Impact Development Fund
Colorado Roots Down Payment Assistance Fund
Product Guideline

Eligible Borrowers:

First time homebuyers or first generation homebuyers purchasing a primary residence. The home must be the borrower's primary residence while the loan is outstanding. Verification of lawful presence of Borrowers in the United States is not required.

Eligible Properties:

Single family residence, duplex, townhomes, condominiums and manufactured homes permanently affixed to permanent foundation and taxed as real property. **Subject property must be located in a jurisdiction or community that have a committed Proposition 123 Local Government Affordable Housing filing with the Division of Housing – See attached Exhibit 1.** Subject property on existing homes 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. *Tenant occupied homes are <u>ineligible</u> unless the tenant is also the purchaser.*

Income Maximum:

Income up to **120%** or less of the most recently published HUD Area Median Income (AMI) adjusted for actual household size, in the subject property county. *Minimum AMI is 50%.*

"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.

Qualifying income for the down payment assistance 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.

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.

The income of other parties on title to the property but not living in the household and income from non-occupant co-signers also does not count towards household income is not included in the AMI calculation. Documentation the co-signer resides at another location must be provided.

Loan Amount:

Up to 10% of the purchase price of the home. $50,000 maximum loan amount.

Debt Ratios:

Front end debt ratio at or below 38% and maximum back ratio of 45%.

Repayment:

Households earning 100% or less AMI: the loan will be repaid via principal and interest monthly payments over a period not to exceed 30 years at 1.00% interest.

Households earning 101-120% 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 2.0%.

	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, as evidenced by an HUD approved provider.
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:	Second lien position on subject property is preferred; however, the Colorado Roots loan can be in a more junior lien position with prior approval from the Colorado Division of Housing as long as the other subordinate loan is from a non-profit, government entity or another DPA provider and the combined loan to value cannot exceed 100%.
Interest Rate:	**Households at 100% or less AMI:** 1.00% fixed interest rate **Households at 101-120% AMI:** 2.00% 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.
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 must spend down all liquid assets above $50,000 when purchasing a home. Liquid assets are those readily convertible to cash, (including but not limited to savings, checking, certificates of deposit, stock and bonds). Tax-preferred retirements accounts, college savings plans and health savings accounts are not considered liquid assets.
Affordability Period:	Borrower must ***maintain the property as their primary residence for a period of at least 5 years***, 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:	IDF's Loan Committee will be responsible for an annual audit of DPA files in accordance with IDF Loan Policies and Procedures as well as Colorado Division of Housing Proposition 123 criteria.

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.
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 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.

EQUAL HOUSING LENDER

Exhibit 1

List of jurisdictions and communities that have a committed Proposition 123 Local Government Affordable Housing filing with the Division of Housing for the Colorado Roots Down Payment Assistance Program:

Adams, County of
Akron, Town of
Alamosa, City of
Arapahoe, County of
Archuleta, County of
Arvada, City of
Aspen, City of
Aurora, City of
Avon, Town of
Baca, County of
Basalt, Town of
Bayfield, Town of
Bennett, Town of
Bent, County of
Berthoud, Town of
Boulder, City of
Boulder, County of
Breckenridge, Town of
Brighton, City of
Broomfield, City and County of
Brush, City of
Buena Vista, Town of
Canon City, City of
Carbondale, Town of
Castle Pines, City of
Castle Rock, Town of

Cedaredge, Town of
Centennial, City of
Center, Town of
Central, City of
Chaffee, County of
Cheraw, Town of
Clear Creek, County of
Colorado Springs, City of
Commerce City, City of
Cortez, City of
Costilla, County of
Craig, City of
Creede, City of
Crested Butte, Town of
Crestone, Town of
Cripple Creek, City of
Crowley, County of
De Beque, Town of
Del Norte, Town of
Delta, City of
Delta, County of
Denver, City and County of
Dolores, County of
Dolores, Town of
Douglas, County of
Dove Creek, Town of
Durango, City of
Eads, Town of
Eagle, County of
Eagle, Town of

Eaton, Town of
Edgewater, City of
Empire, Town of
Englewood, City of
Erie, Town of
Estes Park, Town of
Fairplay, Town of
Firestone, City of
Flagler, Town of
Florence, City of
Fort Collins, City of
Fort Lupton, City of
Fort Morgan, City of
Fraser, Town of
Frisco, Town of
Fruita, City of
Garden City, Town of
Garfield, County of
Georgetown, Town of
Gilcrest, Town of
Gilpin, County of
Glenwood Springs, City of
Golden, City of
Granada, Town of
Granby, Town of
Grand Junction, City of
Grand Lake, Town of
Grand, County of
Greeley, City of
Gunnison, City of

Gunnison, County of
Gypsum, Town of
Haswell, Town of
Hayden, Town of
Hinsdale, County of
Holly, Town of
Holyoke, Town of
Hotchkiss, Town of
Huerfano, County of
Hugo, Town of
Idaho Springs, City of
Ignacio, City of
Jefferson, County of
Julesburg, Town of
Keystone, Town of
Kiowa, County of
Kiowa, Town of
Kit Carson, Town of
Kremmling, Town of
La Jara, Town of
La Junta, City of
La Plata, County of
La Veta, Town of
Lafayette, City of
Lake City, Town of
Lake, County of
Lakewood, City of
Lamar, City of
Larimer, County of
Leadville, City of

