



CITY OF NEW HAVEN

LIVABLE CITY INITIATIVE

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Down Payment/Closing Cost Assistance Loan Program

What is it?

Financial assistance for first-time homebuyers for down payment and closing costs. The amount of assistance is up to **\$10,000**** which assistance cannot exceed twenty percent (20%) of the purchase price of a single family (1-4) housing unit. The City will provide a **zero (0%) interest forgivable loan** that is forgiven at the rate of 20% per year, as of each anniversary of the loan's execution date. At the end of the five-year loan period the loan is fully forgiven. The applicant may sell or transfer the property at any time during the monitoring period; provided the balance of the loan is repaid to the City of New Haven or the property is sold /transferred to an individual who is willing to assume the balance and the terms and conditions of the loan. The deferred loan can be used for: down payment, closing cost or the combination of both down payment and closing cost.

**** If the homebuyer is:**

- Meets the 300% Federal Poverty Guidance (FPG) the homebuyer will be provided an **additional \$15,000** toward down-payment assistance
- Municipal Employee for the City of New Haven, Teachers, Firefighter, Military or Police Officer, a buyer of a City of New Haven owner/developed property the homebuyer shall be provided an **additional \$2,500** toward down-payment assistance.

What property qualifies?

The 1-4 four family properties being purchased must be in New Haven, and must comply with all applicable Federal, State and local laws, and serve as the buyer's primary residence. Investment properties are not eligible. Home Inspection is required within the sales contract required time frame. Property must meet HOME affordable homeownership limits for the area provided by HUD, determine 95 percent of the median area price. **Property has equity to secure the loan with no more than 100% debt to value ratio.**

Who can qualify for a loan?

The buyer's household income` must not exceed 120% of area median family income (AMI HUD) or 300% federal poverty guidance (FPG Treasury) for the New Haven/Meriden MSA, as adjusted for family size. The buyer must also be current on real and property taxes and must have already attained first mortgage financing commitment for the purchase of the home. In addition, the buyer must contribute a minimum of 2% of the purchase price of the property from his/her own or other non-City resources (Gifts/grants/loan programs). House expenses cannot exceed 37% (not including proposed rental income) of the buyer's total household income (mortgage, taxes and insurance) to remain affordable per the HUD definition.

What restrictions come with loan allocation?

The owner must occupy the home for the full term of the loan as his/her primary residence. First-time homebuyers must successfully complete a homebuyer-training seminar approved by the City.

Depending on the funding source Home regulations as stated in 24 CFR 92, CDBG as stated in 24 CFR 570.202 and/or Flex State Funding CGS Chapter 127C Section 8-37 pp.

Where can I get more information about the Down Payment/Closing Cost Assistance loan program? Deborah Golia, Program Manager at (203) 946-8389 or dgolia@newhavenct.gov