

# **GUIDELINES**

FOR

# **THE ENFIELD FIRST-TIME HOMEBUYER LOAN PROGRAM**

Enfield Office of Community Development

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.

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(s) need 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. The maximum loan amount is \$10,000. This money becomes a second 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).

## **I. TYPES OF LOANS**

This FTHB loan program provides two different types of loans depending on the location of the home being purchased.

### **1. FORGIVABLE LOAN**

A forgivable loan would be available for 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(s) 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.

### **2. DEFERRED LOAN**

A deferred loan would be available for eligible applicants who choose to purchase a home in Enfield outside of our target area mentioned above. The deferred loan of up to \$10,000 is at 0% interest.

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.

## 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. 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 (2021) 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	\$55,950	\$63,950	\$71,950	\$79,900	\$86,300	\$92,700	\$99,100	\$105,500

2. The Applicant(s) is a first-time homebuyer. A first-time homebuyer is an individual and his or her spouse who have not owned a home during the three-year period prior to purchase of a home. The term first-time homebuyer also includes an individual who is a displaced homemaker or single parent. An individual shall not be excluded from consideration as a first-time homebuyer on the basis that the individual owned, as a principal residence during the three-year period, a dwelling unit whose structure is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations.
3. The Applicant(s) includes anyone that will be listed on the title of the property. If there will be more than one name on the title, the second person would be considered the Co-Applicant and must complete the full application with the Applicant. Both the Applicant and Co-Applicant must submit all requested information on the attached checklist.
4. The sale price for a single-family house or condominium is no higher than \$250,000 and all mortgages on the property in total will not exceed this sales price limit.
5. The sale price for a two-family house, three-family house or four-family house is no higher than \$275,000 and all mortgages on the property in total will not exceed this sales price limit.

6. The property must be the primary residence of the Applicant(s) for the duration of the loan.
7. Applicant(s) do not have to live in Enfield when they apply for the program. However, the home they are purchasing must be located in Enfield.
8. The property to be purchased must be a single-family house, condominium, or a two- to four-family structure.
9. The Applicant(s) will apply with a lending institution to qualify for a 30-year fixed rate mortgage with a competitive market rate.
10. The Applicant(s) receives a certificate of participation from a HUD approved homebuyer-counseling program. **(Counselors below are examples of HUD approved Counselors)**

Community Renewal Team, Inc.	860-761-7937 <a href="https://www.crtct.org/">https://www.crtct.org/</a>	330 Market Street Hartford, CT 06120
Mutual Housing of Hartford	860-296-1797 <a href="https://www.mutualhousing.org/">https://www.mutualhousing.org/</a>	95 Niles Street Hartford, CT
Urban League of Greater Hartford	860-527-0147 <a href="http://www.ulgh.org/">http://www.ulgh.org/</a>	140 Woodland Street Hartford, CT
Neighborhood Housing Services of New Britain	860-224-2433 <a href="https://www.nhsnb.org/">https://www.nhsnb.org/</a>	223 Broad Street New Britain, CT

11. A review of the Applicant(s)'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)'s monthly gross income that goes toward paying of the Applicant(s)'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.
12. 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.
13. 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.
14. 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.

## IV. FTHB PROGRAM STEPS

### 1. APPLICATION PROCESS

- The Lending Institution, on behalf of the Applicant(s), or the Applicant(s) themselves can 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 checklist 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' that is included at the end of the application.
- The OCD may require additional information and documentation if necessary.

### 2. PRELIMINARY ELIGIBILITY DETERMINATION

If the Applicant(s) does not have a home selected for purchase, then a preliminary eligibility determination would be made by OCD staff. This would include a review of the Applicant(s) completed application, credit report, income documentation, liabilities, etc that is included on the first page of the document checklist attached to the application. If the Applicant(s) is determined to be eligible, then OCD will issue the Applicant(s) a letter confirming their preliminary eligibility. Once they have a home selected for purchase, the remaining required documents on the second page of the checklist are required (this includes Loan Estimate, Purchase and Sales Agreement, etc). Once the Applicant(s) submits all necessary documentation to our office, staff will review and if the Applicant(s) is still determined to be eligible, their application will be presented to the Loan Review Committee for their final determination.

If the Applicant(s) has a home selected for purchase at the time of application submission, then all documents on the checklist must be received before OCD staff can review. If the Applicant(s) does not adequately complete the application in its entirety, the OCD will return the application noting the omitted information. If the Applicant(s) is determined to be eligible, their application will be presented to the Loan Review Committee.

The need for the loan will be determined by the OCD staff at the time the lending institution issues a Loan Estimate for closing costs and down payment. Once that amount has been determined the Applicant(s)'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.

### 3. FINAL DETERMINATION BY TOWN'S LOAN REVIEW COMMITTEE

All applications are subject to the Loan Review Committee's approval. The Loan Review Committee has meetings scheduled for the first Tuesday of every month. Depending on the time a completed application is received by OCD staff, the application determination may not make it on the next scheduled meeting's agenda due to the time it takes to review the application by OCD staff and the Loan Review Committee members. Please note that it can take up to 30-60 days for an application to reach the Loan Review Committee for their final determination.

