



# DENVER

THE MILE HIGH CITY

The City and County of Denver, Colorado  
**Metro Mortgage Assistance (MMA) Plus Program [name to be changed]**

**AT-A-GLANCE REVIEW:**

	Government Loans	Freddie Mac HFA Advantage Loans																																																				
Loan Products	FHA, USDA and VA, 30-year fixed	HFA Advantage, 30-year fixed																																																				
Occupancy	Primary residence, purchase only																																																					
Borrower Eligibility	No first-time homebuyer requirement. May own other property.	No first-time homebuyer requirement.																																																				
Property Eligibility	1-4 unit properties, condos, townhomes, PUD, and duplexes. Manufactured homes require 680 FICO.	1-unit single family only. Condos permitted (will need USBHM approval for LTV 95.01-97% per USBank bulletin 2017-05. No manufactured homes.																																																				
Property Location	<p>All member jurisdictions of the Metro Mayors Caucus (listed below) are eligible to participate in the MMA program but must execute a Participating Jurisdiction Delegation Agreement with the MMA in order to do so. The jurisdictions currently participating in the program are checked and shown in bold below. Mortgage loans can only be made within the incorporated areas of the City and County of Denver, and the Cities and Counties of:</p> <table border="1"> <tbody> <tr> <td><input type="checkbox"/> Arvada</td> <td><input type="checkbox"/> Columbine Valley</td> <td><input type="checkbox"/> Glendale</td> <td><input type="checkbox"/> Nederland</td> </tr> <tr> <td><input type="checkbox"/> Aurora</td> <td><input type="checkbox"/> Commerce City</td> <td><input type="checkbox"/> Golden</td> <td><input type="checkbox"/> Northglenn</td> </tr> <tr> <td><input type="checkbox"/> Bennett</td> <td><input type="checkbox"/> Dacono</td> <td><input type="checkbox"/> Greenwood Village</td> <td><input type="checkbox"/> Parker</td> </tr> <tr> <td><input type="checkbox"/> Boulder</td> <td><input checked="" type="checkbox"/> <b>Denver</b></td> <td><input type="checkbox"/> Lafayette</td> <td><input type="checkbox"/> Sheridan</td> </tr> <tr> <td><input type="checkbox"/> Bow Mar</td> <td><input type="checkbox"/> Edgewater</td> <td><input type="checkbox"/> Lakewood</td> <td><input type="checkbox"/> Superior</td> </tr> <tr> <td><input type="checkbox"/> Brighton</td> <td><input type="checkbox"/> Englewood</td> <td><input type="checkbox"/> Littleton</td> <td><input type="checkbox"/> Thornton</td> </tr> <tr> <td><input type="checkbox"/> Broomfield</td> <td><input type="checkbox"/> Erie</td> <td><input type="checkbox"/> Lone Tree</td> <td><input type="checkbox"/> Westminster</td> </tr> <tr> <td><input type="checkbox"/> Castle Pines</td> <td><input type="checkbox"/> Federal Heights</td> <td><input type="checkbox"/> Longmont</td> <td><input type="checkbox"/> Wheat Ridge</td> </tr> <tr> <td><input type="checkbox"/> Castle Rock</td> <td><input type="checkbox"/> Firestone</td> <td><input type="checkbox"/> Louisville</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Centennial</td> <td><input type="checkbox"/> Foxfield</td> <td><input type="checkbox"/> Lyons</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Cherry Hills Village</td> <td><input type="checkbox"/> Frederick</td> <td><input type="checkbox"/> Morrison</td> <td></td> </tr> </tbody> </table> <table border="1"> <tbody> <tr> <td><input type="checkbox"/> Adams</td> <td><input type="checkbox"/> Broomfield</td> <td><input checked="" type="checkbox"/> <b>Denver</b></td> <td><input type="checkbox"/> Jefferson</td> </tr> <tr> <td><input type="checkbox"/> Arapahoe</td> <td><input type="checkbox"/> Boulder</td> <td><input type="checkbox"/> Douglas</td> <td></td> </tr> </tbody> </table> <p>Lenders will be notified as other cities and counties choose to participate.