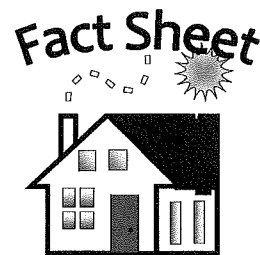


New London County Downpayment Program

... Live Where You Work

a HouseNew London Homebuyer Assistance Program
administered by Eastern Connecticut Housing Opportunities, Inc.



Downpayment Assistance for First-time Homebuyers

HouseNew London provides downpayment and closing cost assistance to first-time homebuyers through the Renaissance City Development Association, Inc. (RCDA), f/k/a New London Development Corporation (NLCD). Qualified buyers may receive \$10,000 or \$25,000, depending on household income. Assistance is available to buyers of one- and two-family homes in New London County. The home must be in the town or city in which the head of household, co-head, spouse, or sole household member works at least 20 hours per week and be his/her primary residence throughout the full term of the loan. Downpayment assistance is in the form of an interest-free loan secured by a second mortgage on the property. The loan is forgiven over five years.

Loans of \$10,000 will be available to buyers with incomes between 51% and 80% of the Area Median Income (AMI). Buyers with incomes at or below 50% of the AMI will be eligible for loans of \$25,000. Of the 39 families to be assisted with NLCDP funds, 15 will have incomes below 50%, and 24 will have incomes between 51% and 80%.

Eligibility Requirements

To be eligible for NLCDP assistance, the homebuyer 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 in the town or city in which the head of household, co-head, spouse, or sole household member works at least 20 hours per week.
The following towns comprise New London County: *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 is below 80% of the AMI.
- Complete a CHFA-approved, eight-hour homebuyer training course. (Visit chfa.org for class schedules, which are posted each quarter.)
- Have a good credit history, as evidenced by a pre-qualification letter from a mortgage lender.

Amount of Assistance Provided (\$10,000 or \$25,000)

\$10,000

**Families with household gross incomes below 80% of the AMI
but above 50% of the AMI will be eligible to receive \$10,000:**

HUD's Adjusted 80% Area Median Income in New London County – as of December 1, 2012

Household Size:	1- person	2- person	3- person	4- person	5- person	6- person	7- person	8- person
Annual Gross Income:	\$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 \$10,000 in assistance because you make less than \$58,000 but more than \$37,200 (see table below).

\$25,000

Families with household gross incomes at or below 50% of the AMI will be eligible to receive \$25,000:

HUD's Adjusted 50% Area Median Income in New London County – as of December 1, 2012

<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>	\$28,950	\$33,050	\$37,200	\$41,300	\$44,650	\$47,950	\$51,250	\$54,550

Example:

If you are a 3-person family with a combined annual gross income of \$36,400, you qualify for \$25,000 in assistance because you make less than \$37,200.

How to Apply

To apply for NLCDP funds, contact Sally Williams at ECHO at swecho@sbcglobal.net (preferably) or at (860) 447-8055. She will provide you with an application and list of documents needed to determine your eligibility (including a pre-approval letter from a mortgage lender, income-related documents, and a certificate of completion from a homebuyer training course), and an appointment will be scheduled. Reservation of assistance is on a first-come, first-served basis to applicants who have satisfied all of the eligibility requirements. If you have not closed on a home in six months from the time your eligibility has been determined, you must be re-qualified.

Finding a Home

Homes purchased with NLCDP assistance must:

- Be located in New London County.
- Be located in the town or city in which the head of household, co-head, spouse, or sole household member works at least 20 hours per week.
- Be a one- or two-family residence or a condominium. (Short sales are not eligible, and foreclosures are discouraged.)
- Have a structural/mechanical housing inspection (NLCDP funds may not be used for this purpose).

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 Renaissance City Development Association, Inc. (RCDA). ECHO administers NLCDP for HNL.

How is “first-time homebuyer” defined?

HUD defines a first-time homebuyer as an individual (and his/her spouse, is applicable) who has not owned a home during the three years prior to the purchase of a home with NLCDP assistance.

What NLCDP-approved homebuyer training courses are available?

To become eligible for NLCDP assistance, applicants must complete an 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 Homeownership, for Homebuyers, Homebuyer Education, 8-Hour Homebuyer Education Class, Class Schedule). Please note that the CHFA-approved three-hour course is *not* acceptable training for this program.

How good does my credit have to be?

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 assistance be given in conjunction with adjustable rate mortgages.

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

Yes. Buyers will be bound by certain restrictions during the five-year “affordability period.” During this time, the buyer must occupy the property as his/her principal residence.

Also, if you sell the property during the five-year affordability period to a buyer whose income exceeds the program Income Limits that are then in effect, you must pay back the NLCDP 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 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 NLCDP 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 program Income Limits, ECHO will permit the amount of the NLCDP 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 program costs to the homebuyer?

Yes. The homebuyer is responsible to pay for the required structural/mechanical housing inspection. A \$500 loan processing fee will be charged at closing to cover a portion of the program’s administrative costs. This fee must be paid from the buyer’s own funds (not from the NLCDP loan). Also at closing, there are recording fees for the ECHO Mortgage Deed and Restrictive Covenant (\$156), and the cost of Title insurance (to be determined pre-closing).

