



## Impact Development Fund City of Boulder Ponderosa Community 2<sup>nd</sup> Mortgage Program Guidelines

Eligible Borrowers:	Households living in Ponderosa on August 1, 2017.
Eligible Properties:	Properties built or supplied in partnership with Flatirons Habitat for Humanity, located within Ponderosa.
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:	Maximum 50% of the purchase price.
Compatible Mortgages:	Ponderosa Community 2 <sup>nd</sup> Mortgage may be used in conjunction with Conventional and certain portfolio products that offer fixed term rates. <b><i>Subprime and other non-conforming products are not permitted.</i></b>
Loan to Value:	Maximum Combined Loan to Value is 100% of purchase price.
Debt Ratio:	Maximum back ratio of 45%.
Minimum Investment:	Borrower must have a minimum direct transaction investment of \$1,000 from a source acceptable to the primary lender.
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:	Periodic payments are not required. Payment in the full amount of principal and equity share, and public recording fees are due upon property sale, transfer of ownership or event of default. Subsequent subordination requests may be permitted upon approval of the City of Boulder Homeownership Program.
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 30 years.
Loan Fees:	All Ponderosa Community 2 <sup>nd</sup> Mortgage product fees are paid by the City of Boulder.
Collateral:	Subordinate lien priority on subject property.

Equity Share: Loans repaid in full will include loan principal plus a pro rata share of recognized appreciation (if any) based upon the percentage of the Ponderosa Community 2<sup>nd</sup> Mortgage loan to the original purchase price. (If Ponderosa 2<sup>nd</sup> loan represents 40% of original purchase price, the borrower would repay the original principal balance plus 40% of the appreciation gain at the time of loan repayment.) At time of pay off request the appreciation of the home is established by the Maximum Resale Formula in the permanently affordable restriction document.

Exceptions Policy: All aspects of the City of Boulder Ponderosa Community 2<sup>nd</sup> Mortgage 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 Ponderosa Community 2<sup>nd</sup> Mortgage loans.

Requirements: 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 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 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