



Product Guideline
Yampa Valley Housing Authority
Countywide Down Payment Assistance Program

Eligible Borrowers:	Borrowers purchasing a home who do not own other real estate at time of closing. Borrower must be employed a minimum of 1650 hours annually (32 hours weekly)
Property Type	Permanently affixed Single family residences, townhome, condominium or duplexes located within the Routt County (please see page 5 for map). Home must be primary residence.
Income Threshold:	Up to 150% of the most recently published HUD Area Median Income, adjusted for actual household size for Routt County. <i>A household whose purchase is funded by a mortgage insured by FHA shall have a household income no greater than 115% of the most recently published HUD Area Median Income adjusted for household size for the County in which the property is located.</i> 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:	A maximum of 10% of the purchase price or appraised value whichever is lesser with a cap of \$15,000.
Compatible Mortgages:	YVHA funds may be used in conjunction with fixed rate Conventional, Rural Development, FHA, VA, and fixed rate portfolio programs. <i>Use with intermediate variable rate terms (i.e. FLEX, My Community, 5/1, 7/1, etc.) requires specific YVHA Loan Committee approval.</i>
Loan to Value:	Maximum Combined Loan to Value is 100% of purchase price.
Debt Ratio:	A total Debt to Income Ratio (Back Ratio) shall not exceed 43%.
Minimum Investment:	Borrower must have a minimum direct transaction investment of 1% of the purchase price or \$1,000, whichever is greater, 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 the YVHA Loan Committee.
Repayment:	Periodic payments are not required. The loan is due upon sale, transfer, refinance of the residence or when the property is no longer used as the borrower's primary residence. <i>Subsequent subordination requests are reviewed on a case by case basis and are only permitted if the refinancing of the first mortgage will significantly decrease the interest rate and mortgage payment while maintaining or bettering the YVHA's original loan-to-value position.</i>
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:	Loan term is 15 years.
Loan Fees:	\$350 Application Fee shall be charged only at the time of loan closing and reflected on the final Closing Disclosure (CD). If multiple YVHA down

payment assistance loan resources are used for one transaction only one Application Fee shall be charged.

- 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 YVHA loan to the original purchase price. For borrowers whose AMI exceeds 100% AMI, if the YVHA loan represents 5% of original purchase price, the borrower would repay the original principal balance plus 5% of the equity gain at the time of loan repayment. *For borrowers whose AMI is 100% AMI or less, the borrower would repay the original principal balance plus a maximum of 3% of the equity 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. **For the sale of homes whose purchase was funded by a mortgage insured by FHA, the calculation of the pro rata share in the appreciation shall permit the borrower(s) to recover at least the original purchase price, sales commission, cost of capital improvements, and any accrued negative amortization if the property was financed with a graduated payment mortgage. Please see page 4 for a list of permitted capital improvements and documentation requirements. This applies only to the sale of the home; refinances and early payoffs do not qualify for the recovery of capital improvements.**
- 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 turndowns and adjust the program upon approval of the Board of Directors.

Origination Procedures

- Application: Mortgage loan officer submits Loan File Checklist to Impact Development Fund (IDF), complete with all documentation shown on the form. After Impact Development Fund underwrites the file a loan commitment is usually issued within 48 hours, or less, **after review and action of the YVHA Loan Committee**. 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 application fee of \$350 is collected at closing in addition to the public recording fee for the deed of trust (4 pages), and will appear on the Final Closing Disclosure (CD). All settlement figures should appear on a separate CD as prepared by IDF. IDF will review and approve the final first mortgage CD prior to funding. **Title insurance is required for YVHA loans.**
- Requirements: LOAN OFFICER'S ARE REQUIRED TO PRESENT ALL YVHA 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 closing disclosure and return such funds for proper credit. No changes to the YVHA 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 YVHA loan documents returned to Impact Development Fund via overnight courier. Any excess proceeds will be applied as principal reduction, with applicable notice delivered to the borrower upon receipt.

PERMITTED CAPITAL IMPROVEMENTS

For the sale of homes whose purchase was funded by a mortgage insured by FHA

- 1. The “Permitted Capital Improvements” shall only include the following:**
- a. Improvements or fixtures erected, installed or attached as permanent, functional, non-decorative improvements to real property, excluding repair, replacements and/or maintenance improvements;
 - b. Improvements for energy and water conservation;
 - c. Improvements for the benefit of seniors and/or handicapped persons;
 - d. Improvements for health and safety protection devices;
 - e. Improvements to add and/or finish permanent/finished storage space;
 - f. Improvements to finish unfinished space;
 - g. Garages;
 - h. The cost of adding decks and any extension thereto;
 - i. Landscaping;
 - j. Repairs or replacements related to structural, major mechanical or roofing deficiencies after any applicable warranty period is expired.

- 2. Permanent Capital Improvements shall NOT include the following:**
- a. Upgrades/replacements of appliances, plumbing and mechanical fixtures, carpets and other similar items included as part of the original construction of the unit;
 - b. Improvements required to repair, replace and maintain existing fixtures, appliances, plumbing and mechanical fixtures, painting, carpeting and other similar items;
 - c. Upgrades or addition of decorative items, including lights, window coverings, floor coverings and other similar items.
 - d. Jacuzzis, spas, saunas, steam showers and other similar items.

In order to qualify as Permitted Capital Improvements, the Owner must furnish to the Impact Development Fund following information with respect to the improvements which the Owner seeks to include in the calculation of Equity Share payoff calculation:

- a. Original or duplicate receipts to verify the actual costs* expended by the Owner for the Permitted Capital Improvements; and
- b. Owner’s affidavit verifying that the receipts tendered are valid and correct; and
- c. True and correct copies of any building permit or certificate of occupancy required to be issued by the City or County, as jurisdiction requires, with respect to the Permitted Capital Improvements.

**In calculating the Capital Improvement costs, only the Owner’s actual out-of pocket costs and expenses shall be eligible for inclusion. Such amount shall not include an amount attributable to Owner’s “sweat equity” or to any appreciation in the value of the improvements.*