

QUESTIONS ABOUT THE SAN MIGUEL REGIONAL HOUSING AUTHORITY PROGRAM



1. What are the Terms of a San Miguel Regional Housing Authority Loan?

- SMRHA provides loans to families who need help to purchase a home. Funds can be used to cover the down payment and closing costs.
- You make no monthly payments during the term of the loan, however, this assistance is not a grant.
- You must repay the down payment loan within 10 years unless you are in default or one of the situations listed in question #3 applies to you. Then you must repay your loan immediately!
- When you repay your loan the amount you repay is based on how much you borrowed and how much your home has appreciated. Because we do not know how much your home will increase in value, this loan is considered an equity share mortgage. You will repay a pro rata share of the recognized appreciation (if any) based on the percentage of the SMRHA loan to the original purchase price. See question 4 and read your disclosure forms carefully!

2. Who Can Get Help?

Eligible families must:

- Must be employed in San Miguel County and earn 150% or less of the Area Median Income (AMI) for use with Conv., RD, and VA loans and 115% or less of the AMI for FHA loans. (see income limit chart at www.fundingpartners.org)
- Be willing to make a minimum investment toward of the purchase of the home of 3% of the purchase price or \$10,000 whichever is *less*.
- Be able to qualify for a mortgage with the help of SMRHA funds.
- Be willing to repay the loan.
- Attend home owner training.
- Live in the home purchased.
- Not own other residential property at the time of purchase.

3. When Do I Repay the Loan?

The loan must be repaid within 10 years unless one of the following situations applies. If this should happen, the full balance of your loan is due immediately:

1. You sell your home.
2. You refinance your home.
3. You use your home for collateral on other loans.
4. You no longer live in your home.
5. You do not pay your first mortgage or you go into foreclosure.
6. You file for bankruptcy.
7. You use your home for some purpose other than a residence.
8. You use the home for illegal activities.
9. The 10-year term of this loan is up.
10. If you pass away, your estate must repay this loan.

4. How Much Will I Owe?

This information is covered in detail in your Loan Disclosure documents.

READ THESE DOCUMENTS CAREFULLY BEFORE AGREEING TO THE TERMS OF THIS LOAN!

Example: Your family purchases a \$200,000 home. You borrow \$10,000 (or 5% of the purchase price of your home) from the San Miguel Regional Housing Authority down payment and closing cost assistance program to cover the down payment on a Conventional, Rural Development or VA loan*. Assume you want to sell your home in 5 years, and at that time it appraises for \$225,000. By signing the contract for this loan, you will be obligated to repay according to the calculations below.

1. Principal or Loan Amount:	\$10,000
2. Appreciation:	\$25,000 increase in value from the original purchase price of \$200,000
3. Pro Rata Share of the Equity:	5% of the \$25,000 Equity
4. Repayment:	
a. Principal	\$10,000
b. Pro Rata Equity Share	+\$ 1,250
	\$11,250 Total Repayment

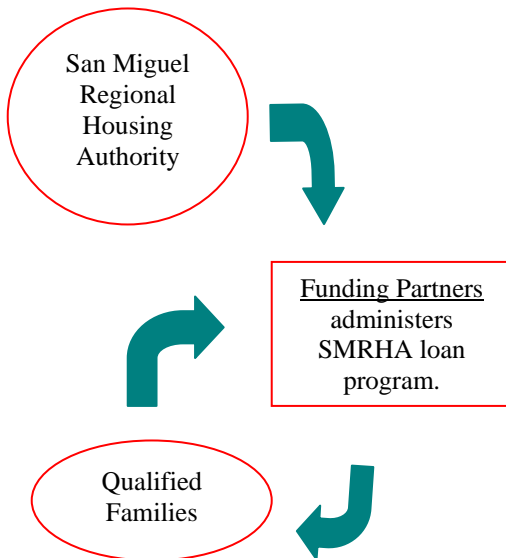
* Note: The equity share repayment is slightly different for use with FHA mortgages

What is SMRHA?

The San Miguel Regional Housing Authority assists qualified applicants make the dream of home ownership a reality.

In cooperation with Funding Partners, as loan administrator, the San Miguel Regional Housing Authority down payment and closing cost assistance funds are made available to qualified families. Funding Partners works with responsible mortgage professionals that provide the primary purchase loan and who apply for the San Miguel Regional Housing Authority down payment assistance loan on behalf of the qualified family.

The assistance provided to you through San Miguel Regional Housing Authority is part of a revolving pool of funds. When you repay your loan, it is used to help another family enter home ownership!



**The San Miguel Regional Housing Authority
Down Payment Assistance Loan Program is
administered in cooperation with**



FUNDING PARTNERS

214 SOUTH COLLEGE AVE
2nd Floor
FORT COLLINS, CO 80524

PHONE

970-494-2021

FAX

970-494-2022

E-MAIL

info@fundingpartners.org

WEB ADDRESS

www.fundingpartners.org

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San Miguel Regional Housing Authority

**Down Payment and
Closing Cost Assistance
Loan Program**

www.smrha.org