



# chfa participating lender announcement 2022-02

September 6, 2022

## summary of changes

The CHFA Seller's Guide was updated to clarify the following topics:

- Fidelity Bond and Mortgage Errors and Omissions Insurance Policy Requirements
- Right to Deny or Renew Lender Participation
- Minimum Production Requirement
- Borrower Participation in Address Confidentiality Program
- Lock Period, Extensions, and Expiration Procedures and Fees
- Additional Fee Updates
- Miscellaneous Updates

## fidelity bond and mortgage errors and omissions insurance policies

Participating Lenders must have fidelity bond and mortgage errors and omissions insurance policies, each with coverage in an amount not less than the greater of (i) three hundred thousand dollars (\$300,000), or (ii) such other amount that complies with any and all insurer, guarantor, Fannie Mae and/or Freddie Mac coverage requirements, as applicable, including deductible requirements. In addition, such policies must remain current. If any policy expires during a renewal period, the Participating Lender will be asked to provide a current or renewed policy. (See Sections 101.A.3 and 103.2.d)

**Effective date:** These changes are already effective.

## right to deny or renew lender participation

CHFA reserves the right to deny a prospective Participating Lender or terminate a Participating Lender's Mortgage Purchase Agreement if, in CHFA's sole discretion, CHFA determines the Lender's conduct, whether past or present, does not align with CHFA's mission, vision or values. (See Section 101.A)

In addition, CHFA reserves the right to suspend, modify, terminate approval, or deny renewal, if a Participating Lender fails to perform or provide information as required or requested in accordance with the Mortgage Purchase Agreement and/or the CHFA Seller's Guide. (See Section 104)

**Effective date:** These changes are already effective.

## minimum production requirement

Participating Lenders will be required to deliver a minimum of one loan per full calendar year of participation in order to be considered for renewal. (Section 103.A.6)

**Effective date:** These changes are effective starting in calendar year 2022.



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## borrower participation in address confidentiality program

CHFA accepts a substitute address for any Borrower that participates in Colorado's Address Confidentiality Program (ACP). The Borrower is responsible for notifying the Participating Lender of their need to use a substitute address pursuant to the Colorado Address Confidentiality Act. To ensure compliance with the ACP, Participating Lender is responsible for notifying CHFA of the substitute address and providing a copy of the Borrower's valid ACP authorization card with the loan file. (Section 201.P)

**Effective date:** These changes are already effective.

## lock period, extensions, and expiration procedures and fees

Numerous changes have been made to the delivery and purchase procedures.

Participating Lenders must close the Mortgage Loan, deliver all required documents to CHFA for review, and have the Mortgage Loan purchased by CHFA prior to or on the Lock Expiration date.

If a Mortgage Loan has not been delivered and remains in reserved status upon the Lock Expiration date, the Lock will automatically be canceled on day 61. Canceled Locks may be reinstated or relocked following the policies found in Section 407.C of the CHFA Seller's Guide.

If a Mortgage Loan is in reserved status and additional time is needed, the Participating Lender may manually extend the Lock for 10 days, provided such request is submitted by or on the Lock Expiration date. A 10-Day Lock Extension Fee for 0.125 percent of the Original Principal Balance of the First Mortgage Loan will be assessed. Use HomeConnection to manually extend the Lock.

The lender may continue to manually extend if the Lock remains in reserved status, and it is extended prior to the Expiration date. Note, automatic cancelation occurs the day after the 10-day extension if another extension has not been initiated by the lender.

If a Mortgage Loan has been delivered and has moved out of reserved status, but not approved for purchase due to missing and/or incorrect documentation by the Lock Expiration date, CHFA will automatically charge the Participating Lender a 10-Day Lock Extension Fee of 0.125 percent of the Original Principal Balance providing an additional 10 days for the Participating Lender to have the loan purchased by CHFA. The 10-Day Lock Extension Fee will be assessed and reoccur automatically every 10 days until the loan is purchased, with a maximum of six extensions. With each extension, a new Lock Letter will be generated indicating the new Lock Expiration date, as well as a Lock Extension Notice indicating the new Lock Expiration date and the fee assessed. (Section 404)

With these new procedures the following fees will no longer be assessed:

- Cancellation Penalty
- 30-day Extension
- Loan Delivery Extension Penalty
- Funding Extension Penalty
- Suspension Penalty



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**Effective date:** These changes are effective for Locks made on or after September 6, 2022.

## additional fee updates

The following updates have been made to the following:

### Relock Fees

In addition to the Borrower, Participating Lender, builder, or seller of the property, relock fees may also be paid by the real estate agent, provided all such fees and payments comply with all applicable state and federal laws, regulatory requirements and applicable FHA, VA, USDA-RD, Fannie Mae, and Freddie Mac requirements. (See Section 407)

### Final Document Late Fee (formerly Late Delivery Fee) – Revised Fee

CHFA must receive all final documents within 120 calendar days after CHFA purchase, otherwise a Final Document Late Fee is assessed. The Final Document Late Fee will increase from \$150 to \$250 and be assessed at day 121. Thereafter, a fee of \$150 will be assessed every 31 days until the loan is in Post-Closing Complete status. (See Section 708.B.13)

### MIC/PMI Fee – New Fee

CHFA must have evidence a Mortgage Loan is insured. A Mortgage Insurance Certificate (MIC) or Private Mortgage Insurance (PMI) Fee of \$150 will be assessed on day 31 if the MIC or PMI required documentation has not been received. Thereafter, a fee of \$150 will be assessed every 31 days until the condition has been cleared. (See Sections 708.B.16 and 903)

**Effective date:** These changes are effective for Locks made on or after September 6, 2022.

## miscellaneous updates

- **Section 105.K, eNotes**  
Participating Lenders must be approved by CHFA prior to delivering eNotes pursuant to a fully executed eMortgage Loan Addendum to the Mortgage Purchase Agreement.
- **Definitions**  
In addition to the penalties and fees that will no longer be assessed, such terms and those no longer utilized have been deleted from this Chapter.
- **Various additional technical corrections throughout the Guide.**

**Effective date:** These changes are already in effect.