



## Yampa Valley Housing Authority Proposition 123 Down Payment Assistance Program

Eligible Borrowers:	First time home buyers as defined as by FHA/HUD with priority for first-generation homebuyers. The purchased unit must be the borrower's primary residence while the loan is outstanding.
Eligible Properties:	<p>Single family homes; townhomes; condominiums; duplexes; or manufactured and modular homes on permanent foundations or properly tied down, on land owned by the homeowner, or within a resident-owned community mobile home park. Property must be located in a Routt County community that has filed a Proposition 123 commitment (currently, Steamboat Springs, Hayden, Oak Creek, and Yampa). Subject property must meet Housing Quality Standards (HQS) as determined by third party inspection and cannot be located in a FEMA designated flood plain.</p> <p>The property must be <b>owner/seller occupied or vacant</b> 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></p>
Income Threshold:	<p>Income up to <b>120%</b> or less of the most recently published HUD Area Median Income updated annually and published on CHFA's website, <b>adjusted for actual household size</b>, in the Routt county. Minimum income is 50% AMI.</p> <p>"Annual income" for determining AMI is defined in 24 CFR 5.609, which is the source of truth for determining income, and is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.</p> <p>Qualifying income for the YVHA loan 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> <p>Borrower must provide complete documentation of income and assets, including but not limited to the previous year's tax returns, pay stubs, and self-employed profit and loss statements. Impact Development Fund (IDF) will verify the documentation.</p>
Loan Amount:	Up to ten (10%) percent of the purchase price with a maximum loan amount of \$20,000. Minimum loan amount is \$5,000.
Debt Ratio:	Maximum front end ratio of 35% and maximum back end ratio of 45%.
Use of Funds:	Down payment and closing costs.
Homebuyer Training:	Required on all loans, as evidenced by a HUD-certified housing counselor at a HUD-approved counseling agency.
Term:	Fifteen (15) years.
Interest Rate:	Zero (0%) interest rate.

- Repayment: **No monthly payments are required.** The loan will become immediately due in the form of a balloon payment of principal upon the sale, transfer, refinance, when the house is no longer the primary residence, or upon the death of Borrower.
- Subordinations will be reviewed on a case-by-case basis.*
- 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.
- Compatible Mortgages: DPA funds may be used in conjunction with Conventional, Rural Development, FHA, VA and fixed rate portfolio programs. Use with intermediate variable rate terms (ie. FLEX, My Community, 5/1, 7/1, etc. require specific YVHA approval.
- Combined Loan to Value: Maximum CLTV is 100% of purchase price.
- 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. The funds may be a gift from a family member. In no case may the Seller or premium pricing of the mortgage interest rate satisfy this minimum requirement.
- Assets: Borrower must show a demonstrated need of the down payment assistance loan to YVHA.
- Affordability Period: Borrower must meet certain affordability requirements. The home must remain Borrower's primary residence throughout the affordability period, which is equal to the term of the loan (15 years). If Borrower fails to use the home as a primary residence, the remaining balance of the loan becomes due and payable immediately. Loan payoff does not end the affordability period, but selling the home or losing it to foreclosure does end it. If Borrower sells the home or loses it to foreclosure before the end of the affordability period, YVHA will recapture the remaining balance of the loan, up to the amount of "net proceeds." "Net proceeds" are defined as the sales price, minus senior debt repayment, minus closing costs. The sales price must be supported by an appraisal. Any excess net proceeds, after repayment of the loan to YVHA, may be kept by Borrower.
- HQS Inspections: Existing housing acquired for homeownership must be decent, safe, sanitary, and in good repair. Agencies must complete a Housing Quality Standards (HQS) inspection form to confirm habitability.
- Exceptions Policy: YVHA's Down Payment Assistance Program will not be subject to exception lending. However, the program will be reviewed no less than annually to take into account reasons for turn downs and adjust the program upon approval of the YVHA Board of Directors.

## Origination Procedures

- Application:** Mortgage loan officer submits Loan File Checklist to Impact Development Fund (“IDF”), complete with all required documentation. A loan commitment is usually issued within 48 hours, or less. Any remaining documentation requirements will be detailed.
- Processing:** IDF will order site specific flood cert. for the subject property.
- IDF 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:** IDF 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.
- Form of Ownership:** Ownership of the home must be held in fee simple title (e.g., a warranty deed).
- 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). IDF 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 IDF 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 IDF via overnight courier. Any excess proceeds will be applied as principal reduction, with applicable notice delivered to the borrower upon receipt.
- Equal Opportunity Lender:** IDF and YVHA does not discriminate on the basis of race, color, gender, sexual preference, national origin, family status, age, religion, or disability, in compliance with the Fair Housing Act, Title VI of the Civil Rights Act of 1964, and Section 504 of the Rehabilitation Act of 1973. YVHA is committed to ensuring that each individual has an equal opportunity to the use and enjoyment of the benefits of its programs, including down payment assistance programs.



## Program Administration

Board of Directors' Roles and Responsibilities:	The YVHA Board of Directors approves the program guidelines. The program is reviewed annually.
Loan Committee's Roles and Responsibilities:	IDF's Loan Committee meets at least quarterly. The Loan Committee, comprised of members appointed by the IDF Board of Directors and the Executive Director, is empowered to take formal action, including loan decisions, remands, or recommendations to the Board for further consideration.
Program Staff's Roles and Responsibilities:	YVHA staff reviews all loan applications to confirm eligibility under the program guidelines.
Compliance with Laws:	In administering the program, IDF will comply with all of the applicable requirements of local, state, and federal ordinances, codes, laws, rules, regulations, orders, and guidelines, including without limitation the Truth in Lending Act, the Real Estate Settlement Procedures Act, the Home Mortgage Disclosure Act, the Fair Credit Reporting Act, the Financial Services Modernization Act (the Gramm-Leach-Bliley Act), and the Secure and Fair Enforcement of Mortgage Licensing Act of 2008 (the SAFE Act).
Affirmative Marketing:	YVHA will market this program to ensure outreach to all potentially eligible households, especially those least likely to apply. Marketing will include advertisements through local and YVHA media outlets and targeted outreach. All materials will be translated into Spanish.
Program Income:	Program income is the gross income received by YVHA that is generated from payments of principal on down payment assistance loans under this program. Program income will be revolved into the program to be used in support of additional down payment assistance loans.
Conflict of Interest:	Applicants may be denied down payment assistance if a conflict of interest exists. A conflict of interest exists if an applicant is an employee, agent, consultant, or officer of YVHA <u>and</u> the applicant (i) exercises any function or responsibility with respect to program funds, (ii) participates in the decision-making process related to program funds, or (iii) is able to gain inside information with regard to program funds or activities that leads to an advantage in receiving funds. Exceptions to this policy can be made only after disclosure of the conflict and approval by the YVHA Executive Director.
Dispute Resolution:	If an applicant disputes any action regarding an application for down payment assistance, the applicant must submit their complaint to the YVHA Executive Director in writing within 15 days of the disputed action. The complaint must include all pertinent information, complaints, comments, and relief sought, and it must be submitted to the Executive Director before any other legal recourse or relief may be pursued. After receiving the complaint, the Executive Director shall meet with the complainant to review the grievance and resolve the issue, if possible. If the issue is not resolved, the complainant may request a hearing with the Board of Directors' Executive Team. The Executive Team shall make a determination based on the findings of the hearing, put those findings in writing, and mail such information to the complainant. The decision made by the Executive Team shall be final.