

**First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 25-0730.01 Caroline Martin x5902

SENATE BILL 25-167

SENATE SPONSORSHIP

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Senate Committees

Finance
Appropriations

House Committees

Education
Appropriations

A BILL FOR AN ACT

101 **CONCERNING THE INVESTMENT OF STATE FUND MONEY TO BENEFIT**
102 **COLORADO COMMUNITIES, AND, IN CONNECTION THEREWITH,**
103 **MAKING AN APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Section 1 of the bill requires at least one member of the public school fund investment board (board) to have expertise in community investments, requires the board to direct the state treasurer to securely invest money deposited in the public school fund in a manner that prioritizes new investment objectives, and authorizes the board to enter

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

HOUSE
3rd Reading Unamended
May 2, 2025

HOUSE
Amended 2nd Reading
May 1, 2025

SENATE
3rd Reading Unamended
April 17, 2025

SENATE
Amended 2nd Reading
April 15, 2025

into contracts with investment advisors or other investment professionals to provide advice on community investments. **Section 2** makes conforming changes in order to expand the types of investments the state treasurer can make using public school fund money and extends the amount of time the treasurer has to offset an aggregate loss of principal to the public school fund from 18 to 24 months.

Section 3 creates the new community investment portfolio within the permanent school fund, and requires the state treasurer to invest at least 6% of the money in the permanent school fund into the community investment portfolio by July 1, 2027. The state treasurer is required to invest at least 20% of the money in the permanent school fund into the community investment portfolio by July 1, 2032.

Money in the portfolio must be invested in community investments, and allowable community investments include:

- Bonds issued by Colorado school districts and charter schools;
- Certificates of participation issued by Colorado school districts and charter schools;
- Mortgage pass-through securities and collateralized mortgage obligations secured by residential real estate, the majority of which is owned by public school employees;
- Loans to the Colorado middle income housing authority for a revolving loan fund that funds rental housing developments that include preferences for public school employees;
- Bonds issued by the middle income housing authority that fund rental housing developments which include preferences for public school employees;
- Bonds issued by the Colorado housing and finance authority that fund rental housing developments that include preferences for public school employees;
- Mortgage revenue bonds that support public school employee mortgages with interest rates of 3% or less;
- Loans to community development financial institutions that fund:
 - The construction of housing developments that include preferences for public school employees; or
 - Low-interest mortgages secured by residential real estate that is owned by public school employees; and
- Other venture capital, private equity, or public equity funds that support education in Colorado.

The educator first home ownership program (program) is created within the community investment portfolio. The treasurer shall invest the

following amounts in the program by the following dates:

- By July 1, 2027, the greater of 6% of the fund's value or \$100 million; and
- By July 1, 2028, the greater of 12% of the fund's value or \$200 million.

The treasurer shall invest the money in the program as follows:

- 75% of the money in the program shall be administered by the program administrator and used for a shared equity down payment assistance program that:
 - Provides at least 15% of the total cost of a home to public school employees; and
 - Allows appreciation-sharing between the program and the homeowner, with the program's share of appreciation capped at 10%.
- 25% of the money in the program must be invested in allowable community investments with the purpose of increasing the supply of houses for sale and access to home ownership in rural and other underserved communities.

The program administrator shall ensure that mortgages in the shared equity down payment assistance program bear interest rates that are at least as low as prevailing mortgage rates at the time the mortgages in the shared equity down payment assistance program are entered into. The program administrator shall present an annual report to the public school fund investment board on program outcomes.

Sections 4 and 5 clarify that the state treasurer may invest state money in direct and indirect equity investments and other asset classes including mutual funds, exchange-traded funds, direct and indirect real estate investments, and education-related community investments.

Section 6 requires the state treasurer to invest at least 20% of the money in the unclaimed property trust fund in direct and indirect equity investments, mutual funds, exchange-traded funds, direct and indirect real estate investments, and other asset classes by July 1, 2032. The state treasurer is also required to make 2 loans of money from the unclaimed property trust fund to the department of local affairs, both of which must be paid back in full by July 1, 2045, including:

- \$100 million on July 1, 2025, that the department of local affairs shall use to create a new zero-interest revolving loan program for affordable housing developers; and
- \$50 million that the department of local affairs shall use to create a new zero-interest revolving loan program to benefit fire protection districts and ambulance districts experiencing cash flow issues.

