

GUIDELINES

FOR

THE ENFIELD FIRST-TIME HOMEBUYER LOAN PROGRAM

Enfield Community Development Loan Program

Purpose and Priorities

The purpose of the Enfield First-Time Homebuyer Loan Program (FTHB) is to make funds available to help low-and moderate-income households purchase existing housing units within the Town of Enfield at an affordable price. The Enfield Office of Community Development will promote the availability of funding to all eligible Applicants without regard to race, color, religion, national origin, sex, marital status, and age. Federal regulations issued under the Equal Credit Opportunity Act (ECOA) prohibits creditor practices that discriminate based on any of these factors.

Forms of Assistance

Financial Assistance for Down-payment or Closing Costs

This Program enables the Town of Enfield to increase the purchasing power of first-time homebuyers. In essence, this money is the gap funding the Applicant needs to meet the rising cost of housing in Enfield. The funds may be used towards up to 50% of the down-payment cost and/or up to 100% of reasonable closing costs related to the purchase of a home in Enfield. This money becomes a second deferred mortgage on the property. Funding comes from the federal and state Community Development Block Grant (CDBG) program through the Town of Enfield Office of Community Development (OCD). The maximum loan amount is \$10,000.

FTHB Loan

The Enfield FTHB loan program provides a deferred loan of up to \$10,000 to eligible low- and moderate-income home buyers who chose to purchase a home in Enfield. Deferred payment loans are at a 0% interest. This FTHB loan program is available town-wide but we do offer a forgivable loan for those eligible applicants who choose to purchase a home located within our target area of Thompsonville or North Thompsonville. The Town has designated this target area as a high priority for increased homeownership. Please refer to the target area map boundary on the last page of these guidelines. The forgivable loan of up to \$10,000 within this target area will be structured to have a portion (10%) of the loan forgiven each year over a 10-year period until the loan is completely forgiven. The applicant must own and reside in the home and not be delinquent on any mortgage, tax, and/or town sewer usage fee payments for the full 10-year period for the full amount of the loan to be forgiven.

The FTHB loan will become payable in full (or the remaining balance on a forgivable loan) if the property is sold or transferred in any manner or if the homeowner is delinquent on any mortgage, tax, and/or town sewer usage fee payments.

Helpful Definitions

1. **First-Time Homebuyer** – Any Applicant who has not owned real estate for their primary residence or any other real property in the last three years.
2. **Market Rate** – Unless otherwise indicated, the average mortgage rate for a 30-year fixed rate mortgage from one of the lending institutions doing business with the Town of Enfield First-Time Homebuyer Program.
3. **OCD** – Office of Community Development acts on behalf of the Town of Enfield to run and administer the First-Time Homebuyer Program (FTHB).
4. **HQS** – Housing Quality Standard set by the Federal Department of Housing and Urban Development.
5. **Persons with a Disability** - Individuals with an inability to pursue particular functions based on a mental and/or physical impairment. Documentation of disability income is required.

I. PROGRAM ELIGIBILITY

The purpose of this program is to provide financial assistance for the purchase of permanent housing that benefits low-and moderate-income households. Only residential housing under the following guidelines may qualify:

1. Households may be eligible based on the **number of persons in the household** and the **total household income**. All income earned by all members of the household (except for dependent children) is calculated for purposes of determining if the household is eligible to receive funding assistance. A dependent is a family member who is under 18 years of age, is disabled, or is a full-time student. Total household income must not exceed the federal income limits for Community Development Block Grants. Such income limits are updated annually by the U.S. Department of Housing and Urban Development (“HUD”). Current income limits (2019) for Hartford County are as follows:

# of People in Household:	1 PERSON	2 PERSONS	3 PERSONS	4 PERSONS	5 PERSONS	6 PERSONS	7 PERSONS	8 PERSONS
Income Limit	\$54,950	\$62,800	\$70,650	\$78,500	\$84,800	\$91,100	\$97,350	\$103,650

2. The Applicant is a first-time homebuyer, and all mortgages will not exceed the sales price limit of \$250,000 in total on the property.
3. The property must be the primary residence of the Applicant(s) for the duration of the loan.
4. Applicants do not have to live in Enfield when they apply for the program. However, the home they are purchasing must be located in Enfield.
5. The property to be purchased must be a single-family house, condominium, or a two- to four-family structure.

