



## Impact Development Fund City of Boulder House to Home Ownership (H2O) Shared Appreciation Down Payment Assistance Program Guidelines

Eligible Borrowers:	Borrowers who have not owned a residence within the past three years, or in case of divorce or separation, a displaced homemaker. This applies to all signers to the loan. Borrowers must work within the City limits of Boulder.
Eligible Properties:	Permanently affixed real property unencumbered by deed restriction and not governed under a land trust agreement. Property must be located within the City Limits of Boulder.
Income Threshold:	120% of the most recently published HUD Area Median Income, adjusted for actual household size for Boulder County. <b><i>Refer to income limits on pg. 2.</i></b> Income is established by currently demonstrated income, excluding: overtime, shift bonus, commissions and bonus income that have not been earned consistently during the previous 2-year period and/or do not have a strong likelihood of continuance.
Loan Amount:	Up to \$100,000.00
Compatible Mortgages:	H2O may be used in conjunction with Conventional and certain portfolio products that offer fixed or intermediate variable rate terms designed for entry-level buyers. <b><i>FHA, VA, Subprime and other non-conforming products are not permitted.</i></b>
Loan to Value:	Maximum Combined Loan to Value is 105% of purchase price.
Debt Ratio:	Maximum back ratio of 45%.
Minimum Investment:	Borrower must have a minimum direct transaction investment 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:	\$140,000, for one-person households. For each additional household member the asset limit increases by \$15,000. Retirement assets with IRS early withdrawal penalty are not counted against the asset limits up to the following amounts: Under age 40 \$30,000, Ages 40-55 \$55,000 and Over Ages 55 \$110,000. <i>The amount of the borrower's down payment, up to 20% of the purchase price, is not counted against the asset limit.</i>
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. Subsequent subordination requests are not permitted.
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 Fannie Mae, Freddie Mac, HUD or CHFA-approved provider.
Term:	Maximum term is 15 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 H2O loan to the original purchase price. (If H2O loan represents 15% of original purchase price, the borrower would repay the original principal balance plus 15% of the appreciation 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.

Exceptions Policy: All aspects of the City of Boulder H2O eligibility and underwriting criteria are subject to Staff-level exception authority. Loan terms and pricing must be approved by IDF.

### **Origination Procedures**

Application: Mortgage loan officer submits Loan File Checklist to Impact Development Fund, complete with all documentation shown on the form. 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 City of Boulder H2O loans.

Requirements: LOAN OFFICERS ARE REQUIRED TO PRESENT ALL CITY OF BOULDER H2O 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 Closing Disclosure (CD) and return such funds for proper credit. No changes to the City of Boulder H2O loan documents or loan amount shown on the CD are permitted as a result of excess proceeds.

Post Closing: The original deed will be recorded by title with all other original City of Boulder H2O 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.

### **2021 Income Limits**

Household Size	1	2	3	4	5	6	7	8
Income Limit	\$98,280	\$112,320	\$126,360	\$140,280	\$151,560	\$162,840	\$174,000	\$185,280