



**Product Guideline
Colorado River Water Conservation District
Employee Home Ownership Program-EHOP®**

Eligible Borrowers:	Regular, permanent, full time employees of the District who are making their first home purchase since becoming an employee of the district or experiencing a status change requiring relocation or change of ownership. The District's General Manager and General Counsel have the authority to determine qualifying status change. One employee loan per household.
Eligible Property:	Primary residence only. Real property must be located within 30 miles of regular job location. Eligible homes must be permanently attached to a foundation and conform to all prevailing building code standards.
Income Threshold:	None
Loan Amount:	Employees may be eligible for up to 20% of the purchase price or \$75,000.00, whichever is less.
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.). FHA, Subprime and other non-conforming products are <u>not permitted</u>.
Loan to Value:	Maximum Combined Loan to Value is 105% of purchase price.
Minimum Investment:	No minimum investment is required to participate in the EHOP program.
Interest Rate:	EHOP loan will carry an interest rate of WSJ prime less 1%, with a minimum rate of 2% and a maximum rate of 5%. Interest rate is set when IDF receives the application, (EHOP checklist documents from the first mortgage lender).
Forgiveness:	Upon the 5 th anniversary of the loan 20% of the original principal will be forgiven by the District provided employee maintains all conditions for program eligibility. Upon the 10 th anniversary an additional 20% will be forgiven, on the 15 th anniversary up to another 20% will be forgiven. Any principal balance forgiven by the District will be reported to the IRS as Other Employee Compensation to the employee in the month which forgiveness is granted and is subject to payroll taxes and withholding.
Loan Term:	Maximum term is 15 years.
Repayment:	Monthly payment of principal and interest. Monthly payments are calculated on a 35-year amortization schedule and balloon payment at maturity (15 years). Balloon payment will consist of remaining outstanding principal balance less any forgiveness approved by the District in accordance with the schedule above. Prior to maturity, lump sum repayment is required upon property sale, refinance of the primary mortgage, or the home is no longer occupied as the primary residence. <i>There are no prepayment penalties.</i>

Subordination Requests:	Subordination in the case of refinancing the principal loan will be reviewed on a case by case basis. Approval must be granted from the River District's General Manager and General Counsel.
Use of Funds:	Down payment, closing costs and pre-paid items related to the primary loan.
Homebuyer Training:	No homebuyer training class is required to participate in the EHOP program.
Term:	Maximum term is 15 years.
Loan Fees:	\$400.00 Origination Fee to Impact Development Fund (IDF) is due at time of loan closing. Subject to change per IDF residential fee schedule.
Collateral:	Subordinate lien priority on subject real property.
Exceptions Policy:	All aspects of Colorado River Water Conservation District EHOP eligibility and underwriting criteria are subject to staff-level exception authority. Loan terms and pricing must be approved by the Colorado River Water Conservation District.

Origination Procedures

Application:	Borrower's first mortgage loan officer submits Loan File Checklist to IDF, complete with all documentation shown on the form. A loan commitment is typically issued within 48 hours of receiving all documentation. Any remaining documentation requirements will be detailed.
Processing:	IDF will order title commitment and evidence of hazard insurance. Final loan documents are delivered electronically to loan officer and Title Company for presentation to borrower. All outstanding items must be cleared prior to funding.
Closing:	IDF will deliver closing instructions and loan proceeds directly to title. Wires are sent 24 hours prior to the scheduled closing date. First mortgage loan officer must advise of any schedule changes as soon as possible.
Fees Collected:	The IDF 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). IDF must review and approve the final first mortgage CD prior to funding. Title insurance is not required for Colorado River Water Conservation District EHOP loans.
Requirements:	LOAN OFFICER'S ARE REQUIRED TO PRESENT ALL COLORADO RIVER WATER CONSERVATION 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 Colorado River Water Conservation District EHOP loan documents or loan amount shown on the CD are permitted.
Post-Closing:	The original deed will be recorded by title with all other original Colorado River Water Conservation District EHOP loan documents returned to IDF via overnight courier.