

APPLICATION INSTRUCTIONS

- 1 Borrower completes an approved Pre-purchase Homebuyer Educational program with NHS, or another program as approved by HUD.
- 2 Borrower executes a purchase agreement and applies for a first mortgage through a participating lender.
- 3 Mortgage lender registers loan with the Department of Planning & Development through the program underwriter by sending a registration form to Deborah Anderson at:
Deborah.Anderson@NewBritainCT.gov
- 4 Borrower must obtain a valid, pre-approved conditional commitment letter for their first mortgage from an accredited lender before the request to the City is made.
- 5 The first mortgage lender completes its processing and forwards a copy of the entire loan package to DPD for underwriting.

CONTACT

This brochure provides only general information about the HOP Program. For more information, contact the underwriting agency:

Deborah Anderson

Department of Planning & Development

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Deborah.Anderson@NewBritainCT.gov

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Brought to you by the **DEPARTMENT OF PLANNING
& DEVELOPMENT AND MAYOR BOBBY SANCHEZ**

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CITY OF NEW BRITAIN

HOME OWNERSHIP PROGRAM (HOP)



PROVIDED BY THE
**COMMISSION ON COMMUNITY &
NEIGHBORHOOD DEVELOPMENT**

WHAT IS HOP?

DESCRIPTION: The City of New Britain receives funding from the U. S. Department of Housing & Urban Development called HOME funds, which it can then lend to qualifying parties as a second mortgage at a fixed-rate of 3% interest and no pre-payment penalty.

PERMITTED USES: HOP funds may be used to purchase an existing or newly constructed 1-4 family property in the City of New Britain. HOP funds may also be used to pay for non-prepaid closing costs.

Ineligible Uses: Cannot be used for (1) prepaid interest on the first mortgage or HOP, (2) tax, hazard insurance, mortgage insurance first year premiums, or escrows.

ELIGIBLE BORROWERS: HOP is available to first-time buyers purchasing in New Britain. Borrowers must successfully complete an approved home ownership training program. The home being purchased must be the principal residence of all buyers purchasing the home. Purchasers of single-family homes must have an income which is less than 80% of median income for the New Britain area. Purchasers of multi-family properties, containing no more than 4 units, may have income above 80% of median income provided that 51% of the units are occupied by households with incomes less than 80% of median income.

QUALIFYING RATIOS: HOP will accept the qualifying ratios of the first mortgage loan, provided that the HOP payment is included in the ratio calculation. The maximum CLTV is 100% without closing cost assistance, 105% with closing cost assistance.

DO I QUALIFY?

Income limitations in accordance with family size are as follows:

HOUSEHOLD SIZE	1	Person: \$70,950
	2	People: \$81,050
	3	People: \$91,200
	4	People: \$101,300
	5	People: \$109,450
	6	People: \$117,550

*Income limitations are subject to change annually.

COSTS AND FEES: There are no loan origination fees. The borrower is responsible for prepaid interest, document preparation, attorney fees, title insurance and recording fees for the HOP loan. The borrower is responsible for prepaid interest, escrows and impounds on the first mortgage, according to the requirements of that mortgage.

ELIGIBILITY / TERMS

ELIGIBLE PROPERTIES: Any 1-4 family property in New Britain purchased for owner occupancy is eligible. Home and pest inspections are required. Property must meet City Building Code at closing. **NO CODE VIOLATIONS ALLOWED.** Multi-family properties are subject to HUD rental restrictions, and no existing tenants may be displaced because of the purchase.

Recapture Restrictions Apply: The Borrower agrees to repay all or a portion (referred to as "repayment") of the HOME Assistance if the Borrower sells the Property within the Affordability Period.

ELIGIBLE FIRST MORTGAGES: HOP has been approved for use with first mortgages originated on behalf of FNMA ("Fannie Mae"), CHFA, FHA, or other first-time borrower programs used by local lenders.

LOAN AMOUNT: HUD has established minimum and maximum limits for properties using these funds. The minimum loan is \$1,000 per dwelling unit (ex. \$3,000.00 for a 3-family). The maximum HOP loan is 20% of the purchase price, plus non-prepaid closing costs. The minimum monthly payment is \$30.

LOAN TERM: The term of the loan is granted in 5 year increments. Staff determines a specific need, the term may be extended to 10, 15, 20, 25 or 30 years solely based on need to qualify with first mortgage lender. Other Federal restriction may apply please contact DPD for more information.