

CHFA Form 375

Guide to CHFA Down Payment Assistance (DPA) Second Mortgage Loans

Effective April 7, 2025

The focus of this Guide is to provide helpful information when completing disclosures for CHFA's Down Payment Assistance (DPA) Second Mortgage Loans. The information in this Guide is only applicable to the delivery of CHFA DPA Second Mortgage Loans to CHFA.

Pursuant to the CHFA Sellers Guide, CHFA relies on its Participating Lenders to comply with all applicable legal and regulatory disclosure requirements. This Guide is not a substitute for the Consumer Financial Protection Bureau's (CFPB) TILA-RESPA Integrated Disclosure Rule (TRID), Regulation Z (TILA), and Regulation X (RESPA) nor the advice of your Compliance Department or Legal Counsel.

There may be various disclosure options and interpretations of TILA-RESPA Integrated Disclosure Rule (TRID) requirements when disclosing a simultaneous second mortgage loan in conjunction with a first mortgage loan. CHFA will not advise Lenders on disclosure requirements, disclosure contents, nor how particular sections of the disclosures should be completed. As such, Participating Lenders should consult with their Compliance Department and/or Legal Counsel prior to disclosing the CHFA DPA Second Mortgage Loan regarding specific disclosure requirements and assistance with questions related to the content of disclosures.

For more information regarding CHFA's DPA Second Mortgage Loans please refer to the CHFA Sellers Guide.

CHFA DPA Second Mortgage Loan Features

The CHFA DPA Second Mortgage Loans are structured as follows:

Loan Type:	Community Second Mortgage
Product Type:	30 Year balloon payment, fixed rate
Loan Term:	30 years
Interest Rate:	This is a non-interest-bearing loan. The initial interest rate cannot increase after closing.
Balloon Payment:	The CHFA DPA Second Mortgage does have a balloon payment feature.
Projected Payments Table:	No monthly principal and interest payments are due, however, there is a scheduled final balloon payment. The final payment is deferred until 30 years or the "maturity date" as defined in accordance with the terms of the CHFA DPA Second Mortgage Loan Promissory Note.

The table provided below is a sample for illustrative purposes only.

Balloon Payment	YES	•You will have to pay \$7,500 at the end of year 30
Projected Payments		
Payment Calculation	Years 1 - 30	Final Payment
Principal & Interest	\$0.00	\$7,500.00
Mortgage Insurance	+ 0	+ 0
Estimated Escrow <i>Amount can increase over time</i>	+ 0	+ 0
Estimated Total Monthly Payment	\$0.00	\$7,500.00

- Final Payment:** The final payment will generally be the Total Loan Amount the consumer will borrow on the second mortgage as reflected by the face amount of the CHFA DPA Second Mortgage Loan Promissory Note.
- Prepayment penalty:** The CHFA DPA Second Mortgage Loan **does not** have a prepayment penalty.
- Negative Amortization:** The CHFA DPA Second Mortgage Loan **does not** have a negative amortization feature.

Cash Back

The intent of the downpayment assistance loan is to provide the borrower with the funds necessary to close the transaction. The downpayment assistance funds should not result in cash back to the borrower in accordance with Insurer, Guarantor, Ginnie Mae, Fannie Mae and Freddie Mac requirements, as applicable.

Closing Costs

Fees Not Permitted

CHFA does not permit Participating Lenders to charge the following fees on the CHFA DPA Second Mortgage Loans:

- Origination Fees
- Discount Points
- Processing or Administration fees

Permissible Fees

- CHFA permits Participating Lenders to charge the following fees on the CHFA DPA Second Mortgage Loans: Settlement Fees:
Although CHFA does not require a settlement fee, lenders are permitted to pass through third-party settlement fee charges in connection with the CHFA DPA Second Mortgage Loan.
- Taxes and Other Government Fees:

Charges assessed by a government authority to record and index the second mortgage loan as required under state or local law. CHFA will allow the total actual charges to record and index the CHFA DPA Second Mortgage Loan Deed of Trust.

Additional Information About This Loan

Contact Information

CHFA's name, business address, phone number, or email address should not be listed in the contact section of the disclosures.

Other Considerations

- Assumption: The CHFA DPA Second Mortgage Loan is not assumable.
- Servicing: This will be based on your organization's servicing policy.
- Demand Feature: Mark whether the legal obligation contains a demand feature that can require early payment of the loan.
- Partial Payments: Mark the appropriate box in relation to the acceptance of Partial Payment made by the consumer.