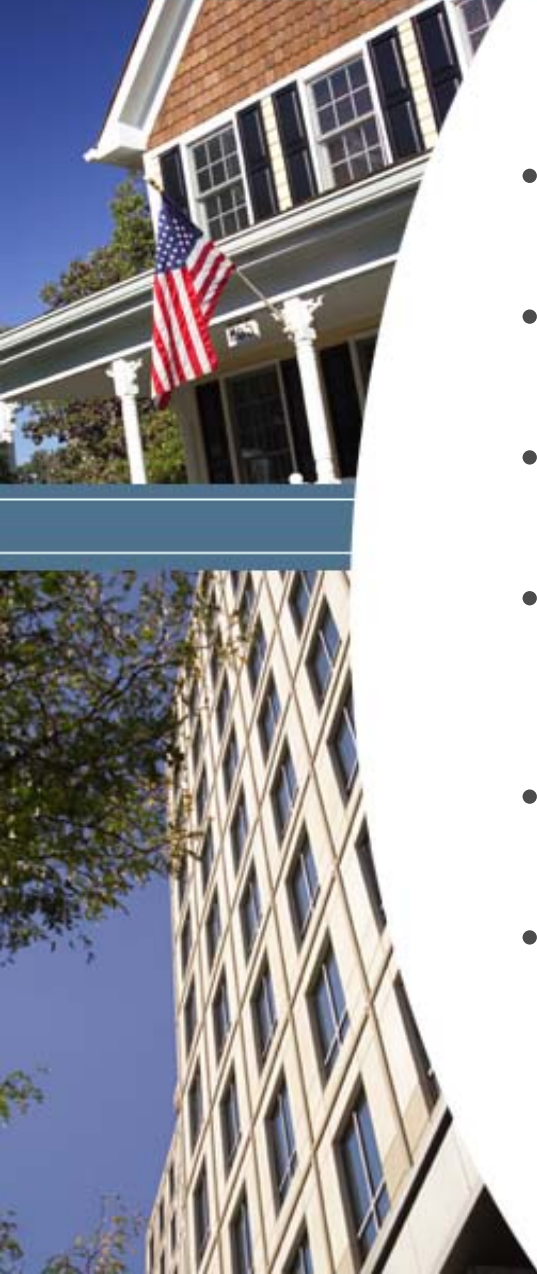
- For homeowners facing foreclosure due to temporary and unforeseen, and now resolved financial crisis
- Max LTV = 80%
- Borrower begins process with HUD approved default counselor
- CHFA credit underwrites this loan program
  - » Preliminary approval
  - » Final approval
- No Second Mortgage



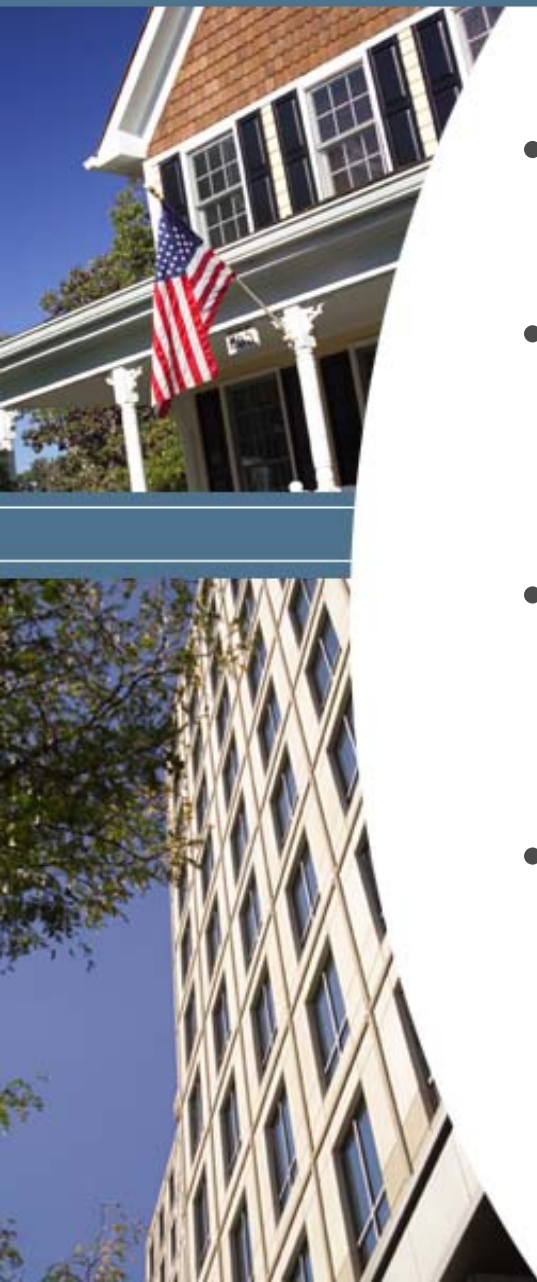
# Statewide MCC

- 
- Not a loan product (loan enhancement)
  - Not available with CHFA FirstStep programs
  - 20% of mortgage interest paid is a direct credit to federal tax liability, remaining 80% of mortgage interest still a deduction
    - » Unused amount can be rolled to following year for a maximum of three years
    - » Borrower retains credit as long as home financed is primary residence
    - » MCC can be reissued if first mortgage is refinanced
  - Subject to Recapture Tax

