



Mortgage Assistance Program Policy

Eagle Mountain City / Eagle Mountain Redevelopment Agency

PART I OVERVIEW

1.0 Introduction

This manual sets forth policies and procedures for the Eagle Mountain Mortgage Assistance Program, which is funded by Housing Funds from the Eagle Mountain Redevelopment Agency and administered by Eagle Mountain City.

The goal of the mortgage assistance program is to expand home ownership opportunities for eligible households and to increase home ownership within the city. The program seeks to give assistance to households who otherwise would not be able to become homeowners.

This Manual shall be revised as new policies and procedures are established. The current edition was adopted or revised on October 1, 2024.

2.0 Purpose

Eagle Mountain City's General Plan includes a Moderate Income Housing Plan strategy to:

“Implement a mortgage assistance program for employees of the municipality, an employer that provides contracted services to the municipality, or any other public employer that operates within the municipality.”

The purpose of this Mortgage Assistance Program Policy (**Policy**) is to establish processes and guidelines for the awarding of Redevelopment Agency (**RDA**) Housing Funds in the form of Mortgage Assistance (**MAP**) to improve the quality of life for individuals, couples, and families and the quality of the community. These guidelines cover the following: income qualification, home-buyer eligibility criteria, first mortgage requirements, occupancy standards, and other relevant items.

While priority will be given to public employees, such as teachers, firefighters, police, city employees, and others, the program is also available to other qualified persons who are purchasing housing in Eagle Mountain City.

3.0 General Program Information



For FY 2024-25 the Mortgage Assistance Program offers a 0% deferred payment loan for the lower of \$25,000 or 7.5% of the actual purchase price of the home. Prospective applicants with household incomes up to 120% of Area Median Income may qualify for a loan. For FY 2024-25 the maximum household income ranges from \$91,600 for one person to \$151,800 for households of six or more persons.

The zero percent (0%) deferred-payment loans are secured by a promissory note and mortgage (trust deed) in second position to that of the primary lender. First mortgages must have a fixed rate and include the escrow for taxes and insurance.

As a condition of the loan, the property must always remain the borrower's principal place of residence. Borrowers are required to repay loans in full if they vacate, sell, transfer, or assign any legal or equitable interest in the property at any time on or after the closing date of this mortgage product, which amount shall be immediately due and payable in accordance with the Mortgage Assistance Program Policy.

Prospective homeowners may apply for mortgage assistance funds after they have been prequalified by a first-mortgage lender and are ready to make an offer on a home. A homeowner may not apply for mortgage assistance funds after the first mortgage loan has been closed. Mortgage assistance funds are not intended for refinancing an existing mortgage or land contract.

4.0 Definitions

As used in this manual and other materials and forms, the words listed below are defined as:

Affordable: In reference to housing costs, this means that the financial obligation can be paid by the person or household, along with all other financial responsibilities of that person/household, without endangering the financial stability of the person/household.

Agreement shall mean the written contract between the City and the successful Applicant stating the terms under which the mortgage assistance is awarded. If a Residence is to be jointly owned, all owners must enter into an agreement with the City.

Annual Gross Income: The total income of a household (including all working persons who are at least 18 years old) which is calculated for the 12-month period following the date of determination of income.

Appeal shall mean a written request by an Applicant to review, modify, or reverse



any written determination or decision on an Application or a determination of default of the Agreement by the Applicant.

Applicant shall mean the person, who is at least 18 years old, who applies for an Eagle Mountain Mortgage Assistance Loan. This term may be used interchangeably with “Homebuyer” and includes “Co-Applicant.”

Application shall mean the form provided by the City, completed by the Applicant, with all requested attached information.

Borrower: A successful Applicant who receives an MAP Loan.

Certification: A written statement of fact filed in connection with MAP programs administered by the City attesting that the information provided has been verified as true, correct, and complete, and subject to penalties of perjury.

City shall mean Eagle Mountain City.

Closing Date: The date when the Borrower(s) signs the MAP Loan Agreement and other required documents.

