

Program Guidelines
For Down Payment Assistance Programs



State of Colorado
Department of Local Affairs
Division of Housing
Kathi Williams, Director

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Down Payment Assistance Program

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Down Payment Assistance Programs

1. Summary

These Program Guidelines provide the policies and standards for the management and operation of The Down Payment Assistance Program (DPA) operated by housing organizations funded through grants and program income from the Colorado Division of Housing (DOH). These policies and procedures are based on the federal and state regulations of the HOME and CDBG programs that fund these DPA projects. It is the responsibility of the housing organization to implement revolving loan fund programs in accordance with these policies and procedures. A housing organization must draft their guidelines to address each item listed within the State's DPA guidelines. It is the intent of these policies and procedures to create a consistent and equitable Down Payment Assistance Program across the State.

Note: The information and requirements provided in these Program Guidelines supercede previous versions of this document, including the COLORADO DIVISION OF HOUSING REVOLVING LOAN FUND (RLF) POLICIES dated December 12, 2000.

2. Program Outcomes

The outcomes for the Down Payment Assistance Programs are listed below.

- Provide opportunities for low and moderate income Coloradoans to purchase their own homes.
- Increase the number of homeowners in the regional housing organization's service area.
- Create and maintain a regional revolving loan fund to assist future families with Down Payment Assistance.
- Enhance neighborhoods and communities.
- Provide stability for families and achieve lower foreclosure rates by requiring pre-homeownership counseling.
- Annual follow-up with families is highly recommended, as well as the provision of foreclosure counseling, if needed.

3. Funding Levels and Program Production

- The funding level for each Down Payment Assistance Program will be determined by the amount of new grant funds necessary, in combination with program income and local financial support, to sustain a level of production that maintains the financial and management capacity of the program.
- A sustaining level of production is considered to be the completion of 10 to 30 housing down payment assistance loans a year.

4. Administrative Cost Ranges

- It is expected that program income will be used strictly for new down payment assistance loans.

- Reasonable administrative costs to operate a Down Payment Assistance Program may be funded from DOH grant funds based on the DOH Loan/Grant Application.

Criteria	DOH Range
Number of FTE's Paid With DOH Grant Funds	.5 to 1.5 FTE

Administrative Funds	\$300-\$500 per new loan, or actual cost to administer the program
	DOH will fund \$10-\$20 per loan per month for the existing loan portfolio. Appropriate documentation of current portfolio must be submitted at the start of each contract. (Housing Organization may not charge the borrower a loan-servicing fee unless previously approved by DOH).
	DOH Developer can support funding a program at the actual cost.

5. Application Underwriting

The primary underwriting criteria used to determine the continued financial support of the Down Payment Assistance Program include: management capacity, compliance with the Down Payment Assistance Program Guidelines, and the level of local financial and political support for the program. Specific Down Payment Assistance Program information reviewed during the funding application process includes:

- Information from lenders and real estate brokers that demonstrates the extent to which down payment assistance/closing costs are an obstacle to home ownership.
- The number of renter households in the service area below 80% of AMI.
- An estimated inventory of housing that will be affordable to the target population.
- Agency's ability to originate and services loans.
- Agency's ability to leverage other funding sources.
- Staff Allocation Plan (salaries, personnel, job title, percent of salary paid from program).
- Current (one-year old or less) intergovernmental agreements with all municipalities and counties in the service area.
- Verification of the completion of a public hearing and the submission of public hearing comments.
- Submission of updates to the Local Program Guidelines.
- Written confirmation of local political support and the amount of local financial support for the Down Payment Assistance Program.
- Program budget including specific sources and uses of funds.
- Annual updates of revolving loan fund income and loan portfolio information.
- Submission of the program outreach plan and marketing materials.
- Summary of performance on the last grant (loans closed, average cost).
- Geographic distribution of completed projects.
- Demographic information of completed projects.

- Demographic information of service area to be included with application. Call (303) 866-2156 for demographic information for your area.
- Estimated number of affordable homes in the service area.
- Number of households below 80% AMI in the service area.
- Confirmation of the availability of homeownership counseling from a HUD/CHFA approved counseling agency.
- Market demand information that supports the need for a down payment assistance program.

