



## DIVISION OF HOUSING 80% AMI DOWN PAYMENT ASSISTANCE LOAN PROGRAM GUIDELINES

1. Borrower(s) should contact the Summit Combined Housing Authority (SCHA) to obtain an application for the Colorado Division of Housing (DOH) 80% AMI down payment assistance loan program. The goal of the program is to help qualified low- to moderate-income families afford to purchase a home. The service area is Summit County, Colorado.
2. Qualification for a loan is as follows:
  - a. The application, along with all needed documentation, must be received a *minimum* of 4 weeks prior to the closing date.
  - b. A \$50.00 application fee is required at the time of application.
  - c. All household members must be lawfully present within the United States.
  - d. Borrower's annual income must be at or above the currently published 50% AMI amount for the applicable household size.
  - e. Borrower's annual income cannot exceed the currently published Colorado Division of Housing Summit County HOME Rent & Income Limits 80% AMI amount for the applicable household size.
  - f. The household size will be based on the actual number of persons in the household. Persons who are pregnant at the time of application will be considered one (1) person for household size determination.
  - g. Borrower(s) must have an acceptable credit score on a tri-merge credit bureau report (minimum credit score of 620, with high and low scores thrown out) with no outstanding judgments or liens. In certain instances where a borrower does not have an established credit history, a non-traditional analysis may be performed.
  - h. Borrower(s) non-discretionary monthly expenses, such as utilities, transportation, medical, childcare, etc. must not exceed 95% of gross monthly income.
  - i. Borrower(s) must contribute a minimum of 1% of the purchase price or \$1,000, whichever is greater, from their own (non-borrowed) funds, and must provide a complete accounting of borrower's own (non-borrowed) funds that can be used for the purchase. Gift funds are acceptable.
  - j. Borrower's total assets must be documented on the loan application. After closing, borrower(s) must have at least one month of housing expenses on hand. After closing, borrower(s) must not have over \$25,000 in liquid assets.
  - k. At least one borrower in the household must work an average of at least 30 hours/week on an annual basis providing products or services to businesses or residents of Summit County.
  - l. Borrower(s) must complete a CHFA-approved Homebuyer Education course and present a copy of the course completion certificate to SCHA prior to the closing date.
  - m. Borrower(s) must complete individual housing counseling after completing the Homebuyer Education course and present a copy of the counseling completion certificate to SCHA prior to the closing date.
  - n. Obtaining the DOH loan will be subject to SCHA's credit and underwriting standards.
3. Loan terms are as follows:
  - a. The minimum loan amount is \$1,000.
  - b. The maximum loan amount will be equal to half of the required down payment, but cannot exceed 100% loan-to-value. The loan amount cannot exceed \$25,000 and is based on borrower's need, ability to pay, and the availability of down payment assistance.
  - c. The interest rate is 2%. If the loan goes into default, as defined in the Promissory Note and/or Deed of Trust, the interest rate will increase to 6% until the default is cured.
  - d. The loan will be amortized over 20 years.
  - e. The loan must be in second position or higher.
  - f. The loan may be used to pay reasonable and customary closing costs.
  - g. No cash back may be received at closing.
  - h. To ensure that investments yield affordable housing over the long term, the Colorado Division of Housing imposes rent and occupancy requirements over the length of an affordability period. Borrower(s) must meet the following "affordability period" requirements:
    - i. The length of the affordability period is five (5) years.



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- ii. Principal residency is required of the borrower(s) throughout the affordability period. If a borrower fails to use the home as a principal residence, the remaining balance of the loan becomes due and payable.
        - iii. Loan payoff does not end the affordability period, but selling the home or losing it to foreclosure does end it.
        - iv. If the client sells their home or loses it to foreclosure before the end of the affordability period, SCHA will recapture the remaining balance of the loan, up to the amount of "net proceeds."
          1. Net Proceeds is defined as follows: Sales Price –Senior Debt Repayment – Closing Costs.
          2. The sales price must be supported by an appraisal.
        - v. Any excess Net Proceeds, after repayment of the loan to SCHA, may be kept by the client.
      - i. Borrower(s) must occupy the property as his/her/their primary residence during the entire period that the loan is outstanding.
      - j. Borrower(s) may not rent the property or any portion thereof without prior written approval from SCHA. Short-term rentals with terms less than 6 months are prohibited. If the property is subject to an additional restrictive covenant, the terms of that covenant must also be followed.
      - k. Co-signers are not permitted on the down payment assistance loan.
4. Property eligibility is as follows:
  - a. The property must be physically located within Summit County, Colorado.
  - b. Ownership of the property must be held in a fee simple title (e.g., a warranty deed).
  - c. The property must be one of the following types:
    - i. Single-family homes;
    - ii. Duplexes;
    - iii. Town homes;
    - iv. Condominiums;
    - v. Manufactured and modular homes on permanent foundations or properly tied down, on land owned by the homeowner client;
    - vi. Any of the above, on Community Land Trust property.
  - d. The property must not be located within the 100- or 500-year floodplains.
  - e. The property purchase price must not exceed the currently published 110% AMI price for a 4-bedroom unit.
  - f. The property must meet minimum housing quality standards as determined by Housing Quality Standards.
5. The primary mortgage must meet the following requirements:
  - a. The loan term must not exceed 30 years.
  - b. The loan must not have negative amortization, interest-only payments, or a balloon payment.
  - c. The loan interest rate must not be more than 1.5% higher than the "average prime offer rate" reported by the Federal Financial Institutions Examination Council.
  - d. The loan type must be one of the following:
    - i. Fixed rate
    - ii. 5/1 ARM
    - iii. 7/1 ARM
    - iv. 10/1 ARM
  - e. The closing costs should not exceed 3% of the purchase price.
  - f. The loan should allow prepayment without penalty.
  - g. Co-signers are permitted on the primary mortgage as long as they are not on title or occupying the property.
6. Dispute resolution will be handled as follows:
  - a. SCHA will provide the applicant(s) a right to an information hearing to resolve any disputes concerning the program.



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*As a multijurisdictional housing authority pursuant to Colorado Revised Statutes Section 29-1-204.5, as amended, SCHA is exempt from the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act).*

*In accordance with the provisions of the Equal Opportunity Act and SCHA policies, there will be no discrimination against an applicant for these benefits on the basis of race, color, religion, gender, disability, sexual preference, age, family status, or national origin. If you or a member of your household is an individual with a disability, you have the right to request reasonable accommodation for that disability. SCHA is committed to assuring that each individual has an equal opportunity to the use and enjoyment of the benefits of these programs. For more information, please contact SCHA. Spanish translation is also available.*