

Town of Breckenridge: Housing Down Payment Assistance Program

(Updated 08/15/2012)



In 2000, The Town of Breckenridge instituted a program where “Regular” Town employees can borrow money from the Town of Breckenridge to purchase housing. The program details were slightly modified in 2007 and revamped in 2009 to satisfy lender requirements and make it accessible to more employees. The Town’s loan is a 2nd mortgage on the property with a fixed interest rate of 3% amortized over 20 years. The loan is due in 10 years or upon sale or transfer of the home from the employee to another party. The default interest rate of Prime + 3% is put into effect as the new fixed rate upon a payment past due 90 days or greater or 1 year after termination of employment from the Town of Breckenridge. Eligible activities are down payment assistance for a home purchase or new construction only.

Purpose

The purpose of the Down Payment Assistance Program (DPAP) is to assist qualified Town of Breckenridge employees with the purchase of a home within a reasonable commuting distance of their jobs. By focusing financial resources a desired impact is to reduce employee turnover that is related to the lack of obtainable housing.

Basic Guidelines

1. Eligible beneficiaries are “Regular”, non-seasonal, Town of Breckenridge employees. Non-first-time buyers from outside the area are eligible if their existing home is being sold. Move-up buyers, who currently own a home in Summit County or within a 30-mile one-way drive from the Town, are eligible as long as they are in the process of selling their current residence.
2. Eligible home: Must be the primary residence and owner occupied. Maximum home price is equal to FHA loan limits
3. Employee income limit: None
4. Employee may not own other property in Summit County (vacant land not included).
5. Employee cash contribution: Amount specified by the primary lender or a minimum of 3% of purchase price. Closing costs do count as employee’s cash contribution.
6. Location of housing and maximum loan amounts:

Location	Maximum Loan Amount
Town of Breckenridge	\$35,000
Upper Blue Planning Area (Hoosier Pass to Farmer’s Korner)	\$25,000

*Minimum loan amount is \$5000.

7. Applicants must be pre-qualified for a 1st mortgage before applying and before a commitment of Town assistance will be given. Commitment is good for 6 months. (Can be extended if closing date is set, or with extenuating circumstances)

8. Applicants must enroll in an approved homebuyers counseling course. (This is provided by the Summit Housing Authority once a month usually on a Saturday.)
9. Loan Terms
 - a. Interest accrues from date of settlement.
 - b. Default interest rate is Prime + 3%.
 - c. Payments begin upon the date that coincides with the 1st mortgage payment schedule.
 - d. Monthly payments may be deferred for up to 2 years.
 - e. Payments are fully amortized so as to pay down the loan to zero at the end of 20 years, with a balloon payment of the loan balance due in year 10 (exceptions made on a case-by-case basis).
 - f. Loan is due upon refinance of the 1st mortgage. These can be reviewed on a case by case basis.
 - g. Loan is due upon sale of home.
10. Funds can be used for new construction but will only be released after the home is 100% complete and the construction loan is converted to permanent financing. Construction commitments are good for 9 months.

The Selection Process

If more employees apply for the program than funding allows, the following process will be used to determine loan recipients:

- ❖ Applications received will be processed first come, first served until funding is depleted. A mortgage pre-qualification letter from a lender must accompany all applications.

Examples of Possible Loan Scenarios

<u>Scenario #1</u>		<u>Scenario #2</u>	
Amount borrowed	= \$35,000	Amount borrowed	= \$35,000
Total interest accrued in 10 years	= \$8,395.37	No monthly payments years 1-2	
Monthly payments for 10 years	= \$194.11	Interest accrued in years 1-2	= \$2,533.96
Balloon Payment (due end of yr 10)	= \$20,102.17	Monthly payments over years 3-10	= \$230.36
		Total interest accrued in 10 years	= \$10,632.08
		Balloon Payment (due end of yr 10)	= \$23,517.52
<u>Scenario #3</u>		<u>Scenario #4</u>	
Amount borrowed	= \$25,000	Amount borrowed	= \$25,000
Total interest accrued in 10 years	= \$5,996.69	No monthly payments years 1-2	
Monthly payments for 10 years	= \$138.65	Interest accrued in years 1-2	= \$1,809.97
Balloon Payment (due end of yr 10)	= \$14,358.69	Monthly payments over years 3-10	= \$164.55
		Total interest accrued in 10 years	= \$7,594.37
		Balloon Payment (due end of yr 10)	= \$16,797.57

TOWN OF BRECKENRIDGE: HOUSING DOWN PAYMENT ASSISTANCE ELIGIBILITY WORKSHEET / RESERVATION REQUEST

INSTRUCTIONS: This form is to be completed by lender, signed by lender and borrower(s) and submitted to SHA (Summit Housing Authority) for review and action.

Borrower Name _____ Borrower's Social Security # _____
 Borrower's Phone# (Day) _____ (Evening) _____
 Borrower's Mailing Address _____
 Co-Borrower Name _____ Co-Borrower Social Security # _____

Number of People in Household _____ Adults _____ Children (Under 18) _____

1st Mortgage Company _____
 Loan Officer Name _____ Phone Number _____
 Total Funds Available To Close \$ _____
 Amount of Down Payment Assistance Required \$ _____

Address of Property _____
 (Check One) Blue River _____ Incorporated Breckenridge _____ Unincorporated Breckenridge _____
 Size of Unit _____ Bedrooms _____ Bathrooms _____
 Type of Unit _____ Single Family _____ Duplex _____ Townhouse _____ Condo _____ Other _____

Purchase Price \$ _____
 Mortgage Amount \$ _____

Estimated Closing Date _____ Title Company _____

- ❖ **Lender Must Provide SHA a Copy Of The Completed 1st Trust Loan Application Form**
- ❖ **Applicant Must Provide SHA With Prequalification Letter From Lender At The Time Of Application**
- ❖ **Applicant understands that to receive the down payment assistance they must occupy the home as their primary residence.**
- ❖ **Applicant understands that to receive down payment assistance they must go through housing counseling from an approved agency.**

SIGNATURES:

 Loan Officer Borrower Co-Borrower

Date Received By SHA _____ Funds Reservation # _____
 Date Check Requested _____ Date Check Delivered _____
 Date SHA Received Recorded Promissory Note/Closed File _____

Summit Housing Authority Signature _____