

SMART RATE

Homeownership Program



For a limited time, the Connecticut Housing Finance Authority will offer the Smart Rate Program to help those households overcome the obstacle of being able to afford their first home. The rate reduction will help offset the borrowers' student loan debt, thereby reducing their total debt-to-income ratio and providing opportunities for qualifying for a mortgage.

ELIGIBILITY REQUIREMENTS

- You must meet all eligibility requirements for a CHFA first mortgage in addition to meeting the Smart Rate eligibility requirements, which include, but are not limited to, having combined student loan debt with at least a \$15,000 unpaid principal balance at the time of final submission of your credit package to CHFA. The loan must be in good standing with no past due amounts and can be in repayment or in deferment status. It must be in the applicants' name(s) and not forgivable within 60 days of closing.
- You must be a first-time homebuyer or have not owned a home in the past three (3) years unless purchasing in a Targeted Area of the state. You may not own any other property at the time of closing your CHFA mortgage. (see list of Targeted Areas at chfa.org)
- The sales price of the home does not exceed CHFA Sales Price Limits and the borrower(s) gross income must not exceed the CHFA established Income Limits based on household size. Also, the applicants gross income must be at or below 100% Area Median Income (AMI) (see Sales Price & Income Limits and AMI Limits at chfa.org)
- The interest rate is the CHFA published rate on the day your CHFA- Participating Lender registers your loan. ***This program offers borrower(s) an additional interest rate reduction of 1.125%. This discount cannot be combined with any other program or targeted area discount.***

DOWN PAYMENT ASSISTANCE PROGRAMS

CHFA offers down payment and closing cost assistance loans in conjunction with CHFA first mortgage loans. The minimum assistance amount is \$3,000.

MORTGAGE INSURANCE

Mortgage insurance is required when the amount financed exceeds 80% of the appraised value or purchase price, whichever is less. Your lender will work with you to determine the type of mortgage insurance needed.

HOMEBUYER EDUCATION CLASS

At least one borrower is required to attend a free homebuyer education class prior to closing. Classes are held at several locations or online. Your lender will provide you with information for online counseling when your loan is reserved.

A landlord certificate is also required if purchasing a two to four family home. (see Counseling Class schedules at chfa.org)

FEDERAL RECAPTURE TAX

In rare cases, you could be required to pay a Federal Recapture Tax in the future if you sell the house. Your lender will provide you with information at the time of application. ***You may be eligible to receive reimbursement from CHFA if you are required to make the Federal Recapture Tax payment.***

HOW TO APPLY

To learn more about the program and to apply, contact one of the CHFA- Participating Lenders for guidance. (see CHFA- Participating Lenders list at chfa.org) or call us toll free at: 844-CT1-HOME (844-281-4663).



Rev 7-29-2024