Section 7 creates the new Colorado investment portfolio (Colorado portfolio) within the unclaimed property trust fund. The treasurer is

required to invest at least 5% of the money in the unclaimed property trust fund into the Colorado portfolio by July 1, 2027, and at least 20% of the money in the unclaimed property trust fund into the Colorado portfolio by July 1, 2032.

Money in the Colorado portfolio must be invested in:

- The community investment portfolio;
- Bonds issued by Colorado school districts, charter schools, local governments, special districts, state enterprises, Indian tribes, or special purpose authorities;
- Certificates of participation issued by Colorado school districts, charter schools, local governments, special districts, state enterprises, Indian tribes, or special purpose authorities;
- Mortgage pass-through securities and collateralized mortgage obligations secured by Colorado residential real estate that is owned by Coloradans;
- Bonds issued by the middle income housing authority;
- Bonds issued by the Colorado housing and finance authority;
- Loans to community development financial institutions that fund:
 - The construction of housing developments in Colorado; or
 - Mortgages secured by Colorado residential real estate that is owned by Coloradans;
- Bonds issued by businesses headquartered in Colorado;
- Asset-backed securities supported by loans to small businesses in Colorado;
- The venture capital authority within the office of economic development and international trade; or
- Other venture capital, private equity, or public equity funds that support communities in Colorado.

Section 8 reduces the amount credited to the housing development grant fund from the general fund by \$15 million for state fiscal year 2026-27.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. In Colorado Revised Statutes, 22-41-102, amend**
3 **(3)(j)(I) and (3)(k)(I) as follows:**

4 **22-41-102. Fund inviolate. (3) (j) For the 2025-26 state fiscal**
5 **year, interest and income earned on the investment of the money in the**

1 public school fund must be used or credited as follows:

2 (I) The general assembly shall annually appropriate to the state
3 treasurer an amount necessary to pay for the services of the investment
4 consultant hired by the public school fund investment board pursuant to
5 section 22-41-102.5 (5) and to pay for any reimbursement for travel and
6 other necessary expenses incurred by the members of the public school
7 fund investment board pursuant to section 22-41-102.5 (2) AND TO PAY
8 FOR COSTS REQUIRED TO ACCOMMODATE TRANCHE PAYMENTS TO THE
9 PROGRAM MANAGER, PURSUANT TO 22-41-104.7(4)(b)(I);

10 (k) For the 2026-27 state fiscal year and each state fiscal year
11 thereafter, interest and income earned on the investment of the money in
12 the public school fund must be used or credited as follows:

13 (I) The general assembly shall annually appropriate to the state
14 treasurer an amount necessary to pay for the services of the investment
15 consultant hired by the public school fund investment board pursuant to
16 section 22-41-102.5 (5) and to pay for any reimbursement for travel and
17 other necessary expenses incurred by the members of the public school
18 fund investment board pursuant to section 22-41-102.5 (2) AND TO PAY
19 FOR COSTS REQUIRED TO ACCOMMODATE TRANCHE PAYMENTS TO THE
20 PROGRAM MANAGER, PURSUANT TO 22-41-104.7(4)(b)(I);

21 **SECTION 2.** In Colorado Revised Statutes, 22-41-102.5, **amend**
22 (1)(a)(III), (3), (4)(a)(II), and (5) as follows:

23 **22-41-102.5. Public school fund investment board - creation**
24 **- working group - report.** (1) (a) There is hereby created the public
25 school fund investment board, referred to in this section as the "board".
26 The board consists of five members as follows:

27 (III) Three members appointed by the state treasurer ~~Such~~

1 ~~appointees must have diversity in party affiliation and~~ WITH DIVERSE
2 PARTY AFFILIATIONS. AT LEAST ONE APPOINTEE REQUIRED BY THIS
3 SUBSECTION (1)(a)(III) MUST HAVE EXPERTISE IN COMMUNITY
4 INVESTMENTS, AS DEFINED IN SECTION 22-41-104.7 (1), AND THE OTHER
5 TWO MUST HAVE professional qualifications regarding the prudent
6 investment of trust fund money or expertise in institutional investment
7 management.