Limon, Town of
Littleton, City of
Log Lane Village, Town of
Logan, County of
Lone Tree, City of
Longmont, City of
Louisville, Town of
Loveland, City of
Lyons, Town of
Mancos, Town of
Manitou Springs, City of
Manzanola, Town of
Meeker, Town of
Mesa, County of
Mineral, County of
Minturn, Town of
Monte Vista, City of
Montezuma, County of
Montrose, City of
Montrose, County of
Mount Crested Butte, Town of
Mountain View, Town of
Mountain Village, Town of
Naturita, Town of
Nederland, Town of
New Castle, Town of
Norwood, Town of
Nucla, Town of
Oak Creek, Town of
Olathe, Town of

Ordway, Town of
Otero, County of
Ouray, City of
Ouray, County of
Ovid, Town of
Pagosa Springs, Town of
Palisade, Town of
Paonia, Town of
Parachute, Town of
Parker, Town of
Phillips, County of
Pitkin, County of
Platteville, Town of
Poncha Springs, Town of
Pritchett, Town of
Prowers, County of
Pueblo, City of
Pueblo, County of
Rangely, Town of
Red Cliff, Town of
Rico, Town of
Ridgway, Town of
Rifle, City of
Rio Grande, County of
Rocky Ford, City of
Saguache, County of
Saguache, Town of
Salida, City of
San Luis, Town of
San Miguel, County of

Sedgwick, City of
Sedgwick, County of
Sheridan Lake, Town of
Sheridan, City of
Silt, Town of
Silver Cliff, Town of
Silver Plume, Town of
Silverthorne, Town of
Silverton, Town of
Snowmass Village, Town of
South Fork, Town of
Southern Ute, Tribe of
Springfield, Town of
Steamboat Springs, City of
Sterling, City of
Sugar City, Town of
Summit, County of
Superior, Town of
Teller, County of
Telluride, Town of
Thornton, City of
Trinidad, City of
Ute Mountain Ute, Tribe of
Vail, Town of
Victor, City of
Walsenburg, City of
Walsh, Town of
Washington, County of
Wellington, Town of
Westcliffe, Town of

Westminster, City of
Wheat Ridge, City of
Wiggins, Town of
Wiley, Town of
Windsor, Town of
Winter Park, Town of
Woodland Park, City of
Wray, City of
Yampa, Town of
Yuma, City of
Yuma, County of

Program Management

Loan Committee's Roles and Responsibilities:	IDF's Loan Committee meets at least quarterly and is comprised of representatives appointed by IDF's CEO. The Loan Committee is authorized to make loan decisions in accordance with IDF's lending policies and the approved program guidelines. The Loan Committee may take formal action, including approving, denying, or requesting additional information on loan applications, and may make recommendations to the IDF Board of Directors when appropriate.
Program Staff's Roles and Responsibilities:	IDF's lending staff are responsible for reviewing and underwriting loan applications to determine eligibility and creditworthiness in accordance with the approved program guidelines and IDF lending policies. IDF staff will coordinate with applicants, first mortgage lenders, title companies and other program partners as necessary to facilitate the loan process. IDF will be responsible for loan origination, documentation, closing, funding, and servicing.
Compliance with Laws:	IDF will comply with all applicable federal, state, and local laws, ordinances, codes, 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 for Mortgage Licensing Act of 2008 (the SAFE Act), as applicable to the program and the loans originated by IDF.
Affirmative Marketing:	IDF will market the program to ensure outreach to all potentially eligible households, with particular attention to households that may be underserved or otherwise less likely to have access to traditional financing. Marketing may include advertisements through local and media outlets, IDF's communication channels, community partners, and targeted outreach. Marketing materials will be translated into Spanish as appropriate to effectively reach eligible households.
Equal Opportunity:	IDF is an Equal Opportunity Lender. We do not discriminate against applicants, borrowers, or prospective occupants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), receipt of public assistance income, or good-faith exercise of any rights under the Consumer Credit Protection Act. All loan applications are evaluated on objective criteria including creditworthiness, income, assets, and debt obligations.
Program Income:	Program income consists of principal, interest, fees, and other loan-related income received by IDF from loans originated under the program, as applicable. Program income will be retained and/or revolved in accordance with the program agreement and will be used to support additional eligible down payment assistance loans or other approved program activities.
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 office of IDF and the applicant (i) exercises any function or responsibility with respect to program funds, (ii) participates in the decision making process related 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 IDF Loan Committee or CEO.
Code of Ethics:	IDF will administer the program with integrity, transparency, fairness, and impartiality. IDF and its employees, Board members, Loan Committee members, and other individuals involved in the program will avoid actual or perceived conflicts of interest and will not use their position or program resources for personal gain or preferential treatment. All loan decisions will be based on established program guidelines, underwriting standards, and applicable laws and regulations and will be made without discrimination or favoritism.
Dispute Resolution:	If an applicant disputes any action regarding an application for down payment assistance, the applicant must submit their complain to the IDF Loan Committee in writing within 15 days of the disputed action. The compliant must include all pertinent information, complaints, comments, and relief sought, and it must be submitted to the IDF Loan Committee before any other legal recourse or relief may be pursued. After receiving the compliant, the IDF Loan Committee 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 IDF's CEO. The CEO shall make a determination based on the findings of the hearing, put those findings in writing, disclosure the findings to IDF's Board of Directors and mail such information to the complainant. The decision made by the CEO shall be final.