

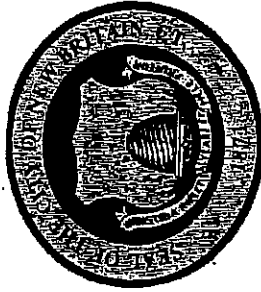
Procedure for Application

- Borrower completes an approved homeownership purchase education-training program with NHS or other program as approved by HUD.
- Borrower executes a purchase agreement and applies to a participating lender for a first mortgage.
- Mortgage lender registers loan with Department of Municipal Development, the program underwriter, by sending a registration form to Debbie Anderson at DMD, danderson@newbritainct.gov
- Borrower must obtain a valid, pre-approved conditional commitment letter for a first mortgage from an accredited lender before the request to the City is made.
- First mortgage lender completes its processing and forwards a copy of the entire loan package to DMD for underwriting.

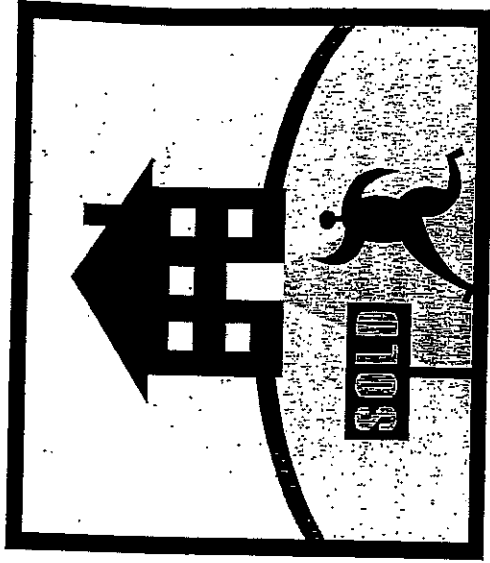
A program is brought to you by the
City of New Britain

and

Mayor, Erin E. Stewart



HOP THE HOME OWNERSHIP PROGRAM OF THE CITY OF NEW BRITAIN



**COMMISSION
ON
COMMUNITY
AND
NEIGHBORHOOD
DEVELOPMENT**

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

DEPARTMENT OF MUNICIPAL DEVELOPMENT

27 West Main Street-311

New Britain, CT 06051

Phone: 860-826-3459

Rev. 6/12/2014

Program Description

DESCRIPTION: A fixed rate second mortgage at 3% interest. There is no prepayment penalty. The lender is the City of New Britain, using a portion of the HOME funds it receives from the U. S. Department of Housing & Urban Development.

PERMITTED USES: HOP funds may be used to purchase an existing or newly constructed 1-4 family property anywhere in the City of New Britain. HOP funds may also be used to pay for non-prepaid closing costs. *HOP may NOT be used for (1) pre-paid interest on the first mortgage or HOP, (2) tax, hazard insurance or 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 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.

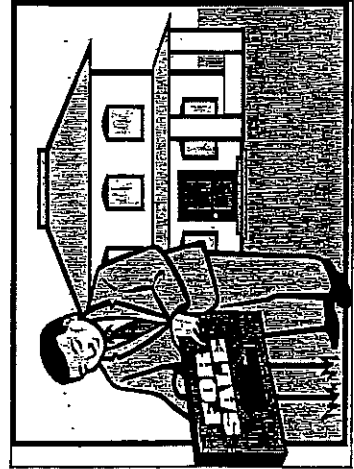
Income Limits

Income limitations in accordance with family size are as follows:

- 1 Person: \$44,750
- 2 People: \$51,150
- 3 People: \$57,550
- 4 People: \$63,900
- 5 People: \$69,050
- 6 People: \$74,150
- 7 People: \$79,250
- 8 People: \$84,350

Income limitations are subject to change annually.

Costs and Fees: There are no 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. There may be NO CODE VIOLATIONS. 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 "Recapture") 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 Amounts: HUD has established minimum and maximum limits for properties using these funds. The minimum loan is \$1,000 per dwelling unit (e.g. \$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 Terms: The term of the loan is 5 years. If the first mortgage underwriter determines a specific need, the term may be extended to 10, 15, 20, 25 or 30 years solely based on need to qualify. Other Federal restriction may apply please contact DMD for more information.

For more information, please contact:

DEPARTMENT OF MUNICIPAL DEVELOPMENT

DEBORAH ANDERSON

27 West Main Street-311

New Britain, CT 06051

Phone: 860-826-3459