</p> <p>Please note that a mailing address is not always an accurate indication of where a property is</p>		<input type="checkbox"/> Arvada	<input type="checkbox"/> Columbine Valley	<input type="checkbox"/> Glendale	<input type="checkbox"/> Nederland	<input type="checkbox"/> Aurora	<input type="checkbox"/> Commerce City	<input type="checkbox"/> Golden	<input type="checkbox"/> Northglenn	<input type="checkbox"/> Bennett	<input type="checkbox"/> Dacono	<input type="checkbox"/> Greenwood Village	<input type="checkbox"/> Parker	<input type="checkbox"/> Boulder	<input checked="" type="checkbox"/> <b>Denver</b>	<input type="checkbox"/> Lafayette	<input type="checkbox"/> Sheridan	<input type="checkbox"/> Bow Mar	<input type="checkbox"/> Edgewater	<input type="checkbox"/> Lakewood	<input type="checkbox"/> Superior	<input type="checkbox"/> Brighton	<input type="checkbox"/> Englewood	<input type="checkbox"/> Littleton	<input type="checkbox"/> Thornton	<input type="checkbox"/> Broomfield	<input type="checkbox"/> Erie	<input type="checkbox"/> Lone Tree	<input type="checkbox"/> Westminster	<input type="checkbox"/> Castle Pines	<input type="checkbox"/> Federal Heights	<input type="checkbox"/> Longmont	<input type="checkbox"/> Wheat Ridge	<input type="checkbox"/> Castle Rock	<input type="checkbox"/> Firestone	<input type="checkbox"/> Louisville		<input type="checkbox"/> Centennial	<input type="checkbox"/> Foxfield	<input type="checkbox"/> Lyons		<input type="checkbox"/> Cherry Hills Village	<input type="checkbox"/> Frederick	<input type="checkbox"/> Morrison		<input type="checkbox"/> Adams	<input type="checkbox"/> Broomfield	<input checked="" type="checkbox"/> <b>Denver</b>	<input type="checkbox"/> Jefferson	<input type="checkbox"/> Arapahoe	<input type="checkbox"/> Boulder	<input type="checkbox"/> Douglas	
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	located. It is the lender's responsibility to verify that the property is within the eligible lending area.	
Loan Rates	Posted daily, 60-day lock to Lender with 25-day underwriter certification.	
Loan Qualifying	FHA Loans: 45% DTI ratio USDA and VA Loans: 640-659 credit score: Max 45% DTI, 660+ credit score: Max 50% DTI.	640 credit score: Max 50% DTI with AUS approval.
Loan Underwriting	Loans are underwritten by Lender. Manual Underwriting not permitted.	Loans are underwritten by Lender. (LP use Offer Identifier Code 251 Home Possible Advantage for HFAs.) Manual underwriting is only permitted for 95% LTV and below only.
Borrower Investment	No minimum down required from Borrower's own resources.	No minimum required but subject to LP and Mortgage Insurer minimum.
Credit Score Min	640 minimum.	
Max LTV/CLTV	Per Agency guidelines.	
MCC Programs	May be combined with any jurisdictions' MCC Program. Benefit can be used to reduce DTI per Agency guidelines. Borrowers must meet MCC qualifications and requirements.	
Home Price Limit	No Purchase Price limits, follow Agency guidelines.	
Income Limits	\$134,850 per household (as of April 2018)	
Assistance	3 year, forgivable 2 <sup>nd</sup> lien, 3% and 4% of the first mortgage loan amount.	3 year, forgivable 2 <sup>nd</sup> lien, 3%, 4% and 5% of the first mortgage loan amount.
Homebuyer Ed	Borrower(s) are required to attend homebuyer education from an approved education provider. A list of approved courses are: HUD approved education providers in Colorado, eHomeAmerica online education, Freddie Mac Credit Smart online education, and CHFA approved education providers	
Mortgage Insurance	As required by FHA, USDA or VA.	Charter coverage required: 18% for 95.01-97% LTV, 16% for 90.01-95% LTV. See Freddie Mac HFA Advantage Guidelines.
MI Premiums	As required by FHA, USDA or VA.	Monthly, single and split premium plans permitted.
Per Loan Fees	None.	No delivery or adverse market fees.
Origination Fee	Up to 1% origination fee, income to Lender. No discount fees.	
USBank Fees	\$400 Funding Fee. \$80 Tax Service.	
eHousing Fees	\$225 Compliance / Admin Fee	

