



For Immediate Release

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CHFA's New SMART RATE Program Aims to Help First-Time Homebuyers with Student Loan Debt

(ROCKY HILL, Conn) – July 18, 2024. Student loan debt is a formidable obstacle to achieving the dream of homeownership for many aspiring homebuyers. It is estimated that every \$1,000 in student loan debt delays the purchase of a home by four months for people in their 20s. To help overcome this barrier, the Connecticut Housing Finance Authority (CHFA) is introducing the SMART RATE Interest Rate Reduction program. The program will begin accepting applications on Monday, July 29, 2024.

Under SMART RATE, eligible borrowers may receive a 1.125% interest rate reduction on their CHFA first mortgage. The SMART RATE program's interest rate reduction will help offset a borrower's student loan debt. "This interest rate reduction translates into significant monthly savings, which can then be redirected towards paying off student loans," says Nandini Natarajan, CEO and Executive Director of CHFA. "This approach not only makes homeownership more accessible but also helps borrowers manage and reduce their student loan debt more effectively."

To be eligible for the new program, SMART RATE participants must have a cumulative unpaid student loan debt balance of at least \$15,000 at the time of CHFA loan approval and must be in good standing with their student loan servicer. The loan may be in deferment or in repayment. The borrower must be a first-time homebuyer purchasing their primary residence in the state of Connecticut and must meet all other criteria of CHFA's Mortgage Programs.

"Buying a home for the first time is a major life milestone and our administration has made it a priority to help first-time homebuyers with the financial resources they need to achieve this goal," Governor Ned Lamont said. "I urge anyone who is considering buying their first home and who has student loan debt to look into this new SMART RATE program to learn how it can reduce your mortgage interest rates and help offset the costs of buying a home."

By reducing the mortgage interest rate, the SMART RATE program can help to offset the student loan debt payment, enabling homebuyers to manage both expenses more affordably. SMART RATE saves the borrower money over the long term while allowing them to build equity in their home. And as Natarajan notes, "SMART RATE has the potential to help alleviate historically inequitable access to homeownership opportunities by reducing barriers presented by student loan debt, particularly for borrowers of color and first-generation homebuyers."

"The SMART RATE program will provide much-needed relief for those with student loan debt, enabling them to invest in their future and contribute to the vitality of our communities," said Seila Mosquera-

Bruno, Connecticut's Commissioner of Housing and CHFA's Board Chair. "This initiative reflects our commitment to supporting residents in their journey towards economic independence and long-term success."

Borrowers may also take advantage of CHFA's Down Payment Assistance Program (DAP) loan or the Time to Own (TTO) forgivable loan program, both of which offer down payment assistance and/or closing cost assistance. For more information on the program and to find a list of Participating Lenders, visit www.chfa.org/SmartRate.

About CHFA

Connecticut Housing Finance Authority is a self-funded, quasi-public organization dedicated to alleviating housing shortages for low- and moderate-income families and individuals in the state. Through employer-assisted housing efforts, CHFA promotes economic development, ensuring a brighter future for all. For more information on CHFA, visit www.chfa.org.