



**PLANNING & DEVELOPMENT DEPARTMENT MEMORANDUM  
#42-2019**

**DATE:** August 12, 2019  
**TO:** Honorable Mayor Antonio B. Esquibel and City Council Members  
**THROUGH:** Heather Geyer, City Manager   
**FROM:** Brook Svoboda, Director of Planning and Development   
**SUBJECT:** CR-93 – Private Activity Bonds 2019 Assignment to CHFA

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**PURPOSE**

Consider approval of CR-93 assigning the City's 2019 Private Activity Bond (PAB) allocation to the Colorado Housing and Finance Authority (CHFA).

**BACKGROUND**

Every year the City of Northglenn receives an allocation of PAB capacity to benefit the community. The 2019 allocation for Northglenn is \$2,031,435. PABs are tax exempt bonds issued by public entities, in this case the City of Northglenn, to provide low cost financing for private projects that serve a public purpose. The federal government grants annual allocations of this bonding authority to states under the Tax Reform Act of 1986. Colorado's allocation program for PABs was established by Colorado Revised Statute 24-32-1706 and is administered through the Department of Local Affairs.

Eligible Activities Include:

- **Qualified residential rental projects** - Bonds may finance new construction or acquisition/rehabilitation of housing for low/moderate income persons.
- **Single-family mortgage revenue bonds (SFMRB)** - Bonds sold by local and state agencies for mortgages for persons with low and moderate incomes.
- **Mortgage Credit Certificates (MCC)** - Local issuers may use a bond allocation as mortgage credit certificates for qualified homebuyers.
- **Student loans** provide low interest loans to eligible students at institutions of higher education.
- **Manufacturing "small issue" industrial development bonds (not to exceed \$10,000,000)** - Bonds sold for construction of manufacturing facilities that cause a change in the condition of goods or products.
- **Qualified redevelopment bonds** - Bonds sold to acquire property in blighted areas; prepare land for redevelopment; and relocate occupants of structures on the acquired property.
- **Exempt facility bonds** - Hazardous waste facilities, solid waste disposal facilities, water and sewer facilities, mass commuting facilities, local district heating and cooling facilities, local electric energy or gas facilities, and multifamily housing bonds.
- **Qualified 501(c)(3) bonds** - For use by non-profit hospitals and private universities.

Staff is proposing to assign the PABs to CHFA, which would apply the City's allocation to single-family use within the SFMRB category listed above. CHFA offers a first-time homebuyer program, known as CHFA FirstStep, which would be applied to properties in Northglenn. Information about CHFA FirstStep is provided in Attachment 1. Below is a brief overview of the program:

- 30-year fixed rate FHA 203(b) purchase loans only
- Restricted to first-time homebuyers, qualified veterans, and non-first-time homebuyers purchasing in targeted areas
- CHFA Down Payment Assistance (DPA) Second Mortgage Loan available for assistance with down payment, closing costs, and prepaids
- Income and purchase price limits apply
- Program eligibility is subject to CHFA's gross annual income calculation
- Minimum decision credit score of 620 or higher for all scored borrowers; borrowers with no credit score permitted
- Subject to the Federal Recapture Tax provision
- Cannot be combined with any MCC program

If the City's allocation of \$2,031,435 is not fully utilized in Northglenn, the remaining balance would be reassigned to other eligible areas. In years past, Northglenn has over serviced this program and been the beneficiary of receiving funds from other communities.

**STAFF RECOMMENDATION**

Approve CR-93 assigning the City's Private Activity Bonds for 2019 to the Colorado Housing and Finance Authority for the FirstStep program.

**BUDGET/TIME IMPLICATIONS**

There are no budget implications at this time.

**STAFF REFERENCE**

If City Council members have any comments or questions they may contact Brook Svoboda, Director of Planning and Development, at 303.450.8937 or [bsvoboda@northglenn.org](mailto:bsvoboda@northglenn.org).