8 (3) The board shall direct the state treasurer on how to securely
9 invest money deposited in the public school fund:

10 (a) For the intergenerational benefit of public schools; ~~and~~

11 (b) In a manner that complies with the "Uniform Prudent Investor
12 Act", article 1.1 of title 15; ~~C.R.S.~~ AND

13 (c) IN A MANNER THAT TARGETS THE FOLLOWING INVESTMENT
14 OBJECTIVES:

15 (I) PRESERVING THE PRINCIPAL OF THE PUBLIC SCHOOL FUND; AND

16 (II) PROVIDING SUBSTANTIAL BENEFIT TO THE BENEFICIARIES OF
17 THE PUBLIC SCHOOL FUND THROUGH COMMUNITY INVESTING AS OUTLINED
18 IN SECTION 22-41-104.7.

19 ==

20 (4) (a) No later than March 31, 2017, the board shall establish
21 policies that are necessary and proper for the administration of this
22 section, including but not limited to:

23 (II) A policy establishing allowable investments that comply with
24 section 22-41-104, SECTION 22-41-104.7, and section 3 of article IX of
25 the state constitution; and

26 (5) The board may enter into contracts with private professional
27 fund managers, INVESTMENT ADVISORS, OR OTHER INVESTMENT

1 PROFESSIONALS to provide expertise, technical support, and advice on
2 investment market conditions AND TO PROVIDE SUPPORT FOR THE
3 IMPLEMENTATION OF THE COMMUNITY INVESTMENT PORTFOLIO. Such
4 ~~contract or~~ contracts must be bid by employing standard public bidding
5 practices including, but not limited to, the use of requests for information,
6 requests for proposals, or any other standard vendor selection practices
7 determined by the board to be best suited to selecting an appropriate
8 private professional fund manager. Payments for these services will be
9 paid from the interest and income of the public school fund subject to the
10 requirements set forth in section 22-41-102.

11 **SECTION 3.** In Colorado Revised Statutes, 22-41-104, **amend**
12 (1) and (2); and **add** (4) as follows:

13 **22-41-104. Lawful investments - legislative declaration.**

14 (1) The state treasurer, as directed by the public school fund investment
15 board, may invest and reinvest ~~moneys~~ MONEY accrued or accruing to the
16 public school fund in the types of deposits and investments authorized in
17 sections 24-36-109, 24-36-112, and 24-36-113, ~~C.R.S.~~, and bonds issued
18 by school districts. The ~~moneys~~ MONEY may also be invested ~~in stocks~~
19 ~~and other financial assets~~ as specified in the public school fund
20 investment board investment policy established as required in section
21 22-41-102.5 (4)(b); except that investment includes only mutual funds,
22 index funds, and any other instrument that is not a direct investment in a
23 corporation.

24 (2) The state treasurer has authority, to be exercised at the state
25 treasurer's discretion, to effect exchanges or sales whenever such
26 exchanges or sales will not result in an aggregate loss of principal to the
27 public school fund. An aggregate loss of principal to the public school

1 fund occurs only when an exchange or sale that resulted in an initial loss
2 of principal is not offset by a gain on an exchange or sale in the fund
3 within ~~eighteen~~ TWENTY-FOUR months. The calculation of an aggregate
4 loss must also include any gains that were realized in the twelve months
5 prior to the loss of principal.

6 (4) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

7 (a) THE MISSION OF THE PUBLIC SCHOOL FUND IS TO SUPPORT
8 COLORADO CHILDREN AND COLORADO SCHOOLS. THE STRATEGIC
9 INVESTMENT OF CAPITAL CAN ACHIEVE POSITIVE SOCIAL OUTCOMES AND
10 BENEFICIAL FINANCIAL RETURNS. THE FUND'S INTERGENERATIONAL
11 MISSION IS BEST SERVED BY INVESTING A PORTION OF THE FUND'S CORPUS
12 IN A WAY THAT ADVANCES CLEAR, MEANINGFUL, AND MEASURABLE
13 OUTCOMES THROUGH THE COMMUNITY INVESTMENT PORTFOLIO.
14 INVESTMENTS SHOULD BE ALIGNED WITH THE FUND'S MISSION AND
15 SHOULD BENEFIT COLORADO SCHOOLS AND CHILDREN.

