

Pilot Downpayment Assistance and/or Closing Cost Program for Manchester

- PURPOSE:**
- The Town of Manchester has CDBG funds in the amount of \$40,000.
 - These funds will be used as a forgivable \$4,000 maximum Downpayment Assistance and/or closing cost loan for a total of 10 homeowners. (The grant funds may be used for up to 50% of the downpayment amount.)
 - The program will be restricted to first-time homebuyers with incomes at or below 80% of the area median income for the Town of Manchester. Income is adjusted accordingly for household size.
 - It will also be restricted to specific census tract/block group areas in the Town of Manchester.
 - Targeted areas are identified in the attached map.
- ELIGIBLE APPLICANT:**
- Borrowers must purchase homes in the specified areas of Manchester.
 - Individuals and families are eligible providing they are first-time homebuyers and have an annual income which is at or below 80% of the area median income for Manchester, adjusted for household size according to HUD income guidelines.
- ELIGIBLE USE:**
- CHFA Homebuyer Mortgage Program will be utilized for the home purchase by purchasers who are at or below 80% of the area median income for Manchester, adjusted for household size according to HUD income guidelines.
 - A forgivable Downpayment Assistance loan will be provided by the Town of Manchester up to a maximum of \$4,000 for a total of 10 homebuyers.
- TARGET GEOGRAPHY:** Census tract/block grant numbers:
5142003; 5144001-5144004; 5145002; 5146001-5146005;
5147001-5147004; 5148003; portions of 5142001 and 5142002;
portions of 5144005.
- TARGET POPULATION:** Individuals and families having an annual income which is at or below 80% of area median income for Manchester. adjusted accordingly for household size according to HUD income guidelines.
- TYPE AND SOURCES OF FUNDING:**
- CHFA first mortgage financing at a ¼% reduced interest rate from CHFA Homebuyer Program rate and Downpayment Assistance from CHFA, if needed.

- Town of Manchester to offer CDBG Grant Funding towards downpayment and/or closing costs – total funding currently available is \$40,000 (max of \$4,000 each per 10 loans, however only 50% of the grant funds may be applied towards the downpayment).
- Additional CDBG Grant Funding is expected in the amount of \$70,000, which will be available for this program in October, 2010.

TERMS & CONDITIONS:

- CHFA to establish the Program to provide eligible individuals or families first mortgage rate financing at $\frac{1}{4}\%$ below CHFA's regular Homebuyer Mortgage Program rate.
- A forgivable loan will be provided from the Town of Manchester to assist in the downpayment and/or closing costs with respect to the purchase of a single-family dwelling, a condominium unit, a multifamily dwelling consisting of not more than four units or a planned unit development.
- All properties must be located in the census tract/block grant areas as outlined in the attached map.
- Sales price limits cannot exceed \$301,500, which is the limit currently set for Manchester under the CHFA Homebuyer Mortgage Program.
- All borrowers will be required to attend special 8-hour Homebuyer Education Classes before they can close on their loan.
- The borrower must live in the home for a minimum period of 5 years. The Town's downpayment and/or closing costs loan is forgiven at 20% per year.
- If the borrower sells the home prior to the end of the 5-year minimum homeownership requirement, the remaining portion of the loan not yet forgiven must be returned to the Town of Manchester.

ADMINISTRATION:

- The Town of Manchester will screen eligible homeowners and refer borrower(s) to a CHFA Participating Lender for application and loan reservation.
- CHFA will administer program through selected CHFA Participating Lenders.

PARTNERS:

- **Town of Manchester, CHFA, Selected CHFA Participating Lenders to originate loans.**
- **Connecticut Housing Investment Fund will service the CHFA Downpayment Assistance loans.**

MARKETING:

- **Homebuyer informational sessions, special counseling classes to be held in the Town of Manchester.**
- **Program ads placed in *Manchester Life Magazine*, *Rare Reminder* and *Journal Inquirer*.**

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