6. Local Support

The local political and financial support for the DPA Program is essential to the on-going performance of the program. Eligible evidence of local political support includes:

- Government sponsorship of the DOH Grant Application.
 - Letters of support for the program from local governments.
 - Letters of support from local service organizations.
- While there is no established minimum local financial contribution, each housing organization is expected to demonstrate some level of local financial participation. Eligible local financial contributions include:
- Cash from non-federal, state, or local sources.
 - In-kind contributions of personnel, office space, vehicle use, or other program administration expenses.

7. Program Service Area

- Each Revolving Loan Fund Program has a specific geographic territory as defined in the contract between the DOH and the housing organization.
- The expansion of existing or new Revolving Loan Fund Program(s) into areas of the State without a current program is encouraged.
- It is expected that funds provided to a multi-county housing organization for the Revolving Loan Fund Programs be equitably distributed across the program service area.
- The minimum program service area for a Revolving Loan Fund Program is a single county (if it contains an Metropolitan Statistical Area [MSA]) or two or more rural counties (no MSA in service area). Exceptions from the minimum program service area may be granted by DOH upon request.

8. Eligible Uses

- Down Payment Assistance
- Closing Cost
- Refinance of second mortgages that are at a high interest rate.
- To be used in conjunction with other programs i.e. Section 8 homeownership.
- Homeownership education/counseling.

9. Property Eligibility

The following is a list of housing stock that is eligible through the Down Payment Assistance Program:

- The property must be the household's principle residence.
- Site built, single-family homes.
- Manufactured homes on permanent foundations (or properly tied-down) on land owned by the homeowner.
- Duplexes.
- Town homes or condominiums.
- Land Trust property

The following is a list of housing stock that is ineligible through the Down Payment Assistance Program:

- Manufactured homes on land not owned by the prospective homeowner (lot is rented).
- Rental Housing.

10. Inspection Requirements

- Property being acquired using DOH down payment assistance funds must meet applicable State and local housing quality standards and code requirements at the time of purchase. If no such standards or codes exist, the property being purchased must meet Section 8 Housing Quality Standards (HQS).
- DOH recommends that only the minimum number of property inspections be completed to meet lender requirements. Whenever possible, a single property inspection is encouraged, providing that the property inspection verifies that the property meets applicable state and local codes or HQS (if necessary).
- The local housing organization will retain a copy of the property inspection report in the individual loan file.
- When a separate HQS inspection is necessary, DOH recommends that the local housing organization staff complete the HQS inspection.
- DOH encourages the local housing organization to verify the property meets HQS as early in the home purchase process as possible.

11. Eligible Households

Households served through a Down Payment Assistance Program must meet the following eligibility requirements:

- Minimum contribution: Housing organization may impose a stricter requirement than the minimum \$500.
- Household income level is below 80% of the Area Median Income (AMI) for the county of residence.
- Meet the loan underwriting criteria established by the housing organization.

SUGGESTIONS

1st time home buyer vs. not
Limited assets or own personal funds at closing
Employment – other preferences
Applicant contribution-Income qualifying (debt to income)
Transfer to family members upon sale, death, quit claim deed
Payback models
US Resident or Legal Status

12. Maximum Property Value

The area median purchase price can be determined at 110% of the FHA Mortgage limits for the county or the median price can be established through local comparables. After the area median price is established the eligible property for down payment assistance may not exceed 95% of that amount.

13. Lending Requirements

The lending requirements for Colorado Division of Housing new grant funds or revolving loan fund program income are as follows:

A. Equal Opportunity Lender

- The housing organization will not discriminate against anyone through the organization's lending practices or in any other decision making processes due to race, color, religion, gender, disability, sexual preference, age, family status and/or national origin.

B. General Lending Requirement

- All loans are non-forgivable.
- Loans will be either;
 - Amortizing with monthly payments.
 - Deferred and due upon sale/transfer/refinance of the property or upon the death of the borrower.
 - Deferred for 3–5 years.
 - All loans must be secured by a promissory note and deed of trust.
- Loan terms and rates must be consistently applied and not stricter than FHA regulations.
- DOH prefers to be in second position.
- Borrower may not receive cash back at closing unless it is part of an escrow account.