6. The Applicant receives a certificate of participation from a HUD approved homebuyer-counseling program. **(Counselors below are examples of HUD approved Counselors)**

Community Renewal Team, Inc.	Elizabeth Horton-Sheff (860) 560-5501 elizs@crtct.org	330 Market Street Hartford, CT 06120
Mutual Housing of Hartford	Ms. Deborah Broaden (860) 206-5270 dbroaden@mutualhousing.org	95 Niles Street Hartford, CT
Urban League	Ms. Val Gene Gripes (860) 527-0147 vgripes@ulgh.org	140 Woodland Street Hartford, CT
Neighborhood Housing Services of New Britain	Ms. Idalis Moreno 860-224-2433 IMoreno@nhsnb.org	223 Broad Street New Britain, CT

7. A review of the applicant's debt-to-income (DTI) ratio will be taken into consideration when reviewing for program eligibility. The DTI Ratio is an important part in determining the risk associated with someone taking on a loan payment. The DTI ratio is the percentage of the applicant's monthly gross income that goes toward paying of the applicant's debts which shall consist of the proposed mortgage, real estate taxes, credit card payments, insurance premiums, loan payments, and any other debt considered to be eligible by the Town to be included as part of the DTI evaluation.
8. **Non-Displacement Policy** - Funds will not be provided towards the purchase of any property if any existing rental tenant(s) will be displaced upon change of ownership that would invoke the Town of Enfield Residential Anti-displacement and Relocation Assistance Plan under Section 104(d) of the Housing and Community Development Act of 1974, as amended.
9. **Lead Paint Regulations** - Before occupancy all units must comply with lead paint regulations issued under Title X ("ten") of the Housing and Community Development Act of 1972. The new regulation appears within title 24 of the Code of Federal Regulations as part 35 (24 CFR 35). Please ask OCD staff for clarification on the new Federal lead paint regulations.
10. **Home Inspection** - Before occupancy, all units must be inspected by a licensed Home Inspector, and an inspection report must be submitted to the OCD prior to the closing.

II. TYPES OF ASSISTANCE

1. **DOWN PAYMENTS**
Down payments are usually required by your lending institution to demonstrate your ability to produce and save money. The funds may be used to pay for up to 50% of down-payment costs.
2. **CLOSING COSTS**
Closing costs include such items as; lending institution processing and servicing fees, attorney fees, appraisals, notary fees, and cost of inspections to determine the condition of the structure, mechanical / electrical systems, and property in general. Closing cost will be paid at the time of the closing by check which will be issued by the OCD.

III. GENERAL FTHB GUIDELINES

1. APPLICATION PROCESS

- The Lending Institution, on behalf of the Applicant, must submit a signed and fully completed FTHB application. The application states that the Applicant(s) has read and understands the FTHB Guidelines and agrees to abide by all terms and conditions of the Program.
- The Application clearly outlines the required materials needed by the OCD to process the application. Please refer to the **DOCUMENT CHECKLIST FOR REQUIRED INFORMATION FOR (FTHB) FIRST TIME HOMEBUYERS**. If an Applicant does not adequately complete the application in its entirety, the OCD will return the application to the Lending Institution, noting the omitted information.
- The OCD may require additional information and documentation if necessary.

2. PRELIMINARY ELIGIBILITY DETERMINATION

The Applicant will qualify for assistance if they meet the criteria to qualify with the program guidelines. The need will be determined by the OCD Staff at the time the lending institution issues a Loan Estimate (LE) for closing costs and down payment. Once that amount has been determined the Applicant's resources will be reviewed and need determined. The maximum amount of down payment/ closing cost assistance is \$10,000 in the Town of Enfield.

A preliminary eligibility determination by the OCD is not a financial or legal commitment on the part of the OCD to provide a loan.