If approved, funds will be reserved for a period of 90 days, or by the set closing date on the offer.

#### 4. COMMITMENT AND CLOSING

##### Commitment

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

The Applicant(s) must meet any and all requests for supplementary information, condition and/or materials as specified in the letter.

##### Closing

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

- Closing Disclosure
- 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.

#### V. ADDITIONAL INFORMATION

##### LENDING INSTITUTIONS

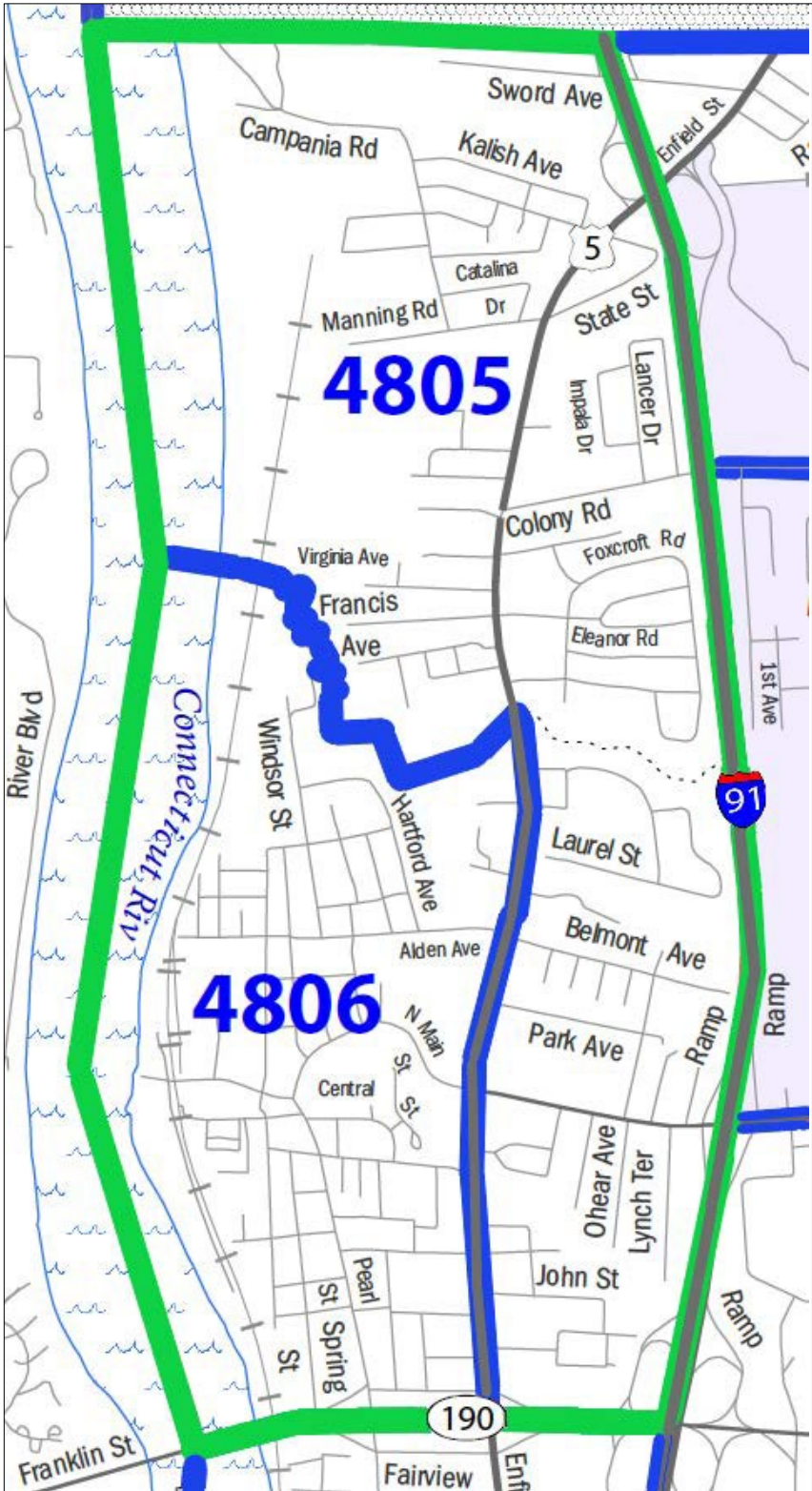
Applicants are encouraged to work with local Lending Institutions who are familiar with the Enfield housing market and can provide on-going services after the sale is complete. However, buyers are not limited to local Lending Institutions as long as the terms and rates of your mortgage are comparable 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(s). Any procedures or requirements of the Lending Institutions will be not superseded by the FTHB Program.

