



The Dearfield Homeownership Fund (“Fund”) aims to accelerate Black homeownership in the Denver metro area through an innovative down-payment assistance product, structured in the form of a loan, for the initial down payment and shared equity in any appreciation in home value. The fund will provide up to \$40,000 in down-payment support to any Black homebuyer who is seeking to buy their first home and planning to use it as their primary residence. In return, the homeowner repays the Fund the down-payment amount as a lump sum (“Principal Amount”) when they sell or refinance their homes and a small share of the appreciation (“Shared Equity”), while keeping the majority of the wealth generated through appreciation in their home’s value.

Fund Guidelines

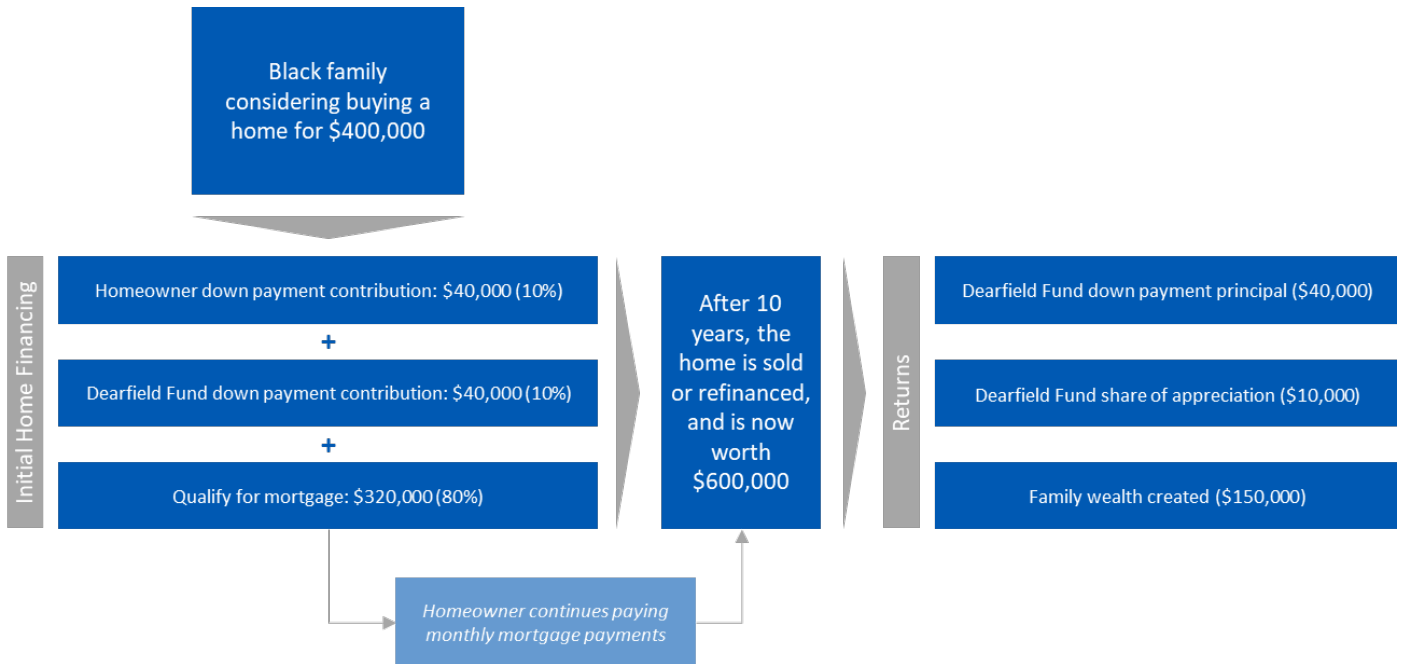
- Eligible Homebuyers** First-time homebuyers who self-identify as Black and are planning to buy a home in the six-county Denver metro area (Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson). Applicant(s) must be U.S. Citizens or have Permanent Resident Alien status. Homebuyers must qualify as first-time buyers under FNMA guidelines. The purchased unit must be the homebuyer’s primary residence while the investment is outstanding.
- Eligible Property** Single-family homes, condominiums, townhomes, duplexes, and factory-built/manufactured homes that are attached to a foundation in the six-county Denver metro area. Properties with a land trust from Elevation Community Land Trust and properties with a Habitat for Humanity deed restriction are eligible for Dearfield financing; any other land trust or deed restriction programs must be vetted and approved by the Dearfield staff prior to loan submission.
- Approved Lender** First mortgage lender must be on the Dearfield Fund’s Approved Lender list. If not an approved lender the lender must be vetted and approved by the Dearfield staff prior to loan submission.
- Compatible Mortgages** **Primary mortgage must be a portfolio product.** The Dearfield Fund down payment assistance is **not** compatible with Conventional Fannie Mae and Freddie Mac loans, or Government loans (FHA, VA, or RD).
- Income Threshold** Applicant(s) income not to exceed 140% of the most recent HUD Denver Metro Median Family Income adjusted for a four-person household.
- Total Debt Ratio** Maximum back end ratio of 48%.
- Investment Amount** Up to 15% of purchase price. Maximum is \$40,000.00
- Purchase Price** Maximum is \$600,000
- Homebuyer Equity** The borrower equity contribution is a minimum of 3% (which can include grant and gift funds). However, exceptions to this threshold will be considered on a case-to-case basis at the discretion of the fund manager.
- Loan-to-Value Ratio** Minimum first mortgage Loan-to-Value ratio (LTV) of 80%
Maximum Combined LTV ratio is 105% of purchase price