16 (b) INVESTMENT IN COMMUNITIES CAN LEAD TO INCREASED
17 CONSTRUCTION OF HOUSING AND AFFORDABLE HOME OWNERSHIP FOR
18 TEACHERS AND PUBLIC SCHOOL EMPLOYEES, SCALING OF INNOVATIVE
19 EDUCATIONAL TOOLS, PROVISION OF CAPITAL FOR EARLY CHILDHOOD
20 BUSINESSES, AND SUBSIDIZATION OF SCHOOL FACILITIES. THESE
21 INVESTMENTS CAN IMPROVE THE LIVES OF COLORADO FAMILIES, INCREASE
22 EDUCATIONAL OPPORTUNITIES, AND ADVANCE THE INTERGENERATIONAL
23 MISSION OF THE FUND.

24 (c) THE PUBLIC PURPOSE OF THE COMMUNITY INVESTMENT
25 PORTFOLIO WITHIN THE PUBLIC SCHOOL FUND IS TO AMPLIFY THE BENEFIT
26 PROVIDED TO COLORADO SCHOOLS AND CHILDREN BY INVESTING IN
27 COLORADO CHILDREN, FAMILIES, AND COMMUNITIES.

1 (d) INVESTING MONEY IN THE PUBLIC SCHOOL FUND INTO THE
2 COMMUNITY INVESTMENT PORTFOLIO COMPLIES WITH THE "UNIFORM
3 PRUDENT INVESTOR ACT", ARTICLE 1.1 OF TITLE 15, AND SPECIFICALLY
4 SECTION 15-1.1-102.5, BECAUSE THE ASSETS _____ HAVE A "SPECIAL
5 RELATIONSHIP OR SPECIAL VALUE" TO THE PURPOSES OF THE TRUST AND
6 TO ONE OR MORE OF THE BENEFICIARIES. COMMUNITY INVESTMENTS
7 BENEFIT COLORADO SCHOOL CHILDREN AND ADVANCE "THE
8 INTERGENERATIONAL BENEFIT OF PUBLIC SCHOOLS" IN ACCORDANCE WITH
9 SECTION 22-41-102.5 (3).

10 (e) HOUSING DEVELOPMENTS THAT INCLUDE PREFERENCES FOR
11 PUBLIC SCHOOL EMPLOYEES; PROMOTE A SUBSTANTIAL, LEGITIMATE, AND
12 NONDISCRIMINATORY STATE INTEREST THAT CANNOT BE SERVED BY
13 ANOTHER PRACTICE WITH A LESS DISCRIMINATORY EFFECT; DO NOT
14 CONSTITUTE SOURCE OF INCOME DISCRIMINATION UNDER SECTION
15 24-34-501 (4.5) OR 24-34-502; AND COMPLY WITH THE FEDERAL "FAIR
16 HOUSING ACT", 42 U. S.C. SEC. 3601 ET SEQ., PART 5 OF ARTICLE 34 OF
17 TITLE 24, AND OTHER STATE AND LOCAL LAWS, ORDINANCES, AND
18 RESOLUTIONS.

19 (f) THE STATE TREASURER MAY INVEST IN _____ ASSET CLASSES
20 INCLUDING MUTUAL FUNDS AND EDUCATION-RELATED COMMUNITY
21 INVESTMENTS. INVESTMENT IN THESE ASSET CLASSES FURTHERS THE
22 MISSION OF THE PUBLIC SCHOOL FUND.

