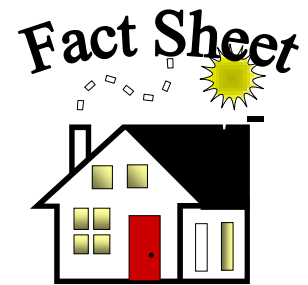


American Dream Downpayment Initiative

a HouseNew London Homebuyer Assistance Program



Downpayment Assistance for First-time Homebuyers

Through the American Dream Downpayment Initiative (ADDI), HouseNew London provides downpayment and closing cost assistance to first-time homebuyers. Qualified buyers may receive \$10,000 or 6% of the purchase price of the home—whichever is greater. Downpayment assistance is in the form of an interest-free loan secured by a second mortgage on the property. The loan is forgiven over 5 or 10 years depending on the amount of the assistance provided. Assistance is available only to buyers of single-family homes for owner occupancy; you must occupy the home as your primary residence throughout the full term of the loan.

Eligibility Requirements

To be eligible for ADDI assistance, you must:

- Be a first-time homebuyer, or a buyer who has not owned a home in the last three years.
- Be a Connecticut resident and purchase a home in New London County, which includes the towns of:

Bozrah, Colchester, East Lyme, Franklin, Griswold, Groton, Lebanon, Ledyard, Lisbon, Lyme, Montville, New London, North Stonington, Norwich, Old Lyme, Preston, Salem, Sprague, Stonington, Voluntown, and Waterford.

- Have a total household income that does not exceed the income limits shown in the table below.
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HUD's Adjusted 80% Area Median Income in New London County — as of May 2010

<i>Household Size:</i>	1-person	2-person	3-person	4-person	5-person	6-person	7-person	8-person
<i>Annual Gross Income:</i>	\$45,100	\$51,550	\$58,000	\$64,400	\$69,600	\$74,750	\$79,900	\$85,050

Example:

If you are a 3-person family with a combined annual gross income of \$56,200, you qualify for ADDI assistance because you make less than \$58,000.

- Complete a CHFA-approved eight-hour homebuyer training course (visit chfa.org for schedule).
- Have a good credit history, as evidenced by a pre-approval letter from a mortgage lender.

How to Apply

Before calling to make an appointment, please:

- Complete an ADDI application.
- Enroll in a CHFA-approved eight-hour homebuyer training course.
- Obtain a pre-approval letter from a mortgage lender.

When ready, contact Sally Williams at Eastern Connecticut Housing Opportunities (ECHO) at (860) 447-8055 or swecho@sbcglobal.net. You will be provided with a list of documents needed to determine your eligibility, and an appointment will be scheduled.

Reservation of ADDI assistance funding is on a first-come, first-served basis to applicants who have satisfied all of the eligibility requirements.

Finding your Home

Once you have been accepted for a reservation of ADDI funding, you will have three months to find the home you wish to buy, enter into a Purchase and Sale Agreement, and apply for your mortgage. You will then have three more months to complete the purchase. If you haven't closed on a home in six months from the time your eligibility has been determined, you will have to be requalified.

The ADDI Program places no restrictions on what property you choose, except that:

- It must be located in New London County.
- It must be a single-family home.
- The purchase price may not exceed 95% of the area median purchase price.
- It must meet HUD minimum Housing Quality Standards (HQS). If the required HQS inspection reveals any deficiencies, they must be corrected by the seller prior to your purchase.

ECHO will work with your mortgage lender to verify income and financial assets.

Some Questions and Answers

Who is *HouseNew London*?

HouseNew London (HNL) is a partnership of four nonprofit organizations that have joined to develop affordable ownership housing and revitalize neighborhoods in New London, and to provide homeownership training and home purchase assistance for the residents of Southeastern Connecticut. The member organizations are: Alderhouse Residential Communities; Eastern Connecticut Housing Opportunities, Inc. (ECHO); HOPE, Inc.; and the New London Development Corporation. ECHO administers the ADDI Program for *HouseNew London*.

