Federal Emergency Homeowners' Loan Program (EHLP)
Fact Sheet

The Federal Emergency Homeowners' Loan Program (EHLP) provides assistance to eligible Connecticut homeowners who are 90 days or more delinquent with their first mortgage payment as a result of having suffered a loss of income due to unemployment, underemployment or suffered adverse economic conditions resulting from a medical emergency or serious injury. Utilizing federal funds, eligible homeowners are given a mortgage assistance loan to pay mortgage arrearages, delinquent taxes, homeowners insurance, condominium fees and foreclosure related legal fees as well as assist with monthly mortgage payments for up to 24 months or $50,000 whichever comes first. The assistance is provided as an interest free forgivable mortgage loan as long as the borrowers continue to reside in the property and pay their first mortgage on time.

The EHLP program is available through September 30, 2011 and is administered by the Connecticut Housing Finance Authority (CHFA).

Homeowner Eligibility Requirements:

- **Income Thresholds**: Eligible homeowners' current household income must be equal to or less than 120 percent of the Area Median Income (AMI) adjusted for household size for the City/Town where their principal residence is located. Household income includes wages, salary, and self-employed earnings and income of all adult members of the household.
- **Significant Income Reduction**: Eligible homeowners must have a current yearly gross income that is at least 15 percent lower than the pre-hardship income due to unemployment, underemployment or from a medical emergency or serious injury.
- **Principal Residence**: Eligible homeowners must reside in the mortgaged property as their principal residence. The mortgaged property must also be a single family residence (1 to 4 unit structure or condominium unit). Please note that no business or commercial use of the property is allowed.
- **Ability to Resume Repayment**: Eligible homeowners must have a reasonable likelihood of being able to resume repayment of the first mortgage obligation and meet other housing expenses and debt obligations within 2 years.
- **Loan Terms**: 0% forgivable mortgage loan as long as the borrowers continue to reside in the property and pay their first mortgage on time.

Terms and Conditions of Assistance:
Only homeowners eligible for monthly assistance under the terms of the program will be eligible for assistance under the EHLP program. EHLP program funds are not available to assist homeowners with arrearages only.

- The maximum total amount of assistance is $50,000 per household.
- Assistance with monthly mortgage payments may be provided for 12 months which can be extended if necessary for an additional 12 months for a maximum of 24 months of assistance. Monthly mortgage payments must include escrows for property taxes, hazard insurance, and flood insurance, if applicable.
- Homeowner contribution to monthly first mortgage loan payments will be set at 31 percent of gross income at the time of application, but in no instance will it be less than $25 per month.

- The amount of monthly assistance is the dollar amount necessary to satisfy the homeowner's first mortgage loan payment in excess of the required homeowner contribution toward their first mortgage loan payment.

Termination of Monthly Assistance:
Assistance is terminated and the homeowner resumes full responsibility for meeting the first mortgage loan payments in the event of any of the following circumstances:

- After 24 months or the maximum loan ($50,000) amount has been reached whichever occurs first;
- The homeowner fails to report changes in income or employment status;
- The homeowners' household income is restored such that the first mortgage payment (Principal, interest, taxes and insurance escrows) is less than 31% of the monthly aggregate household income.
- The homeowner no longer resides in, sells, or refinances the debt on the mortgaged property; or
- The homeowner defaults on their required contribution to CHFA toward the first mortgage loan payment.

Income Re-evaluation:
After initial income verification at application intake, the homeowner shall be required to notify CHFA of any changes in the household income and/or employment status at any point throughout the entire period of assistance and must provide financial documentation for re-evaluation no less than 12 months from the initial approval when requested by CHFA.

Repayment Requirements & Terms for Declining Balance Feature:
FEHLP loan terms allow for a declining balance during the five years immediately following the final assistance payment (the five year repayment period) made on behalf of a homeowner who has successfully completed participated in the program. No payment is due on the note during the 5 year term so long as the assisted household maintains the property as principal residence and remains current in his or her monthly payments on the first mortgage loan. If the homeowner meets these two conditions, the FEHLP loan balance shall decline by twenty percent (20%) annually.

Events Triggering Note Repayment:
The homeowner will be responsible for repayment of the applicable balance of the FHELP note to CHFA or its successor, if, at any time during the five year repayment period, any of the following events occur:

- The homeowner no longer resides in the mortgaged property as a principal residence, but maintains ownership;
- The homeowner defaults on its portion of the current mortgage; or
- The homeowner receives net proceeds from selling or refinancing debt on the home.

To Obtain More Information:
Homeowners may contact the CHFA Customer Call Center at 860-571-3500 or toll free at 1-877-571-CHFA (2432) for additional information and to determine preliminary eligibility to receive FEHLP applications.