

# lock to purchase requirements for chfa smartstep<sup>sm</sup> programs

colorado housing and finance authority



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# **underwriting and general loan program information**


# chfa smartstep<sup>sm</sup>

## CHFA SmartStep<sup>sm</sup>/SmartStep Plus<sup>sm</sup>

- 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
  - Other DPA acceptable, in conjunction with CHFA DPA, must meet underlying agency guidelines
- Affidavits not required
  - Gift funds acceptable
- Income limits apply – statewide income limit
- DU/LPA/GUS
  - Minimum credit score 620
    - Alternative credit acceptable, follow underlying agency guidelines
  - Manual underwrites acceptable – follow underlying 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**


















# homeconnection<sup>sm</sup> 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

 [lock](#) [pipeline](#) [reports](#) [rates](#) Miguel Ortega [change password](#) [logout](#)

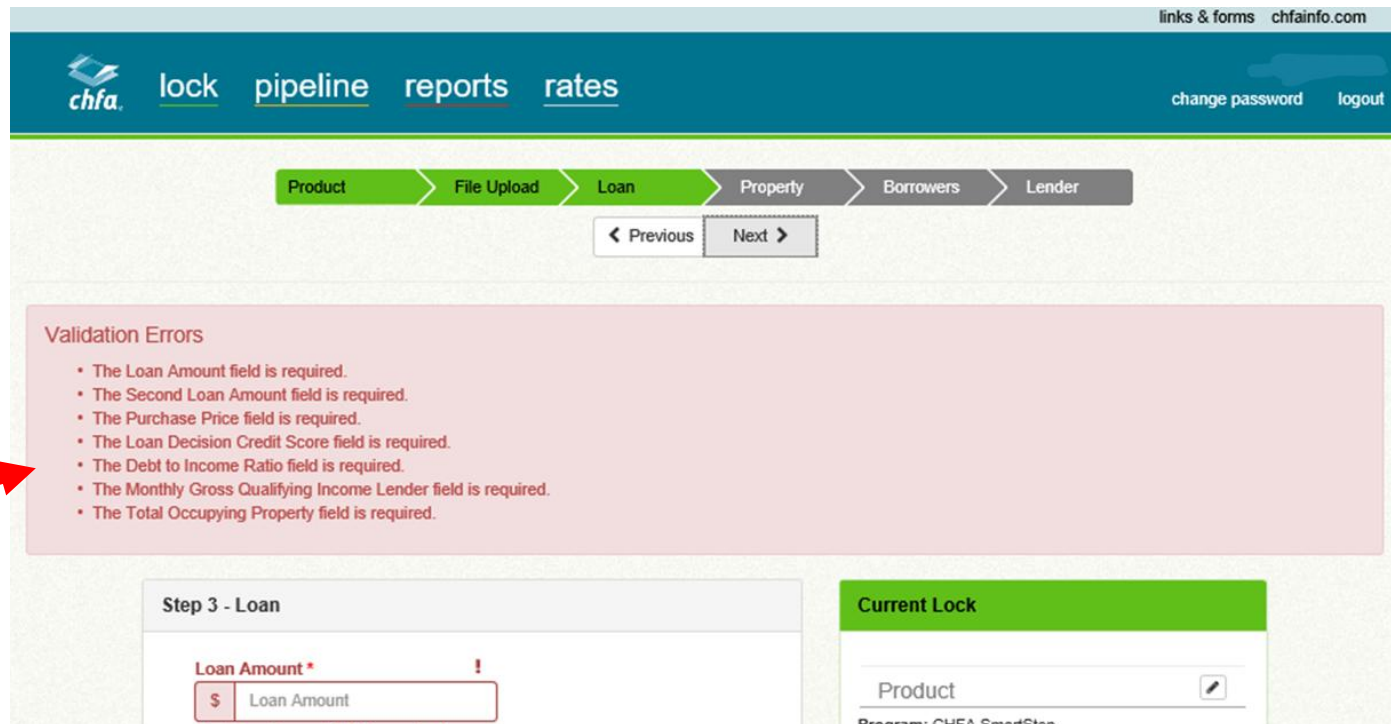
**bold loan number = lock to purchase review; all other loans require a CHFA pre-closing program compliance review**

show  entries

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	    

# homeconnection<sup>sm</sup> 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 secondary navigation bar shows a progress flow: 'Product' (highlighted in green), 'File Upload', 'Loan' (highlighted in green), 'Property', 'Borrowers', and 'Lender'. Below this, there are 'Previous' and 'Next' buttons. A prominent pink box titled 'Validation Errors' contains a list of required fields: '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.', and 'The Total Occupying Property field is required.'. A red arrow points to this error box. Below the error box, the 'Step 3 - Loan' section shows 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'.