**ATTACHMENT**

1. CHFA FirstStep Fact Sheet

CR-93 – Private Activity Bonds 2019 Assignment to CHFA  
Assignment of Allocation  
Certificate Concerning Assignment of Private Activity Bond Volume Cap Allocation



CHFA FirstStep<sup>sm</sup> and FirstStep Plus<sup>sm</sup>

effective April 1, 2019

key features	Term	30-year term
	Loan Purpose	Purchase
	Interest Rate	Fixed interest rate
	Optional CHFA Second Mortgage/ FirstStep Plus	<p>Second mortgage for up to 4% of first mortgage loan amount. Zero-percent silent second, no monthly payments required, no accrued interest. Second must be paid in full upon sale, refinance, or if property is no longer the borrower's primary residence.</p> <ul style="list-style-type: none"> <li>• Proceeds may go toward down payment, closing costs, and/or prepaids.</li> <li>• Participating lender must document and fund at closing on behalf of CHFA.</li> <li>• No subordinate financing allowed except those that meet underlying FHA guidelines.</li> </ul>
	Recapture Tax	First and second mortgage may be subject to the Recapture Tax provision. CHFA will reimburse Recapture Tax if borrower is subject to tax after the sale of the property; borrower must submit CHFA Reimbursement Request Form 950.
	Reservation/ Extensions	HomeConnection is available at <a href="http://www.chfainfo.com">www.chfainfo.com</a> on business days from 9:30am-10:00pm MST, with the exception of scheduled or unscheduled system maintenance. Delivery period is 60 days.
eligibility	Limits	Income and purchase price limits are available on the website at <a href="http://www.chfainfo.com">www.chfainfo.com</a> . The maximum loan limit for all mortgage loans is the lower of \$484,350 or the amount determined by FHA. See reverse for additional income calculation information.
	First-time Homebuyer	<p>Borrowers must be a First-time Homebuyer or Qualified Veteran. An Applicant who has had no present ownership interest in a principal residence at any time during the three-year period ending on the date the mortgage is executed (i.e. the Mortgage Loan Closing Date). A Qualified Veteran may be treated as a First-time Homebuyer.</p> <ul style="list-style-type: none"> <li>• Non-targeted Areas: Borrower must be a first-time homebuyer or a qualified veteran.</li> <li>• Targeted Areas: Borrower does not need to be a first-time homebuyer. Targeted areas also offer higher income limits.</li> </ul>
	Homebuyer Education	CHFA requires all borrowers and co-borrowers to individually complete an online or classroom-based CHFA-approved homebuyer education course provided by a CHFA-approved provider, prior to the closing date.
	Minimum Financial Investment	<ul style="list-style-type: none"> <li>• \$1,000 for all loan products (may be a gift)</li> <li>• Consult the Seller's Guide for a complete list of items that can be counted towards the minimum financial investment.</li> </ul>
	Loan Type	FHA [no FHA 203(k)]
	Property	Single family, one unit, attached, detached homes; PUDs, attached, detached; condominiums; and manufactured housing on a permanent foundation (including singlewide). • The property must be owner-occupied.
underwriting	LTV/Combined LTV	Follow FHA guidelines.
	Land Trust/ Deed Restriction/ Covenants	If the property is in a land trust, or the property is subject to a deed restriction or affordable housing covenant, CHFA will accept the property subject to FHA guidelines and lender's underwriter approval. Lender must also complete CHFA Form 780.
	Cosigners & Nonoccupying Co-borrowers	CHFA does not allow cosigners or nonoccupying co-borrowers. CHFA does not permit non-borrowing spouses or others not obligated to the underlying mortgage loan to take title to the subject property.
	Buydowns	CHFA will permit temporary interest rate buydown subject to FHA guidelines.
	AUS/Manual Underwriting	<ul style="list-style-type: none"> <li>• Acceptable automated underwriting system - DU or LPA</li> <li>• Manual underwriting acceptable if required/allowed by FHA.</li> </ul>
	Document Checklists	Refer to Form 750, FirstStep Compliance Review Submission Checklist; Form 751, FirstStep Purchase Review Submission Checklist. Second mortgage requires Form 305, CHFA Note; Form 310, CHFA Deed of Trust.
	Affidavits	Form 401, Initial Applicant Affidavit; Form 402, Final Applicant Affidavit; Form 407, Notice of Potential Recapture Tax; Form 220, Tax-exempt Financing Rider (to be attached to the first mortgage Deed of Trust)
	Credit/DTI Requirements	Minimum mid credit score of 620 for all scored borrowers • No credit score or manually underwritten loan allowed if required/allowed by FHA. DTI ratio determined by AUS findings or, if applicable, manual UW guidelines.

