

Connecticut Housing Finance Authority  
Section 8 Housing Choice Voucher Homeownership Program  
999 West Street  
Rocky Hill, CT 06067-4005  
Phone: (860) 571-3502

Connecticut Housing Finance Authority

# CHEFA


## Section 8 Housing Choice Voucher Homeownership Program

*Opening the Door to Homeownership*

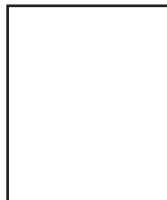


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 An Equal Housing Lender Rev. 7/05

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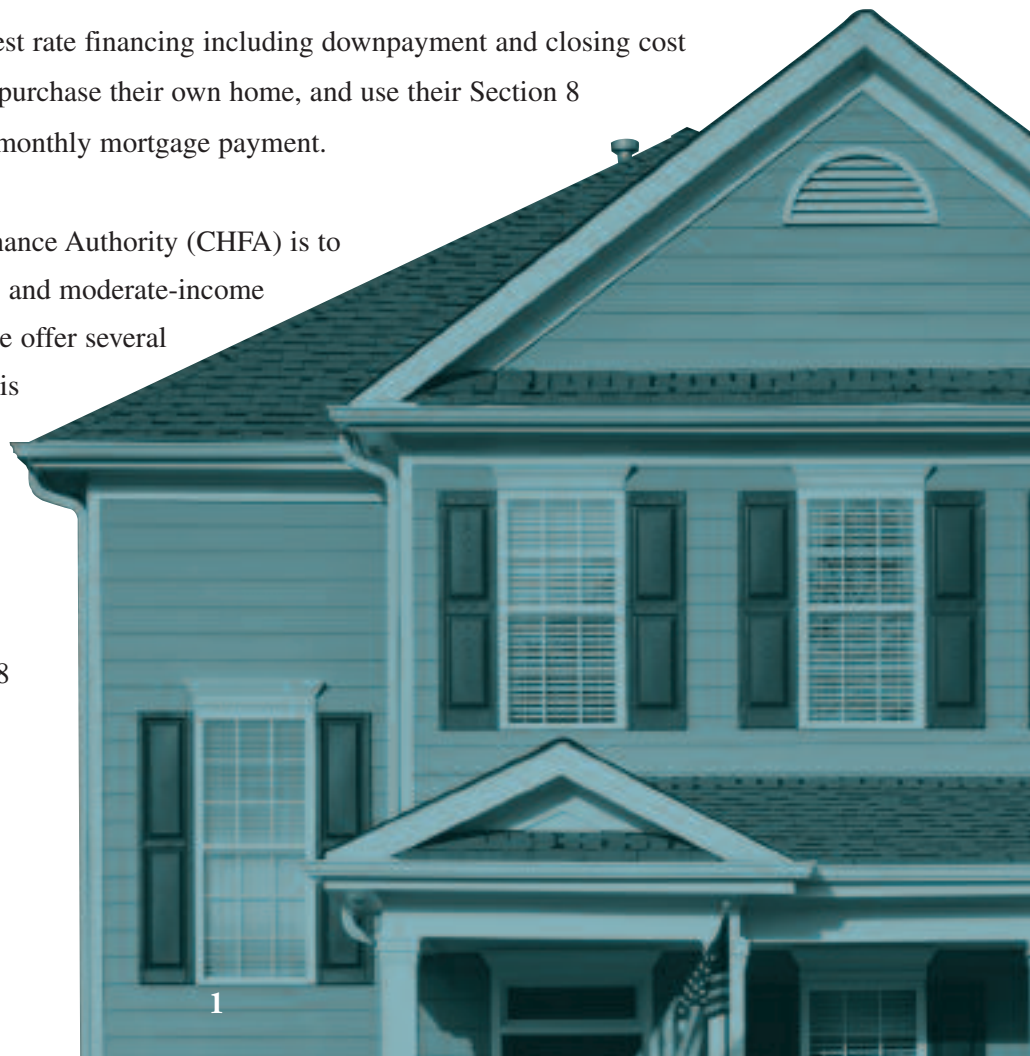


# Section 8 Housing Choice Voucher Homeownership Program

A mortgage program offering low-interest rate financing including downpayment and closing cost assistance to Section 8 tenants who wish to purchase their own home, and use their Section 8 Housing Choice Vouchers to help pay their monthly mortgage payment.

