



**Product Guideline
Localworks
Home Loan Program**

Eligible Borrowers:	Homeowners who live as a primary residence and within the city boundaries of Wheat Ridge.
Loan Amount:	Minimum \$5,000; Maximum \$30,000. Loan amount may not exceed 80% of project cost budget approved by Localworks.
Term:	Up to 60-month terms with up to 240-month amortizations depending on ownership of property, life of assets, or lease term.
Loan Rates:	0% interest rate for the first year, increasing to 1% below WSJ Prime Rate interest for years 2 through 5.
Approval Criteria:	Evidence of sufficient cash flow to repay loan, and sufficient collateral to secure the debt. Personal guarantees are required. Code compliance and permit(s) with the City of Wheat Ridge are required. Localworks performs a site visit. Final loan approval will be made by the Localworks Loan Committee.
Repayment:	No loan payments for 12 months (0% interest), converting in month 13 to monthly payments of principal and interest amortized over a 240 month term with a balloon payment at the end of the 60 month loan term. Escrow for hazard insurance and property taxes are not provided by Impact Development Fund (IDF) and remain the sole responsibility of the homeowner.
Use of Funds:	Capital improvement projects of owner-occupied housing within Wheat Ridge approved by Localworks shall update the appearance, safety and health energy efficiency, residential environment, or other projects up to the discretion of Localworks.
Homeowner Counseling:	All borrowers must consult with Localworks staff to evaluate proposed improvements, determine eligible expenditures, and manage rehabilitation projects. Localworks reserves the right to refer potential borrowers to third party counseling services prior to settlement.
Application Fee:	A \$250 non-refundable application fee must be included with the application packet. Check should be made payable to "Localworks."
Loan Fees:	IDF origination fee of \$500 will be charged at closing. Fees are subject to change per IDF fee schedule.
Collateral:	Second priority lien filed against the subject property. If borrower does not have a primary mortgage on the property the lien will be filed as a first lien. Further subordination subject to Localworks approval.
Exceptions Policy:	All aspects of program eligibility and underwriting criteria are subject to Localworks approval.



Origination Procedures

- Application:** Representative of Localworks submits to IDF the completed and signed Localworks Home Loan Application, Authorization to Release Information Form, Loan File Checklist and all documentation shown on the form. Confirmation of loan terms and remaining documentation requirements will be detailed.
- Processing:** IDF will obtain an Ownership and Encumbrance from a title company to verify existing liens on the property. Evidence of hazard insurance will be ordered. Final loan documents are delivered electronically to Localworks for presentation to borrower. Applicants must have the proper building permits, if applicable, in hand and provide copies of the permits prior to loan closing. All outstanding items must be cleared prior to funding.
- Closing:** IDF will deliver closing instructions and loan proceeds shall be disbursed incrementally upon presentation of invoices as approved by IDF and Localworks staff. Loan proceeds will be issued by check, payable to contractor, vendor, or borrower, with restricted endorsement. All proceeds to reimburse borrower expenses related to authorized improvement projects must be accompanied by paid receipts. Contractor shall supply a list of all sub-contractors and vendors being utilized for the project. All funds disbursed to contractor, subcontractors, laborers, vendors, and suppliers will require an executed a Lien Waiver statement, provided by IDF at settlement. **All loan proceeds must be accompanied by a completed and signed Lien Waiver & Completion of Work Affidavit, executed by all parties performing work or supplying materials affixed to the subject property and signed by the Borrower.**
- Fees Collected:** Origination, title closing, and public recording fees will be assessed and collected at settlement, as detailed within the Closing Disclosure (CD) prepared by IDF. Any loan proceeds will be net of IDF loan fees. Any fees due local agency will be collected outside of closing.
- Requirements:** A representative of Localworks or local escrow agent is required to present all loan documents at the time of loan settlement. Both the borrower and agency representative must execute the certification form included within the loan set acknowledging disclosure of all loan terms and contact information. Each Borrower must acknowledge receipt of a standard Colorado Notice of Rescission, allowing cancellation of the mortgage within 3 business days of settlement.
- Settlement:** Localworks may elect to utilize a third-party escrow agent to present loan documents, collect signatures on all forms and disclosures, and record deed instrument. No changes to the loan documents or loan amount shown on the Closing Disclosure are permitted without IDF authorization. Disbursement of funds is prohibited prior to expiration of the rescission period.
- Funding:** Loan proceeds shall be disbursed incrementally upon presentation of invoices as approved by IDF and Localworks staff. Loan proceeds will be issued by ACH, wire, or check, payable to contractor, vendor, or borrower. All proceeds to reimburse borrower expenses related to authorized improvement projects must be accompanied by paid receipts. **All loan proceeds must be accompanied by a completed and signed Lien Waiver & Completion of Work Affidavit, executed by all parties performing work or supplying materials affixed to the subject property and signed by the Borrower.**



Post Closing: The original loan set must be returned to IDF within 48 hours of settlement via overnight courier. As set forth within the Loan Policies & Procedures Manual, IDF will retain all original documents and loan file. All loan servicing functions are performed by IDF with occasional assistance of Localworks, as warranted.

Miscellaneous Guidelines

Ineligible Uses of Funds: Loan Program funds cannot be utilized for any of the following uses:

- 1) Property acquisition costs
- 2) Paying off existing debt
- 3) Site plan, building or permit fees.

Default & Remedy: To access program funds, applicants must demonstrate a bona-fide commitment to implement building improvements and must certify that construction will commence within 60 days of funding approval and applicant shall complete the Project within 365 days. Applicant may be in default if work is not completed within the specified time period. Upon default, the applicant shall reimburse 100% of all costs and expenses paid by Localworks for the project. **Localworks has complete discretion in regard to defaults and remedies.**

Additionally, in the event of default, the borrower shall reimburse Localworks for the entire amount of the Home Improvement Loan Program funds received by borrower, the interest fee on all funds disbursed prior to default, plus all applicable collection costs and reasonable attorney fees. One or more of the following events shall constitute a default:

1. The Applicant fails to pay, when due, any real estate taxes or special assessments on the subject property during the term of this Loan Agreement.
2. The Applicant expends program funds for uses other than approved project costs as represented in the original Loan application.
3. If, during a period of five (5) years following the completion of the project, the Owner/Applicant transfers ownership or interest in subject property to another party, unless, such transfer is made with the prior written approval of Localworks.
4. The Applicant defaults on bank loan or other public financing made in conjunction with the Home Improvement Loan Program.
5. The Applicant fails to pay, when due, the principal or interest payments related to the repayment of the loan.
6. Failure to complete all work within 365 days of the Loan Settlement.