

CITY OF ENGLEWOOD

**NOTICE OF APPROVAL
OF A BILL FOR AN ORDINANCE**

On the 10th day of June 2019, the City Council of the City of Englewood, Colorado, approved on first reading the following Council Bill:

**BY AUTHORITY
COUNCIL BILL NO. 17
INTRODUCED BY
COUNCIL MEMBER
MARTINEZ**

A BILL FOR AN ORDINANCE AUTHORIZING AND APPROVING CITY OF ENGLEWOOD'S PARTICIPATION IN THE METRO MORTGAGE ASSISTANCE PLUS PROGRAM, AND AUTHORIZING THE EXECUTION OF THE DELEGATION AND PARTICIPATION AGREEMENT AND OTHER DOCUMENTS IN CONNECTION THEREWITH.

Copies of the aforesaid council bill are available for public inspection in the office of the City Clerk, City of Englewood, Civic Center, 1000 Englewood Parkway, Englewood, Colorado 80110 or it can be found at <http://www.engagewoodco.gov>, Government, Legal/Public Notices.

Published: June 12, 2019
Official Website of the
City of Englewood, Colorado

A BILL FOR

AN ORDINANCE AUTHORIZING AND APPROVING CITY OF ENGLEWOOD'S PARTICIPATION IN THE METRO MORTGAGE ASSISTANCE PLUS PROGRAM, AND AUTHORIZING THE EXECUTION OF THE DELEGATION AND PARTICIPATION AGREEMENT AND OTHER DOCUMENTS IN CONNECTION THEREWITH.

WHEREAS, the State of Colorado (the "State") Constitution Article XIV, Section 18(2)(a) provides that nothing in the Constitution shall prohibit any of the State's political subdivisions from cooperating with one another to provide any service lawfully authorized to each of the cooperating units;

WHEREAS, the City and County of Denver, Colorado ("Denver") is authorized pursuant to its Home Rule Charter to promote the financing of mortgage loans for low- and moderate- income persons or families intended for use as the sole place of residence by the owners or intended occupants thereof;

WHEREAS, Denver sponsors the Metro Mortgage Assistance Plus Program to provide competitive mortgage loans which will be coupled with down payment and closing cost assistance in connection with financing mortgage loans for low- and moderate- income persons or families intended for use as the sole place of residence by the owners or intended occupants thereof (the "Program");

WHEREAS, Denver has invited the City of Englewood ("Englewood") to participate in the Program;

WHEREAS, Englewood has the full legal authority to participate in the Program pursuant to the general powers granted to it in Title 29, Article 1, Section 203 of the Colorado Revised Statutes, as amended; and Title 31, Article 15, Section 101 et seq., Colorado Revised Statutes, as amended (collectively, the "Act"); and

WHEREAS, Englewood desires to delegate to Denver the authority of Englewood to take action and exercise power under the Act on behalf of Englewood with respect to the Program within Englewood's boundaries.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ENGELWOOD, COLORADO AS FOLLOWS:

Section 1. In order to benefit the residents of Englewood, the City Council of the City of Englewood authorizes and approves its participation in the Program in connection with the financing of mortgage loans for low-and moderate-income families or persons intended for use as the sole place of residence by the owners or intended occupants thereof, and the City delegates to Denver the authority of the City to take action and exercise power under the Act on behalf of the City with respect to the Program.

Section 2. The Mayor is hereby authorized and directed to execute and deliver and the City Clerk is hereby authorized and directed to attest and deliver the Delegation and Participation Agreement attached hereto as Appendix A and such other agreements and certificates and to take such other actions as may be necessary or convenient to carry out and give effect to the City's participation in the Program.

Section 3. Nothing contained in this Ordinance or the Assignment shall constitute a debt, indebtedness or multiple-fiscal year direct or indirect debt or other financial obligation of the City within the meaning of the Constitution or statutes of the State of Colorado or the home rule charter of any political subdivision thereof, nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

Section 4. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of any such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Introduced, read in full, and passed on first reading on the 10th day of June, 2019.

Published by Title as a Bill for an Ordinance in the City's official newspaper on the 13th day of June, 2019.

Published as a Bill for an Ordinance on the City's official website beginning on the 12th day of June, 2019 for thirty (30) days.

