

**DEPARTMENT OF LOCAL AFFAIRS**

**Division of Housing**

**RESOLUTION NO. 27 - HOME INVESTMENT TRUST FUND - SHORT TERM LOANS**

**8 CCR 1302-9**

*[Editor's Notes follow the text of the rules at the end of this CCR Document.]*

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**Section 1: PURPOSE AND BASIS**

The purpose of these rules is to set forth procedures and guidelines used by the Housing Board and the Colorado Division of Housing to determine application eligibility for funding short term loans.

**Section 2: DEFINITIONS**

The definitions of terms as set forth in §24-32-717 et seq C.R.S. as amended, are adopted in these rules by reference. In addition, the following definitions shall be used:

- (1) "COLLATERAL" means security pledged on a loan.
- (2) "INTEREST RATE" means the percentage of a loan balance charged by the lender for the use of money.
- (3) "LOAN PROCESSING FEE" means the cost for making and maintaining the loan.
- (4) "LOW-INCOME HOUSEHOLDS" means those individuals and families whose income does not exceed 80% of the determined annual median family income for the area.
- (5) "MODERATE INCOME HOUSEHOLDS" means those individuals or families whose income does not exceed 100% of the determined annual median family income for the area.
- (6) "PRIME RATE" means the lowest interest rate on business loans, available only to a bank's largest customers.
- (7) "Simple Interest" means interest that is computed on a principal balance only.

**Section 3: SCOPE**

The Home Investment Trust Fund program exists to provide federal matching fund requirements for Title II of the federal "National Affordable Housing Act" and to provide short-term loans to assist public housing authorities, non-profit corporations and local governments in developing housing for low or moderate income persons. Examples of eligible costs include land or property acquisition, professional fees, or materials and/or labor associated with rehabilitation or new construction.

A loan committee, composed of members of the Housing Board, reviews applications to determine adequate collateral and demonstration of repayment ability. Priority is given to projects that serve low-income persons, benefit the local economy through job creation or economic development, leverage private and federal dollars, and include energy conservation measures.

**Section 4: PROGRAM GUIDELINES**

- (1) Eligible applicants include housing authorities, non-profit corporations and local governments.
- (2) These loans funds will be targeted to projects that serve low and moderate income households.
- (3) Applicants must demonstrate project management capability. Factors to be considered (but are not limited to) include: programmatic and fiscal management capabilities as well as availability of adequate operating and administrative funds. Past performance of applicants who have previously received State funds will be taken into consideration; though all applications will be reviewed on the merit of the particular project.
- (4) Applicants must demonstrate technical capacity in hiring or having on staff qualified personnel who have the ability to complete project activities.
- (5) Applicants must demonstrate community support for the proposed project. Factors to be considered (but are not limited to) include: cash contributions, land donation, tap fee waivers, donation of professional service, material or labor.
- (6) Applicants will be required to furnish collateral security in such amounts and in such form as the Housing Board determines to be necessary to assure the repayment of the loan, loan processing fee and the accrued interest.
- (7) Applicants must demonstrate at the time of application their proposed method of repaying the loan within the term described in the proposal.
- (8) Interest rates of the loans will range from a low of one percent (1%) to a maximum of two percent (2%) over the Prime Rate.
- (9) The term of the loan will not exceed seven (7) years unless otherwise determined by the Board who has the authority to extend or renew a loan.
- (10) Loan processing fees will range from a low of zero percent (0%) to a maximum of three percent (3%) of the loan amount.
- (11) Interest rate will be determined using a simple interest calculation based on a 360 day year.
- (12) A loan will be determined excessive if it exceeds 50% of the capitalized amount of the fund.
- (13) If a loan is determined excessive, the Housing Board may charge a higher loan processing fee an/or a higher interest rate than normal or reject the loan outright.
- (14) Applicants must have an Equal Housing Opportunity and Affirmative Action Marketing Plan demonstrating outreach to low and/or moderate income persons.
- (15) Proposed activities of the application must be consistent with the State of Colorado Comprehensive Housing Affordability Strategy.
- (16) The Board has the authority to enter into loan participation agreements in cases where State monies are not available to fully fund a loan.
- (17) The Housing Board has full authority in the approval of these short term loans.

## **Section 5: APPLICATIONS**

Applications are accepted on a continuous basis. Application forms may be obtained from the Colorado Division of Housing, 1313 Sherman Street Room 323, Denver, Colorado 80203.

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**Editor's Notes**

**History**