

**ORDINANCE/RESOLUTION REQUEST**

Please email requests to the Mayor’s Legislative Team

at [MileHighOrdinance@DenverGov.org](mailto:MileHighOrdinance@DenverGov.org) by **9:00 a.m. on Friday**. Contact the Mayor’s Legislative team with questions

**Date of Request: 11-29-23**

Please mark one:  **Bill Request** or  **Resolution Request**

**1. Type of Request:**

**Contract/Grant Agreement**  **Intergovernmental Agreement (IGA)**  **Rezoning/Text Amendment**

**Dedication/Vacation**  **Appropriation/Supplemental**  **DRMC Change**

**Other:** Approval of updated documents for metroDPA down payment assistance program, including contracts establishing a new servicer to the program.

**2. Title:** Ordinance amending Ordinance No. 20181502, Series of 2019, as amended by Ordinance No. 20201231, Series of 2020: (i) authorizing the appointment of The Money Source Inc. as an additional servicer under the metroDPA program; and (ii) authorizing the execution of all Additional Program Documents to add The Money Source Inc. as an additional servicer.

**3. Requesting Agency:** Department of Housing Stability (HOST)

**4. Contact Person:**

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Andrew Johnston	Name: Chris Lowell
Email: <a href="mailto:andrew.johnston@denvergov.org">andrew.johnston@denvergov.org</a>	Email: <a href="mailto:Christopher.Lowell@denvergov.org">Christopher.Lowell@denvergov.org</a>

**5. General description or background of proposed request. Attach executive summary if more space needed:**

This request is for updates to the existing metroDPA program, formally known as Metro Mortgage Assistance Plus. The metroDPA program is the City’s homeownership assistance program that provides down payment assistance to people purchasing homes. The metroDPA program is sponsored by Denver and made available to any other northern front range jurisdictions who choose to participate. The ordinance will approve a suite of documents authorizing the inclusion of a new loan servicer, The Money Source Inc., into the program, as well as updating certain existing metroDPA program documents. This will further expand the base of lenders who may offer the metroDPA program to eligible borrowers.

**6. City Attorney assigned to this request (if applicable):** Bradley Neiman

**7. City Council District:** All districts – This is a regional program sponsored by Denver and made available to all front range jurisdictions who choose to participate.

**8. \*\*For all contracts, fill out and submit accompanying Key Contract Terms worksheet below\*\***

*To be completed by Mayor’s Legislative Team:*

Resolution/Bill Number: \_\_\_\_\_

Date Entered: \_\_\_\_\_

## Key Contract Terms

**Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property):**

A suite of updated metroDPA program documents including, without limitation, a servicing agreement between the City and The Money Source Inc.

**Vendor/Contractor Name:** The Money Source Inc.

**Contract control number:** N/A

**Location:** Citywide

**Is this a new contract?**  Yes  No **Is this an Amendment?**  Yes  No **If yes, how many?** \_\_\_\_\_

**Contract Term/Duration (for amended contracts, include existing term dates and amended dates):**

5 years from date of execution

**Contract Amount (indicate existing amount, amended amount and new contract total):**

<i>Current Contract Amount</i> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+B)
N/a		

  

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
5 years from date of execution		

**Scope of work:**

*Ordinance to Add a New Loan Servicer and Update Existing Program Documents*

The regional metroDPA program, legally known as Metro Mortgage Assistance Plus, was created in 2013 in conjunction with the Metro Mayors Caucus as a replacement to the previous single-family mortgage revenue bond program. Denver served as the sponsor for both regional programs.

After a competitive process in the fall of 2018, Stifel & Nicolaus & Company, Incorporated was selected as a new partner to revitalize the program. The result was creating the multi-servicer platform by adding Lakeview Servicing, LLC as a new servicer with existing the existing servicer US Bank, N.A. In February 2019, rebranding to metroDPA and changing the form of assistance from a grant to a second mortgage was completed. Additional jurisdictions have opted into the program and now the metroDPA service area is generally Colorado’s northern front range, and includes jurisdictions such as Fort Collins, Boulder and Castle Rock.

