



## Impact Development Fund AHIF First Mortgage Product Guideline

Eligible Borrowers:	<p>Low and middle income individuals and families purchasing a primary residence in the State of Colorado. Property must be the Borrower's primary residence while the loan is outstanding. Borrower must be U.S. citizens or otherwise legally in the United States on a permanent status (TIN required).</p> <p>Borrowers must be current on all taxes. Borrowers must be in good standing with all lenders, any applicable state and federal agencies, and any other current lenders/funders, including the United States Department of Housing and Urban Development (HUD)/Federal Housing Authority (FHA) when applicable to permanent financing. Borrowers must have no material defaults on financing, including federal and state debt, within the past 7 years.</p>
Eligible Properties:	<p>Income qualified single family residence, duplex, townhomes, condominiums and manufactured homes permanently affixed to permanent foundation and taxed as real property. Subject property cannot be located in a FEMA designated flood plain.</p>
Income Maximum:	<p><b>Rural Resort Areas:</b> Income up to <b>160%</b> or less of the most recently published HUD Area Median Income adjusted for actual household size, in the subject property county. <i>The following counties are considered Rural Resort Areas: Archuleta, Chaffee, Eagle, Grand, Gunnison, La Plata, Ouray, Pitkin, Routt, San Juan, San Miguel and Summit.</i></p> <p><b>All Other Areas:</b> Income up to <b>120%</b> or less of the most recently published HUD Area Median Income adjusted for actual household size, in the subject property county.</p> <p>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.</p>
Maximum Loan Amount:	\$400,000
Total Debt Ratio:	Maximum back end ratio of 45% including all proposed financing.
Repayment:	The loan will be repaid via principal and interest monthly payments over a period not to exceed 30 years at an interest rate of 3.0%. 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.
Use of Funds:	Primary mortgage financing.
Homebuyer Training:	Required on all loans, as evidenced by a Fannie Mae, Freddie Mac, HUD or CHFA-approved provider.
Term:	Maximum loan term is 30 years.
Loan Fees:	1.0% loan origination fee. Borrower is responsible for origination fee and other fees pertaining to the purchase transaction, including but not limited to: appraisal, title and recording costs, insurance premiums, impounds and third-party verifications.
Collateral:	Senior deed of trust on subject property.

Interest Rate: 3.0% fixed interest rate.

Loan to Value: Up to 95% of appraised value or purchase price, whichever is less. Maximum combined loan to value with all financing is 95%.

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.

Long Term Affordability: Long term affordability of the subject property will be for 15 years and be secured through a Beneficiary Use Covenant recorded with applicable county in conjunction with the Deed of Trust.

*“Affordability” shall mean that a property is affordable to and occupied by Eligible Beneficiaries. “Eligible Beneficiaries” means households whose annual income (as defined at 24 CFR 5.609) is less than or equal to the applicable income limit in effect at the time each such household initially purchases their unit. Income limits are defined by the HUD and are published annually on the website of the Colorado Housing and Finance Authority (CHFA).*

Exceptions Policy: All aspects of the eligibility and underwriting criteria are subject to Staff-level exception authority.

Loan Committee Review: IDF’s Loan Committee will be responsible for an annual audit of the AHIF loan files in accordance with IDF Loan Policies and Procedures as well as Colorado Division of Housing Transformational Affordable Housing Revolving Loan Fund criteria.

## Origination Procedures

- Application:** Loan File Checklist to Impact Development Fund, complete with all documentation. Any remaining documentation requirements will be detailed. Impact Development Fund will distribute the initial Loan Estimate (LE) for the first mortgage financing to the borrower within 3 business days of receipt of loan application triggered borrower information.
- Appraisal:** An appraisal will be required for all transactions and the appraised value must support the purchase price.
- Processing:** Impact Development Fund will order a title policy at the expense of the borrower and evidence of hazard insurance. Final loan documents from IDF will be delivered electronically to the Title Company 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.
- Loan Fees Collected:** The borrower will be responsible to pay the IDF 1% origination fee, appraisal, and public recording fee for the first mortgage warranty deed and deed of trust. All loan fees will be shown on the Closing Disclosure (CD) and disbursements balanced with Title. IDF must review and approve all loan documents, corresponding disclosures and settlement statements prior to funding.
- Requirements:** Both the borrower and closing representative must execute the Borrower Certification form, acknowledging disclosure of all loan terms and contact information.
- Settlement:** No changes to program 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 program loan documents returned to IDF via overnight courier. Any excess proceeds will be applied as principal reduction, with applicable notice delivered to the borrower upon receipt.
- Loan Servicing:** IDF will provide loan servicing and will adhere to applicable mortgage servicing rules.
- Equal Opportunity Lender:** IDF does 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.

