



Product Guideline

Eagle Ranch Housing Corporation Equity Share Assistance Program

Eligible Borrowers:	Borrowers must be employed or currently residing within Eagle County with U.S. citizenship or otherwise legally in the United States on a permanent status and may not own other real estate at time of closing.
Eligible Property:	Single family homes, condominiums, townhomes, duplexes within the Eagle Ranch development.
Income Threshold:	No income limit. Income is established by currently demonstrated income, excluding: overtime, shift bonus, commissions and bonus income that have not been earned consistently during the previous 2-year period and/or do not have a strong likelihood of continuance.
Loan Amount:	Maximum is \$10,000.00
Borrower Investment:	Minimum borrower investment is \$3,000.00.
Max. Purchase Price:	\$850,000.00
Compatible Mortgages:	ERHC Equity Share loan may be used in conjunction with Conventional, Rural Development or VA loan products except first mortgages containing a negative amortization feature or a prepayment penalty. <u>FHA loans are NOT permitted with the ERHC loan.</u>
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>
Use of Funds:	Down payment, closing costs and pre-paid items related to the primary loan.
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.
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.
Repayment:	Monthly principal and interest payments are not required. The Equity Share down payment assistance loan may be repaid at any time and there is no prepayment penalty. Loan is due upon sale, transfer of title, when the primary mortgage is paid off, or when the property is no longer owner-occupied. Repayments will include principal plus a pro rata share of the recognized appreciation (if any) based upon the percentage of the down payment assistance loan amount to the original purchase price. At the time of pay off request, the appreciation of the home is established by a borrower-paid appraisal, sales price or satisfactory Comparative Market Analysis completed by Impact Development Fund and approved by the Eagle Ranch Housing Corp.

Equity Share:	<u>EXAMPLE:</u>
	Purchase Price \$500,000
	ERHC DPA Loan \$10,000
	Principal to Original Sales Price Ratio 2%
	Sales Price \$700,000
	Gross Appreciation \$200,000
	Shared Appreciation (\$200,000 x 2%) <u>\$4,000</u>
	Borrower Realized Appreciation \$196,000
	ERHC DPA Loan Principal \$10,000
	Equity Share <u>\$4,000</u>
	Total Loan Repayment <u>\$14,000</u>

Subordination: Subordinations will be reviewed on a case by case basis.

Exceptions Policy: All aspects of the ERHC Loan Fund eligibility and underwriting criteria are subject to Staff-level authority. Loan terms, pricing and policy exceptions must be approved by ERHC. Application of these guidelines is at the sole exclusive discretion of ERHC.

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). IDF will review and approve the final first mortgage CD prior to funding. Title insurance is not required for ERHC loans.

Requirements: **LOAN OFFICERS ARE REQUIRED TO PRESENT ALL ERHC LOAN 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: 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 Closing Disclosure (CD) and return such funds for proper credit. No changes to the ERHC 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 ERHC documents returned to IDF via overnight courier.