Once an Applicant is determined to be eligible, and they have submitted all necessary documentation to our office, their application will be presented to the Loan Review Committee. If approved, funds will be reserved for a period of 90 days, or by the set closing date on the offer.

3. FINAL DETERMINATION BY TOWN'S LOAN REVIEW COMMITTEE

Once a fully executed Purchase and Sale Agreement and the Guideform Notice-Disclosures to Seller with Voluntary, Arm's Length Purchase Offer has been provided to the OCD, funds will be committed, subject to the Loan Review Committee's approval, to the Applicant and thus provided to the lending institutions in which the first mortgage is held at settlement (closing).

4. COMMITMENT AND CLOSING

A. Commitment

The OCD commitment will take place after the Applicant has satisfied all closing requirements set by the Town of Enfield, the applicant, and their lending institution. The OCD will issue a First-Time Homebuyer Loan Commitment Letter to the Applicant. The letter will also inform the Applicant of other information, conditions, and/or materials that may be required to establish a loan closing date.

The Applicant must meet any and all requests for supplementary information, condition and/or materials as specified in the letter. The Applicant will be asked to sign the Loan Commitment Letter, a Truth in Lending Disclosure Statement, and a Lead Paint Notification Form.

B. Closing

The First-Time Homebuyer loan will precede the closing on the First Conventional Mortgage. The following is a partial list of typical documents required at the closing:

1. Mortgage Deed
2. Insurance Binder for both hazard (liability) and property insurance if applicable. The OCD must appear as a loss payee as follows:

Town of Enfield
Office of Community Development
820 Enfield Street
Enfield, CT 06082

Please note that the applicant will be responsible for recording the mortgage documents pertaining to this loan with the Town of Enfield Town Clerk's Office and will pay any and all recording fees incurred.

5. LENDING INSTITUTIONS

Applicants are encouraged to work with local Lending Institutions who are familiar with the Enfield housing market and can provide on-going services after the sale is complete. However, buyers are not limited to local Lending Institutions as long as the terms and rates of your mortgage are comparable with industry standards. The Town of Enfield reserves the right to investigate the lending practices of all Lending Institutions involved in this program. The Town will refuse Applicants that attempt to obtain mortgages from institutions that engage in predatory or unscrupulous lending activities.

All funding for the closing, other than OCD funding is the responsibility of the Applicant. Any procedures or requirements of the Lending Institutions will be not superseded by the FTHB Program.

6. PROGRAM CONTACT

Office of Community Development
820 Enfield Street
Enfield, CT 06082
860-253-6390

www.enfield-ct.gov/246/Economic-Community-Development

Names and Ages of Children in Household

Name: _____ **Age:** _____

Name: _____ **Age:** _____

Name: _____ **Age:** _____

Name: _____ **Age:** _____

Household Composition

Number of Persons who will reside in Applicant(s) new home: _____

Number of children who will live with the Applicant(s) in their new home: _____

Number of children (if any) under the age of 6 who will reside in new home: _____

If a purchasing a multifamily home, list the number of units: _____

The following information is not required. However, this information will enable us to adhere to Fair Housing Regulations.

Ethnic Identity: ___Asian ___Black ___Hispanic ___Eskimo / Aleutian
 ___Pacific Islander ___Cape Verdean ___Native American ___White ___Other

Female Head of Household: Yes No
 Household Member Disabled: Yes No

Employment Information

All household members earning income must be included in this section.

Applicant(s)/ Household Member	Employer (Business Name)/Address	Name of Supervisor	Length of Employment	Telephone #

Income

Please list all monthly income and its source for **all household members**. All household members 18 years old or older must be listed in this section. If a household member is unemployed, please write “unemployed” under their name. If additional space is needed, please attach an additional piece of paper with the requested information.