C. Maximum Loan Amount

- The maximum loan amount should be between 4.5% - 8.5% of the area median purchase price. The housing organization must determine the maximum loan amount based on the financial analysis of the area median housing prices.
- The total amount of subsidy per transaction must be determined by the

housing organization based on a financial analysis of the individual needs of each prospective homeowner. A waiver of the maximum loan amount may be requested on a case-by-case basis.

D. Loan Approval

- Loan approval must be based on a review of the potential borrower's ability to repay the loan.
- Credit scoring or other methods of determining the borrowers ability to repay the loan may be used.
- Loan approval terms are encouraged to be as flexible as possible, while maintaining the stability of the loan portfolio.

E. Loan Deferrals

- Whenever possible DOH recommends that loans be amortized.
- Up to 50% of the value of the overall loan portfolio for the Down Payment Assistance Program may be deferred for the life of the loan.
- 100% of the housing organization portfolio may have a limited time deferrals (3 to 5 years).
- Housing organizations may increase the percentage of deferred loans with approval from the Colorado Division of Housing.
- The housing organization's Board of Directors or Loan Committee will establish guidelines concerning the granting of deferred loans, using criteria such as age of household, household income, ability to pay monthly loan payments.
- Deferral of all or part of a Down Payment Assistance Program loan is encouraged for households that do not qualify for an amortizing loan.

F. Loan Fees

- Origination fee – Housing organizations may not charge borrowers an origination fee.
- Closing costs and fees – Housing organizations may charge the borrower the costs for a credit report, title work, home ownership counseling, and/or other reasonable closing costs.
- Late fees and legal costs – Housing organizations may charge the borrower reasonable late fees and/or, in the event of delinquency or foreclosure, reasonable legal fees.
- Service fee options:
 1. Housing organizations with active DOH contracts:
 - For housing organizations that service their own loans, DOH will include in its contract reasonable administrative costs. In order to determine what is "reasonable," housing organizations will be asked to justify the administrative costs and compare their costs with those of private market servicing companies.
 - For housing organizations that use a loan servicing company, DOH

will include in its contract administrative funds sufficient to reimburse the agency for the costs.

2. Housing organizations who do not have an active DOH contract:
 - May charge a loan-servicing fee to the borrower.

14. Minimum/Maximum Homebuyer Equity Contribution

- The minimum amount of the applicant's contribution toward the purchase price is a minimum of \$500. Housing organization may choose to increase the minimum.
- The upfront cost such as appraisal, inspection, earnest money, etc. of borrowers may go toward their required contribution.
- Maximum contribution that is allowed from the borrower is at the discretion of the housing organization.

15. Home Buyer Education/Counseling

- All households that receive down payment assistance must successfully complete a home ownership education/counseling program and present a copy of the course completion certificate to the housing organization. DOH recommends a HUD/CHFA/NRAC homeownership education/counseling program.
- Post-purchase and foreclosure prevention homeownership counseling is encouraged.

16. Local Program Guidelines

Each housing organization must establish and implement Local Program Guidelines. The Local Program Guidelines must include information concerning the following:

- Board of Directors roles and responsibilities.
- Loan Committee roles and responsibilities.
- Loan approval/denial policies and procedures.
- Regional housing organization staff roles and responsibilities.
- Household prioritization and eligibility requirements.
- Loan securitization policies.
- Accounting and reporting policies and procedures.
- Homeowner grievance and dispute resolution policies and procedures.
- Marketing and Fair Housing plans.

17. Board of Directors

Each housing organization is required to have a Board of Directors. The composition of the Board depends on the nature of the specific housing organization (non-profit, government entity). The Board of Directors is responsible for the overall management of the Revolving Loan Fund Program(s) at the housing organization. Board of Director responsibilities include:

- Program policy formulation, review and approval.
- Periodic review of program implementation.
- Grant compliance and reporting.
- Development and Implementation of guidelines for program loans (approval criteria, rates, terms).
- Establishment and oversight of the loan committee.
- The development and implementation of policies on types of loans made from the revolving loan fund.
- Review of grievances and complaints.