The mission of the Connecticut Housing Finance Authority (CHFA) is to help make housing more affordable for low- and moderate-income residents of the State. To accomplish this, we offer several types of loans for first-time homebuyers. This brochure contains information about CHFA's Section 8 Housing Choice Voucher Homeownership Program and the Downpayment Assistance Program.

For further information on CHFA's Section 8 Housing Choice Voucher Homeownership Program, contact CHFA's Single Family Underwriting Unit at (860) 571-3502.



**Q. How long will it take before I can close on my loan?**

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**A.** Generally, the process from loan application to loan closing is about six weeks. Your lender will review the loan application within four weeks from the date of application. CHFA issues a commitment to purchase the loan from the Participating Lender, usually within 24 hours from receipt of the application packet. The closing can be scheduled upon receipt of commitment.

**Q. What are CHFA's Sales Price Limits?**

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**A.** To ensure that CHFA's programs help low- and moderate-income homebuyers, there are restrictions on the sales price limits. *See the Sales Price Limits on the insert in this brochure.*

1. Look to see if there is a specific sales price limit for the town in which you are purchasing a home.  
If the limit applies to designated census tracts, you may need to call the town hall to determine what census tract your property is in.
2. All towns are listed in alphabetical order by county. (See insert)

*Please note: These limits are subject to change at any time, without prior notice.*



**Q. What is the orientation, screening and education process?**

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- A.** A participating Public Housing Authority (PHA) will screen section 8 voucher holders for potential program eligibility. (at annual re-certification or at initial briefing to solicit candidates).
1. The participating PHA will refer a potentially mortgage ready applicant to an approved individual counseling and/or an 8-hour counseling session; or
  2. The participating PHA will refer the voucher holder to an individual counseling session or a credit repair program if voucher holder would like to pursue possible homeownership in the future.

**Q. How do I know if I qualify for a loan, and if so, how do I shop for a home? (This takes place upon completion of Screening and Counseling)**

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- A.**
1. The participating PHA will determine the estimated amount of the Section 8 monthly housing assistance payment (HAP) utilizing the "Section 8 Housing Choice Voucher Calculation Form".
  2. The participating PHA will then refer the Section 8 voucher holder to the mortgage originator/servicer with the estimated HAP to be pre-qualified for a loan amount.
  3. Applicant will then shop for home within qualified price range determined by the lender.
  4. After the applicant finds a home the home must be inspected by the PHA to ensure the home meets HUD Housing Quality Standards (HQS).

**Q. What is the loan closing and servicing process?**

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- A.**
1. The borrower closes the loan and assigns Section 8 Housing Assistance payment to the loan servicer.
  2. The PHA will send the monthly Section 8 Housing Assistance payment to the loan servicer.
  3. The loan servicer will apply the housing assistance payment first to any second mortgage serviced by CHIF, then to the first mortgage and bill the borrower for the remaining balance.
  4. Upon annual re-certification, the PHA is required to notify the loan servicer of any changes to the amount of the Section 8 Housing Assistance Payment.

**Q. What are the benefits of a CHFA Section 8 Homeownership Program loan vs. other financing?**

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**A.** With a CHFA Section 8 Homeownership Loan, you can use your Section 8 payments towards your mortgage payment. The interest rate is set below the current CHFA Homebuyer Program rate for a term of 30 years. Please note, rates can change weekly. For current rate information, call CHFA's 24-hour rate line at (860) 571-3571. With a CHFA loan, you only pay one point (1% of the amount borrowed) as a fee to the lender for originating the loan for CHFA. You may also be eligible to borrow funds for a downpayment, and closing costs.