List Gross Dollars (Monthly)	Applicant	Co-Applicant/ Household Member	Household Member	Household Member
	Name:			
A. Wages, Salary, Tips	\$	\$	\$	\$
B. Business Income	\$	\$	\$	\$
C. Social Security	\$	\$	\$	\$
D. Pension	\$	\$	\$	\$
E. Child Support	\$	\$	\$	\$
F. Alimony	\$	\$	\$	\$
G. Dividends and Interest	\$	\$	\$	\$
H. Unemployment Compensation	\$	\$	\$	\$
I. Other(describe)	\$	\$	\$	\$
Total (Monthly)	\$	\$	\$	\$

Applicant’s Assets

If additional space is needed, please attach an additional piece of paper with the requested information.

<u>Applicant</u> Assets	Balance	Last Four # of Account Number	Bank/Finance Co.
Checking:	\$		
Savings:	\$		
CD/IRA:	\$		
Time Share	\$		
Other:	\$		

<u>Co Applicant</u> Assets	Balance	Last Four # of Account Number	Bank/Finance Co.
Checking:	\$		
Savings:	\$		
CD/IRA:	\$		
Time Share	\$		
Other:	\$		

Applicant's Liabilities

This includes any credit accounts, credit cards, department stores, auto loans, personal loans, etc. If additional space is needed, please attach an additional piece of paper with the requested information.

Creditor	Balance	Last Four # of Account Number	Monthly Payment
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$

Additional Information

- Has the applicant or co applicant owned a home in the past three years? Yes _____ No _____
- What is your monthly rent? (If applicable) \$ _____
- Have all applicants received a certificate within the last year for completion of a First Time Home Buyer training course? (If yes, please attach a copy of your certificate to the application. If no, you must provide) Yes _____ No _____
- The maximum loan amount is \$10,000, how much are you requesting? \$ _____
- If you have a property you are planning on purchasing in Enfield, please provide the address below.
_____ Enfield, CT 06082
- Have you ever had any judgments or other legal proceedings against you? Yes _____ No _____
- Have you gone through bankruptcy in the past ten (10) years? Yes _____ No _____

If yes, please explain: _____

- Are you co-maker, endorser or guarantor for others? Yes _____ No _____

If yes, please explain: _____

Lending Institution

Name of Institution _____

Loan Officer / Contact Person _____

Phone Number _____

Please attach a copy of your mortgage application to this FTHB application.

I/We certify that the above information is correct to the best of my knowledge, and I/We authorize the Enfield OCD to verify the facts stated. I/We also understand giving false statements or information will automatically terminate this application. I/We certify that this application does not in any way constitute a binding agreement between the Enfield FTHB Program and the said applicant(s) for the funding assistance to the purchase of property. I/We have read and fully understand the FTHB Program guidelines provided to me with this application, including all intake procedures for the program. I/We also understand that the funding used for the Enfield FTHB Program has income and affordability restrictions as well as deed restrictions.

Applicant 1 signature: _____ Date: _____

Applicant 2 signature: _____ Date: _____

Please attach all other supporting information to this application form

DOCUMENT CHECKLIST FOR REQUIRED INFORMATION FOR (FTHB) FIRST TIME HOMEBUYERS

INITIAL INFORMATION REQUIRED WITH THE APPLICATION FOR FTHB

1. COMPLETED APPLICATION
2. LETTER OF FIRST COMMITMENT OR PRE-APPROVAL LETTER FROM THE BANK OR LENDING INSTITUTION
3. CREDIT REPORT
4. CERTIFICATE FROM AN APPROVED HOMEBUYER COUNSELING CLASS

INCOME TAX DOCUMENTATION

1. LAST 2 YEARS OF TAX RETURNS INCLUDING W-2 FORMS (1040,1040A,1040 EZ,1098,1099 AND ALL SCHEDULES)
2. IN THE EVENT A TAX DOCUMENT IS MISSING IN PART OR IN WHOLE, OR IF THE APPLICANT DID NOT FILE TAXES, A TRANSCRIPT OR VERIFICATION OF NONFILING MAY BE REQUESTED FROM THE IRS (FORM 4506 AVAILABLE UPON REQUEST FROM IRWS.GOV)
3. IF SELF-EMPLOYED, INCLUDE YEAR-TO-DATE PROFIT AND LOSS STATEMENT AND LAST FOUR (4) QUARTERLY TAX PAYMENT DOCUMENTS