The metroDPA program currently has two main categories of down payment assistance offerings: (i) Traditional; and (ii) Social Equity. Both offerings use FHA, VA, USDA and conventional products. Only 30-year fixed mortgages are available, as the metroDPA program does not support adjustable-rate mortgages.

*Traditional Offering*

Traditional metroDPA offers up to 6% down payment assistance to homebuyers who qualify under standard FHA, VA, conventional or USDA lending guidelines. The Traditional program benefits homebuyers who meet standard loan qualification guidelines and lack the ability to save enough down payment for a home purchase. For example, a borrower purchasing a \$300,000 home with an FHA loan will need 3% down payment and about 2% for closing costs, equaling a total of 5% cash to close. This amounts to \$15,000 cash for a \$300,000 financed home purchase. This down payment amount may be provided as part of the Traditional metroDPA program. The assistance is in the form of a three-year forgivable second loan, which is secured by a second mortgage on the home. The second loan has no payments, no interest, and each month 1/36th of the second loan is forgiven. Borrowers must take a home buyer education course and then with their lender choose a down payment assistance option that meets their individual situation. The actual assistance is created by the first loan interest rate being about .375% to .875% higher than the daily market rate for a 30-year fixed rate mortgage loan. Adjustable-rate mortgage loans are not allowed under the metroDPA program.

*Social Equity Offering*

---

*To be completed by Mayor’s Legislative Team:*

Resolution/Bill Number: \_\_\_\_\_

Date Entered: \_\_\_\_\_

The metroDPA Social Equity offers residents, or direct descendants of residents, of Denver’s qualifying areas down payment assistance in the form of a grant. The grant is \$15,000 for all participants. An additional \$10,000, for a total of \$25,000, is provided for participants with qualifying income under 80% AMI. The grant can be used for down payment assistance and closing costs. Alternatively, for homeowners who are better assisted with a lower interest rate rather than cash that may be used for down payment and closing costs, there is a permanent interest rate reduction available that offers \$5,000 towards closing costs and a permanent interest rate reduction to the first mortgage loan. The reduction ranges between 1% to 2% off the interest rate depending upon the qualifying income of the borrower and then-current financial market conditions.

Social Equity is a grant and does not have a second mortgage loan associated with it. This allows for the program to be combined with other assistance programs which do require a second mortgage loan.

The metroDPA Social Equity was introduced in April of 2022 to align with HOST objectives and designed to increase homeownership opportunities for historically-disadvantaged households. 85% of the Social Equity applicants identify as BIPOC. The Social Equity offering has received national recognition as well as the 2023 Single Family Excellence Award from the National Association of Local Housing Finance Authorities.

*Action Item*

The metroDPA program offerings are made available in part by selling the first mortgage loan’s servicing rights. A competitive process was undertaken at the beginning of 2023 in which the program’s two existing and one new loan servicers responded. The pending ordinance is to approve the contracts that are necessary to add a new third loan servicer into the program, The Money Source Inc., as well as updating certain existing metroDPA program documents.

Having multiple metroDPA program servicers increases the opportunity for homeowners to attain approvals through the metroDPA program, as each servicer will interpret FHA, VA, USDA and conventional guidelines differently. Approving this action will allow for better metroDPA program accessibility to potential borrowers.

**Was this contractor selected by competitive process?** Yes                      **If not, why not?**

**Has this contractor provided these services to the City before?**  Yes  No

**Source of funds:** metroDPA program dollars

**Is this contract subject to:**  W/MBE  DBE  SBE  XO101  ACDBE  N/A

**WBE/MBE/DBE commitments (construction, design, Airport concession contracts):** N/A

**Who are the subcontractors to this contract?** N/A

---

*To be completed by Mayor’s Legislative Team:*

Resolution/Bill Number: \_\_\_\_\_

Date Entered: \_\_\_\_\_