Linda Olson, Mayor

ATTEST:

Stephanie Carlile, City Clerk

I, Stephanie Carlile, City Clerk of the City of Englewood, Colorado, hereby certify that the above and foregoing is a true copy of the Bill for an Ordinance introduced, read in full, and passed on first reading on the 10th day of June, 2019.

Stephanie Carlile

DELEGATION AND PARTICIPATION AGREEMENT

This DELEGATION AND PARTICIPATION AGREEMENT, dated as of _____, 2019 (this “Delegation and Participation Agreement”), is by and between the CITY OF ENGLEWOOD, COLORADO (“Englewood”), a city and political subdivision duly organized and existing under the laws and Constitution of the State of Colorado, and the CITY AND COUNTY OF DENVER, COLORADO, a legally and regularly created, established, organized and existing home rule charter city and political subdivision under the Constitution and statutes of the State of Colorado (“Denver”);

RECITALS:

WHEREAS, the State of Colorado (the “State”) Constitution Article XIV, Section 18(2)(a) provides that nothing in the Constitution shall prohibit any of the State’s political subdivisions from cooperating with one another to provide any service lawfully authorized to each of the cooperating units; and

WHEREAS, Denver is authorized pursuant to its Home Rule Charter to promote the financing of mortgage loans for low- and moderate- income persons or families intended for use as the sole place of residence by the owners or intended occupants and to promote the public health, welfare, safety, convenience and prosperity of the people of Denver; and

WHEREAS, Denver sponsors the Metro Mortgage Assistance Plus Program to provide competitive mortgage loans which will be coupled with down payment and closing cost assistance in connection with financing mortgage loans for low- and moderate- income persons or families intended for use as the sole place of residence by the owners or intended occupants thereof (the “Program”); and

WHEREAS, Denver has invited Englewood to participate in the Program; and

WHEREAS, Englewood has the full legal authority to participate in the Program pursuant to [the general powers granted to it in Title 29, Article 1, Section 203 of the Colorado Revised Statutes, as amended; Title 31, Article 15, Section 101 *et seq.*, Colorado Revised Statutes, as amended; and the Ordinance adopted by the Englewood City Council authorizing Englewood’s participation in the Program pursuant to this Delegation and Participation Agreement (collectively the “Act”); and

WHEREAS, Englewood desires to delegate to Denver the authority of Englewood to take action and exercise power under the Act on behalf of Englewood with respect to the Program within Englewood’s incorporated boundaries;

NOW THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, Englewood and Denver hereby agree as follows:

Section 1. Englewood hereby delegates to Denver the authority of Englewood to take action and exercise power under the Act on behalf of Englewood with respect to the Program within Englewood’s boundaries.

Section 2. Denver hereby accepts the delegation of authority from Englewood pursuant to Section 1 hereof and agrees to abide by each of the terms and conditions of this Delegation and Participation Agreement in connection with the use of such delegation. Denver agrees to make the Program available to Englewood for the origination of home mortgages within Englewood's unincorporated boundaries.

Section 3. In the event that the Program is discontinued by Denver, this Delegation and Participation Agreement, and all duties, obligations and rights of Denver and Englewood hereunder, shall terminate. If the Program is terminated, Englewood agrees to hold Denver harmless for any costs or any other liabilities incurred by Englewood with respect to the adoption and approval of this Delegation and Participation Agreement or any other Englewood actions related thereto.

Section 4. Englewood's participation in the Program pursuant to this Delegation and Participation Agreement shall not be construed as creating or constituting a general obligation or multiple fiscal year direct or indirect indebtedness or other financial obligation whatsoever of Englewood nor a mandatory payment obligation of Englewood in any fiscal year during which this Delegation and Participation Agreement shall be in effect.

[Signatures on the following pages]

IN WITNESS WHEREOF, Englewood and Denver have caused this Delegation and Participation Agreement to be executed and be effective as of _____, 2019.

CITY OF ENGLEWOOD, COLORADO

[SEAL]

By _____
Linda Olson, Mayor

Attest: _____

By _____
Stephanie Carlile, City Clerk _____

CITY AND COUNTY OF DENVER,
COLORADO

By _____
Chief Financial Officer

[Signature Page to Delegation and Participation Agreement]

Down Payment Assistance Program

Department of Finance
Capital Planning and Programming Division



Englewood's Requested Action

Approve and execute the Delegation and Participation Agreement for the Metro Mortgage Assistance Plus (MMA+) Program.