# **Executive Summary of the Down Payment Assistance Program**

## **Metro Mortgage Assistance Plus (MMA+)**

**Background:** The Metro Mortgage Assistance Plus (MMA+) program was created in 2013 as a replacement to a housing revenue bond program. The program change became necessary because housing bonds fell out of favor with investors following the housing and mortgage market crash beginning in 2008. The City and County of Denver worked to restart the mortgage program, along with a third-party administrator, by providing borrowers with a 4% down payment assistance (DPA) grant along with a first mortgage at slightly higher interest rate. The MMA+ program continues to be managed by Denver and made available to the Metro Mayor Caucus. Exhibit 1 demonstrates the use of the MMA+ in various member jurisdictions.

**Problem:** We are once again facing changing market conditions which is resulting in diminished use of the program. A review of the existing terms highlighted that rapid refinancing of MMA+ grants caused high loan prepayment speeds which diminishes the premium loan servicers are willing to pay, thereby increasing mortgage interest rates to cover the DPA. The MMA+ loan interest rates became costlier and therefore unattractive to the very borrowers the program was designed to help.

Together with the fact that the metro area is facing serious affordable housing challenges, the city has studied the changing DPA market and is committed to adjusting the MMA+ program to better serve our borrowers.

**Proposed solution:** As a result, Denver issued an RFP to solicit experienced firms with new ideas to refresh the program to better meet borrower's needs. George K. Baum, an investment banking firm with a strong local presence was selected due to their demonstrated experience in cities and states across the country and their innovative ideas to enhance the program.