## fees paid by lender

- Real estate tax service fee (\$68)
- Upfront loan delivery extension fee - 30 days  
0.35% OPB of a first mortgage loan to extend the delivery period
- Suspension penalty  
0.25% OPB of a first mortgage loan that is suspended for purchase due to missing, incorrect, or incomplete information and is not corrected within 10 days of date of suspension
- Loan delivery penalty  
0.25% OPB of a first mortgage loan that is not delivered to CHFA within the initial delivery period
- Funding extension penalty  
0.25% OPB of a first mortgage loan that is not approved for purchase within the funding review period
- Late document fee  
\$150 for every mortgage loan not completed through post closing within 120 days of purchase
- Rate adjustment penalty  
To buy down the interest rate over the mortgage loan term if closed at the wrong interest rate

## premiums paid to lender

- Servicing release premium  
1.5% UPB first mortgage loan
- Non-metro premium  
0.5% OPB first mortgage loan
- Par premium  
(FirstStep loans with no down payment assistance)  
0.250% OPB first mortgage
- Participating lender may receive a maximum of two out of the three of AMI, credit score, or low loan amount premiums.
  - AMI premium: 0.125% for loans with borrowers making less than 80% AMI (HomeAccess and SectionEight excluded)
  - Credit score premium: 0.125% for loans with borrowers with mid credit score 700 or above
  - Loan amount premium: 0.125% for loan amounts under \$75,000.00
- 0.250% for loan sold to CHFA within 30 days of reservation date
- 0.125% for loan sold to CHFA within 45 days of reservation date

## income calculations

### whose income

Gross annual income: Equal to the current total gross annual income for all loan applicants [i.e., borrower(s) and co-borrower(s)], any spouse or civil union partner of any borrower or co-borrower who will reside in the residence, and any other individual who is expected to both live in the residence and to be secondarily liable on the Mortgage Loan. All sources of income for all such individuals must be included.

## exclusions

- Cash back to the borrower(s) at closing

CHFA will defer to FHA guidelines with respect to whether the borrower may receive cash back at closing, and, if permitted, the amount. In any event, the borrower must always meet the minimum borrower contribution requirements for CHFA's programs. Proceeds of CHFA grant or second mortgage may never be given as cash back to borrower.

- No MCCs allowed with CHFA FirstStep.

### CHFA Home Finance

1981 Blake Street  
Denver, Colorado 80202

888.320.3688  
800.659.2656 tdd

www.chfainfo.com

348 Main Street  
Grand Junction, Colorado 81501

800.877.8450  
970.241.2341



financing the places where  
people live and work

With respect to its programs, services, activities, and employment practices, Colorado Housing and Finance Authority does not discriminate on the basis of race, color, religion, sex, age, national origin, disability, or any other protected classification under federal, state, or local law. Requests for reasonable accommodation, the provision of auxiliary aids, or any complaints alleging violation of this nondiscrimination policy should be directed to the Nondiscrimination Coordinator, 303.297.7309, TDD/TTY 800.659.2656, CHFA, 1981 Blake Street, Denver, Colorado 80202-1272, available weekdays 8:00am to 5:00pm.

