

"CHFA JumpStart does exactly what it says, it gives homebuyers a jump-start on buying a home today, and in building equity in their homes." – Karen Harkin, CHFA's home finance director

In April 2009, CHFA launched CHFA JumpStartsm, a new home mortgage program designed to help low and moderate income households capitalize on Colorado's unusually affordable housing market, and the \$8,000 federal first time homebuyer tax credit in the American Recovery and Reinvestment Act of 2009. The program exemplifies CHFA's innovation and dedication to mission.

CHFA JumpStart works by helping buyers leverage the \$8,000 tax credit into down payment and closing cost assistance that may be used to purchase a home. CHFA launched the program in 30 days, immediately following the launch of two other new home finance programs. The pressure on CHFA's team was great, but so was the opportunity. CHFA had heard from home builders, lenders, REALTORS®, and elected leaders, including Gov. Bill Ritter, all of whom were eager to use the recently approved tax credit to stimulate the housing market. Likewise, focused on its mission, CHFA wanted to find a new way to assist Colorado's low income households, who are typically priced-out of the state's housing market, take advantage of the unprecedented low home prices resulting from the foreclosure crisis.

These goals were met, but only after CHFA restructured their typical financing. To overcome the frozen bond market, CHFA established itself as a Ginnie Mae security issuer in early 2009. The CHFA JumpStart first mortgage is sold to the GSE, with CHFA retaining loan servicing functions in-house. By continuing to provide the loan servicing internally, CHFA customers retain the high quality customer service that CHFA is known for (rated a Tier One Servicer by HUD) and have a seamless experience despite their loan being sold to Ginnie Mae.

CHFA JumpStart's first mortgage provides borrowers with a competitive, government insured, 30-year fixed rate mortgage. CHFA structured the second mortgage with a zero percent (0%) interest rate with payments deferred through June 30, 2010. This allows borrowers sufficient time to receive their ARRA tax credit and use the tax proceeds to pay off the second, also building immediate equity in their home. The second mortgages are financed through CHFA's general fund, which includes a \$10 million line item to finance down payment assistance for borrowers in 2009.

CHFA built several features into CHFA JumpStart to encourage payoff of the second mortgage by the June 30, 2010, deadline. First, CHFA capped the loan amount at \$6,000 or 3.5 percent (3.5%) of the home's purchase price, whichever is less. This allows CHFA JumpStart borrowers to keep \$2,000 for home improvements or other needs, while still paying off the second mortgage. Second, CHFA will reimburse \$250 of the \$350 administration fee to borrowers if the second mortgage is paid by the deadline. Finally, the interest rate will increase to 8 percent (8%) interest rate

after the June 30th deadline if the second mortgage is not paid in full. At that time, the second mortgage also acquires a 10-year amortization term. CHFA created a brief but comprehensive loan disclosure/questionnaire to assist borrowers with selecting the CHFA second mortgage best suited to their needs.

CHFA intentionally set CHFA JumpStart's income guidelines lower than the tax credit's to facilitate the program serving the lowest income households as possible. An analysis of borrower's to date shows the median household income of CHFA JumpStart customers is \$46,296, with a low of \$22,900.

CHFA also formatted CHFA JumpStart to function as a 203(k) loan should the borrower require financing necessary to fix-up their home. This is particularly helpful for borrowers purchasing an REO or distressed property. Likewise, CHFA is reaching out to nonprofits and housing authorities participating in the Neighborhood Stabilization Program (NSP) program, to ensure their homebuyers are aware of CHFA JumpStart as a home finance option.

Since the program's inception, CHFA has 63 CHFA JumpStart loan reservations totaling \$6,317,329. While the volume of CHFA JumpStart mortgages may not mirror that of similar programs in other states, it is important to note that this is only one of several products CHFA offers featuring down payment assistance. CHFA's primary down payment assistance product, CHFA HomeOpenersm Plus, offers a traditional second mortgage with the same interest rate as the first mortgage and monthly payment due with 30-year amortization.

CHFA guides it's customers to consider whether CHFA JumpStart or one of its other down payment assistance programs is best for the individual borrower's situation. By helping them choose which loan is more appropriate for their long term financial needs, CHFA is working to empower borrowers to make informed and sustainable financial decisions from the onset of their homeownership experience.