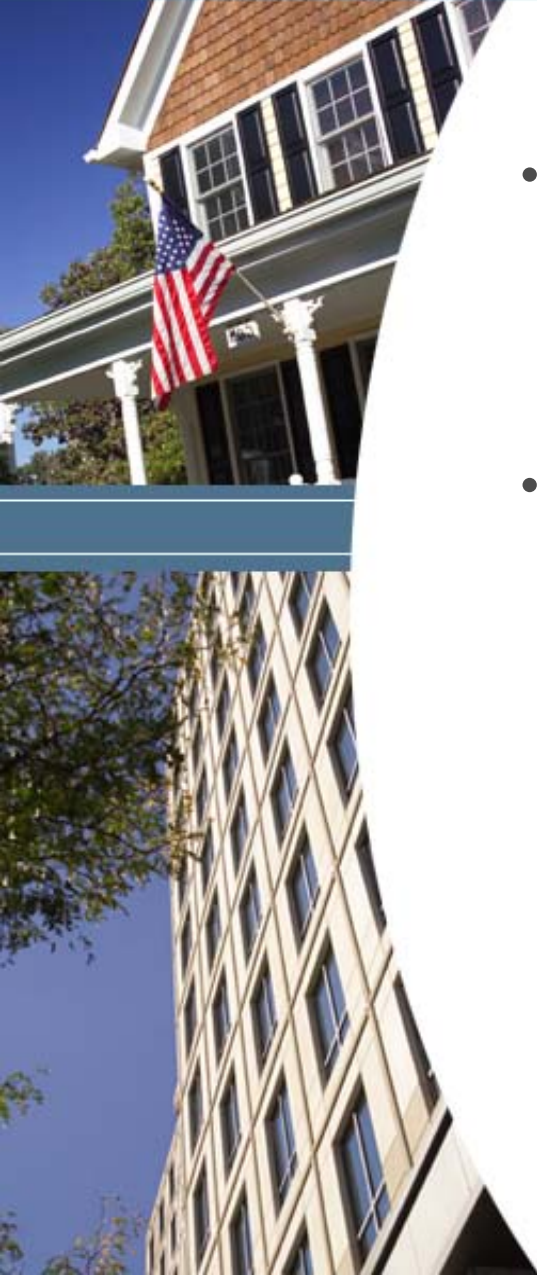
# Lender process

- 
- Prequalification
  - Loan application
  - Processing
  - Reserve CHFA funds (loan can be reserved only with a fully executed/accepted contract)
  - Close/fund loan – 1<sup>st</sup> and 2nd
  - Sell loan to CHFA

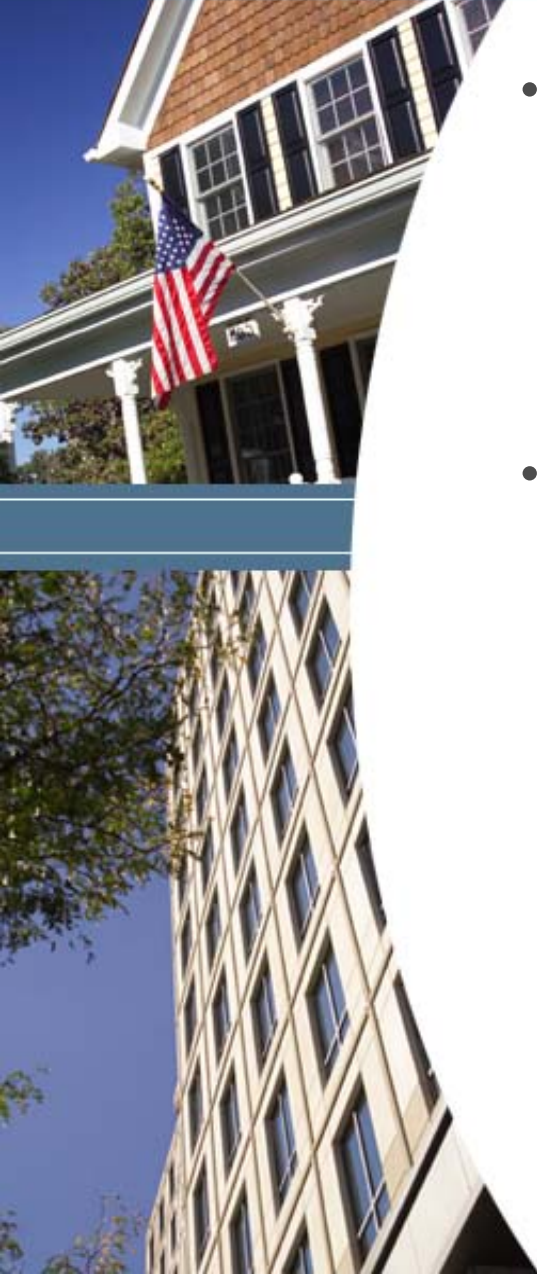
# CHFA Process

- 
- Funds reserved/rate locked with CHFA
  - CHFA analyzes loan(s) for Program Compliance
  - Loan(s) approved; Lender closes and funds 1<sup>st</sup> and 2<sup>nd</sup> Mortgages
  - Loan(s) purchased and serviced by CHFA

# CHFA Funding Sources

- 
- Tax-Exempt Bonds
    - » Traditional HFA funding source
    - » Bond market disruption limited financing options utilizing tax-exempt bonds.
  - Ginnie Mae Mortgage Backed Securities
    - » Multi-Issuer Pools & Custom Pools
      - Pipeline risk hedged using forward sales of Ginnie I TBA's
      - Rates set daily based on market conditions
      - Risk position evaluated multiple times a day

# Lender Compensation

- 
- At Closing
    - » 1% Origination fee
    - » Maximum \$600 for other lender fees
    - » Bona fide third party pass through fees
  - At Loan Purchase
    - » 1% SRP - Metro Areas
    - » Additional SRP .50% for Non-Metro Areas
    - » Program premium – if applicable
      - \$150 program premium for second mortgage
      - 1% - 203(k)
      - 1% - HomeAccess

# Contact Information

- Colorado Housing and Finance Authority

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