Product Guideline
City of Glenwood Springs
Employer Assisted Housing Benefit
Employee Home Ownership Program-EHOP®

Eligible Borrowers:	Regular full time and permanent part-time employees with at least 1 year service with the City. City council appointees are not eligible for the benefit program. 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 18% of the purchase price or $40,000 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 City. 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* ***not permitted****.*
Loan to Value:	Maximum Combined Loan to Value is 105% of purchase price.
Minimum Investment:	Employee must make a minimum contribution towards the purchase price and related settlement charges equal to $2,000. Settlement charges may include all or part of the one-time processing fee for this loan.
Interest Rate:	EHOP loan will carry an implied interest rate established at time of loan application, equal to the lowest of the most recently available interest rates available from www.colotrust.com (*Colotrust Plus 7 day average daily rate*) or www.csafe.org (*7 day average daily yield*) plus 1%.
Forgiveness:	If the homes is purchased within the City limits of Glenwood Springs, up to 40% of the original principal balance may be forgiven by the City provided employee maintains all conditions for program eligibility. Upon the 2nd anniversary of the loan, 2.5% of the original principal balance will be forgiven; an additional 5% is forgiven upon the 3rd anniversary; 12.5% is forgiven upon the 4th anniversary and 20% on the 5th anniversary. On the 5th anniversary of the loan, 60% of the original principal balance will remain outstanding and must be repaid upon maturity or other event of early repayment described below. Any principal balance forgiven by the City will be reported to the IRS as Other Income to the employee in the year in which forgiveness is granted. **Employees purchasing a home outside City Limits are *not* eligible for the forgiveness.**
Repayment:	Interest shall not accrue and only applied upon notification of loss of eligibility or default under terms of Promissory Note and Deed of Trust, retroactive to the original Note date. Upon event of repayment, employee shall be notified by the City or its assigned agent of the original principal balance less any amounts forgiven, the Note interest rate, as identified within the Promissory Note, monthly payment amount and payment due date. Events of repayment in whole or according to a monthly amortization schedule include: sale of subject property; refinance of the primary mortgage instrument; at the time the home no

longer constitutes the employee's primary residence; upon termination of employment for any reason; or the employee is in default of any terms or conditions of the first mortgage. Upon notification from the City or its agent that the loan is due and payable, the employee will have no more than 60 days to begin repayment of outstanding principal balance plus accrued interest and other applicable charges. Principal and accrued interest shall be payable monthly in an amount sufficient to fully amortize the loan upon maturity of the Note. In the event employment has been maintained through the term of the loan, no interest will accrue and only the original principal balance, plus applicable charges, will be due and payable at that time. *There are no pre-payment penalties.*

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 15 years.

Loan Fees: $400 Application Fee shall be charged only at the time of loan closing and reflected on the HUD1 Settlement Statement.

Collateral: Subordinate lien priority on subject real property.

Exceptions Policy: All aspects of City of Glenwood Springs EHOP eligibility and underwriting criteria are subject to Staff-level exception authority. Loan terms and pricing must be approved by the City of Glenwood Springs.

Origination Procedures

Application: Mortgage loan officer submits Loan File Checklist to Funding Partners, complete with all documentation shown on the form. A loan commitment is usually issued within 48 hours, or less. Any remaining documentation requirements will be detailed.

Processing: Funding Partners 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: FP 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 Application Fee of $400 is collected at closing, in addition to the public recording fee for the deed of trust (4 pages), and will appear on the HUD1 Settlement Statement. All settlement figures should appear on a separate HUD1 Settlement Statement. FP will review and approve the final statement prior to funding. Title insurance is not required for City of Glenwood Springs EHOP loans.

Requirements: LOAN OFFICER'S ARE REQUIRED TO PRESENT ALL CITY OF GLENWOOD SPRINGS 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 City of Glenwood Springs EHOP loan documents or loan amount shown on the HUD1 are permitted.

Post Closing: The original deed will be recorded by title with all other original City of Glenwood Springs EHOP loan documents returned to FP via overnight courier.