



# Commerce City Housing Authority

## Homebuyer Program Guidelines

### **I. GOAL**

Commerce City Housing Authority (CCHA) will provide down payment and closing cost assistance to income eligible, first time homebuyers who successfully complete a CHFA approved Homebuyer Workshop. Home Buyers can only purchase in the City limits of Commerce City. This may include areas with a Brighton or Henderson address.

### **II. BUYERS ELIGIBILITY**

Buyer(s) cannot exceed the HUD maximum gross income limits:

#### FAMILY MEMBERS

1.....\$50,350	5.....\$77,700
2.....\$57,550	6.....\$83,450
3.....\$64,750	7.....\$89,200
4.....\$71,900	8.....\$94,950

- Buyer must obtain a fixed-interest rate mortgage.
- Buyer cannot have any property in his/her name for the last 3 years.
- CCHA will use the same gross income for loan qualify from the first mortgage; however we will still have to consider the total household income even if those members are not counted on the first loan.
- Buyer must complete a CHFA approved homebuyer workshop prior to meeting with staff.
- Buyer must contribute 1% of sales price. Allowable items for the 1% contribution can include the earnest money deposit, costs for credit report, appraisal, inspection and repairs, etc. Contribution cannot be borrowed money. Buyer is encouraged to work with staff to meet this requirement.

### **III. PROPERTY ELIGIBILITY**

- Property Value - purchase price shall not exceed appraised value.
- Any property located in the City of Commerce City. Please check with the Adams County Assessors to make sure it is not in an unincorporated enclave.
- Home Inspection – buyer must acquire at their expense a professional home inspection and submit the complete report prior to the Inspection Deadline for a Housing Quality Standards review. This will address health and safety issues prior to closing. Inspectors should be certified or approved with ASHI, NAHI, or similar national trade group since Colorado does not license inspectors. Most repairs are completed prior to closing.

### **IV. PROGRAM GUIDELINES**

- Commerce City Housing Authority offers financial assistance in the form of a second mortgage loan for down payment and all allowable closing costs up to \$10,000 at 3.5% interest rate (interest begins to accrue on the fifth anniversary date of closing) with up to a 10 year repayment schedule (based on loan amount). CCHA does not advance any funds. Standard and common origination fees will be covered by the assistance. Lenders/Brokers are encouraged to document any fees Paid Outside of Closing (POCs) as part of the Buyers 1% contribution. The second mortgage loan amount requested shall be based on the buyers Good Faith Estimate from the first mortgage lender. A Subsidy Calculation Form

is required to be completed. CCHA reserves the right to challenge high broker fees and discount points. CCHA will follow the HUD regulations (Mortgagee Letter 94-02), so there can be no cash back to buyer at closing.

- First mortgage loan officer will be requested to submit to the Commerce City Housing Authority the following documents via email in PDF or courier as stated in the Lender Checklist:
  - ✓ Copy of Loan Application;
  - ✓ Copy of all Income, Deposit, and Rent Verifications;
  - ✓ Copy of Credit Report along with proof of paid derogatory items;
  - ✓ Copy of Good Faith Estimate with 1% Buyer Contribution reflected;
  - ✓ Certificate of Completion from a CHFA approved workshop;
  - ✓ Copy of Real Estate Contract along with any Amend/Extends;
  - ✓ Copy of Property Appraisal and Flood Certification;
  - ✓ Copy of Title Commitment with legal descriptions, etc;
  - ✓ Evidence of Insurance with CCHA listed;
  - ✓ Lender Loan Commitment/Approval Letter;
  - ✓ Copy of Settlement Statements After Closing;
  
- All loan applications shall be submitted to the Commerce City Housing Authority Board of Commissioners for approval after receipt of all requested documents/information. Complete packets must be received the second week of the month in order to close the next month.
- Payments on said second mortgage loan will be forgiven for five (5) years at 0% interest. Monthly payments will start on the fifth anniversary date of closing on the property.
  - The home must be the buyer's primary residence; annual verification will be required.
  - Said second mortgage is due and payable upon the sale of the property, transfer of ownership, cessation of occupancy by the buyer, or refinance of first mortgage with cash back to borrower. Any subordination request resulting from refinancing shall be submitted to the Commerce City Housing Authority for approval.
  - Said second mortgage cannot be assigned or assumed without the prior written consent of the Commerce City Housing Authority.
  - Buyer's participation in this program will be based on the total loan package review and buyers ability to pay. Applications with debt-to-income over 43% will be reviewed for sustainability.

## **V. GENERAL PROGRAM STANDARDS OF THE COMMERCE CITY HOUSING AUTHORITY**

### **CONFLICT OF INTEREST:**

No Commissioner or employee of the CCHA shall have any direct financial interest in any contract or proposed contract for materials, products or services to be furnished or used in connection with any project owned or operated by the authority.

For purposes of this section, "financial interest" shall mean a substantial interest held by a Commissioner or employee of the Authority, which is:

1. an ownership interest in a business;
2. a creditor interest in an insolvent business;

3. an employment or prospective employment for which negotiations have begun;
4. an ownership interest in real or personal property;
5. a loan or other debt interest; or
6. a directorship or officership in a business.

No Commissioner or employee of the Authority shall acquire any interest, direct or indirect, in any project of the Authority, or in any property included or planned to be included in any project. To the degree Commissioner or employee of the Authority has a pre-existing ownership interest, they shall immediately disclose the same in writing to the Authority, and such disclosure shall be entered upon the minutes of the Authority.

To the extent this Article conflicts with or is less stringent than, the provisions of the Colorado Revised statutes, and in particular, Section 29-4-207, C.R.S., the provision of the Revised Statutes shall prevail.

**NON-DISCRIMINATION:** The Commerce City Housing Authority assures non-discrimination in the selection of prospective homeowners, and further assures that no eligible person will be denied equal opportunity for housing or participation in the Down Payment and Closing Cost Assistance Program, on the basis of race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age.

**AFFIRMATIVE MARKETING AND OUTREACH:** Marketing and Outreach efforts shall be undertaken in such a manner as to affirmatively reach a broad spectrum of income eligible families, including minority families and families with disabled persons. This will be completed through press releases to local papers and community newsletters, as well as metro-wide papers, church and social service groups, and radio and television stations.

**SPECIAL ACCOMMODATIONS:** Accommodations for persons with disabilities can be made, with adequate notice, for person's who wish to make application at the CCHA office.

**GRIEVANCE PROCEDURE:** Complaints and grievances shall be submitted in writing and addressed to the Commerce City Housing Authority. A written response will be made in 30 days. In the event of a dispute, interpretations and recommendations by the designated program representative from HUD will be final and absolute.

**CONFIDENTIALITY AND AUTHORIZATION:** The Commerce City Housing Authority assures each applicant/client that their circumstances will be treated as totally confidential and that NO information about them will be discussed with anyone not directly involved in the efforts to improve their housing situation. This authorization gives Commerce City Housing Authority the right to discuss any information related to the personal circumstances that may be necessary in an attempt to improve the housing situation and to release and/or obtain credit, financial, employment and other information to and/or from other agencies or financial institutions when disclosing this information is essential to the improvement of the housing situation. This is a written consent on the appropriate forms that gives the housing counselor permission to verify any information deemed necessary to expedite the improvement of the housing situation.

Revised 12/2012