



Product Guideline
Eagle River Water & Sanitation District
Employer Assisted Housing Benefit
Employee Home Ownership Program - EHOP®

Eligible Borrowers:	Regular full-time employees with one year of employment and pre-approval from the District. One employee loan per household. This benefit is on a first-come, first-served basis, no priority is offered for job classification or other factors.
Eligible Property:	Primary residence only, located within Eagle County. Eligible homes must be real property and permanently attached to a foundation and conform to all prevailing building code standards. Employee may not own or have an ownership interest in other developed residential property in Eagle, Pitkin, Garfield, Summit or Lake Counties.
Max. Purchase Price:	The maximum purchase price of a qualified residence by an employee in which the District will participate is not specified and is to be determined on a case by case basis.
Income Threshold:	No income limitations.
Loan Amount:	Employees may be eligible for assistance up to 17% of the purchase price or \$245,000.00, <i>whichever is less</i> . EHOP loan can be stacked with other sources of funds. <i>*EHOP loan amounts that exceed 10% of the purchase price require ERWSD Housing Sub-Committee approval prior to Impact Development Fund issuing loan approval.</i>
Compatible Mortgages:	Employees and co-borrowers must qualify for primary mortgage financing through a reputable lending institution offering terms acceptable to both the employee and the District. May be used in conjunction with conforming conventional and certain portfolio programs that offer fixed or intermediate variable rate terms designed for entry-level buyers. (i.e. FLEX, My Community, 5/1, 7/1, etc.). <i>FHA, Subprime and other non-conforming products are <u>not permitted</u>.</i>
Debt Ratio:	Maximum back ratio of 45%.
Loan to Value:	Maximum Combined Loan to Value is 97% of purchase price.
Minimum Investment:	Borrower must have minimum direct investment of 3% of purchase price from a source acceptable to the primary lender. In no case may the Seller or premium pricing of the mortgage interest rate satisfy this minimum requirement.
Repayment:	Principal and interest payments are not required. Payments for less than the full amount of the principal, accrued equity and public recording fees are not accepted. <i>Subsequent subordination requests may be allowed for the refinance of the primary loans if the new loan does not exceed the principal balance of the existing primary loan. All subordination requests must be approved by the District.</i>
Use of Funds:	Down payment only, funds <u>cannot</u> be used towards closing costs or associated loan fees.
Right of First Refusal:	Language in the Deed of Trust will include a Right of First Refusal by Eagle River Water and Sanitation District to purchase the property in the case of default.
Homebuyer Training:	Required only for first time homebuyers as evidenced by a Fannie Mae, Freddie Mac, HUD or CHFA-approved provider.
Term:	Maximum term is 15 years.
Loan Fees:	IDF origination fee charged at closing. Fees are subject to change per Impact Development Fund (IDF) fee schedule.

Collateral:	Subordinate lien priority on subject real property.
Equity Sharing:	<p>Equity Share Mortgage may be repaid at any time. Repayments will include principal plus a pro rata share of the recognized appreciation (if any) based upon the percentage of the EHOP equity share to the original purchase price.</p> <p>Appreciation share owed is determined as follows: loans that are repaid within the first five (5) years only require repayment of principal; loans repaid in year six (6) require repayment of principal and 75% of the lender's recognized appreciation due; loans repaid in year seven (7) require repayment of principal and 80% of the lender's recognized appreciation due; loans repaid in year eight (8) require repayment of principal and 85% of the lender's recognized appreciation due; loans repaid in year nine (9) require repayment of principal and 90% of the lender's recognized appreciation due; loans repaid in year ten (10) require repayment of principal and 95% of the lenders recognized appreciation due; and loans repaid in years eleven (11) through fifteen (15) require repayment of principal and 100% of the lenders recognized appreciation due.</p> <p>At the time of pay off request, the appreciation of the home is established by a borrower-paid/District-initiated appraisal, sales price or satisfactory Comparative Market Analysis. Repayment of the loan funds plus any accrued equity share is due at such time as the employee:</p> <ol style="list-style-type: none">1) Sells the property2) Refinances the primary loan *3) Defaults on the primary loan4) Does not occupy the property as their primary residence5) Remains in the property for the full 15 year term6) Purchases other developed residential property in Eagle, Pitkin, Garfield, Summit or Lake Counties. <p><i>*Subsequent subordination requests may be allowed for the refinance of the primary loans if the new loan does not exceed the principal balance of the existing primary loan. All subordination requests must be approved by the District.</i></p>
Exceptions Policy:	Exceptions to the Eagle River Water & Sanitation District EHOP eligibility and underwriting criteria may be considered by the District.

Origination Procedures

Application:	Mortgage loan officer submits Loan File Checklist to Impact Development Fund, complete with all documentation shown on the form. Any remaining documentation requirements will be detailed.
Processing:	Impact Development Fund will order title commitment and evidence of hazard insurance. Final loan documents are delivered electronically to loan officer for presentation to borrower. All outstanding items must be cleared prior to funding.
Closing:	IDF will deliver closing instructions and loan proceeds direct to title. Wires are sent 24 hours prior to the scheduled closing date, so the loan officer must advise of any schedule changes as soon as possible.
Fees Collected:	The origination fee is collected at closing, in addition to the public recording fee for the deed of trust (4 pages), and will appear on the Closing Disclosure (CD). All settlement figures should appear on a separate CD. IDF will review and approve the final first mortgage CD prior to funding. Title insurance is not required for Eagle River Water & Sanitation District EHOP loans.
Requirements:	LOAN OFFICER'S ARE REQUIRED TO PRESENT ALL EAGLE RIVER WATER & SANITATION DISTRICT EHOP DOCUMENTS AT, OR PRIOR TO, CLOSING. Both

the borrower and loan officer must execute the Lender Certification form, acknowledging disclosure of all loan terms and contact information.

Settlement: No changes to the District's EHOP loan documents or loan amount shown on the Closing Disclosure are permitted.

Post Closing: The original deed will be recorded by title with all other original District EHOP loan documents returned to IDF via overnight courier.