23 **SECTION 4.** In Colorado Revised Statutes, **add** 22-41-104.7 as
24 follows:

25 **22-41-104.7. Community investment portfolio - required**
26 **investments - creation - legislative declaration - definitions.**

27 (1) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT

1 OTHERWISE REQUIRES:

2 (a) "COMMUNITY INVESTMENT" MEANS AN INVESTMENT THAT IS
3 INTENDED TO GENERATE POSITIVE, MEASURABLE IMPACT FOR COLORADO
4 SCHOOL CHILDREN, FAMILIES, OR COMMUNITIES WHILE SIMULTANEOUSLY
5 GENERATING FINANCIAL RETURNS. COMMUNITY INVESTMENTS MAY HAVE
6 BELOW-MARKET RATES OF RETURN.

7 (b) "FUND" MEANS THE PUBLIC SCHOOL FUND OF THE STATE
8 CREATED IN SECTION 3 OF ARTICLE IX OF THE STATE CONSTITUTION.

9 (c) "PORTFOLIO" MEANS THE COMMUNITY INVESTMENT PORTFOLIO
10 CREATED IN THIS SECTION.

11 (d) "PROGRAM" MEANS THE EDUCATOR FIRST HOME OWNERSHIP
12 PROGRAM CREATED IN THIS SECTION.

13 (e) "PROGRAM MANAGER" MEANS THE COLORADO HOUSING AND
14 FINANCE AUTHORITY; EXCEPT THAT, IF THE COLORADO HOUSING AND
15 FINANCE AUTHORITY ELECTS AT ANY TIME NOT TO SERVE AS PROGRAM
16 MANAGER, THE PUBLIC SCHOOL FUND INVESTMENT BOARD SHALL SELECT
17 A REPLACEMENT ENTITY THAT AGREES TO SERVE AS PROGRAM MANAGER.

18 (f) "PUBLIC SCHOOL EMPLOYEE" MEANS ANY EMPLOYEE OF A
19 COLORADO SCHOOL DISTRICT, CHARTER SCHOOL, INSTITUTE CHARTER
20 SCHOOL, BOARD OF COOPERATIVE EDUCATIONAL SERVICES, OR
21 INNOVATION ZONE.

22 (g) "SHARED EQUITY DOWN PAYMENT ASSISTANCE PROGRAM"
23 MEANS A PROGRAM THROUGH WHICH A BORROWER RECEIVES FINANCIAL
24 ASSISTANCE FOR A DOWN PAYMENT ON A PROPERTY IN ACCORDANCE WITH
25 SUBSECTION (4) OF THIS SECTION.

26 (2) **Portfolio created.** THE COMMUNITY INVESTMENT PORTFOLIO
27 IS CREATED WITHIN THE FUND. ===== BY JULY 1, 2032, THE TREASURER

1 SHALL INVEST AT LEAST TWENTY PERCENT OF THE FUND'S VALUE INTO THE
2 PORTFOLIO.

3 (3) **Allowable portfolio investments.** MONEY IN THE PORTFOLIO
4 MUST BE INVESTED IN COMMUNITY INVESTMENTS. ALLOWABLE
5 COMMUNITY INVESTMENTS INCLUDE BUT ARE NOT LIMITED TO:

6 (a) BONDS ISSUED BY COLORADO SCHOOL DISTRICTS AND CHARTER
7 SCHOOLS;

8 (b) CERTIFICATES OF PARTICIPATION ISSUED BY COLORADO
9 SCHOOL DISTRICTS AND CHARTER SCHOOLS;

10 (c) MORTGAGE PASS-THROUGH SECURITIES AND COLLATERALIZED
11 MORTGAGE OBLIGATIONS SECURED BY RESIDENTIAL REAL ESTATE, THE
12 MAJORITY OF WHICH IS OWNED BY PUBLIC SCHOOL EMPLOYEES;

13 (d) LOANS TO THE COLORADO MIDDLE INCOME HOUSING
14 AUTHORITY FOR A REVOLVING LOAN FUND THAT FUNDS RENTAL HOUSING
15 DEVELOPMENTS THAT INCLUDE PREFERENCES FOR PUBLIC SCHOOL
16 EMPLOYEES;

17 (e) BONDS ISSUED BY THE MIDDLE INCOME HOUSING AUTHORITY
18 THAT FUND RENTAL HOUSING DEVELOPMENTS THAT INCLUDE
19 PREFERENCES FOR PUBLIC SCHOOL EMPLOYEES;

