



Mortgage Purchase and Portfolio Program FAQ



FirstBank and Habitat for Humanity of Colorado are pleased to announce a new and exciting mortgage leveraging opportunity for Colorado Habitat for Humanity Affiliates within the FirstBank assessment area, commencing April 1, 2017. Over the next three years, FirstBank has committed to purchase mortgages originated by affiliates on a quarterly basis, up to \$30 million. The program, which assists affiliates in increasing capacity, is designed to be simple and streamlined while providing affiliates with a powerful tool for advance planning to access capital.

What are the purchase terms and rates?

Mortgages will be purchased at a discount rate, set at the beginning of each quarter, that is generally guided by the prevailing 20 year Constant Maturity Treasury (CMT) rate as published by the U.S. Department of the Treasury at the time of evaluation, plus an additional 75 basis points. As of today, the 20 year CMT rate is 2.72%. The discount rate may be further reduced based on the affiliate's banking relationship.

Eligible LTV will be capped at 80% based on appraisal provided by affiliate.

Only mortgages with a maturity of less than 30 years are eligible.

Who will service the loans?

FirstBank will service the loans and will keep affiliates apprised of delinquencies through HFHC.

Is there a swap requirement?

Affiliates will retain the right to repurchase loans back from the FirstBank portfolio. If a loan is more than 60 days delinquent, the affiliate may repurchase the loan, replace the loan with another eligible mortgage, or allow FirstBank to pursue foreclosure.

How will this help me plan my projects?

Because purchases will be made each quarter, your affiliate can count on cash flow at different points of your project. As long as your mortgage meets compliance standards there is no reason it will not be purchased, and because of FirstBank's generous \$30 million commitment, we are unlikely to run out of funds quickly.

How will subordinate mortgages and deed restrictions be handled?

Affiliate can file a Deed of Trust subordinate to the FirstBank Deed in an amount equal to the difference between the appraised value and the purchase price. The deed may be forgiven over a period equal to the term of the mortgage, or may become due upon sale or transfer. Any deed restrictions including those imposed by Habitat, a CDBG, The HOME Program, the USDA, local government, or other programs that do not extinguish upon foreclosure will be approved only on an exception basis and require prior FirstBank approval.

How will the sale affect the homeowner?

The sale will have no effect on the homeowner’s payment. Payments will now be remitted to FirstBank. The sale and the process will be explained by FirstBank following purchase, and the affiliate may choose to alert the homeowner of the change.

How will purchases be processed?

Each quarter, affiliates will submit purchase requests to HFHC electronically. HFHC will process the loans and work with FirstBank to secure a purchase commitment. Purchases will be funded by the end of the quarter. There will be a \$1500 processing fee for each loan deducted from the proceeds.

What is the Portfolio Program?

If the affiliate chooses for whatever reason to not originate and sell the mortgage, FirstBank will now offer a standard Zero Equivalency Mortgage product directly to Habitat Homebuyers. Available as a 15, 20, or 30 year fixed interest loan, the rate will be equivalent to the prevailing market rate which will be deducted from the principal. No fee will be assessed.

Which affiliates are eligible for these programs?

Affiliates building within the FirstBank footprint are eligible for the Mortgage Purchase or Portfolio Mortgage programs. Right now this includes the following affiliates:

Blue Spruce HFH	Grand County HFH	Roaring Fork Valley
Berthoud HFH	Greeley Area HFH	St. Vrain Valley HFH
Chaffee County HFH	Loveland HFH	Summit County HFH
Flatirons HFH	HFH Metro Denver	HFH of Teller County
Fort Collins HFH	Pikes Peak HFH	HFH Vail Valley

Program details and webinar training will be forthcoming in March. Please watch the HFHC Newsletter for more information.