18. Loan Committee

- Each housing organization will have a loan committee that is responsible for the management of the revolving loan fund.
- The loan committee may be the Board of Directors of the housing organization or may be a separate committee established by the Board of Directors and given the authority to approve or deny loans.
- The loan committee should have representation from the entire program service area.
- The loan committee should represent diversified interests and expertise within the program service area such as lending, real estate and human services.
- Loan committee responsibilities include:
 - Review and approval of all loan applications.
 - Determination of loan terms for each proposed loan.
 - Approval of solutions for problem loans.
 - Decisions regarding possible foreclosures.
 - Determination of the standards for the acceptance of applications for assistance.
- Some of the functions of the Loan Committee may be delegated to agency staff. At a minimum, the loan committee will review annually the staff decisions made regarding applicant selection, loan terms, problem loans and foreclosures.

19. Environmental Review

Before any funds can be obligated, expended or drawn down from the State, the grantee must complete the appropriate environmental review, submit it to the Division of Housing, and be issued a Release of Funds (ROF) letter from the State. Grantees should review the environmental review guidelines section of the CDBG Guidebook, located on the Colorado Department of Local Affairs website at www.dola.state.co.us/LGS/FA/CDBG/CDBG-guidebook.htm.

Most down payment assistance programs will qualify as “Categorically Excluded Activities Exempt From Part 58.5.” For these projects, the grantee will need to complete both Exhibit IV-A-1 (Finding of Exemption of Categorical Excluded Activities Not Subject to CFR 58.5) and Exhibit IV-M-1 (Individual Categorical Excluded Activity Environmental Clearance Form). Both of these forms can be found on the DOLA website above. Once completed and signed by the certifying official, the Finding of Exemption should be sent to the Division

of Housing. A Release of Funds letter will then be generated and sent to the grantee.

As site-specific locations of the homes to receive down payment assistance are not usually known at the time of grant application, the grantee will probably not be able to complete the Individual Clearance Forms at the same time as the Finding of Exemption. Please note also that separate Individual Clearance Forms must be completed for **each** housing unit receiving down payment assistance. Unlike Finding of Exemption, the Individual Clearance Forms do **not** have to be submitted to the Division of Housing. The grantee should instead maintain these forms in the environmental review record section of the project file.

Grantees are encouraged to contact Eric Bergman at the Department of Local Affairs at 303.866.4552 or eric.bergman@state.co.us with any questions pertaining to the environmental review process.

20. Project File Documentation

DOH will provide sample forms to housing organizations upon request.

21. Revolving Loan Fund

The eligible uses and management practices for revolving loan funds established with Colorado Division of Housing grant funds and program income are described in this section. Each housing organization is required to comply with these guidelines.

A. Program Income

All revenues (with the exception of loan servicing fees) received by a housing organization that result directly from a Down Payment Assistance Program subsidized activity are considered program income. Program income includes, but is not limited to:

- Principal and interest payments from homeowner loan payments.
- Proceeds from the sale of acquired assets.

Additional regulations regarding program income state that:

- The housing organization may not retain more than \$5,000 in program income before requesting additional grant funds. The agency will ensure that fund use is maximized and that balances do not lie dormant.
- The Colorado Division of Housing retains the right to recapture program income that has been used to fund projects/programs outside the scope of the original use of the funds, unless such use has been approved in advance by the DOH.

B. Program Income Use

Program income derived from revolving loan funds must be used based on the following requirements:

- Program income must be utilized to continue the activity for which initial funding was provided (for example, the Down Payment Assistance Program).
- Program income originally derived from a specific program may be used to address other community housing needs if there is no longer demand for the originally

funded program. A request to use the revolving loan funds for a different use than the originally funded program must be approved by the regional housing organization board and the Colorado Division of Housing.

- Revolving loan funds cannot be used for housing organization capital needs.
- Program income may **not** be used for revolving loan fund program administrative costs.
- If your agency is no longer submitting funding applications to DOH for program administrative cost, your agency may collect \$8-\$12 per month for each loan in the portfolio from RLF.