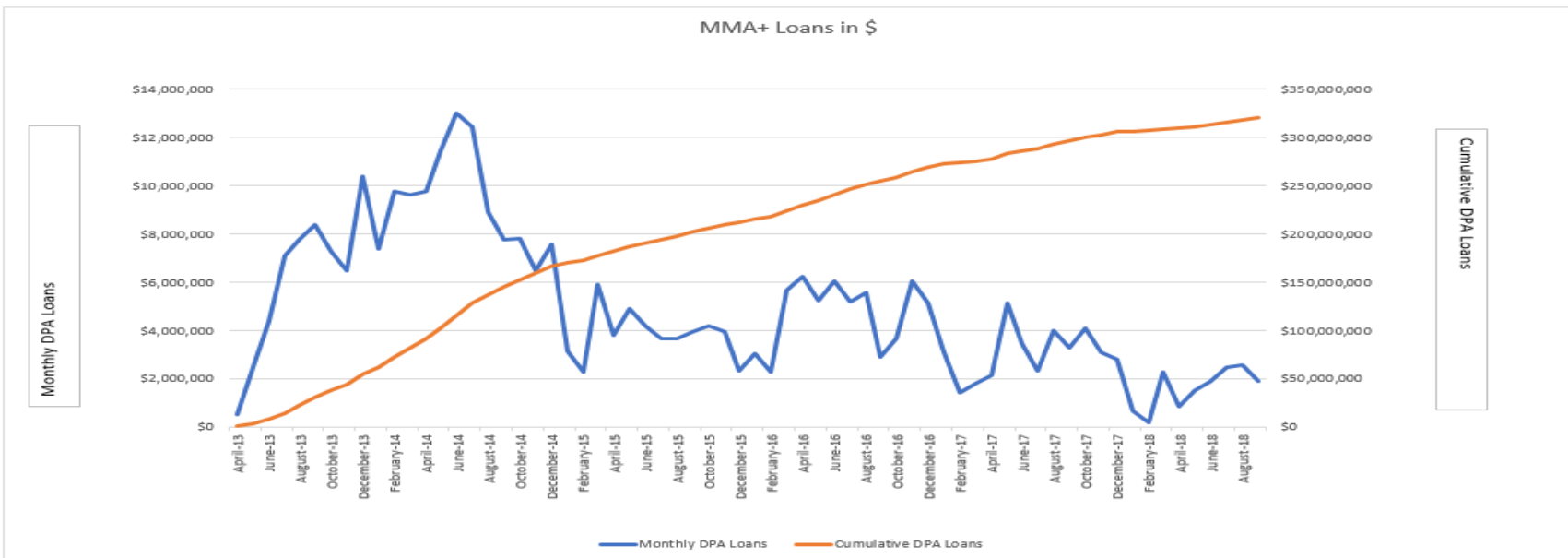
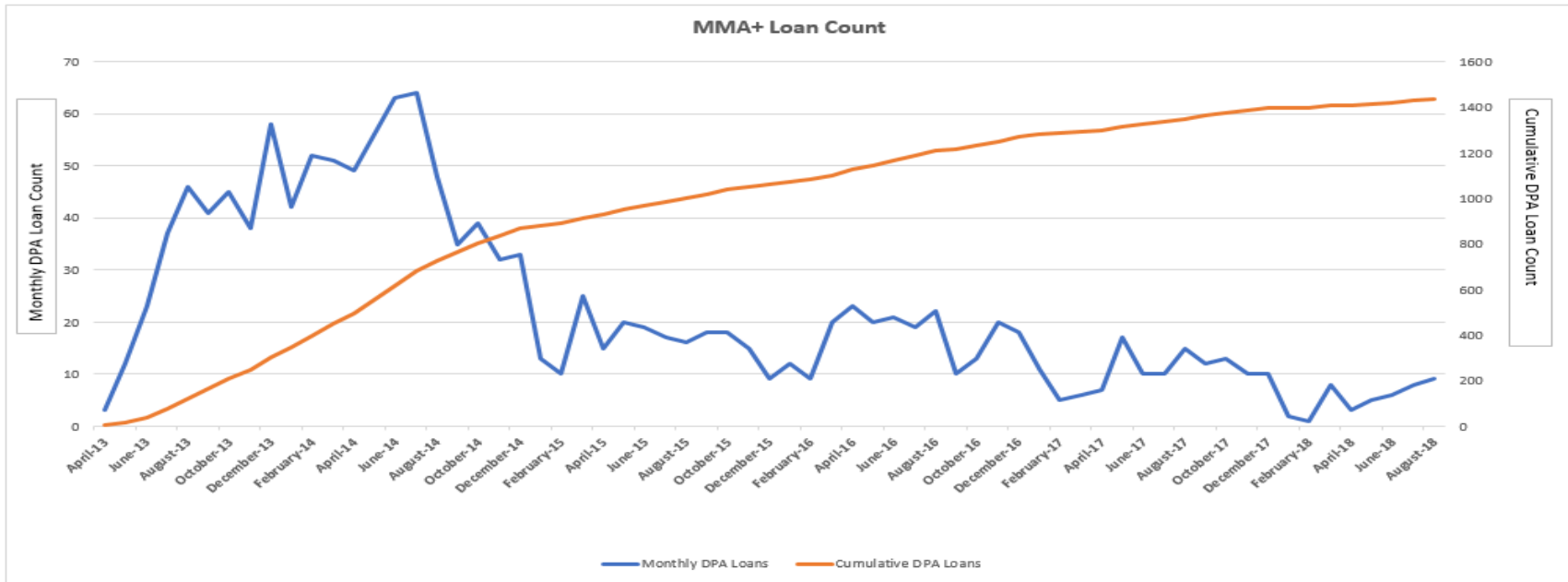
Some of the MMA+ changes that Denver intends to enact in the coming months are designed to lower some barriers to participation and provide lower interest rates to borrowers and include:

- Instead of 4% grants, we will be offering 3%, 4%, and 5% down payment assistance in the form of no-interest second mortgages that are forgivable after 36 months
- Greater and broader lender outreach to boost program visibility
- Inclusion of credit unions and small regional banks into the lender pool

It is estimated a family will save about \$51 per month on a home purchase price of \$300,000 using the new program parameters.

