



## HDF LEAP

### PURPOSE AND OVERVIEW:

The Connecticut Housing Finance Authority (CHFA) and Housing Development Fund’s (HDF) **Landlord Entrepreneurship and Affordability Program (LEAP)** Pilot Program will provide eligible borrowers the opportunity to become owner occupants of small multifamily properties (2-4 units) in Connecticut.

*Note: These guidelines are provided for informational purposes only. Program eligibility is determined by an HDF Homeownership Advisor, and loan approval is determined the HDF Residential Lending Department after a complete loan and property assessment.*

| PARAMETER               | ELIGIBILITY REQUIREMENTS   |
|-------------------------|--|
| LENDER ORIGATION FEE    | 1% of loan amount  |
| CHFA ALLOWABLE FEES     | <ul style="list-style-type: none"> <li>▪ Underwriting - \$395</li> <li>▪ Processing - \$395</li> </ul> <p><i>Additional allowable fees to the borrower include those fees that are customary, reasonable and necessary to close the mortgage loan.</i></p> |
| CHFA INTEREST RATE      | <p>Same as the CHFA Regular Homebuyer Program interest rate in effect at the time of reservation.</p> <p><i>(CHFA Targeted Area rate will apply when applicable)</i></p>   |
| AMORTIZATION            | 30-Year Term, Fixed Rate Mortgage (FRM)  |
| TARGET GEOGRAPHY        | State of Connecticut   |
| ELIGIBLE BORROWERS      | <p>First-time homebuyers whose household incomes are at or below 100% of the Area Median Income (AMI).</p> <p><i>(HDF, at its discretion, may increase eligible borrower(s) income to the maximum limit set by CHFA for the area)</i></p>                  |
| ELIGIBLE PROPERTY TYPES | 2 – 4 unit dwellings   |
| ELIGIBLE OCCUPANCY      | Owner occupied   |
| ELIGIBLE PURPOSE        | Purchases only (refinance not allowed)   |

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| <b>MINIMUM CREDIT SCORE</b>          | HDF LEAP Program is not a credit score driven product, however, if a credit score is lower than 620, compensating factors must exist in order for the loan to be considered for approval. In addition, if the credit score is lower than 620, all derogatory items in the last 12 months must be verified by a third party source and explained by the borrower(s).   |
| <b>NON-TRADITIONAL CREDIT</b>        | Borrower(s) without credit scores are eligible following FNMA underwriting guidelines for files with manual underwriting and non-traditional credit.  |
| <b>QUALIFYING RATIOS</b>             | <ul style="list-style-type: none"> <li>▪ Maximum Housing Ratio = 33%</li> <li>▪ Maximum Total Debt-to-Income = 41%</li> </ul> <p>(On a case-by-case basis, HDF reserves the right to approve DTI exceptions up to a max of 45%)</p>   |
| <b>MAXIMUM LTV/CLTV</b>              | 80% / 105%<br>CHFA first mortgage LTV will be based on 80% of sales price or appraised value, whichever is lower.   |
| <b>CHFA FINANCING</b>                | <ul style="list-style-type: none"> <li>▪ First Mortgage up to a maximum 80% LTV</li> <li>▪ First Mortgage will be in 1<sup>st</sup> lien position</li> </ul>  |
| <b>MINIMUM BORROWER CONTRIBUTION</b> | 1% of sales price from borrower's own funds. <ul style="list-style-type: none"> <li>▪ Closing costs do not count toward the 1% requirement.</li> </ul>  |
| <b>SUBORDINATE FINANCING</b>         | <p><b>HDF SMARTMOVE 2<sup>ND</sup> MORTGAGE</b></p> <ul style="list-style-type: none"> <li>▪ Loan amount will be for a maximum of 20% of sales price or appraised value, whichever is lower.</li> <li>▪ 3.00% interest rate (APR = 3.42% to 4.74%) for 20 years.</li> <li>▪ All SmartMove guidelines apply.</li> </ul> <p><b>HDF LEAP DAP 3<sup>RD</sup> MORTGAGE</b></p> <ul style="list-style-type: none"> <li>▪ 0.00% non-amortizing patient mortgage subordinate to CHFA's first and SmartMove second mortgages.</li> <li>▪ HDF LEAP DAP can be used for <b>closing costs</b> with a maximum of 5% of sales price or \$10,000.00, whichever is less.</li> <li>▪ HDF LEAP DAP is due on sale, refinance, transfer of property, or 30 years.</li> </ul> |
| <b>INCOME REQUIREMENTS</b>           | <ul style="list-style-type: none"> <li>▪ HDF Income Limits will apply as long as the HDF Limit is within the CHFA Income Limit for the city/town where the property is located</li> <li>▪ HDF, at its discretion, may increase eligible borrower(s) income to the maximum limit set by CHFA for the area</li> <li>▪ Projected rental income must be included in the qualifying income for this program. <ul style="list-style-type: none"> <li>○ 75% of the gross rental income from the 1<sup>st</sup> rental unit and</li> <li>○ 65% of the gross rental income for additional rental units must be included.</li> </ul> </li> </ul>  |

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| <b>INCOME REQUIREMENTS (CONT.)</b>      | <p><i>There are no exceptions for Over Income Borrowers in Targeted Areas.</i></p> <ul style="list-style-type: none"> <li>▪ Clients using HDF subordinate loans must also be within the programs' respective income limits.</li> </ul>   |
| <b>SALES PRICE LIMIT</b>                | CHFA Sales Price Limits will apply   |
| <b>RESERVES</b>                         | Minimum of 4 months of principal, interest, taxes, and insurance (PITI) in liquid reserves. May include gift funds.  |
| <b>INTERESTED PARTY CONTRIBUTIONS</b>   | 6% maximum for all transactions  |
| <b>HOMEBUYER EDUCATION</b>              | 8-hr Certificate required for all borrower(s)  |
| <b>LANDLORD EDUCATION</b>               | Required for all borrower(s)   |
| <b>ASSIGNMENTS</b>                      | <ul style="list-style-type: none"> <li>▪ CHFA 1<sup>st</sup> Mortgage Loan must close in the name of the "Housing Development Fund" and be assigned to the "Connecticut Housing Finance Authority"</li> <li>▪ HDF SmartMove and LEAP DAP Mortgage(s) must close in the name of the "Housing Development Fund"</li> </ul> |
| <b>MORTGAGEE CLAUSE - CHFA</b>          | <p>Connecticut Housing Finance Authority<br/> C/O AmeriNational Community Services, LLC.<br/> Its successors and / or assigns, ATIMA<br/> 217 S. Newton Avenue<br/> Albert Lea, MN 56007</p>   |
| <b>1<sup>ST</sup> MORTGAGE SERVICER</b> | <p>AmeriNational Community Services, LLC.<br/> 217 S. Newton Avenue<br/> Albert Lea, MN 56007</p>  |
| <b>ADDITIONAL SERVICERS</b>             | <p><b>HDF SMARTMOVE 2<sup>ND</sup></b><br/> Dovenmuehl Mortgage, Inc.<br/> Corporate Drive, Suite 360, Lake Zurich, IL 60047</p> <p><b>HDF LEAP DAP 3<sup>RD</sup></b><br/> Housing Development Fund, Inc.<br/> 100 Prospect Street, Stamford, CT 06901</p>  |

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