C. Miscellaneous Income

Housing organizations that have been designated “nonprofit organizations serving the development needs of the communities in non entitlement areas” are not subject to the federal program income requirements regarding CDBG funds. DOH must approve this designation for each Rehab agency (per memo 8/29/2003). If you have received approval to convert your program income to miscellaneous income your agency is subject to the following:

- Principal and interest payments from homeowner loan payments and proceeds from the sale of acquired assets must continue to be utilized for the same rehab program.
- Miscellaneous income originally derived from a specific program may be used to address other community housing needs if there is no longer demand for the originally funded program. A request to use the miscellaneous income funds for a different use than the originally funded program must be approved by the housing organization board and the Colorado Division of Housing.
- Miscellaneous income may **not** be used for housing organization capital needs.
- Miscellaneous income may **not** be used for revolving loan fund program administrative costs.
- The housing organization may retain more than \$5,000 in miscellaneous income before requesting additional grant funds.
- The Colorado Division of Housing retains the right to recapture miscellaneous income that has been used to fund projects/programs outside the scope of the original use of the funds.
- Miscellaneous income must be administered in accordance with the DOH’s current guidelines for SFOO Rehab program.
- Miscellaneous income must be reported on an annual basis to DOH.
- DOH will not have to report miscellaneous income in HUD’s IDIS database.

22. Conflict of Interest

- No member of the Board of Directors, the Loan Committee or the staff of the housing organization will participate in any decisions that may result in direct personal or financial benefit or interest either for themselves or for those with whom they have family or business ties.
- The Colorado Division of Housing must approve exceptions in writing. An exception may be considered upon full disclosure of the nature of the conflict and a determination is made that an exception will serve to further the purposes of the

program.

23. Code of Ethics

The following Code of Ethics was adopted by Governor Bill Owens in 1999, DOH has chosen to adopt this same code for its Down Payment Assistance Program. DOH has included "State Contractors" to the list of those required to follow this code.

Purpose

Public confidence in the integrity of state government demands that public officials demonstrate the highest ethical standards at all times. Those who serve the people of the State of Colorado as public officials should do so with integrity and honesty, and should discharge their duties in an independent and impartial manner. At the same time, qualified individuals should be encouraged to serve in state government and have reasonable opportunities with all citizens to develop private economic and social interests. This Executive Order strives to accomplish these ends by providing standards by which the conduct of all who serve in the Executive Department of the State of Colorado can be measured.

Code of Ethics - All elected officers, appointees, state contractors and employees of the Executive Department:

- Shall serve the public with respect, concern, courtesy and responsiveness;
- Shall demonstrate the highest standards of personal integrity, truthfulness and honesty and shall through personal conduct inspire public confidence and trust in government;
- Shall not use public office to bestow any preferential benefit to anyone related to the officer, appointee or employee by family, business or social relationship;
- Shall not disclose or use or allow others to use confidential information acquired by virtue of state employment for private gain;
- Shall not accept any compensation, gift, payment of expenses or any other thing of value which would influence him or her to depart from the faithful and impartial discharge of his or her duties;
- Shall not accept any compensation, gift, payment of expenses or any other thing of value as a reward for official action taken;
- Shall not engage in outside employment unless: (1) the outside employment is disclosed to the Governor or, in the case of an employee, the employee's immediate supervisor; and (2) the outside employment does not interfere with the performance of state duties;
- Shall not use state time, property, equipment or supplies for private gain;
- Shall not knowingly engage in any activity or business which creates a conflict of interest or has an adverse effect on the confidence of the public in the integrity of government;
- Shall carry out all duties as a public servant by exposing corruption or impropriety in government whenever discovered;
- Shall support equal access and employment opportunities in state government for all citizens of the State of Colorado;
- Shall comply at all times with the standards of conduct set forth in title 24, article 18 of the Colorado Revised Statutes.