# homeconnection<sup>sm</sup> 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

# homeconnection<sup>sm</sup> 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

# chfa general guidelines

- 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
- Optional Down Payment Assistance available
  - SmartStep Plus
    - Plus = Down Payment Assistance

# chfa general guidelines

- 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
  - Items must show on Closing Disclosure as paid prior to closing (PTC)
  - Property Tax proration cannot be used towards the \$1000 contribution

# chfa's income guidelines

- Borrower qualifying income as calculated by the CHFA Participating Lender
  - Only the qualifying income of borrowers on the loan is utilized
  - Qualifying income calculation must comply with applicable FHA, VA, USDA-RD guidelines

# program guidelines - property

- Acceptable Property Types
  - Single family or PUDs or modular (attached and detached - only 1 living unit allowed)
  - ADU's (Accessory Dwelling Unit) are acceptable as long as the appraiser states there is only 1 living unit on the property with an ADU. 2 unit properties are not acceptable.
- Condo
  - Must be warrantable
  - Must be approved per agency guidelines
    - Submit only the agency approval in the submission file
- Manufactured (permanently affixed)
  - Singlewide or larger
    - Follow insurer/guarantor requirements

# program guidelines – property – (continued)

- Manufactured home documentation requirements – state statute
  - One of these documents will be required, if one of these documents were completed and recorded for a previous property transaction, a copy of that document will suffice
    - Affidavit of Real Property for a Manufactured Home
    - Land Lease property – attach copy of land lease to the Affidavit
      - When home and land have been purged
    - Certificate of Permanent Location for a Manufactured Home
    - Certificate of Permanent Location for a Manufactured Home in a Land Lease Community
      - When new construction or home has not been purged
  - Purged = land and home are taxed together as real property
- Manufactured Home Rider, if applicable
  - Information may be included in the Deed of Trust
- Manufactured Home Affidavit of Affixation Rider, if applicable

# program guidelines – property (continued)

- Deed Restrictions, Land Trusts, Affordable Covenants
  - Permitted in accordance with applicable guidelines
  - CHFA Form 780, Affordable Housing Restrictions Approval Certification, must be completed
- Unacceptable Property Types
  - Income/investment property
  - Properties where more than 15% of the square footage is used for a business purposes
  - 2-4 unit properties
  - Second homes
  - Non-warrantable condos
  - Co-ops
  - Excess acreage – CHFA acreage limit 50 acres

# 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
      - Each borrower must take online class individually
      - Framework, Fannie Mae, Freddie Mac, and other non-CHFA approved provider 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
    - Do not sign underwriting transmittal if automated approval was obtained
  - 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

# 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 must be listed separately

<b>Secondary Financing</b>		
Source/EIN _____		
<input type="checkbox"/> Gov't	<input type="checkbox"/> NP	<input type="checkbox"/> Family
<input type="checkbox"/> Other _____		
Amount of Secondary Financing \$ _____		
<hr/>		
<b>Gifts</b>	Seller Funded DAP	<input type="checkbox"/> Y/N
1.) Source/EIN <u>84-0676451</u>		
<input checked="" type="checkbox"/> Gov't	<input type="checkbox"/> NP	<input type="checkbox"/> Family
<input type="checkbox"/> Other _____		
Amount of Gift \$ <u>5,184.00</u>		
2.) Source/EIN _____		
<input type="checkbox"/> Gov't	<input type="checkbox"/> NP	<input type="checkbox"/> Family
<input type="checkbox"/> 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 \$

# smartstep program compliance documentation requirements

- Lock to Purchase process
  - 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 first mortgage loan 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
  - Endorsers printed name and job title to be included
  - Only 1<sup>st</sup> mortgage loans should be endorsed to CHFA
    - CHFA 2<sup>nd</sup> 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 preferred and preferred vlip programs purchase guidelines

- Purchase review turn time is 6 business days from file check in, if file checks in by 5:00 pm MT. If file checks in after 5:00 pm MT, the file will be reviewed in 7 business days
- 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
- 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, CHFA website, or CHFA approved document prep system
  - Forms must also be the most current version
- Electronically signed documents – acceptable as long as they do not require a notarization, including CHFA documents
- Unless approved by CHFA to provide eNotes, all notes must be wet signed