SPONSORED BY: MAYOR ESQUIBEL

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-93  
Series of 2019

\_\_\_\_\_  
Series of 2019

A RESOLUTION AUTHORIZING ASSIGNMENT TO THE COLORADO HOUSING AND FINANCE AUTHORITY OF A PRIVATE ACTIVITY BOND ALLOCATION OF THE CITY OF NORTHGLENN PURSUANT TO THE COLORADO PRIVATE ACTIVITY BOND CEILING ALLOCATION ACT

WHEREAS, the City of Northglenn is authorized and empowered under the laws of the State of Colorado (the "State") to issue revenue bonds for the purpose of financing qualified residential rental projects for low- and moderate-income persons and families; and

WHEREAS, the City of Northglenn is authorized and empowered under the laws of the State of Colorado to issue revenue bonds for the purpose of providing single-family mortgage loans to low- and moderate-income persons and families; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), restricts the amount of tax-exempt bonds ("Private Activity Bonds") which may be issued in the State to provide such mortgage loans and for certain other purposes; and

WHEREAS, pursuant to the Code, the Colorado legislature adopted the Colorado Private Activity Bond Ceiling Allocation Act, Part 17 of Article 32 of Title 24, Colorado Revised Statutes (the "Allocation Act"), providing for the allocation of the State Ceiling among the Colorado Housing and Finance Authority (the "Authority") and other governmental units in the State, and further providing for the assignment of such allocations from such other governmental units to the Authority; and

WHEREAS, pursuant to an allocation under Section 24-32-1706 of the Allocation Act, the City of Northglenn has an allocation of the 2019 State Ceiling for the issuance of a specified principal amount of Private Activity Bonds prior to **September 15, 2019** (the "2019 Allocation"); and

WHEREAS, the City of Northglenn has determined that, in order to increase the availability of adequate affordable housing for low- and moderate-income persons and families within the City of Northglenn and elsewhere in the State, it is necessary or desirable to provide for the utilization of all or a portion of the 2019 Allocation; and

WHEREAS, the City of Northglenn has determined that the 2019 Allocation, or a portion thereof, can be utilized most efficiently by assigning it to the Authority to issue Private Activity Bonds for the purpose of financing one or more multi-family rental housing projects for low- and moderate-income persons and families or to issue Private Activity Bonds for the purpose of providing single-family mortgage loans to low- and moderate-income persons and families ("Revenue Bonds") or for the issuance of mortgage credit certificates; and

WHEREAS, the City Council of the City of Northglenn has determined to assign \$2,031,435 of its 2019 Allocation to the Authority, which assignment is to be evidenced by an Assignment of Allocation between the City of Northglenn and the Authority (the "Assignment of Allocation").

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The assignment to the Authority of \$2,031,435 of the City of Northglenn's 2019 Allocation be and hereby is approved.

Section 2. The form and substance of the Assignment of Allocation be and hereby are approved; provided, however, that the City Council be and hereby are authorized to make such technical variations, additions or deletions in or to such Assignment of Allocation as they shall deem necessary or appropriate and not inconsistent with the approval thereof by this resolution.

Section 3. The City Council of the City of Northglenn be and hereby are authorized to execute and deliver the Assignment of Allocation on behalf of the City of Northglenn and to take such other steps or actions as may be necessary, useful or convenient to effect the aforesaid assignment in accordance with the intent of this resolution.

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

Section 5. This resolution shall be in full force and effect upon its passage and approval.

DATED at Northglenn, Colorado this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
ANTONIO B. ESQUIBEL  
Mayor

ATTEST:

\_\_\_\_\_  
JOHANNA SMALL, CMC  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
COREY Y. HOFFMANN  
City Attorney



## assignment of allocation - city

### Multifamily Housing Facility Bonds/Single Family Mortgage Revenue Bonds

This Assignment of Allocation (the "Assignment"), dated this \_\_\_\_\_ day of \_\_\_\_\_, 2019, is between the City of \_\_\_\_\_, Colorado (the "Assignor" or the "Jurisdiction") and Colorado Housing and Finance Authority (the "Assignee").

