
Procedure for Application

*Borrower completes an approved homeownership purchase education-training program with NHS or other program as approved on a case-by-case basis by CCND.

*Borrower executes a purchase agreement and applies to a participating lender for a first mortgage.

*Mortgage lender registers loan with Neighborhood Housing Services, the program underwriter, by sending a registration form to Kyle Anderson at NHS, Tel. 224-2433.

*Borrower obtains a home inspection and insect report. The home inspector must complete, in addition to his usual report, the City of New Britain Required Property Repairs form.

*First mortgage lender completes its processing and forwards a copy of the entire loan package to NHS for underwriting.

*A program of the City of New Britain,
Commission on Community and
Neighborhood Development 27 West
Main Street, Room 311, New Britain,
CT 06051. Phone #: 860.826.3330.*



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

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NEIGHBORHOOD HOUSING SERVICES

223 Broad Street

New Britain, CT 06053

Phone: 860.224.2433



HOP THE HOME OWNERSHIP PROGRAM OF THE CITY OF NEW BRITAIN



**COMMISSION
ON
COMMUNITY
AND
NEIGHBORHOOD
DEVELOPMENT**

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 1-6 family property anywhere in the City of New Britain. Some code repairs and/or upgrades are allowed. HOP funds may also be used to pay for non-prepaid closing costs. HOP may not be used for (1) prepaid 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 6 units, may have income above 80% of median income provided that the rental 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, and 110%-115% with code repairs/upgrades.

Income Limits

Income limitations in accordance with family size are as follows:

1 Person:	\$40,600
2 People:	\$46,400
3 People:	\$52,200
4 People:	\$58,000
5 People:	\$62,650
6 People:	\$67,300
7 People:	\$71,900
8 People:	\$76,550

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 1-6 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. Resale restrictions apply: the property must remain as affordable housing as defined by HUD for the term of the loan.

Eligible First Mortgages: HOP has been approved for use with first mortgages originated on behalf of FNMA ("Fannie Mae"), CHFA, FHA, AHOME, HOMETOWN 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 (e.g. \$3,000.00 for a 3-family). The maximum purchase price is \$179,740 for a single family, to \$363,400 for a 4-unit. 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 15 years. If the first mortgage underwriter determines a specific need, the term may be extended to 20, 25 or 30 years solely based on need to qualify. On a case-by-case basis, a 5-year payment deferral may be granted (the deferral is not automatic). If granted, interest accrues during the 5-year deferral and is added to the loan payments in month 61, and payments are amortized over the remaining 120 months.