# Product Guideline
# Colorado River Water Conservation District
# Employer Assisted Housing Benefit
# Employee Home Ownership Program-EHOP®

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| Eligible Borrowers: | Regular, permanent, full time employees of the District who are making their first home purchase since becoming an employee of the district or experiencing a status change requiring relocation or change of ownership. The Districts General Manager and General Counsel have the authority to determine qualifying status change. 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 20% of the purchase price or $50,000 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 District. 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: | No minimum investment is required to participate in the EHOP program. |
| Interest Rate: | EHOP loan will carry an implied interest rate of 4%. |
| Forgiveness: | Upon the 5th anniversary of the loan 20% of the original principal will be forgiven by the District provided employee maintains all conditions for program eligibility. Upon the 10th anniversary an additional 20% will be forgiven, on the 15th anniversary another 20% will forgiven and the remaining 40% of the original principal balance will remain outstanding and must be paid upon maturity or other event of early repayment described below. Any principal balance forgiven by the District will be reported to the IRS as Other Income to the employee in the year in which forgiveness is granted. |
| 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 District or its assigned agent of the original principal balance, 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 District or its agent that the loan is due and payable, due to termination or Note default, 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: No homebuyer training class is required to participate in the EHOP program.

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 Colorado River Water Conservation District EHOP eligibility and underwriting criteria are subject to Staff-level exception authority. Loan terms and pricing must be approved by the Colorado River Water Conservation District.

## 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 Colorado River Water Conservation District
EHOP loans.

Requirements: LOAN OFFICER'S ARE REQUIRED TO PRESENT ALL COLORADO RIVER WATER CONSERVATION DISTRICT 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 Colorado River Water Conservation District 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 Colorado River Water Conservation District EHOP loan documents returned to FP via overnight courier.