Repayment	Interest payments are not required. The Principal Amount (initial down payment support), and Shared Equity (any share of home value appreciation (if applicable)), will become due immediately upon sale, transfer, refinance, when the home is no longer the primary residence, or upon the death of the buyer.
Equity Share	Full Principal Amount repayment to the Fund within 18 months of closing will only require repayment of the initial Principal Amount received from the Fund. Repayments that occur after 18 months will require repayment of the Principal Amount provided by the Fund and the <i>lower</i> of 5% or pro-rata share of recognized appreciation (if any).
Use of Funds	Down payment, closing costs, and prepaid items related to the primary loan
Term	Maximum term is 15 years. Extensions may be granted beyond this term on a case-by-case basis.
Collateral	Subordinate lien priority on subject real property
Exceptions Policy	All components of Fund structure, eligibility, and underwriting criteria are subject to the Fund's General Partner authority. Any exceptions to the criteria stated above are subject to the General Partner's approval.

Origination Procedures

Application	Mortgage loan officer submits Loan File Checklist to Impact Development Fund (IDF), complete with all documentation shown on the form. Any remaining documentation requirements will be detailed.
Processing	Impact Development Fund will order title commitment and evidence of hazard insurance. Final loan documents are delivered electronically to the loan officer for presentation to the borrower. All outstanding items must be cleared prior to funding.
Closing	IDF will deliver closing instructions and loan proceeds direct to title. Wires are sent 24 hours prior to the scheduled closing date, so the loan officer must advise of any schedule changes as soon as possible.
Fees Collected	Initially, the origination fee will not be paid by the homebuyer. The public recording fee for the deed of trust (4 pages) is required and will appear on the Closing Disclosure (CD). IDF will review and approve the final first mortgage CD prior to funding. Title insurance is not required by the Fund.
Requirements	LOAN OFFICERS ARE REQUIRED TO PRESENT ALL FUND DOCUMENTS AT, OR PRIOR TO, CLOSING. Both the homebuyer and loan officer must execute the Lender Certification form, acknowledging disclosure of all loan terms and contact information.
Settlement	The homebuyer may NOT receive any proceeds at the time of settlement regardless of total contribution. Title will be instructed to show any excess proceeds as a principal reduction to IDF on the Closing Disclosure (CD) and return such funds for proper credit. No changes to the Fund documents or down payment equity amount shown on the CD are permitted.
Post-Closing	The original deed will be recorded by title with all other original Fund documents returned to IDF via overnight courier.

Illustrative Financing



Example:

\$400,000.00 Purchase Price

\$40,000.00 Dearfield Down Payment Assistance Loan

\$600,000.00 Value of Home after 10 years

Home has increased in value by \$200,000.00 (new value less purchase price)

Max 5% Shared Appreciation Cap at repayment of loan

200,000.00 Appreciation of Home

\$200,000.00 X 5%=\$10,000.00 Amount of Owed Shared Appreciation

\$40,000.00 Original Loan Amount + \$10,000.00 Owed Appreciation=\$50,000.00 Owed at time of loan is due

The Dearfield loan principal plus shared appreciation is due 15 years from the date of purchase, or when the home is sold or refinanced.