24. Administrative Procedures

A. Accounting

Housing organizations must have a system to track the loans and payments in the revolving loan fund. This system may be automated or manual. At a minimum the following items should be available on the system:

- Name and address of borrower
 - Principal amount
 - Term and interest rate
 - Date of loan closing
 - First and last payment due date
 - Amount of monthly payment
 - Sources and percentage of funds used for loan
 - Delinquent payment notations
 - Default flags
 - Payoff amount calculation
 - Borrower demographics
- Documentation – The following documents are required for each revolving loan fund program.
 - *Loan Committee Proposed Loan Summary Sheet* – A summary that provides anonymous borrower information to the housing organization Loan Committee should include the following information:
 - Borrower's income.
 - Activity to be undertaken
 - Proposed term and interest rate, including the payment amount.
 - Ratio calculation to estimate ability to make payments within each of the options.
 - *Boilerplate Loan Approval/Denial Letters* – Each of these letters require Loan Committee approval. The loan committee also determines who signs these letters and who should be the contact in the event of an appeal of the loan decision.
 - Loan Servicing - The housing organization must utilize a loan servicing system that, at a minimum, can perform the following:
 - Accepts and logs current payments.
 - Splits payment into principal and interest.
 - Splits payment into appropriate funding source(s).
 - Splits payment into program and administration.
 - Has the ability to accept extra payments.
 - Recognizes loans that are delinquent or in default and issues late letters.
 - Prepares a year-end statement for the borrower's tax returns.
 - Summarizes loan portfolio information upon request and for annual reports to DOH.
 - Default/Foreclosure - The housing organization must define:
 - Stages of delinquency or default (30 days late, 60 days late, etc.).
 - Steps to be taken at each stage of a delinquency action.

- A workout process for curing deficiency.
- The foreclosure process.

B. Reimbursement Procedures

Reimbursement by DOH for Down Payment Assistance activities may only occur if:

- The activities occur after the execution date of the DOH contract, and
- The activities are being completed according to the policies and procedures contained within these guidelines.

In order to receive reimbursement for activities covered by the DOH grant, housing organizations need to do the following:

- Complete and sign 3 copies (all 3 need original signatures) of the “Request for Payment” form supplied by the assigned DOH asset manager.
- Attached one copy of back-up documentation for each job for which reimbursement is being requested. Back-up documentation should include a copy of the HUD-1, or similar loan document, that indicates the purchase price, property address, buyer(s) name, closing costs, funds from the buyer, DOH funds in the deal, etc.
- Administrative cost drawdowns should be spread over the term of the contract. The grantee does not have to spend down to \$5,000 the administrative funds before submitting a request for more administrative dollars. However, all administrative costs may not be drawn down at the beginning of the contract term.
- For HOME grantees, the housing organization must also complete and attach for each down payment loan the HUD form “Homebuyer Set Up and Completion Form”.
- The packet containing the above documents should be mailed to the assigned asset manager. Once received by DOH, reimbursement requests take two to three weeks to process and mail to the grantee.

C. Quarterly and Annual Reporting

DOH requires that all grantees with active contracts submit the following reports:

- Quarterly financial report
- Quarterly narrative report and other reporting document, such as Exhibit D, “The Project Performance Plan.”

The assigned asset manager will provide these report forms to the grantee.

All housing organizations that have revolving loan funds containing funds originally from Colorado Division of Housing grants must submit an annual report indicating the status of the revolving loan funds. This report is required for all housing organizations that have received DOH funding, regardless of whether the organization has an active contract for a Down Payment Assistance Program.

The revolving loan fund portfolio information must include the following:

Information	Current Contract	Total Portfolio
Current \$ Value of Loan Portfolio:		

Number of DPA loans in total portfolio:		
Number of loans for current contract:		
Average payment per loan:		
Average monthly RLF payments:		
Average yearly RLF payments:		
Number of loans paid off this period:		
Number of loans paid off to date:		
Average repayment time:		
Average age of loan:		
Average interest rate on standard loans:		
Average interest rate given:		
Default Rate:		
Number of deferred loans:		

D. Audit Requirements

Each housing organization with a revolving loan fund is required to send a copy of their annual audit to the Colorado Division of Housing.

E. DOH Technical Assistance and Monitoring

The staff of the Colorado Division of Housing provides on-going technical assistance to housing organizations to maximize the use of the new grant and program income funds used in revolving loan fund programs. All housing organizations will be monitored for compliance with these policies, as well as federal requirements, at least bi-annually. This review will include an evaluation of the housing organization's performance in meeting service provision goals, and compliance with local lending guidelines. At a minimum, Colorado Division of Housing staff will monitor the following:

- Loan portfolio information including: portfolio value, total number of loans, number of deferred loans and number of delinquencies.
- Number of amortized and deferred loans completed during the current contract.
- Amount of monthly program income from regularly scheduled loan payments during the current contract.
- Number and amount of loan pay offs during the current contract.
- An evaluation of the regional housing organization in meeting the goals defined in Exhibit D - Project Performance Plan of the Colorado Division of Housing contract.
- Household selection process (income and prioritization).
- Marketing plan implementation.
- File reviews to determine income eligibility and compliance with other applicable regulations.