20 (f) BONDS OR MORTGAGE-BACKED SECURITIES ISSUED BY THE
21 COLORADO HOUSING AND FINANCE AUTHORITY THAT FUND HOUSING
22 DEVELOPMENTS THAT INCLUDE PREFERENCES FOR PUBLIC SCHOOL
23 EMPLOYEES OR MORTGAGES SECURED BY RESIDENTIAL REAL ESTATE, THE
24 MAJORITY OF WHICH IS OWNED BY PUBLIC SCHOOL EMPLOYEES;

25 (g) MORTGAGE REVENUE BONDS THAT SUPPORT PUBLIC SCHOOL
26 EMPLOYEE MORTGAGES WITH INTEREST RATES OF THREE PERCENT OR
27 LESS;

1 (h) LOANS TO COMMUNITY DEVELOPMENT FINANCIAL
2 INSTITUTIONS OR NONPROFITS WITH A HISTORY OF PROVIDING AFFORDABLE
3 HOMEOWNERSHIP FINANCING THAT FUND:

4 (I) HOUSING THAT INCLUDES PREFERENCES FOR PUBLIC SCHOOL
5 EMPLOYEES; OR

6 (II) LOW-INTEREST MORTGAGES SECURED BY RESIDENTIAL REAL
7 ESTATE THAT IS OWNED BY PUBLIC SCHOOL EMPLOYEES;

8 (i) DOWN PAYMENT SHARED APPRECIATION PRODUCTS SECURED
9 BY RESIDENTIAL REAL ESTATE THAT IS OWNED BY PUBLIC SCHOOL
10 EMPLOYEES; AND

11 (j) OTHER INVESTMENTS THAT SUPPORT THE PUBLIC PURPOSE OF
12 THE COMMUNITY INVESTMENT PORTFOLIO.

13 (4) **Educator first home ownership program.** (a) THE
14 EDUCATOR FIRST HOME OWNERSHIP PROGRAM IS CREATED WITHIN THE
15 PORTFOLIO. IN ORDER TO SUPPORT PUBLIC SCHOOL EMPLOYEE HOME
16 OWNERSHIP, ADDRESS EDUCATOR SHORTAGES, AND SUPPORT THE
17 RETENTION OF PUBLIC SCHOOL EMPLOYEES, THE TREASURER SHALL INVEST
18 THE FOLLOWING AMOUNTS INTO THE PROGRAM, EXCEPT THAT THE TOTAL
19 INVESTMENT AMOUNT SHALL NEVER EXCEED THE SUM OF THE
20 INVESTMENTS MADE IN ACCORDANCE WITH SUBSECTION (4)(c) OF THIS
21 SECTION PLUS THE TOTAL AMOUNT OF SHARED EQUITY DOWN PAYMENT
22 ASSISTANCE THAT HAS BEEN PROVIDED THROUGH THE SHARED EQUITY
23 DOWN PAYMENT ASSISTANCE PROGRAM, BY THE FOLLOWING DATES:

24 (I) BY JULY 1, 2028, THE GREATER OF SIX PERCENT OF THE FUND'S
25 VALUE OR ONE HUNDRED MILLION DOLLARS;

26 (II) BY JULY 1, 2030, THE GREATER OF TWELVE PERCENT OF THE
27 FUND'S VALUE OR TWO HUNDRED MILLION DOLLARS.

1 (b) THE TREASURER SHALL AIM TO INVEST A TARGET OF
2 SEVENTY-FIVE PERCENT OF THE MONEY IN THE PROGRAM INTO A SHARED
3 EQUITY DOWN PAYMENT ASSISTANCE PROGRAM FOR PUBLIC SCHOOL
4 EMPLOYEES TO BE MANAGED BY THE PROGRAM MANAGER. THE SHARED
5 EQUITY DOWN PAYMENT ASSISTANCE PROGRAM MUST BE ESTABLISHED BY
6 JULY 1, 2026. ONCE THE SHARED EQUITY DOWN PAYMENT ASSISTANCE
7 PROGRAM IS ESTABLISHED:

