



## SUMMIT REVOLVING LOAN DOWN PAYMENT ASSISTANCE LOAN PROGRAM GUIDELINES

1. Borrower(s) should contact the Summit Combined Housing Authority (SCHA) to obtain an application for the Summit Revolving Loan Fund (SRLF) down payment assistance loan program. The goal of the program is to help qualified 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 documentation needed, must be received a ***minimum of 4 weeks*** prior to the closing date.
  - b. A \$300.00 application fee is required at the time of application.
  - c. Borrower(s) annual income must be above the currently published 50% AMI amount for the applicable household size.
  - d. Borrower(s) annual income cannot exceed the currently published 160% AMI amount for the applicable household size.
  - e. 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 two (2) persons for household size determination.
  - f. 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.
  - g. Borrower(s) must have adequate cash flow to repay both the new SRLF loan and any new mortgage obligation(s).
  - h. Borrower(s) must contribute a minimum of 2% of the purchase price from their own (non-borrowed) funds to use, and must provide a complete accounting of borrower's own (non-borrowed) funds that can be used for the purchase. Gift funds are acceptable.
  - i. Borrower(s) total assets must be documented on the loan application.
  - j. 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.
  - k. 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.
  - l. Borrower(s) will schedule an individual Housing Support Meeting which will assist the borrower(s) regarding a spending plan based on income coming into the household and outgoing monthly, quarterly and yearly expenses. The meeting will be taken with a SCHA HUD Certified staff member.
  - m. Obtaining the SRLF 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 is \$40,000.
  - c. The Borrower(s) must put 2% of the total purchase price down to receive any funds.
  - d. Funds will be granted at a 2 to 1 ratio, based on how much you put down, up to the maximum loan amount of \$40,000. Any down payment or earnest money you put down will count towards determining the loan amount.
  - e. The amount borrowed must be less than 30% of the overall financing.
  - f. The loan cannot exceed 100% loan-to-value. The loan amount cannot exceed \$40,000 and is based on borrower's need, ability to pay, and the availability of down payment assistance.
  - g. 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.
  - h. The loan will be amortized over 20 years for Loan Amount of \$21,000 and below \$40,000.
  - i. The loan will be amortized over 15 years for Loan Amount starting above \$15,100 and below \$20,999.
  - j. The loan amount amortized over 10 years for Loan Amount starting above \$1,000 and below \$15,099.
  - k. The loan must be in second position or higher.
  - l. The loan may be used to pay reasonable and customary closing costs.
  - m. Borrower(s) must occupy the property as his/her/their primary residence (meaning living in the unit full-time year round) during the entire period of the loan terms.
  - n. No cash back may be received at closing.



- o. 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.
  - p. 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 purchase price must not exceed the currently published 160% AMI price for a 4-bedroom unit.
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 balloon payments.
  - c. The loan should allow prepayment without penalty.
  - d. 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 provides the applicant(s) a right to an information hearing to resolve any disputes concerning the program.

*Summit Combined Housing Authority Lending Practices*

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

*Equal Opportunity Statement –Summit Combined Housing Authority will not discriminate against anyone in our lending practices or in any other of our decision-making processes because of race, color, religion, gender, handicap, 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.*