F. Dispute Resolution Process

Each regional housing organization shall develop an informal hearing process to address disputes concerning the administration or work of the Down Payment Assistance Program. The following is a suggested format to conduct informal hearings for dispute resolution.

Informal Hearing

The housing organization shall provide the homeowner the right to an informal hearing at the homeowner's request to resolve any disputes concerning the program.

The Executive Director of the regional housing organization will select a Hearing Officer. The Hearing Officer should be someone who understand the basics of the Down Payment Assistance Program and has no bias concerning the dispute.

The procedure for requesting and conducting a hearing will be provided to each homeowner when they are briefed on the Down Payment Assistance Program. If a program dispute occurs, the regional housing organization shall make a reasonable attempt to contact the homeowner to inform them of their right to an informal hearing. Sending a certified letter is viewed as a standard way of informing a family of the informal hearing as well.

Hearing Officer

The Hearing Officer will be responsible for conducting the hearing in accordance with the following guidelines:

- The homeowner or the homeowner's representative will first be given an opportunity to present his/her issues regarding the dispute. The homeowner may present evidence or question witnesses at this time.
- The housing organization's representative will then have an opportunity to explain the decision or point of view regarding the issue at hand. The representative may present evidence and question witnesses. The homeowner will have the opportunity to question any agency witnesses at this time also.
- The Informal Hearing is not intended to duplicate procedures under judicial review so the rules of admissibility under such proceedings will not be applied in the course of the hearing.
- The Hearing Officer will issue a written decision within 10 business days of the Informal Hearing. Factual decisions related to the individual circumstances of the participant will be based on the evidence presented at the hearing. A copy of the hearing decision will be sent certified mail to the homeowner. The written decision will contain the following:
 - a. A summary of the decision and the reasons for the decision;
 - b. If the decision is based on money owed, the amount owed shall be stated;
 - c. The date the decision goes into effect.

The housing organization or homeowner is not bound to the Informal Hearing decisions. The purpose for having an Informal Hearing is to try to remedy a situation prior to an action being taken in civil court. Contrary to HUD regulations or requirements, or Federal, State and local law, evidence presented at the Informal

Hearing may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

Homeowners Have the Right To

- Examine and copy (at the homeowner's expense) relevant documents before the Informal Hearing.
- Present any or all information pertinent to the issue of the Informal Hearing
- Request that the housing organization program staff be available or present at the Informal Hearing to answer questions pertinent to the case
- Be represented by legal counsel or other designated representative at his or her own expense (with five days notice to the regional housing organization of the designated person).

Housing Organizations (a.k.a. State Contractors) Have the Right To

- Present evidence and any information pertinent to the issue of the Informal Hearing.
- Examine relevant homeowner documents before the Informal Hearing.
- Be notified if the homeowner intends to be represented by legal counsel or another party.
- Have its attorney present, and
- Have the staff person familiar with the case present.

25. Advertising and Marketing

Each housing organization is expected to develop and maintain affirmative marketing and advertising programs that assist in meeting the minimum program production goals and further fair housing opportunities, as well as advancing the use of the program by all qualified households across the entire program service area. The advertising and marketing plan will include:

- Housing organization staff responsibilities concerning advertising and marketing.
- Training procedures for all staff and Board members responsible for advertising and marketing.
- Marketing strategies that may include:
 - Brochures
 - Speakers bureau
 - TV and radio advertisements

- Realtors
 - Contacts at senior centers, child care facilities, and social services offices
 - Church groups
 - Yard signs
 - Banks and other local lenders
- Procedures designed to measure the success of each marketing strategy.

26. Lead-Based Paint Requirements

All revolving loan fund programs that use Colorado Division of Housing new grant funds and/or program income must comply with the lead-based paint requirements as required through the HUD regulations found in 24 CFR Part 35.