

POLICIES AND PROCEDURES
FOR
FIRST-TIME HOMEBUYER/DOWNPAYMENT
ASSISTANCE



Office of Housing & Neighborhood Development

Keefe Community Center, 11 Pine Street, Hamden, CT 06514-4924

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Community Development Block Grant First Time Homebuyer/Down-Payment Assistance Program Policies and Procedures

Program Description

The program is designed to provide matching financial assistance to qualified First Time Homebuyers as defined by the U.S. Department of Housing and Urban Development (HUD). Financial Assistance in the form of a lien/second mortgage will be provided to income eligible persons and families acquiring eligible property within the Town of Hamden.

Permitted Use of Funds

Funds are available for down payments and eligible costs as described below. Funding assistance for the program shall be in the form of an interest free, no monthly payment lien/second mortgage. The maximum matching amount is \$5,000.00 that can be used for the down payment and/or anticipated closing costs.

General Program Guidelines

Eligible Properties

The subject property shall be located within the Town of Hamden HUD identified Target Area of the attached census tract/streets . Only owner-occupied single family, two family and condominiums are eligible for this program.

A. First Mortgage Approval

The applicant shall be responsible for securing a first mortgage from a private lending institution. Loans should be written following underwriting criteria typical for loans to first time, owner-occupied purchasers. Debt-to-income ratios **generally** should not exceed 33% for housing costs (Principal, Interest, Taxes and Insurance) and 42% for housing and personal debt combined.

In addition to the application and income documentation, formal requests for financial assistance should include the following documents:

1. Fully executed Purchase Contract. (funds will be reserved at this time).
2. First Mortgage Commitment Letter.
3. Good Faith Estimate of closing costs (from your lender).
4. Lead-Based Paint Visual Assessment Report
5. Pre-purchase Counseling Certificate

B. Applications

The Community Development Office shall make available forms which applicants will be required to complete in full prior to being considered or qualified for the program. Incomplete applications will not be considered.

C. Income Requirements

There are income and asset limits for participating in this program that are based on the size of the household. Income eligibility will be based on the Adjusted Gross Income as reported on the most recently required federal income tax return. The current limitations are as follows:

Household Size Annual Gross Income

1-	\$47,600
2 -	\$54,400
3 -	\$61,200
4-	\$68,000
5 -	\$73,450
6 -	\$78,900
7 -	\$84,350
8 -	\$89,800

D. Pre-Purchasing Counseling

After completing the application and as a condition of approval, all those interested in participating in the program must receive counseling conducted by an approved agency. Applicants are encouraged to participate in programs offered locally by non-profit agencies specializing in Housing and Credit Counseling. Information on financial planning, managing savings and credit, selecting the right home, working with realtors and the MLS, choosing a mortgage lender, closing costs and the closing process are among the topics covered through these programs. These programs can greatly enhance your knowledge of the home purchase process and expand your options for mortgage financing. Many first mortgage lenders offer special financing to applicants who have completed this training. A Certificate of Completion will be required to receive financial assistance through the program.

The following non-profit organizations are a sample of HUD approved non-profits that provide pre-purchase Housing Counseling:

Neighborhood Housing Services of New Haven, Inc.
(203) 777-6925

NeighborWorks New Horizons (New Haven)
(203) 562-4514 x 124

Homeownership Academy (Bridgeport)
(203) 290-4255

E. Lead Based Paint Procedures

All program participants will be provided with the informational pamphlet – “Renovate Right”. Documentation needs to be included in the applicant’s file that the program participant has received the pamphlet.

Properties constructed prior to 1978 may have been painted with paint containing lead. To protect you and your family, the U.S. Department of Housing and Urban Development has adopted regulations and procedures when federal funds are being used to acquire property. A Lead-Based Paint Visual Assessment, performed by a certified inspector will be required for all properties constructed prior to 1978. If **deteriorated** paint surfaces are identified, lead paint testing will be required and if lead is found, lead abatement (removal) and clearance (retesting for complete removal) will be required. This must be completed prior to closing on the purchase of the home. Abatement can be expensive and could put a purchase option in jeopardy.

To avoid this potentially serious complication, inspect properties thoroughly for signs of deteriorated paint both inside and out. Paint that is peeling, chipping, chalking or walls that are cracked would be considered deteriorated and potentially hazardous. If you want to purchase a home that has deteriorated paint, include language in your Purchase Agreement requiring that surfaces be repainted “**prior to the Lead-Based Paint Visual Inspection.**” Normally these repairs are inexpensive and easy to perform. Work performed prior to the Visual Assessment will not require lead abatement and clearance testing. The Visual Assessment will be performed by Community Development Office staff or agents at no charge to the purchaser or the property owner. Copies of the Visual Assessment Findings and Clearance Report documents, as necessary, shall be kept on file. Homebuyers will also be provided with copies of these documents. **VISUAL ASSESSMENT, STABILIZATION AND CLEARANCE MUST OCCUR BEFORE CLOSING/SETTLEMENT.**

F. Equal Opportunity Statement 8

The program is funded by a HUD Community Development Block Grant and is governed by federal laws regarding fair housing, fair credit and equal opportunity in lending. The federal equal credit opportunity act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant’s income derives from any public assistance program; or because the applicant has in good faith exercised any right under the consumer credit protection act. The federal agency that administers compliance with this law concerning this agency is the Department of Housing and Urban Development, Connecticut State Office,

One Corporate Center, Hartford, CT, 06103-3220. The Town of Hamden First-Time Homebuyer Program is an equal opportunity lender.