Impact Development Fund

Town of Vail
Employee Home Ownership Program - EHOP®
Amortized Loan Product Guideline

Eligible Borrowers:	Full time employees of the Town of Vail working at least 40 hours per week, in good standing with 6 months of service with the Town and purchasing a primary residence. Employees must not own other residential property within Colorado at the time of closing. It may be permissible to own residential property anywhere outside of the region that is currently under contract for sale.
Service Area:	Colorado, within a reasonable commuting distance for the Town of Vail employee's role.
Eligible Properties:	Single family homes, condominiums, townhomes, duplexes, modular homes or manufactured homes on a permanent foundation taxed as real property.
Max. Purchase Price:	None
Income Threshold:	No income limitations.
Loan Amounts:	20% of the purchase price not to exceed $200,000.
Application of Funds:	EHOP funds may only be used for down payment, closing costs, and pre-paid items related to the primary loan.
Compatible Mortgages:	EHOP funds 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, VA, Subprime and other non-conforming products are **not permitted**.*
Loan to Value:	Maximum Combined Loan to Value is 100% of purchase price.
Debt Ratio:	Monthly payments on all debt, including mortgage, credit cards, automobile loans, school loans, etc., **may not exceed 43% of gross (before tax) income**. **Any exceptions to the Debt Ratio Guidelines are at the sole discretion of the Town of Vail.*
Minimum Investment:	Borrower must have a minimum investment of 3% of the purchase price from a source acceptable to the primary lender. In no case may the Seller or the premium pricing of the mortgage interest rate satisfy the minimum requirement.
Assets:	Borrower may not have verified net assets in excess of one and one half times the household income, excluding government approved retirement funds. *Any funds used for the purchase of the subject property are not included in the asset calculation.*
Preferred Interest Rate:	Interest rate is equal to the most recent month's Federal Cost of Funds Index and is set at the time the EHOP application is received by the first mortgage lender (Preferred Rate) https://www.freddiemac.com/research/datasets/cofi. The Preferred Rate will accrue as a simple-interest fixed rate while the Borrower is employed with the Town of Vail.
Termination Rate:	If the employee terminates employment with the Town of Vail, either voluntarily or involuntarily, **the rate on the EHOP loan will increase to the rate disclosed on the loan documents and is equal to first mortgage note rate at the time the EHOP application is received from the first mortgage**

	lender (Termination Rate). The Termination Rate will take the form of higher monthly loan payment amounts. The increase in the interest rate will be effective 90 days following one of the events resulting in the preferred rate termination. The resulting higher payments will be due on the next payment due date following at least 30 days after the termination of the Preferred Rate. If the property ceases to be the employee's primary residence, the full balance of the loan is due immediately.
Qualification Rate:	EHOP loan will be underwritten by IDF using the higher Termination Rate described above to determine the debt to income ratio.
Term:	Maximum term is 15 years.
Repayment of Loan:	Monthly payments are interest only for 60 months (5 years) from loan origination. Beginning in month 61 (year 6) monthly payments of principal and interest are required and the loan balance will be amortized over a period of 30 years with a balloon payment due 15 years from the date of the loan origination. The loan will become immediately due upon sale, transfer, or refinance.
Homebuyer Training:	Required on all loans, as evidenced by a Fannie Mae, Freddie Mac, HUD, or CHFA-approved provider.
Fees:	IDF origination fee charged at closing. Fees are subject to change per Impact Development Fund (IDF) fee schedule.
Collateral:	Subordinate lien secured by a Deed of Trust on subject real property.
Right of First Refusal:	If allowed by the property type, Town of Vail will file a right of first refusal document at loan closing. The Borrower must provide written notice to the Town as least 30 days prior to listing the property for sale. Upon receipt of Notice of Intent to Sell, the Town shall have the exclusive right, but not the obligation, to purchase the Property on terms equal to or better than those offered by a bona fide third party purchaser. The Town shall notify the Borrower in writing within 15 business days of its intent to exercise or waive this right. This right of first refusal shall remain in effect for the duration of the Borrower's ownership of the Property or until the EHOP Program assistance is repaid in full.
Exceptions Policy:	All aspects of the Town of Vail EHOP eligibility and underwriting criteria are subject to Town of Vail exception authority.

Origination Procedures

Application:	Primary mortgage loan officer shall submit to Impact Development Fund the Loan File Checklist complete with all documentation shown on the form.
Processing:	Impact Development Fund will order title commitment and evidence of hazard insurance. Final equity share 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 loan 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). All settlement figures should appear on a separate CD. IDF will review and approve the final first mortgage CD prior to funding.
Requirements:	The Borrower's loan officer shall present all required 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:	No changes to 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 EHOP loan documents returned to Impact Development Fund via overnight courier.