



**Colorado
Rural Housing
Development
Corporation**

Lease-Earn-Own Program

LEO Program

The LEO Program is designed to address:

- 1) The destabilization of neighborhoods caused by the numerous vacant properties by purchasing vacant and foreclosed properties, fixing them up and putting potential owners into those homes.
- 2) Assist Low-moderate-and middle-income households to realize homeownership.

LEO Program

LEARN





LEO Program



Clients learn

How to manage their money with individual debt counseling and by completing “My Money” -- a required financial education course.

LEO Program

Earn





LEO Program

Clients Earn

Clients earn equity in their home by assisting in the rehab of the home by providing the labor for a variety of supervised tasks, for which they receive credit toward the purchase of the home.

LEO Program

WARRANTY DEED

OWN

LEO Program

Own

Once credit ready our clients purchase their home with low-interest rate first time homebuyer lending programs.

LEO Program

Steps in Process

1) Prequalify

2) Choose Your Home / Sweat Equity

3) Become Mortgage Ready with
Financial Counseling and Credit
Repair

4) Attend Homebuyer Education

5) Purchase a Home

LEO Program

Qualifications

- The client must be able to become mortgage-ready within 24 to 36 months.
- The client must meet the income guidelines of 60% to 120% of AMI.
- The client must meet the standards of the resident selection criteria:
 - ✓ Pass criminal background screening
 - ✓ Have good rental history
 - ✓ Proof of legal status

LEO Program

Become Credit Ready

- The client will meet with a HUD-Certified credit counselor.
- The counselor and the client devise a plan and determine a timeline for the client to become mortgage-ready.
- Based on their financial qualifications and the payment amount that the client is comfortable with a pre-purchase and the final purchase price is determined.

LEO Program

Choose your home

Home Requirements

- The home purchased must be a foreclosure, short-sale or REO property.
- The home purchase price must be between 15%-25% below market value.
- The home must meet basic minimum housing standards.
- Rehab must be reasonable in costs and type and amount of work required.

LEO Program

Choose Your Home

Purchasing the home

- The family (within the program guidelines) discuss and determine with their Realtor:
 - ✓ Location
 - ✓ Type
 - ✓ Size
 - ✓ Price

LEO Program

Choose Your Home

Purchasing the home

- The client works with the Realtor to find their home as any other buyer client.
 - ✓ View listings
 - ✓ View homes
 - ✓ Select the home
 - ✓ Attend Inspection

LEO Program

Choose Your Home

Sweat Equity Component

- The type and amount of rehab needed in the home is agreed upon by the clients as part of the purchasing process.
- A task list and schedule is created and signed prior to move-in.
- The rehab process is monitored on regular basis.

LEO Program

Mortgage Readiness

Become Mortgage Ready

- Clients meet regularly with their credit counselor.
- Progress on the on the mortgage-readiness plan is monitored.
- New tasks are established to meet the end goal of mortgage-readiness.

LEO Program

Becoming Mortgage Ready

Obtain Mortgage Loan

- When clients are near mortgage readiness, they attend a free homebuyers education course.
- Clients then apply for a mortgage loan working with their counselor to determine which first time homebuyer product works best for them and if additional assistance is available.

LEO Program

The Lease

The monthly rental amount is very near what the client will pay for their mortgage so there is no 'sticker shock' upon purchase.

Monthly rent is calculated:

- Approximate PITI of the loan carried by CRHDC.
- \$25 Monthly Management Fee.
- \$50 Saving Program which is given to clients upon purchasing for closing costs.

LEO Program

The Purchase Price

The estimated purchase price is determined prior to the purchase of the home.

Purchase Price:

- Gross price of the home.
- Estimated cost of materials and labor for rehab.
- Reduction of sweat equity earned by reducing labor rehab costs.

LEO Program

How CRHDC Funds the program

Principal of loan amount

What would have been the principal in the mortgage payment covers program costs:

- Counseling services
- Classroom education
- Maintenance costs large home repairs (systems)

LEO Program

Management Fee

A \$25 month management fee covers oversight of and the normal property management functions.

LEO Program

Developer Fees

Depending on the source of funding a developer and/or administration fee may be taken.

- 5% - 10% can be added into the price depending of the funding requirements
- Other potential fees:
 - ✓ Commissions on initial purchase.
 - ✓ Origination fees if applicable for down payment assistance loans or grants.

LEO Program



**Colorado
Rural Housing
Development
Corporation**

For more information contact

Colorado Rural Housing
Development Corporation

303-428-1448

www.crhdc.org