8 (I) THE PUBLIC SCHOOL FUND INVESTMENT BOARD SHALL
9 PURCHASE FROM THE PROGRAM MANAGER THE MORTGAGE PRODUCTS
10 CREATED THROUGH THE SHARED EQUITY DOWN PAYMENT ASSISTANCE
11 PROGRAM IN TRanches OF REASONABLE AMOUNTS THAT ARE MUTUALLY
12 AGREED UPON BY THE PUBLIC SCHOOL FUND INVESTMENT BOARD AND THE
13 PROGRAM MANAGER; AND

14 (II) THE PUBLIC SCHOOL FUND INVESTMENT BOARD MAY PROVIDE
15 NOTICE OF ANY DISCONTINUATION OF FUTURE INVESTMENTS THAT THE
16 PROGRAM MANAGER HAS NOT ALREADY COMMITTED TO THE SHARED
17 EQUITY DOWN PAYMENT ASSISTANCE PROGRAM, WHICH NOTICE MUST BE
18 PROVIDED AT LEAST SIX MONTHS PRIOR TO DISCONTINUATION.

19 (c) THE TREASURER SHALL AIM TO INVEST A TARGET OF
20 TWENTY-FIVE PERCENT OF THE MONEY IN THE PROGRAM INTO ALLOWABLE
21 COMMUNITY INVESTMENTS DESCRIBED IN SUBSECTION (3) OF THIS SECTION
22 WITH THE PURPOSE OF INCREASING THE SUPPLY OF HOUSES FOR SALE AND
23 ACCESS TO HOME OWNERSHIP IN RURAL AND OTHER UNDERSERVED
24 COMMUNITIES.

25 (d) THE PROGRAM MANAGER SHALL ESTABLISH UNDERWRITING
26 CRITERIA FOR THE SHARED EQUITY DOWN PAYMENT ASSISTANCE PROGRAM
27 AND SHALL ESTABLISH GUIDELINES SO THAT THE SHARED DOWN PAYMENT

1 EQUITY ASSISTANCE PROGRAM:

2 (I) PRIORITIZES FIRST-TIME HOME BUYERS THAT USE THE HOME AS
3 A PRIMARY RESIDENCE;

4 (II) PROVIDES SHARED EQUITY DOWN PAYMENT ASSISTANCE TO
5 PUBLIC SCHOOL EMPLOYEES AND AIMS TO HELP AS MANY PUBLIC SCHOOL
6 EMPLOYEES AS POSSIBLE ACHIEVE AFFORDABLE HOME OWNERSHIP;

7 (III) ALLOWS APPRECIATION-SHARING BETWEEN THE SHARED
8 EQUITY DOWN PAYMENT ASSISTANCE PROGRAM AND THE BORROWER,
9 WITH:

10 (A) THE SHARED EQUITY DOWN PAYMENT ASSISTANCE PROGRAM'S
11 PROPORTIONAL SHARE OF APPRECIATION IN A PROPERTY NEVER EXCEEDING
12 THE PERCENTAGE OF THE TOTAL PURCHASE PRICE THAT THE SHARED
13 EQUITY DOWN PAYMENT ASSISTANCE PROGRAM'S FINANCIAL ASSISTANCE
14 REPRESENTED, AS FURTHER DESCRIBED IN PROGRAM GUIDELINES; AND

15 (B) ANY PROFIT OR LOSS REALIZED IN THE SHARE OF APPRECIATION
16 DESCRIBED IN SUBSECTION (4)(d)(III)(A) OF THIS SECTION BEING BORNE
17 BY THE SHARED EQUITY DOWN PAYMENT ASSISTANCE PROGRAM RATHER
18 THAN THE BORROWER OR THE PROGRAM MANAGER.

19 (IV) IF THE PROGRAM MANAGER IS THE COLORADO HOUSING AND
20 FINANCE AUTHORITY, IS PAIRED WITH A FIRST MORTGAGE LOAN PROVIDED
21 THROUGH THE PROGRAM MANAGER'S PARTICIPATING LENDER NETWORK
22 THAT BEARS AN INTEREST RATE THAT IS AT OR BELOW THE PREVAILING
23 MORTGAGE RATES.

