



Impact Development Fund SECED Down Payment Assistance Program Product Guideline



Eligible Borrowers:	Borrowers who are under 100% AMI and purchasing a home. The purchased unit must be the borrower's primary residence while the loan is outstanding.
Eligible Properties:	Real property within the following counties: Baca, Bent, Cheyenne, Crowley, Kiowa, Otero and Prowers. Subject property must meet Housing Quality Standards (HQS) as determined by third party inspection and cannot be located in a FEMA designated flood plain. The property must be owner/seller occupied or vacant at the time an offer is made. This must be documented by securing a copy of the appraisal, completed by a Colorado licensed real estate appraiser, which states the occupancy status of the home. <i>Tenant occupied homes are <u>ineligible</u> unless the tenant is also the purchaser.</i>
Income Maximum:	Income up to a max of 100% of the most recently published CHFA Area Median Income, adjusted for actual household size in the subject property county, may be eligible. 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:	\$29,600 maximum
Total Debt Ratio:	Maximum back ratio of 45%
Repayment:	Households earning 80% or less AMI: Qualified applicants are eligible for deferred payment at 0.00% interest over a period not to exceed 30 years, with the option of amortized monthly payments. The loan will become immediately due upon the sale, transfer, refinance, when the house is no longer the primary residence, or upon the death of the borrower. Households earning 81-100% AMI: the loan will be repaid via principal and interest monthly payments over a period not to exceed 30 years at an interest rate of 1.0%. The assistance will become immediately due upon the sale, transfer, refinance, when the house is no longer the primary residence, or upon the death of the borrower.
Use of Funds:	Down payment, closing costs and pre-paid items related to the primary loan.
Homebuyer Training:	Required on all loans and must be provided by Tri-County Housing, Inc. d/b/a Total Concept or another certified Homebuyer Training agency.
Term:	Maximum 30 years
Loan Fees:	No origination charge collected from the borrower. Borrower will be responsible for applicable Clerk and Recorder charges to record the Deed of Trust, as well as any closing fees incurred from the Title Company/Closing Agent.
Collateral:	Subordinate lien priority on subject property.

Interest Rate:	Households at 80% or less AMI: 0.00% fixed interest rate Households at 81-100% AMI: 1.00% fixed interest rate
Compatible Mortgages:	DPA funds may be used in conjunction with conventional or portfolio first mortgage product except those containing a negative amortization feature or prepayment penalty. <u>FHA mortgages are not permitted.</u>
Combined Loan to Value:	Maximum CLTV is 100% of purchase price. Exceptions for VA and USDA-RD financing in which a funding fee or guarantee fee cause CLTV to exceed 100% will be evaluated on a case-by-case basis.
Minimum Investment:	Borrower must have a minimum direct transaction investment. Borrower contribution will be calculated as the greater of \$1,000 or 1.0% of the purchase price 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 liquid assets in excess of one and one-half times the household income.
Affordability Period:	Borrower must <i>maintain the property as their primary residence for a period of at least 5 years</i> , regardless of loan payoff (unless the payoff is recaptured through the sale of the home or foreclosure).
Exceptions Policy:	All aspects of the DPA eligibility and underwriting criteria are subject to Staff-level exception authority.
Loan Committee Review:	SECED's Loan Committee will be responsible for an annual audit of DPA files in accordance with SECED Loan Policies and Procedures as well as Colorado Division of Housing RLF criteria.
Partner Agencies – Underwriting:	SECED will have in place a Memorandum of Understanding with Partner Agencies to underwrite loans on behalf of SECED's DPA Program, until such time that SECED, Inc. has the capacity for underwriting DPA loans. SECED will utilize partner agencies. SECED will pay to Partner Agencies an agreed upon underwriting fee for processing loan applications and underwriting loans, not to exceed \$500.00. Partner Agency can charge customary fees but may not duplicate fees associated with the application processing and underwriting of the loan for SECED.
Loan Servicing:	SECED will have in place a process for servicing loans in-house in the same manner that the SFOO Rehab Program operates.

Origination Procedures

- Application:** For the purpose the SECED DPA program., the mortgage loan officer submits Loan File Checklist to partner agency that will be underwriting the loan, complete with all required documentation. A loan commitment is usually issued within 48 hours, or less. Any remaining documentation requirements will be detailed.
- Processing:** Partner agency will order site specific flood cert. for the subject property.
- Partner agency will order evidence of hazard insurance and a copy of the title commitment. Final loan disclosures are delivered electronically to the first mortgage loan officer and settlement agent at the Title Company for balancing prior to presentation to the borrower. All required loan disclosures will be delivered directly to the borrower in accordance with federal and state mortgage regulations. All outstanding items must be cleared prior to funding.
- Closing:** Partner agency will deliver closing instructions, final loan document package and loan proceeds direct to title. Wires are sent 24 hours prior to the scheduled closing date.
- Fees Collected:** A public recording fee for the deed of trust and reasonable closing fees assessed by the Title Company will appear on the DPA Closing Disclosure (CD). Partner agency will review and approve the final first mortgage CD prior to funding. Title insurance is not required for the DPA subordinate mortgage.
- Requirements:** Both the borrower and first mortgage 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 SECED on the first mortgage Closing Disclosure (CD) and return such funds for proper credit to the borrower. **No changes to the DPA loan documents or loan amount shown on the CD are permitted as a result of excess proceeds.**
- Post-Closing:** The original Deed of Trust will be recorded by title with all other original loan documents returned to SECED, Inc. via overnight courier. Any excess proceeds will be applied as principal reduction, with applicable notice delivered to the borrower upon receipt.
- Equal Opportunity Lender:** SECED, Inc. and Partner Agencies do not discriminate against anyone through its lending practices or in any other decision-making processes due to race, color, religion, gender, disability, sexual preference, age, family status and/or national origin.

