



Product Guideline
Eagle County Housing and Development Authority
Employee Home Ownership Program - EHOP®

Eligible Borrowers:	Borrowers are persons employed year-round by Eagle County Government for at least 30 hours per week, with U.S. citizenship or otherwise legally in the United States on a permanent status who own no other residential property in Eagle County at the time of closing. It may be permissible to own residential property anywhere outside of Eagle County that is currently listed for sale or rented at fair-market value, as determined in the sole and exclusive discretion of the Housing Director. <i>All borrowers must meet with an Eagle County Housing and Development Authority representative prior to applying for this program.</i>
Eligible Properties:	Single family homes, condominiums, townhomes, duplexes, modular homes or manufactured homes on a permanent foundation taxed as real property within the jurisdictional boundaries of Eagle County. Closing on eligible property must occur within 90 days of approval of EHOP application.
Max. Purchase Price:	None
Income Threshold:	No income limitations.
Loan Amount:	Maximum is \$50,000
Borrower Investment:	Borrower must have a direct transaction investment of 1% of purchase price or 50% of the total EHOP loan amount, whichever is less. Minimum borrower investment is \$3,000.
Compatible Mortgages:	EHOP may be used in conjunction a Conventional, Rural Development or VA first mortgage product except first mortgages containing a negative amortization feature or a prepayment penalty. EHOP may NOT be used in conjunction with an FHA insured mortgage. <i>EHOP may be used in conjunction with other Eagle County Housing & Development Authority managed down payment assistance loans (ECLF, CDOH.) Borrower must meet minimum requirements for both DPA programs including borrower investment. EHOP lien will be recorded behind ECLF lien.</i>
Loan to Value:	Maximum Combined Loan to Value is 105% of purchase price.
Debt Ratio:	Maximum of 45%. <i>No exceptions will be granted.</i>
Assets:	Borrower may not have verified net assets in excess of one and one half times the annual household income, excluding retirement funds.
Repayment:	Principal and interest payments are not required. Payments for less than the full principal, accrued interest and public recording fees are not accepted. The loan will become immediately due upon sale, transfer, refinance, when the home is no longer the primary residence or upon the death of the buyer.

Subordinations will be allowed on a case by case basis. Subordination requests will be reviewed and approved by the Housing Director.

- Use of Funds: Down payment, closing costs, and pre-paid items related to the primary loan.
- Right of First Refusal: Language in the Deed of Trust will include a Right of First Refusal by Eagle County Housing and Development Authority or Eagle County to purchase the property in the case of sale or default.
- Homebuyer Training: Required on all loans, as evidenced by a Fannie Mae, Freddie Mac, HUD, or CHFA-approved provider.
- Term: Maximum term is 30 years.
- 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 Share: Loans repaid in full within the initial 24 month period will include loan principal only. Repayments that occur thereafter will include loan principal plus a pro rata share of recognized appreciation (if any) based upon the percentage of the EHOP loan to the original purchase price. (If EHOP loan represents 2% of the original purchase price, the borrower would repay the original principal balance plus 2% of the equity gain at the time of loan repayment.) At time of pay off request the appreciation of the home is established by appraisal, sales price or satisfactory Comparative Market Analysis.
- Rate Caps: Not Applicable.
- Exceptions Policy: All aspects of the EHOP loan eligibility and underwriting criteria are subject to staff-level exception authority. EHOP loan terms and pricing must be approved by Eagle County Housing and Development Authority.
- Taxable Benefit: An EHOP Loan may be considered a taxable benefit to the Employee. Therefore any EHOP Loans made after 12/31/2010 will either:
- a) include an interest rate equal to or greater than the Applicable Federal Rate for the month of the loan, which interest amount shall be paid no less than annually,
 - b) include an imputed taxable fringe benefit equal to the Applicable Federal Rate for the month of the loan applied to the EHOP loan principal balance computed monthly for periods through the date of loan principle repayment. The imputed interest payments shall accrue and be payable when the loan principal is paid dependent upon the amount of repayment required by the equity share loan documents, or
 - c) **be in the amount of \$10,000 or less therefore not a taxable benefit to the borrower.**

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:** Impact Development Fund will deliver closing instructions and EHOP proceeds directly to the title company. Funds transferred by wire should be sent 24 hours prior to scheduled closing date. The loan officer shall 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). IDF will review and approve the final first mortgage CD prior to funding.
- Requirements:** Loan officers are required to present all EHOP loan documents at, or prior to, closing. The borrower and loan officer shall execute the Lender Certification form, acknowledging disclosure of all loan terms and contact information.
- Settlement:** Borrower may NOT receive any proceeds at the time of settlement regardless of total contribution. Title will be instructed to show any excess proceeds as a principal reduction to IDF on the first mortgage Closing Disclosure (CD) and return such funds for proper credit. No changes to the 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 EHOP loan documents returned to Impact Development Fund via overnight courier.