- No cost to Englewood
- Denver pays set-up and on going operational costs for program
- Agreement terminates when Program is discontinued

Existing MMA+ Program Review

- Program started spring 2013
- 28 metro area cities and counties participate in program
- 4% down payment assistance (“DPA”) grant available to people seeking to purchase a home.
- Buyers must meet standard loan qualifications (max. debt to income ratio, min FICO scores,) and participate in a homebuyer education course
- Maximum qualifying income \$125,860
- ~80 partner originating lenders
- Through end of Nov. 2018:
 - 1,450 Households helped
 - ~\$320 Million in mortgages originated
 - ~\$12.8 Million in down payment assistance provided



DENVER
THE MILE HIGH CITY

Program Update

- City issued an RFQ to identify qualified program partners to refresh the down payment assistance program.
- The City sought responses exhibiting:
 - Innovations
 - Efficiencies
 - Enhancements
 - Strong borrower focus
- George K. Baum was selected based on:
 - Focus on providing lowest mortgage rate to borrower
 - Desire and plan to expand existing program
 - Knowledge of local market

Program Update

Using a two phased approach to update the DPA program

- **Phase 1- Implement Changes & Efficiencies**
 - Change DPA from grant to a 0% interest forgivable 2nd mortgage
 - Provision of a cash subsidy by Freddie Mac, \$1,500 for borrowers up to 80% AMI, \$2,500 for borrowers up to 50% AMI
 - Update program documentation including agreements between partners
- **Phase 2- Additional Program Changes**
 - Increase lender base (regional banks and credit unions)
 - Evaluate potential for additional subsidy support from City for Denver loans and from other partners in their jurisdictions.

Updated Program Details

- 3%, 4%, & 5% down payment assistance provided
- 0% interest 2nd mortgage loan is forgivable after 3 years
 - 2nd loan is repaid on pro rata basis if home is sold or refinanced
- Home purchases only and no refinances
- No maximum purchase price

Home Buyer Requirements:

- No first-time homebuyer requirement
- **Maximum** qualifying income of \$134,850 (150% of Denver AMI)
- Minimum 640 FICO credit score
- Homebuyer education required from HUD approved agencies

Numerical Example of Using DPA

Comparison of 1st Year Housing Costs Utilizing the City's DPA Program:

- \$300,000 Purchase Price
- 3.5% Down Payment Requirement
- 30 Year Mortgage

Housing Cost Comparison after 1st Year*				
Housing Cost Type	Using City DPA Program		Not Using City DPA Program	
	Applicable %	\$ Amount Equivalent	Applicable %	\$ Amount Equivalent
Down Payment	3.5%	\$10,500	3.5%	\$10,500
Estimated Closing Costs	1%	\$2,895	1%	\$2,895
MMA+ Down Payment Assistance	4%	(\$11,580)	0%	\$0
1st Year of Mortgage Payments (Principal and Interest)	@ 6.125% Interest Rate	\$21,108	@ 5.125% Interest Rate	\$18,915
Total 1st Year of Housing Costs		\$22,923		\$32,310

*All else equal

**1st Year of Housing Cost Savings from
Utilizing the MMA+ DPA Program:**

\$9,387

Program Partners

- Sponsor - City and County of Denver



- Purchaser – George K. Baum and Company



- Bond Counsel – Kutak Rock, LLP



- Financial Advisor – CSG Advisors



- Program Administrator – eHousing



- Servicer & Custodial Agent– USBank



- Local Lenders

- Mayor’s Caucus Municipalities

APPENDIX

TUTORIAL:

1. Program rates set daily based on prevailing pricing in the market. Rates & guidelines posted on eHousingplus website.

2. Loan origination through participating lenders. Borrowers use approved lenders.

3. GKB **hedges** against a change in interest rates using the secondary market

4. Master Servicer (USBank) **purchases loans**

5. Master Servicer pools loans & **creates MBS**

6. GKB **purchases MBS** at agreed upon price, CSG monitors the program

7. GKB **sells MBS** in cash market

8. Must **generate** sufficient **proceeds** to pay costs

