

How the Garfield County Housing Down Payment Assistance Loan Program Works

I. What are the Terms of a DPA Loan?

- ◆ GCHA provides loans to families who need help to purchase a home. Funds can be used to cover the down payment and closing costs.
- ◆ Loan can be 3% of purchase price up to \$15,000.
- ◆ 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 15 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 appreciate. Because there is not way to know in advance how much your home will increase in value, this loan is considered an “equity share” mortgage. You will pay a pro-rata share of the recognized appreciation (if any) based on the percentage of the GCHA loan to the purchase price. See Question 4 as an example and read your disclosure forms carefully!
- ◆ An alternative to this is if you wish to repay your loan in the first 2 years at zero interest. With this option you owe only principal balance (the amount you borrowed).

2. WHO IS ELIGIBLE?

Eligible families:

- ◆ Must be working a minimum of 30 hours per week and earn 150% or less of the Area Median Income. (see income limit chart at www.impactdf.org)
- ◆ Must be willing to make a minimum investment toward of the purchase of the home of 1% of the purchase price or \$2,000 whichever is greater.
- ◆ Must be able to qualify for a mortgage with the help of GCHA funds.
- ◆ Must be willing to repay the loan. Attend home owner training. Live in the home purchased.
- ◆ Must not own other residential property at the time of purchase.

3. When Do You Repay the Loan?

The loan must be repaid within 30 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 30-year term of this loan is up.
10. If you pass away, your estate must repay this loan.

4. How Much Will You Owe?

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

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

Example: Your family purchases a \$200,000 home. You borrow \$6,000 (or 3% of the purchase price of your home) from the Garfield County Housing Authority down payment assistance program to cover the gap needed for the down payment. 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. <i>Principal</i> (DPA Loan Amount)	\$6,000	
2. Appreciation	\$25,000	Increase in value from the original purchase price of \$200,000
3. Pro-rata Share of the Equity	3%	Percentage of the \$25,000 increase in equity value
	\$6,000	
4. Repayment	<u>+ 750</u>	Total Repayment
	\$6,750	