How is this program funded?

Funding for this program is provided by a grant from the U.S. Department of Housing and Urban Development (HUD). The number of homebuyers who can be assisted by this program is limited by the grant amount.

How is “first-time homebuyer” defined?

HUD defines a first-time homebuyer as an individual and his or her spouse who have not owned a home during the three years prior to the purchase of a home with ADDI assistance.

What types of homes can be purchased with ADDI assistance?

ADDI funds may be used in the purchase of a one-family residence, a condominium or cooperative unit, a combination of manufactured housing and lot, or a manufactured housing lot.

What ADDI-approved homebuyer training courses are available?

To become eligible for ADDI assistance, you must complete at least one eight-hour homebuyer training course that is approved by the Connecticut Housing Finance Authority (CHFA). For times, locations, and contact information, visit www.chfa.org (click on Homebuyer Programs and then Counseling Class Schedule). Please note that the CHFA-approved 3-hour course is *not* acceptable training for the ADDI Program.

How good does my credit have to be?

ADDI assistance will be provided only to applicants who can demonstrate a history of meeting their financial obligations. For this program, “good credit” is defined as the ability to obtain a fixed payment, 30-year mortgage loan at a rate no greater than 1.5% above the then-current CHFA rate, with a loan origination fee no greater than 2%. Under no circumstances will ADDI assistance be given in conjunction with adjustable rate mortgages.

Are there restrictions on the use and re-sale of a property purchased with ADDI assistance?

Yes. Buyers will be bound by certain restrictions during the “affordability period.” The affordability period will be five years for most buyers. (For properties with a purchase price that exceeds \$250,000, the affordability period will increase to 10 years.) During this time, you must occupy the property as your principal residence.

Also, if you sell the property during the affordability period to a buyer whose income exceeds the ADDI Income Limits that are then in effect, you must pay back the ADDI assistance from the proceeds of the sale (if funds remain after paying off the first mortgage and sales expenses). Because the assistance loan is forgiven over the term of the affordability period, the amount you must repay depends on how long you have owned the home. For instance, assume you received \$10,000 in ADDI assistance and have a five-year affordability period. If you sell the property after owning it for three years, 60% of the assistance loan (\$6,000) will have been forgiven, and you will have to pay back \$4,000. If you sell after five years, the ADDI loan will have been completely forgiven, and you will owe nothing.

If you sell during the affordability period to a buyer whose income is below the then-current ADDI Income Limits, the State of Connecticut may permit the amount of the ADDI loan remaining at the time of sale to be assumed by the household purchasing your property. In this case, you will not be required to pay back the remaining loan amount.

Are there any costs to the homebuyer?

There are two costs to the homebuyer. One is the \$209 fee that the homebuyer's attorney will charge to record three ADDI documents immediately following closing: the Declaration of Land Use Restrictive Covenant, Mortgage Deed, and Assignment of Note & Mortgage. The other is the \$85 cost of the required HUD Housing Quality Standards Inspection. If the property fails and requires a second inspection, the homebuyer will owe another \$85. The homebuyers may have inspection costs deducted from their ADDI grant funds, or they may pay out of pocket by writing a check made payable to ECHO.

For More Information

Contact Sally Williams at Eastern Connecticut Housing Opportunities, Inc., 228 State Street, Suite 5, New London, CT 06320 at (860) 447-8055 or swecho@sbcglobal.net.

Fair Housing Policy Statement

It is the policy of *HouseNew* London and ECHO to promote fair housing opportunities and to encourage racial and economic integration in all of its programs.

HouseNew London and ECHO will comply with the provisions of Section 46a-64c of the C.G.S., and with related state and federal laws and regulations that prohibit discriminatory housing practices. *HouseNew* London and ECHO will carry out an affirmative marketing program to attract prospective buyers of all majority or minority groups, without consideration of race, color, religion, sex, national origin, ancestry, creed, sexual orientation, marital status, lawful source of income, disability, age, or because the individual has children.