##### PROGRAM CONTACT

Office of Community Development  
820 Enfield Street  
Enfield, CT 06082  
860-253-6390  
[www.enfield-ct.gov/246/Economic-Community-Development](http://www.enfield-ct.gov/246/Economic-Community-Development)

**TARGET AREA FOR A FORGIVABLE LOAN  
THOMPSONVILLE (4806) AND NORTH THOMPSONVILLE (4805)**



**OFFICE USE ONLY**  
Date/ Time Received Complete:

# APPLICATION FOR THE ENFIELD FIRST-TIME HOMEBUYER LOAN PROGRAM

Enfield Office of Community Development

**Applicant:** \_\_\_\_\_ **Male**  
**Female**

**FIRST NAME**                      **MIDDLE NAME**                      **LAST NAME**

**Current Address:** \_\_\_\_\_  
**Street/ Apt.#**                      **City/Town**                      **State**                      **Zip**

**If you have lived at this address for less than one year, please list your previous address:**  
\_\_\_\_\_

**Social Security #** \_\_\_\_\_

**Date of Birth** \_\_\_\_\_

**Email Address** \_\_\_\_\_

**Telephone #** \_\_\_\_\_

**Co Applicant:** \_\_\_\_\_ **Male**  
**(If one)**                      **(FIRST NAME MIDDLE NAME LAST NAME)**                      **Female**

**Current Address:** \_\_\_\_\_  
**(Co Applicant)**                      **Street/ Apt.#**                      **City/Town**                      **State**                      **Zip**

**If you have lived at this address for less than one year, please list your previous address:**  
\_\_\_\_\_

**Social Security #** \_\_\_\_\_

**Date of Birth** \_\_\_\_\_

**Email Address:** \_\_\_\_\_

**Telephone #** \_\_\_\_\_

## 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: \_\_\_\_\_

Names and Ages of Children in Household:

Name: \_\_\_\_\_ Age: \_\_\_\_\_

Name: \_\_\_\_\_ Age: \_\_\_\_\_

Name: \_\_\_\_\_ Age: \_\_\_\_\_

Name: \_\_\_\_\_ Age: \_\_\_\_\_

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

**Racial and Ethnic Classifications:**

- |                                  |   |
|----------------------------------|---|
| American Indian or Alaska Native | Asian                                     |
| Black or African American        | Native Hawaiian or Other Pacific Islander |
| White                            |   |
| Hispanic or Latino               | Not Hispanic or Latino                    |

**Household Information:**

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

## Employment Information

Please list employment information for all household members 18 years old. If a household member is unemployed, please write their name and “unemployed” under Employer. If additional space is needed, please attach an additional piece of paper with the requested information.

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:			
Wages, Salary, Tips	\$	\$	\$	\$
Business Income	\$	\$	\$	\$
Social Security	\$	\$	\$	\$
Pension	\$	\$	\$	\$
Child Support	\$	\$	\$	\$
Alimony	\$	\$	\$	\$
Dividends and Interest	\$	\$	\$	\$
Unemployment Compensation	\$	\$	\$	\$
Other(describe)	\$	\$	\$	\$
<b>Total (Monthly)</b>	\$	\$	\$	\$

## Assets

Please list all assets for each applicant. If additional space is needed, please attach an additional piece of paper with the requested information.

### Applicant

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

### Co-Applicant

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



**Lending Institution**

Name of Institution \_\_\_\_\_

Loan Officer / Contact Person \_\_\_\_\_

Phone Number \_\_\_\_\_

Email Address \_\_\_\_\_

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*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 signature: \_\_\_\_\_ Date: \_\_\_\_\_

Co-Applicant signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Please attach all other supporting information to this application form**

## **Document Checklist for Required Information for (FTHB) First Time Homebuyers**

Please note: The Applicant(s) includes anyone that will be listed on the title of the property. If there will be more than one name on the title, the second person would be considered the Co-Applicant and must complete the full application with the Applicant. Both the Applicant and Co-Applicant must submit all requested information below. If all information requested is not received at the time of submission, the application will be considered incomplete and will be returned.

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

5. Last 2 years of tax returns including W-2 forms (1040,1040a,1040 ez,1098,1099 and all schedules)
6. In the event a tax document is missing in part or in whole, or if the applicant(s) did not file taxes, a transcript or verification of nonfiling may be requested from the IRS (Form 4506 available upon request from [irs.gov](http://irs.gov))
7. If self-employed, include year-to-date Profit and Loss statement and last four (4) quarterly tax payment documents

### Evidence of Income

8. Last consecutive 12 weeks (3 months) of income verification for applicant(s) and all persons within household who earn income. Income includes:
  - Payroll stubs
  - Alimony
  - Child support
  - Social Security
  - Pension
  - Disability (may be required to submit evidence of disability)
  - Unemployment
  - Other
  - 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
  - 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)
9. Verification of Income – 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.

### Liabilities

10. Provide copies of two (2) most recent statements
  - Auto loan/lease(s)
  - Credit card(s)
  - Personal loan(s)
  - Department store(s)
  - Other (describe)

If the Applicant(s) does not have a home selected for purchase and is just looking for a preliminary eligibility determination by the OCD, then the following information is not needed for their initial application review. Once the Applicant(s) is in the process of purchasing a home, we would also need the following information to present to the loan review committee.

11. Loan Estimate

12. Purchase and Sales Agreement

The 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)**

- Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards

13. Certified Property Appraisal

14. Home Inspection Report (completed by a licensed Home Inspector)

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

# TARGET AREA FOR A FORGIVABLE LOAN

