



**Town of Vail
Employee Home Ownership - EHOP®
Equity Share 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 within Eagle County.
Max. Purchase Price:	None.
Income Threshold:	No income limitations.
Loan Amounts:	20% of the purchase price not to exceed \$200,000.
Application of Funds:	Equity Share Mortgage funds may only be used for down payment, closing costs, and pre-paid items related to the primary loan.
Compatible Mortgages:	EHOP loan 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, VA, Subprime and other non-conforming products are not permitted.</i>
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. <i>*Any exceptions to the Debt Ratio Guidelines are at the sole discretion of the Town of Vail.</i>
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. <i>Any funds used for the purchase of the subject property are not included in the asset calculation.</i>
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 Town of Vail.

If the property ceases to be the employee's primary residence, the full balance of the loan is due immediately.

Equity Share:

EXAMPLE:

Purchase Price	\$1,000,000
Town of Vail EHOP Loan	\$200,000
Principal to Original Sales Price Ratio	20%
Sales Price	\$1,400,000
Gross Appreciation	\$400,000
Shared Appreciation (\$400,000 x 20%)	<u>\$80,000</u>
Borrower Realized Appreciation	\$320,000
Town of Vail EHOP Loan Principal	\$200,000
Equity Share	<u>\$80,000</u>
Total Loan Repayment	\$280,000

Homebuyer Training:

Required on all loans, as evidenced by a Fannie Mae, Freddie Mac, HUD, or CHFA-approved provider.

Term:

Loan term to match the primary mortgage with a maximum term of 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.

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:	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 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 equity share 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 Town of Vail EHOP documents returned to Impact Development Fund via overnight courier.