The MMA+ program is currently made available to the Metro Mayor Caucus members through Delegation and Participation agreements. We anticipate updating the agreements for approval and signature as the program terms are finalized in early 2019.

## Existing MMA+ Statistics:



**Program started March, 2013**

**Through 10/16/18:**

**1,432 grants given (1,427 to 1st time buyers)**

**51 grants given YTD**

**\$12,671,059 in DPA given**

**\$316,776,482 loans originated**

**\$223,276 Avg. loan amount**

**\$228,375 Avg. purchase price**

### Proposed Changes:

	Current Grant Program	Proposed Changes 2nd Mortgage Forgivable in 3 Years		
DPA Assistance Amount	4%	3%	4%	5%
Purchase Price for Example	\$300,000	\$300,000	\$300,000	\$300,000
Example:				
2nd Loan Amount (DPA Assistance)	N/A	\$9,000	\$12,000	\$15,000
2nd Loan Term	N/A	Forgivable After 36 Months		
2nd Loan Interest Rate	N/A	0.000%	0.000%	0.000%
2nd Loan Payment*	N/A	\$0	\$0	\$0
1st Loan- Loan to Value Ratio**	95%	97%	96%	95%
1st Loan Amount	\$285,000	\$291,000	\$288,000	\$285,000
1st Loan Term Years	30	30	30	30
1st Loan Interest Rate as of 10/10/18	6.125%	5.375%	5.750%	6.250%
1st Loan Payment	\$1,731.69	\$1,629.52	\$1,680.69	\$1,754.79
Grant Amount- 4% of Loan	\$11,400	\$0	\$0	\$0
Purchase Price Gap	\$3,600	\$0	\$0	\$0
Monthly Payment***	\$1,731.69	\$1,629.52	\$1,680.69	\$1,754.79
Change from Current		(\$102.17)	(\$51.00)	\$23.10

\* 2nd loan is forgivable at end of 3 years

\*\* 1st Loan- loan to value ratio can vary between 95% and 97% depending on borrower's needs

\*\*\* Includes only principle and interest

### Key Differences:

- Flexibility to choose DPA% (3%, 4%, & 5%) vs. just 4% DPA
- Lower mortgage rates, saving borrowers ~\$51/mo. w/4% DPA.
- Increasing lender pool
- Reduced low credit score surcharge

## Exhibit 1

**The City and County of Denver, Colorado  
Demographic Analysis Report**

**CITY SUMMARY**

<b>CITY</b>	<b>LOANS</b>	<b>AMOUNT</b>	<b>% OF TOTAL</b>
Arvada	71	\$16,526,749.00	4.96%
Aurora	359	75,387,866.00	25.07%
Boulder	2	423,322.00	0.14%
Brighton	42	9,805,578.00	2.93%
Broomfield	11	2,770,020.00	0.77%
Castle Rock	33	9,090,159.00	2.30%
Centennial	35	10,099,220.00	2.44%
Commerce City	33	9,172,144.00	2.30%
Dacono	2	528,169.00	0.14%
Denver	411	85,582,323.00	28.70%
Edgewater	5	1,049,841.00	0.35%
Englewood	26	6,393,585.00	1.82%
Evergreen	4	1,200,846.00	0.28%
Firestone	3	738,868.00	0.21%
Frederick	1	267,073.00	0.07%
Golden	2	567,755.00	0.14%
Lafayette	1	116,844.00	0.07%
Lakeside	2	563,603.00	0.14%
Lakewood	88	18,647,785.00	6.15%
Littleton	65	14,869,755.00	4.54%
Longmont	1	176,739.00	0.07%
Morrison	10	2,744,076.00	0.70%
Northglenn	1	208,160.00	0.07%
Parker	32	8,692,341.00	2.23%
Strasburg	1	359,370.00	0.07%
Thornton	112	25,955,364.00	7.82%
Westminster	70	15,620,668.00	4.89%
Wheat Ridge	9	2,172,307.00	0.63%
<b>TOTAL</b>	<b>1,432</b>	<b>\$319,730,530.00</b>	<b>100.00%</b>