



Garfield County Housing Authority (GCHA) Down Payment Assistance Program Guidelines

Eligible Borrowers:	Borrowers must be employed and work at least 30 hours per week. They may not own other real estate at time of closing. The purchased unit must be the borrower's primary residence while the loan is outstanding.
Service Area:	Garfield County, unincorporated Eagle County within the Roaring Fork Valley (El Jebel area), and the Town of Basalt Corporate Limits.
Eligible Property:	Single family homes, condominiums, townhomes, duplexes, modular homes or manufactured homes on a permanent foundation taxed as real property located within the Service Area.
Income Threshold:	A household whose purchase is funded with a Conventional, Rural Development or VA mortgage shall have a household income no greater than 150% of the most recently published HUD Area Median Income adjusted for household size for County the property is located in. <i>A household whose purchase is funded by a mortgage insured by FHA shall have a household income no greater than 115% of the most recently published HUD Area Median Income adjusted for household size for the County the property is located in.</i> Income is established by the currently demonstrated income, excluding overtime, shift bonus, commission and bonus income that have not been earned consistently for the most previous 2-year period with a strong likelihood of continuance.
Loan Amount:	3% of the purchase price up to a maximum of \$15,000.
Max. Purchase Price:	None
Compatible Mortgages:	Garfield County Housing Authority loan may be used in conjunction with any first mortgage product issued by an institutional lender except first mortgages containing a negative amortization feature or a prepayment penalty. <i>GCHA loan can be used in conjunction with other down payment assistance programs.</i>
Loan to Value:	The Maximum CLTV is 105% of purchase price if the first mortgage is RD, FHA or VA loan. The Maximum CLTV is 100% of purchase price if the first mortgage is any mortgage other than a government backed loan.
Debt Ratio:	Maximum of 45%. Special review may be requested and granted by the GCHA Board.
Minimum Investment:	Borrower must have a minimum direct transaction investment of a minimum of 1% of the purchase price or \$2,000, whichever is greater, from a source acceptable to the primary lender. In no case may the Seller or premium pricing of the mortgage interest rate satisfy this minimum requirement.
Assets:	Borrower may not have verified assets in excess of one and one half times the household income excluding retirement funds.
Repayment:	Principal and interest payments are not required. Payments for less than the full amount of principal, accrued interest and public recording fees are not accepted.

Contract Services

The loan will become immediately due upon sale, transfer, refinance, when the home is no longer the primary residence or upon the death of the buyer.

Subordinations will be allowed on a case by case basis. Subordination requests will be reviewed and approved the Garfield County Housing Authority.

Use of Funds:	Down payment, closing costs and pre-paid items related to the primary loan.
Homebuyer Training:	Required on all loans, as evidenced by a HUD or CHFA-approved provider.
Term:	Maximum term is 30 years.
Loan Fees:	IDF origination fee charged at closing. Fees are subject to change per Impact Development Fund (IDF) fee schedule.
Collateral:	Subordinate lien priority on subject real property.
Equity Share:	Loans repaid in full within the initial 24 month period will include loan principal only. Repayments that occur thereafter will include loan principal plus a pro rata share of recognized appreciation (if any) based upon the percentage of the GCHA loan to the original purchase price. (If GCHA loan represents 3% of original purchase price, the borrower would repay the original principal balance plus 3% of the equity gain at the time of loan repayment.) At time of pay off request the appreciation of the home is established by appraisal, sales price or satisfactory Comparative Market Analysis. <i>For the sale of homes whose purchase was funded by a mortgage insured by FHA, the calculation of the pro rata share in the appreciation shall permit the borrower(s) to recover at least the original purchase price, sales commission, cost of capital improvements, and any accrued negative amortization if the property was financed with a graduated payment mortgage. Please see page 4 for a list of permitted capital improvements and documentation requirements. This applies only to the sale of the home; refinances and early payoffs do not qualify for the recovery of capital improvements.</i>
Rate Caps:	Not applicable.
Exceptions Policy:	All aspects of the Garfield County Housing Authority loan eligibility and underwriting criteria are subject to Staff-level authority. Loan terms, pricing and policy exceptions must be approved by GCHA. Application of these guidelines is at the sole exclusive discretion of GCHA.

Origination Procedures

Application:	Mortgage loan officer submits Loan File Checklist to Impact Development Fund, complete with all documentation shown on the form. A loan commitment is usually issued within 48 hours, or less. 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 loan officer for presentation to 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:	The origination fee is collected at closing, in addition to the public recording fee for the deed of trust (4 pages), 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 for Garfield County Housing Authority loans.

- Requirements: LOAN OFFICERS ARE REQUIRED TO PRESENT ALL GARFIELD COUNTY HOUSING AUTHORITY DOCUMENTS AT, OR PRIOR TO, CLOSING. Both the borrower and loan officer must execute the Lender Certification form, acknowledging disclosure of all loan terms and contact information.
- Settlement: Borrower 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 first mortgage CD and return such funds for proper credit. No changes to the GCHA loan documents or loan amount shown on the CD are permitted.
- Post Closing: The original deed will be recorded by title with all other original GCHA documents returned to IDF via overnight courier.

PERMITTED CAPITAL IMPROVEMENTS

For the sale of homes whose purchase was funded by a mortgage insured by FHA

- 1. The “Permitted Capital Improvements” shall only include the following:**
 - a. Improvements or fixtures erected, installed or attached as permanent, functional, non-decorative improvements to real property, excluding repair, replacements and/or maintenance improvements;
 - b. Improvements for energy and water conservation;
 - c. Improvements for the benefit of seniors and/or handicapped persons;
 - d. Improvements for health and safety protection devices;
 - e. Improvements to add and/or finish permanent/finished storage space;
 - f. Improvements to finish unfinished space;
 - g. Garages;
 - h. The cost of adding decks and any extension thereto;
 - i. Landscaping;
 - j. Repairs or replacements related to structural, major mechanical or roofing deficiencies after any applicable warranty period is expired.

- 2. Permanent Capital Improvements shall NOT include the following:**
 - a. Upgrades/replacements of appliances, plumbing and mechanical fixtures, carpets and other similar items included as part of the original construction of the unit;
 - b. Improvements required to repair, replace and maintain existing fixtures, appliances, plumbing and mechanical fixtures, painting, carpeting and other similar items;
 - c. Upgrades or addition of decorative items, including lights, window coverings, floor coverings and other similar items.
 - d. Jacuzzis, spas, saunas, steam showers and other similar items.

In order to qualify as Permitted Capital Improvements, the Owner must furnish to the Impact Development Fund following information with respect to the improvements which the Owner seeks to include in the calculation of Equity Share payoff calculation:

- a. Original or duplicate receipts to verify the actual costs* expended by the Owner for the Permitted Capital Improvements; and
- b. Owner’s affidavit verifying that the receipts tendered are valid and correct; and
- c. True and correct copies of any building permit or certificate of occupancy required to be issued by the City or County, as jurisdiction requires, with respect to the Permitted Capital Improvements.

**In calculating the Capital Improvement costs, only the Owner’s actual out-of-pocket costs and expenses shall be eligible for inclusion. Such amount shall not include an amount attributable to Owner’s “sweat equity” or to any appreciation in the value of the improvements.*