

# SAN MIGUEL REGIONAL HOUSING AUTHORITY

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## SAN MIGUEL REGIONAL DOWN PAYMENT and CLOSING COST ASSISTANCE PROGRAM

Made possible by grants received from:  
Town of Telluride, San Miguel County, and the Town of Mountain Village  
Telluride Association of Realtors and the Telluride Foundation

### Program Intent

The San Miguel Regional Down Payment and Closing Cost Assistance Program (DPCC) offers financial assistance through low interest loans to residents of San Miguel County toward the down payment or closing costs for the purchase of a home or the construction of a home. The program is designed to help buyers who have no other mechanism available to qualify for a loan and have no other resources for DPCC assistance. This program is not exclusively for first time home buyers; however previous homeowners may be required to demonstrate need. The repayment of the loan varies by loan term.

### Down Payment and Closing Cost Loan

**Eligible Borrowers:** Borrowers must be employed within San Miguel County and may not own other real estate at time of closing. There are different terms for first time homebuyers than for previous homeowners.

**Income Threshold:** Cannot exceed 150% of the most recently published ToT modified Area Median Income (AMI) in their affordable housing guidelines. Income is established by all monies earned from employment, business interests, investments, monetary gifts, and any other sources of money not identified, but that can be accessed by the applicant.

| <b>Modified AMI for 2009</b> | <b>2 Person household</b> | <b>3 person household</b> |
|------------------------------|---------------------------|---------------------------|
| Not to exceed 150%           | \$95,016                  | \$106,893                 |

**Loan Amount:** First time homebuyers can request 5% of the purchase price or \$25,000, subject to other reasonable accommodation for special circumstances. Anyone having ownership interest in a property within the past 3 years may request up to \$10,000 for DPCC assistance.

**Max. Purchase Price:** \$417,000, adjusted annually to Fannie Mae's max. purchase price

**Compatible Mortgages:** The San Miguel Regional DPCC Program funds may be used in conjunction with any first mortgage product except first mortgages containing a negative amortization feature or a prepayment penalty.

**Loan to Value:** Maximum Combined Loan Value is 105% of purchase price, unless an exception is granted

**Debt Ratio:** Recommended back ratio of up to 50%

**Minimum Investment:** Borrower must have a minimum direct transaction investment of 3% of the purchase price or \$10,000 whichever is less 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 may not have verified assets in excess of 2 times the household income excluding retirement funds.

- 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. The loan will become immediately due upon sale, transfer, refinance, when the home is no longer the primary residence or upon death of the buyer. Subsequent subordination requests are not permitted.
- Eligible Purchase:** The eligible purchase must be in San Miguel County for a primary residence, or a construction loan, that will roll into a mortgage loan, for construction of a primary residence in San Miguel County. The funds may used for 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 10 years.
- Loan Fees:** \$350 Application/Loan Serving fee shall be charged only at the time of loan closing and reflected on the HUD1 Settlement Statement.
- Collateral:** Subordinate lien priority on subject real property.
- Interest Rate:** Loans repaid in full within the initial 36 months will include loan principal plus 3% simple interest. Repayments that occur thereafter will include loan principal plus a pro rata share of recognized appreciation (if any) based upon the percentage of the DPCC Program loan to the original purchase price. (If DPCC 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 the loan repayment.) At time of payoff request, the appreciation of the home is established by appraisal, sales price and satisfactory Comparative Market Analysis.
- Construction of Home:** The initial price calculation for the home in order to determine the appreciation will be based on a maximum per square footage cost of \$310.00, including land costs, unless documentation is provided to SMRHA for staff review and SMRHA Board approval to exceed this calculation. (This figure may be adjusted annually) If the construction and land costs are lower than \$310.00 per square foot, the lower figure will be used as an initial price.
- Rate Caps:** Borrowers purchasing deed restricted, price-capped units would repay the principal plus a simple interest amount equal to their appreciation cap. For example, a 3% cap would mean if the principal was \$10,000, then the borrower would repay the \$10,000, plus \$300.
- Exception Policy:** All aspects of the San Miguel Regional Down Payment and Closing Cost Assistance Program eligibility and underwriting criteria are subject to Staff-level authority. Loan term, pricing, and policy exceptions must be approved by the San Miguel Regional Housing Authority Board.

This program is not for the purchase of vacant land, it is not limited to first time homebuyers, and it is not transferable. Borrowers are not eligible for a loan if there is a prior outstanding DP&CC loan which has not been repaid.

## **Origination procedures:**

- Application:** Mortgage loan officer submits Loan File Checklist to SMRHA, complete with all documentation shown on the form. A loan commitment is usually issued within 48 hours, or less. Any remaining documentation requirements will be detailed.
- Processing:** SMRHA 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:** SMRHA will deliver closing instructions and loan proceeds direct to title. A check will also be provided at least 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/Loan Servicing Fee of \$350 is collected at closing, in addition to the public recording fee for the deed of trust, and will appear on the HUD1 Settlement Statement. All settlement figures should appear on a single statement. SMRHA will review and approve the final statement prior to funding. Title insurance is not required for the DPCC loans.
- Requirements:** LOAN OFFICER'S ARE REQUIRED TO PRESENT ALL San Miguel Regional DPCC LOAN 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 the first mortgage loan. No changes to the San Miguel Regional DPCC loan documents or loan amount shown on the HUD1 are permitted as a result of excess proceeds.
- Post Closing:** The original deed will be recorded by the title with all other original San Miguel Regional DPCC documents returned to SMRHA via mail if local or overnight courier if out of the region.

The program is subject to fund availability and the guidelines are subject to change. The SMRHA Board reviews the program annually.

## Down Payment Assistance Loan File Checklist

Please fax, mail, or drop-off the following documents to our office for review with the application. You will be provided a loan commitment letter within 48 hours of receipt of the following items. Pre-qualifications will be provided for borrowers not yet under contract.

- \_\_\_\_\_ Completed typed 1003
- \_\_\_\_\_ Good Faith Estimate and Truth-in Lending Disclosure for Subject Property
- \_\_\_\_\_ Bank Pre-qualification Letter or Lender Loan Approval
- \_\_\_\_\_ Income Verification (Most recent federal tax return, W-2's, plus 30-day pay stubs)
- \_\_\_\_\_ Purchase Contract
- \_\_\_\_\_ Home Ownership Training Certificate (copy)

Loan Amount Requested: \_\_\_\_\_

Primary Borrower: \_\_\_\_\_ Co-Borrower: \_\_\_\_\_

Closing Date: \_\_\_\_\_ Location: \_\_\_\_\_

Title Company: \_\_\_\_\_ Contact: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Hazard Insurance Agent: \_\_\_\_\_

(Please provide name of insurance agency providing blanket coverage for HOA/Condo projects)

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Lender: \_\_\_\_\_ Originator: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

Comments: \_\_\_\_\_

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