#### WITNESSETH:

WHEREAS, the Assignor and the Assignee are authorized and empowered under the laws of the State of Colorado (the "State") to issue revenue bonds for the purpose of providing single-family mortgage loans to low- and moderate-income persons and families; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), restricts the amount of tax-exempt bonds ("Private Activity Bonds") which may be issued in the State to finance such projects and for certain other purposes (the "State Ceiling"); and

WHEREAS, pursuant to the Code, the Colorado legislature adopted the Colorado Private Activity Bond Ceiling Allocation Act, Part 17 of Article 32 of Title 24, Colorado Revised Statutes (the "Allocation Act"), providing for the allocation of the State Ceiling among the Assignee and other governmental units in the State, and further providing for the assignment of allocations from such other governmental units to the Assignee; and

WHEREAS, pursuant to an allocation under Section 24-32-1706 of the Allocation Act, the Assignor has an allocation of the 2019 State Ceiling for the issuance of a specified principal amount of Private Activity Bonds prior to September 15, 2019, (the "2019 Allocation"); and

WHEREAS, the Assignor has determined that, in order to increase the availability of adequate affordable rental housing for low- and moderate-income persons and families within the Jurisdiction, Colorado and elsewhere in the State, it is necessary or desirable to provide for the utilization of all or a portion of the 2019 Allocation; and

WHEREAS, the Assignor has determined that the 2019 Allocation, or a portion thereof, can be utilized most efficiently by assigning it to the Assignee to issue Private Activity Bonds for the purpose of financing one or more multifamily rental housing projects for low- and moderate-income persons and families or to issue Private Activity Bonds for the purpose of providing single-family mortgage loans to low- and moderate-income persons and families ("Revenue Bonds"), and the Assignee has expressed its willingness to attempt to issue Revenue Bonds with respect to the 2019 Allocation assigned herein; and

WHEREAS, the City Council of the Assignor has determined to assign to the Assignee all or a portion of its 2019 Allocation, and the Assignee has agreed to accept such assignment, which is to be evidenced by this Assignment.

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the parties hereto agree as follows:

1. The Assignor hereby assigns to the Assignee \$ \_\_\_\_\_ of its 2019 Allocation [the "Assigned Allocation"], subject to the terms and conditions contained herein. The Assignor represents that it has received no monetary consideration for said assignment.

2. The Assignee hereby accepts the assignment to it by the Assignor of the Assigned Allocation, subject to the terms and conditions contained herein. The Assignee agrees to use its best efforts to issue and sell Revenue Bonds in an aggregate principal amount equal to or greater than the Assigned Allocation, in one or more series, and to make proceeds of such Revenue Bonds available from time to time for a period of two (2) years from the date of this Assignment to finance multi-family rental housing projects located in the Jurisdiction, or to issue Revenue Bonds for the purpose of providing single-family mortgage loans to low- and moderate income persons and families in the Jurisdiction.

3. The Assignor hereby consents to the election by the Assignee, if the Assignee in its discretion so decides, to treat all or any portion of the Assigned Allocation as an allocation for a project with a carryforward purpose or to make a mortgage credit certificate election, in lieu of issuing Revenue Bonds.

4. The Assignor and Assignee each agree that it will take such further action and adopt such further proceedings as may be required to implement the terms of this Assignment.

5. Nothing contained in this Assignment shall obligate the Assignee to finance any particular multi-family rental housing project located in the Jurisdiction or elsewhere or to finance single-family mortgage loans in any particular amount or at any particular interest rate or to use any particular percentage of the proceeds of its Revenue Bonds to provide mortgage loans or mortgage credit certificates to finance single-family housing facilities in the Jurisdiction, provided that any Revenue Bond proceeds attributable to the Assigned Allocation shall be subject to paragraph 2 above.