24 (e) UNLESS INVESTMENTS IN THE SHARED EQUITY DOWN PAYMENT
25 ASSISTANCE PROGRAM HAVE BEEN DISCONTINUED AND THERE IS NO FUND
26 MONEY INVESTED IN THE SHARED EQUITY DOWN PAYMENT ASSISTANCE
27 PROGRAM, THE PROGRAM MANAGER SHALL ANNUALLY PUBLISH AND

1 PRESENT A REPORT TO THE PUBLIC SCHOOL FUND INVESTMENT BOARD ON
2 SHARED EQUITY DOWN PAYMENT ASSISTANCE PROGRAM OUTCOMES,
3 INCLUDING:
4 (I) THE NUMBER OF SHARED EQUITY DOWN PAYMENT ASSISTANCE
5 PROGRAM BORROWERS;
6 (II) THE GEOGRAPHIC DISTRIBUTION OF SHARED EQUITY DOWN
7 PAYMENT ASSISTANCE PROGRAM BORROWERS;
8 (III) THE AREA MEDIAN INCOME OF SHARED EQUITY DOWN
9 PAYMENT ASSISTANCE PROGRAM BORROWERS;
10 (IV) THE MEDIAN PURCHASE PRICE, MEDIAN LOAN AMOUNT, AND
11 AVERAGE INTEREST RATE ON FIRST MORTGAGES FOR PUBLIC SCHOOL
12 EMPLOYEES THAT BENEFIT FROM THE SHARED EQUITY DOWN PAYMENT
13 ASSISTANCE PROGRAM;
14 (V) THE AMOUNT OF MONEY PROVIDED IN DOWN PAYMENT
15 ASSISTANCE BY THE SHARED EQUITY DOWN PAYMENT ASSISTANCE
16 PROGRAM;
17 (VI) THE AMOUNT OF PRINCIPAL REPAID AND MONEY RECEIVED AS
18 SHARED APPRECIATION BY THE SHARED EQUITY DOWN PAYMENT
19 ASSISTANCE PROGRAM; AND
20 (VII) THE AMOUNT OF LOSS, IF ANY, EXPERIENCED BY THE SHARED
21 EQUITY DOWN PAYMENT ASSISTANCE PROGRAM.
22 (f) THE PROGRAM MANAGER SHALL PRESENT THE FIRST ANNUAL
23 REPORT REQUIRED BY SUBSECTION (4)(e) OF THIS SECTION NO LATER THAN
24 DECEMBER 1, 2027. EACH ANNUAL REPORT MUST BE PUBLISHED ON THE
25 PROGRAM MANAGER'S WEBSITE AND DISTRIBUTED TO: THE HOUSE OF
26 REPRESENTATIVES EDUCATION COMMITTEE AND THE SENATE EDUCATION
27 COMMITTEE, OR THEIR SUCCESSOR COMMITTEES; THE PUBLIC SCHOOL

1 FUND INVESTMENT BOARD; AND THE COLORADO DEPARTMENT OF
2 EDUCATION.

3 (g) NOTHING IN THIS SECTION PREVENTS THE USE OF OTHER
4 SOURCES OF STATE OR LOCAL FUNDING TO BE LEVERAGED WITH THE
5 PROGRAM.

6
7 **SECTION 5. Appropriation.** (1) For the 2025-26 state fiscal
8 year, \$375,900 is appropriated to the department of the treasury for use
9 by administration. This appropriation is from the interest or income
10 earned on the investment of the money in the public school fund pursuant
11 to section 22-41-102 (3)(h)(I), C.R.S. To implement this act,
12 administration may use this appropriation as follows:

13 (a) \$300,000 for personal services, which amount is based on an
14 assumption that the department will require an additional 2.0 FTE; and

15 (b) \$75,900 for operating expenses.

16 **SECTION 6. Safety clause.** The general assembly finds,
17 determines, and declares that this act is necessary for the immediate
18 preservation of the public peace, health, or safety or for appropriations for
19 the support and maintenance of the departments of the state and state
20 institutions.