

Board Action: Policy Establishing CHFA Exception Approval Authority for CLIMBER

Background:

In overseeing the network of lenders participating in the CLIMBER Loan Fund (CLIMBER), the Colorado Housing and Finance Authority (CHFA) is frequently contacted regarding interested CLIMBER applicants that meet the lender's underwriting criteria but do not meet all the requirements spelled out in the CLIMBER program guidelines. The current CLIMBER program guidelines grant CHFA the ability to approve exceptions to a small number of specific policies, but otherwise do not grant CHFA the ability to approve other exception requests made by lenders. Without an established policy for how to process exception requests, CHFA must either decline these requests or present each one to the CLIMBER Oversight Board for review and approval. This situation results in many worthy projects being turned away, slow response times for lenders and borrowers, and places the burden of approving every project exception on the Oversight Board.

Board Action:

With approval of this policy, the Oversight Board will authorize CHFA to approve exceptions to CLIMBER program guidelines that were established by the CLIMBER Oversight Board. CHFA will not have authority to approve exceptions to any policy that is required by HB 20-1413 or any subsequent legislation passed regarding the CLIMBER Loan Fund. In making these exceptions, CHFA is expected to ensure that the borrowers and projects receiving exceptions still meet the general intent of the CLIMBER program as outlined in Oversight Board policy. Decisions to these policy exceptions will be based upon CHFA's industry experience gained from managing other similar programs for the State of Colorado, as well as guidance and details gained from the participating lenders who are making the requests. To provide oversight, CHFA will include a list of all approved exceptions as part of the program's quarterly report to the Oversight Board.

Rationale:

The State Treasurer's office recognizes CHFA's expertise in making decisions on loans that do not fit the normal criteria for a particular program. CHFA has demonstrated the ability and experience to assess the worthiness of each exception request and determine whether granting an exception is in the best interest of the the CLIMBER program and will be of benefit to the borrower receiving the CLIMBER loan.

Policy Footnote:

Existing Board specific policies include:

- Providing a loan without a personal guarantor
- Providing a fully unsecured loan.
- Allowing for a 1-to-1 ratio for new debt to refinanced debt, rather than 2-to-1 ratio.