6. This Assignment is effective upon execution and is irrevocable.



IN WITNESS WHEREOF, the parties hereto have duly executed this Assignment on the date first written above.

City of \_\_\_\_\_, Colorado

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

COLORADO HOUSING AND FINANCE  
AUTHORITY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

CERTIFICATE OF THE CITY OF NORTHGLENN, COLORADO  
CONCERNING ASSIGNMENT OF  
PRIVATE ACTIVITY BOND VOLUME CAP ALLOCATION

I, the undersigned, hereby certify that I am a duly chosen, qualified and City Attorney of the City of Northglenn, Colorado (the "City"), and that:

1. The City is a public body politic and corporate, duly organized and existing under the constitution and laws of the State of Colorado.

2. The City has been previously notified that, pursuant to Section 24-32-1706 of the Colorado Private Activity Bond Ceiling Allocation Act, Part 17 of Article 32 of Title 24, Colorado Revised Statutes (the "Allocation Act"), it has an allocation of the State ceiling (as defined in the Allocation Act) for 2019 in the amount of \$2,031,435 (the "2019 Allocation").

3. Attached hereto as Exhibit A is a true and correct copy of a resolution and the related minutes thereto (the "Resolution") authorizing the assignment to the Colorado Housing and Finance Authority (the "Authority") of all or a portion of the 2019 Allocation in an amount equal to \$2,031,435 (the "Assigned Allocation"), and authorizing the execution and delivery of an Assignment of Allocation dated as of \_\_\_\_\_, 2019 (the "Assignment of Allocation") between the City and the Authority in connection therewith, which Resolution was duly adopted by the City Council of the City (the "City Council") at a meeting thereof held on \_\_\_\_\_, 2019, at which meeting a quorum was present and acting throughout and which Resolution has not been revoked, rescinded, repealed, amended or modified and is in full force and effect on the date hereof.

4. The meeting of the City Council at which action has been taken with respect to the Assignment of Allocation was a regular meeting properly called and open to the public at all times.

5. With respect to the Assigned Allocation, the City has not heretofore: (a) issued private activity bonds; (b) assigned the Assigned Allocation to another "issuing authority," as defined in the Allocation Act; (c) made a mortgage credit certificate election; or (d) treated the Assigned Allocation as an allocation for a project with a carryforward purpose, as defined in the Allocation Act.

6. The Assignment of Allocation, attached hereto as Exhibit B, is in the form presented to and approved by the City Council at the meeting thereof held on \_\_\_\_\_, 2019.

7. On or before the date hereof, counterparts of the Assignment of Allocation were officially executed by the Mayor and the City Clerk of the City. On the date of such signing, such persons were the duly sworn, qualified and acting officers of the City authorized to execute the Assignment of Allocation and holding the offices of the Mayor and City Clerk, respectively.

8. The City has authorized the execution, delivery and due performance of the Assignment of Allocation, and the execution and delivery of the Assignment of Allocation and the compliance by the City with the provisions thereof, will not, to the best of my knowledge, conflict with or constitute on the part of the City a breach of or a default under any existing Colorado law, City resolution, court or administrative regulation, decree or order or any agreement or other instrument to which the City is subject or by which it is bound.

9. To the best of my knowledge, there does not exist any action, suit, proceeding or investigation pending, or threatened against the City, contesting (a) the corporate existence of the City, (b) the title of its present officers or any of them to their respective offices, including, without limitation, the members of the City Council, (c) the validity of the Assignment of Allocation or (d) the power of the City to execute, deliver or perform the Assignment of Allocation.

10. No referendum petition has been filed concerning the Resolution; and to the best of my knowledge none is being circulated or planned for circulation.

WITNESS my hand and the seal of the City this \_\_\_\_\_, 2019.

\_\_\_\_\_  
COREY Y. HOFFMANN  
City Attorney

(SEAL)

EXHIBIT A  
RESOLUTION

**EXHIBIT B**  
**ASSIGNMENT OF ALLOCATION**