

West Hartford NEWS

Dec. 1, 2020

CHFA strengthens downpayment assistance program loans

ROCKY HILL — The Connecticut Housing Finance Authority is revising its popular Downpayment Assistance Program to make it easier for first-time borrowers with low- and moderate-incomes to achieve the dream of home ownership. One of the greatest obstacles faced by first-time home buyers is saving enough money to cover downpayment and closing costs.

“CHFA DAP loans have made the difference for thousands of people who did not think they could afford to buy a home because they lacked the money for a downpayment,” said Nandini Natarajan, chief executive officer-executive director of CHFA. “Helping individuals and families to become first-time homeowners is an important part of CHFA’s affordable housing mission,” she added.

In a major change to the program, CHFA is now allowing closing costs to be included in the total loan amount for down payment assistance, a feature that has not been available to borrowers in recent years. The inclusion of closing costs will make the purchase of a home much easier for prospective borrowers in Connecticut.

Tina Rafael, vice president and mortgage originator at People’s United Bank, has worked with CHFA’s DAP loans for first-time home buyers for many years. “CHFA DAP loans are so important for those first-time borrowers who need the most help. Allowing the loans to be used for the down payment and closing costs is a home run. It will increase the number of borrowers who can be approved for a mortgage and become homeowners.”

Other changes in the program include new guidelines that require borrowers to make a minimum investment of \$1,000 toward the cost of acquisition of the property and receive a DAP loan for up to \$20,000, the maximum allowed for the program. The “Total-Debt-to-Income Ratio” for the program will increase to 45 percent and the “Combined Loan-to-Value” will increase to 105 percent. These changes became effective on Nov. 15.

As with all CHFA mortgages, borrowers will be required to participate in a home buyer education class to help them better understand the home buying process.

CHFA also offers mortgage programs specifically designed to encourage home ownership among teachers. The Authority also provides discounted interest rates for veterans and members of the U.S. Military Services, police officers or state troopers in participating towns, disabled persons, or households with a disabled family member living in the home, and residents of public housing who are buying a home. Eligibility information for these programs can be found on CHFA’s website, www.chfa.org.