For More Information

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



New London County Downpayment Program

... Live Where You Work

*ECHO needs all documents below before an
NLCDP Financial Commitment Letter is provided to the homebuyer.*

FROM REALTOR:

Purchase & Sale Agreement

If the homebuyer cannot purchase the property without NLCDP funds, the contract must state that: *The sale is contingent on the homebuyer obtaining New London County Downpayment Program funds in addition to a first mortgage.*

Structural/mechanical inspection report

(NLCDP funds may not be used for this purpose) ...

or, if the property is new construction,

**Certificate of Occupancy and
Mechanics Lien Waivers**

FROM LENDER (as soon as documents become available):

Good-Faith Estimate (GFE)

Please note the NLCDP fees:

- \$156 recording fee for the NLCDP Declaration of Land Use Restrictive Covenant (7 pages/\$83) and Mortgage Deed (5 pages/\$73).
- \$500 NLCDP loan processing fee. *(This fee must be paid from the Buyer's own funds at closing, not from the NLCDP loan.)*
- Cost of ECHO Title insurance *(to be determined pre-closing).*

Loan Application

Appraisal

Commitment Letter from 1st-Mortgage Lender

Uniform Underwriting and Transmittal Summary (Form 1008)

New London County Downpayment Program ... Live Where You Work

SUPPLEMENTAL INFORMATION

for REALTORS, LENDERS, & CLOSING ATTORNEYS

The New London County Downpayment Program (NLCDP) provides downpayment and closing cost assistance to first-time, low-income homebuyers. The HouseNew London program is administered by Eastern Connecticut Housing Opportunities, Inc. The information below supplements a Fact Sheet provided to the Buyer.

1. REALTORS

- The home must be in the town or city in which the head of household, co-head, spouse, or sole household member works at least 20 hours per week.
- If the homebuyer is unable to purchase the property without NLCDP funds, the Purchase & Sale Agreement must state that NLCDP funding is in addition to the usual first mortgage contingency.
- Buyers will receive \$10,000 or \$25,000, depending on household income. Loans of \$10,000 will be available to buyers with incomes between 51% and 80% of the Area Median Income (AMI). Buyers with incomes at or below 50% of the AMI will be eligible for loans of \$25,000.
- Unless the Buyer has cash for closing costs, a portion of NLCDP funding should be reserved for this purpose. For instance, if the Buyer anticipates receiving \$10,000 in NLCDP assistance, subtract anticipated closing costs of, say \$3,000, and enter \$7,000 on the contract as downpayment. NLCDP funds cannot be used for closing pre-pays; these must be financed or paid by the Buyer.
- A commitment for NLCDP funds will not be issued until the first mortgage lender provides all required information and the Buyer has received a first mortgage commitment.
- A \$500 loan processing fee must be paid from the Buyer's own funds at closing. (NLCDP funds may not be used for this purpose.)
- A structural/mechanical inspection must be conducted and the report provided to ECHO prior to closing. (NLCDP funds may not be used for this purpose.)

2. LENDERS

NLCDP funds may be used only for downpayment and closing costs. Qualified buyers will receive \$10,000 or \$25,000, depending on household income. Eligible closing costs include fees for the appraisal, loan origination, credit report, attorney, title search, and recording. Pre-pays must be paid by the Buyer or financed. Downpayment assistance is in the form of an interest-free loan secured by a second mortgage on the property. The loan is forgiven over five years. The loan must be 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 NLCDP assistance be given in conjunction with an adjustable-rate mortgage.

ECHO will rely primarily on the Buyer and first mortgage lender to collect financial information needed to verify the Buyer's income. ECHO will obtain a release from the Buyer to share this information and will provide it to the lender upon request.

The lender must provide ECHO with the Buyer's:

- Uniform Residential Loan Application
- Good-Faith Estimate
- Appraisal
- Mortgage Commitment Letter
- Mortgage Credit Analysis Worksheet/Underwriting Summary

The homeowner's insurance policy must:

Identify Eastern Connecticut Housing Opportunities, Inc. (ECHO) as "loss payee" as follows:
Eastern Connecticut Housing Opportunities, Inc., 228 State Street, New London, CT 06320.

As soon as possible, ECHO will let the lender know how much the Buyer has qualified to receive, but commitment for NLCDP funding will not be issued until the Buyer receives a first mortgage commitment.

3. ATTORNEYS

The NLCDP mortgage loan is interest-free and requires no payment of principal during the five-year affordability period. The loan is forgiven in equal annual amounts over the term of the affordability period. There is also a Declaration of Land Use Restrictive Covenant with the same term. The requirements are that: a) the Buyer must occupy the property as his/her primary residence throughout the affordability period; b) the Buyer must provide written notice to ECHO if a sale is contemplated; and c) if a sale occurs, ECHO will recapture the remaining principal of the NLCDP mortgage, to the extent funds are available from the net sales proceeds.

Prior to closing, ECHO will provide the NLCDP Mortgage Promissory Note and Deed, the Declaration of Land Use Restrictive Covenant, and a check for either \$10,000 or \$25,000 made payable to the Buyer's closing attorney. ECHO requires that the lender's attorney execute the Title Insurance Policy for the amount of NLCDP funding.

The Settlement Statement must show the:

- \$156 recording fee for the NLCDP Declaration of Land Use Restrictive Covenant (seven pages/\$83) and Mortgage Deed (five pages/\$73).
- \$500 NLCDP loan processing fee. This fee must be paid from the Buyer's own funds at closing (not from the NLCDP loan).
- Cost of ECHO Title Insurance (to be determined).

A checklist will be provided of documents ECHO needs post closing, including:

- Settlement Statement/HUD-1
- Title Insurance
- Warranty Deed
- Declaration of Land Use Restrictive Covenant
- Promissory Note
- Mortgage Deed
- Borrower's homebuyers insurance with ECHO identified as "loss payee"

The recorded originals should be sent to Eastern Connecticut Housing Opportunities, Inc., Attn: Sally Williams, 228 State Street, New London, CT 06320 (860-447-8055, swecho@sbcglobal.net).