# 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 Rider
  - Information may be included in the Deed of Trust
- Affidavit of Affixation Riders for manufactured homes – one of these forms must be completed – if applicable
  - Manufactured Home Affidavit of Affixation
    - All information should be completed, including sections 10 and 14
  - Affixation Affidavit Regarding Manufactured Home

# manufactured home affidavit of affixation rider example – 5 pg version

This document was prepared by:

LOAN #: 0102002460

## MANUFACTURED HOME AFFIDAVIT OF AFFIXATION RIDER

STATE OF

COUNTY OF

This Manufactured Home Affidavit of Affixation is made this \_\_\_\_\_ day of \_\_\_\_\_ and is incorporated into and shall be deemed to supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower" or "Homeowner") to secure Borrower's Note to

("Lender").

Borrower and Lender state that it is their intent that the manufactured home be and remain permanently attached to and part of the real property, and that it be regarded as an immovable fixture thereto and not as personal property.

"Homeowner" being duly sworn, on his, her or their oath state(s) as follows:

1. Homeowner owns the manufactured home ("Home") described as follows:

New \_\_\_\_\_ Used \_\_\_\_\_ Year \_\_\_\_\_ Length \_\_\_\_\_ Width \_\_\_\_\_

Manufacturer/Make \_\_\_\_\_

Model Name or Model No. \_\_\_\_\_

Serial No. \_\_\_\_\_

Serial No. \_\_\_\_\_

Serial No. \_\_\_\_\_

Serial No. \_\_\_\_\_

HUD Label Number(s) \_\_\_\_\_

Certificate of Title Number \_\_\_\_\_

**ATTENTION COUNTY CLERK:** This instrument covers goods that are or are to become fixtures on the Land described herein and is to be filed for record in the records where conveyances of real estate are recorded.

# manufactured home affidavit of affixation rider example

Lender information on left, CHFA second mortgage information on the right.

10. The Home is subject to the following security interests (each, a "Security Interest"):

Name of Lienholder

Name of Lienholder

Address:

Address:

Original Principal

Amount Secured: \$

Original Principal

Amount Secured: \$

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.

One of these boxes must be checked. If box C is marked, then either "shall be" or "has been" must also be checked.

# affixation affidavit regarding manufactured home example – 4 pg version

(To be recorded with Security Instrument)

## AFFIXATION AFFIDAVIT REGARDING MANUFACTURED (AND FACTORY BUILT) HOME

The State of COLORADO)

County of \_\_\_\_\_ )

Loan #:

MIN:

Case #:

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_  
known to me to be the person(s) whose name(s)  
is/are subscribed below, and who, being by me first duly sworn, did each on his/her oath state as  
follows:

Affixation Affidavit Regarding Manufactured Home

43.168

Page 1 of 4



### Description of Manufactured Home

New/Used	Year	Manufacturer's Name	Model Name and Model No.
Length X Width		Serial Number	HUD #
Manufactured Home Location			
Street		County	
City	State	Zip Code	

In addition to the covenants and agreements made in the Security Instrument,  
("Borrower[s]") covenants and agrees as  
follows:

1. The manufactured home described above located at the address above is permanently affixed to a foundation and will assume the characteristic of site-built housing.
2. The wheels, axles, tow bar, or hitch were removed when said manufactured home was placed on the permanent site.
3. All foundations, both perimeter and piers for said manufactured home have footings that are located below the first line or in compliance with local building codes or requirements.
4. If piers are used for said manufactured home, they will be placed where said home manufacturer recommends.
5. If state law so requires, anchors for said manufactured home have been provided.
6. The manufactured home is permanently connected to a septic or sewage system and other utilities such as electricity, water and natural gas.
7. No other lien or financing affects said manufactured home or real estate, other than those disclosed in writing to Lender.
8. The foundation system of the manufactured home has been designed by an engineer, if required by state or local building codes, to meet the soil conditions of the site.
9. That the Borrower(s) hereby acknowledges(s) his/her/their intent that said manufactured home will become immovable property and part of the real property securing the security instrument.
10. The said manufactured home will be assessed and taxed as an improvement to the real property. Borrower(s) understand(s) that if Lender does not escrow for these taxes, that Borrower(s) will be responsible for payment of such taxes.
11. If the land is being purchased, such purchase and said manufactured home represent a single real estate transaction under applicable state law.

Affixation Affidavit Regarding Manufactured Home

43.168

Page 2 of 4



# 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](mailto:homeownership@chfainfo.com)
- CHFA website: [www.chfainfo.com](http://www.chfainfo.com)





thank you!

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