EVIDENCE OF INCOME

1. LAST CONSECUTIVE 12 WEEKS (3 MONTHS) OF APPLICANT(S) AND ALL PERSONS WITHIN HOUSEHOLD WHO EARN INCOME:
 - a. PAYROLL STUBS
 - b. ALIMONY
 - c. CHILD SUPPORT
 - d. SOCIAL SECURITY
 - e. PENSION
 - f. DISABILITY (MAY BE REQUIRED TO SUBMIT EVIDENCE OF DISABILITY)
 - g. UNEMPLOYMENT
 - h. OTHER
 - i. CHILD 18 YEARS OR OLDER AND A FULL-TIME STUDENT, PLEASE PROVIDE 12 WEEKS OF INCOME AND A LETTER FROM THE EDUCATIONAL INSTITUTION INDICATING STUDENT'S FULL-TIME STATUS
 - j. IF A PERSON IN THE HOUSEHOLD DOES NOT EARN ANY INCOME, WE MUST RECEIVE DOCUMENTATION (EXAMPLE: A SIGNED LETTER STATING STATUS MAY BE SUBMITTED BUT ADDITIONAL EVIDENCE MAY BE REQUESTED)

APPLICATIONS WILL BE RETURNED AND CONSIDERED INCOMPLETE IF EVIDENCE OF INCOME IS NOT RECEIVED FROM ALL PERSONS WITHIN THE HOUSEHOLD.

2. VERIFICATION OF INCOME

- a. LETTER FROM EMPLOYER/SUPERVISOR INDICATING LENGTH OF EMPLOYMENT, CURRENT SALARY, ANY BONUS OR COMMISSIONS APPLICANT HAS BEEN OR MAY BE ELIGIBLE FOR ON AN ONGOING BASIS. INCLUDE DIRECT TELEPHONE NUMBER OF EMPLOYER/SUPERVISOR TO VERIFY INCOME.

DOCUMENT CHECKLIST FOR REQUIRED INFORMATION FOR (FTHB) FIRST TIME HOMEBUYERS (CONTINUED)

LIABILITIES

PROVIDE COPIES OF TWO (2) MOST RECENT STATEMENTS

- a. AUTO LOAN/LEASE(S)
- b. CREDIT CARD(S)
- c. PERSONAL LOAN
- d. DEPARTMENT STORE
- e. OTHER (DESCRIBE)

ONCE A PRELIMINARY ELIGIBILITY DETERMINATION HAS BEEN MADE BY THE OCD AND ONCE YOU ARE IN THE PROCESS OF PURCHASING A HOME, WE WOULD ALSO NEED THE FOLLOWING INFORMATION TO PRESENT TO THE LOAN REVIEW COMMITTEE:

*PLEASE NOTE THAT IF THE APPLICANT(S) ALREADY HAS THE INFORMATION BELOW, THEY SHOULD INCLUDE IT WITH THEIR INITIAL APPLICATION

1. LOAN ESTIMATE

2. PURCHASE AND SALES AGREEMENT

THIS FOLLOWING FORM MUST BE INCLUDED WITH THE PURCHASE AND SALES AGREEMENT **(IF YOU DO NOT COMPLETE THIS FORM, OUR OFFICE WILL NOT BE ABLE TO PROCESS YOUR APPLICATION)**

- a. DISCLOSURE OF INFORMATION ON LEAD-BASED PAINT AND/OR LEAD-BASED PAINT HAZARDS.

3. CERTIFIED PROPERTY APPRAISAL

4. HOME INSPECTION REPORT (COMPLETED BY A LICENSED HOME INSPECTOR)

5. GUIDEFORM NOTICE-DISCLOSURE TO SELLER WITH VOLUNTARY, ARM'S LENGTH PURCHASE OFFER

****NOTE: APPLICATIONS WILL BE RETURNED AND CONSIDERED INCOMPLETE IF THEY DO NOT INCLUDE ALL OF THE REQUESTED DOCUMENTATION ABOVE**

TARGET AREA FOR A FORGIVABLE LOAN