**Q. How do I determine my eligibility for a Section 8 Homeownership loan?**

- A. 1. To qualify you must be a Section 8 voucher holder, and the Administrator of your voucher must participate in the Section 8 Housing Choice Voucher Homeownership Program.
- 2. CHFA requires that you be a first-time homebuyer or have not had an ownership interest in a principal residence for the past three years. If you are a prior homeowner, you may still be eligible to utilize the program if purchasing a home in targeted areas of the State. *Targeted areas are listed separately in the Sales Price Limits (See insert).*
- 3. You must agree to live in the home as an owner-occupant. (Vacation homes or rental investments are not eligible);
- 4. Eligibility for a CHFA loan is determined by household income.\* CHFA income limits under the Homeownership Program are as follows (there are no exceptions):

One- and two-person households:	\$77,100
Three or more in household:	\$88,665

*\* The combined annual income of all persons who will occupy the home will be counted as household income. This includes overtime pay, part-time employment, bonuses, income from self-employment, etc.*

- 5. The home you are purchasing must fit within the CHFA Sales Price Limits (See insert).

*Please note: Income from any employment within the last 90 days of the application date may also be used to determine eligibility.*

**Q. What types of property will CHFA finance?**

- A. You can purchase a new or existing single family home, townhouse or Planned Unit Development (PUD), an approved condominium, a two-family home that has been used as a residence for the past five years (if the Public Housing Authority has applied for and received approval from HUD), or a mobile home that meets Federal Government guidelines. The property you wish to purchase cannot be a recreational (vacation) home or an investment (rental) property. The property cannot be designed for commercial purposes.

**Q. What is the minimum downpayment required for a CHFA loan?**

- A. Generally, a downpayment of at least 3% of the total purchase price is required depending on the mortgage insurer. (Loans eligible for guarantees from the US Department of Veterans Affairs (VA) or the USDA Rural Development (RD) may not require any downpayment.)

Example:	\$100,000	purchase price
	3,000	3% downpayment
	<hr/>	
	\$ 97,000	loan amount

Downpayment assistance is available statewide to eligible borrowers. If you lack the necessary funds for a downpayment, you may qualify for a downpayment assistance loan, administered by CHFA.

**Q. What are the terms for a Downpayment Assistance (DAP) loan?**

- A. The DAP loan is offered at a below-market interest rate and may be reduced to as little as 1% (APR approximately 1.1%) depending on your need. A downpayment assistance loan is a second mortgage for a term of 15 years. You may also be able to borrow funds for closing costs. Your lender will assist you in determining eligibility for a DAP loan.
  - The minimum loan amount is \$3,000.
  - There is a \$200 origination fee.

**Q. Will I have to pay recapture tax when I sell my home?**

- A. Under certain circumstances, CHFA mortgage loans may be subject to federal recapture tax. The payment of recapture tax occurs at the time your property is sold, **only if all of the following conditions apply:**
  1. Your home is sold or disposed of within 9 years of being purchased, for reasons other than your death;
  2. There is a capital gain on the sale of the home; and
  3. Your household income exceeds recapture tax limits at the time of the sale.

Your Participating Lender will provide you with a statement regarding the recapture tax, and you must review and sign a disclosure at application. Please read this information carefully, and ask your Participating Lender for any clarification necessary.

**Q. Where do I go to learn more about and/or apply for a CHFA Section 8 Housing Choice Voucher Homeownership Program mortgage?**

- A. The CHFA Section 8 Housing Choice Voucher Homeownership Program mortgage is currently being offered through The McCue Mortgage Company. Your PHA will determine if you meet the eligibility requirements for the program and refer you to counseling and The McCue Mortgage Company when you are ready to apply for the loan.

If you have additional questions, or would like further information, please contact CHFA at (860) 571-3502. To check our current rates, please call our 24-hour rate line at (860) 571-3571 for an up-to-date recorded message.

**Q. What type of information will I need to bring when I meet with a lender?**

- A. You will need to bring the following information:
  1. A copy of your three most recent pay stubs.
  2. Copies of your signed federal income tax returns filed for the three years prior to this loan application.
  3. Referral from the Public Housing Authority you are working with.