Co-Applicant: A person who joins the Applicant in applying for the MAP. Spouse/Partners must be included as Co-Applicants even if they do not appear on the loan.

Complete Application: The form provided by the City, completed by the Applicant, with all requested attached information.

Customary Mortgage Lender means a Bank, Credit Union, Savings and Loan, Mortgage Company, or other financial institution, which provides a loan for the purchase of the Residence, approved by Staff.

Debt to Income (DTI): A measure (percentage) that compares a Borrowers’ total debt payments (such as house payments, child support, alimony, student loans, credit cards, gas and store cards, and any other consumer debt) to the monthly income they generate. This calculation gives the City an idea of how likely it is that the Borrower will repay the financing obtained to purchase their home. This term is also known as “back-end ratio.”

Disabled refers to an individual, single, head of household, or spouse who has a disability as defined in Section 223 of the Social Security Act or in Section 102(5) of the Developmental Disabilities Services and Facilities Construction Amendments of 1970.



Displaced Homemaker shall mean a divorced adult, who is at least 18 years old, who has not worked full time for a full year in the labor force for a number of years, but has during such years worked primarily without remuneration to care for the home and family; is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment; or while married, owned a home with his/her spouse and in the divorce settlement the residence was awarded to the spouse or required to be sold.

Drug-Related Criminal Activity includes drug trafficking or illegal use, or possession for personal use, of a controlled substance (as defined in section 102 of the Controlled Substances Act (21 USC 802)).

Economic Hardship includes drastic reduction or loss of income caused by the loss of employment, serious or chronic illness or health conditions, and/or similar, verifiable circumstances. Reduction of value of the home and inability to sell will also be considered.

Eligible Homebuyer shall mean an individual (and his or her spouse or partner) that meets applicable criteria specific to the MAP program funding.

Eligible Property means real property located within the City, which also meets additional criteria relative to the MAP program.

Family or Household shall mean one or more persons related by blood, marriage, adoption or approved foster care, and up to two (2) unrelated persons.

First Mortgage shall mean a mortgage or loan which is secured by a first lien position, taking priority over all other liens; and an extension of credit for which a Deed of Trust is recorded and the proceeds of which are used to finance the purchase of an eligible property which meets the requirements set forth in this policy.

Gross Annual Income shall mean the anticipated total annual income, before deductions, from all sources received by an individual or household (even if temporarily absent) and received by each additional member of the household, who is at least 18 years old, including all net income derived from assets for the 12-month period following the effective date of the initial determination of income.

Homebuyer shall mean the successful Applicant approved by the Staff under the provisions of this Policy who enters into an Agreement with the City and will purchase a Residence with Mortgage Assistance from the City.



Household Member means all individuals who will live in the house purchased with Mortgage assistance. All individuals must be listed in the section “Household Composition” of the Completed Application.

Housing Expense Ratio (HER) is a measure (percentage) that compares the Borrower’s gross monthly income to their housing expenses. The housing expense measure includes mortgage principal and interest payments, property taxes, hazard insurance, and mortgage insurance costs. This term is also known as the “front-end ratio.”

Housing Funds shall mean monies collected by the RDA, which must be used according to Utah Code §17C-1-411 and §17C-1-412, or successor provisions, which are allocated by the RDA Board to the Mortgage Assistance Program.

Lender shall mean an organization or entity which provides financing for the acquisition of eligible properties in accordance with the provisions of this Manual.

Liquid Assets refers to funds that are in the form of cash or which can quickly be converted to cash. These include: (1) cash, (2) demand deposits, and (3) time and savings deposits.

Loan refers to the Mortgage Assistance Loan provided by the City to a successful Applicant at closing.

Loan to Value (LTV) is a risk assessment ratio calculated by comparing the lesser of the purchase price or the appraised value of the property to the total mortgage debt on the home (including the MAP).

Moderate-Income Household: Persons and families whose income does not exceed the qualifying limits as established by HUD and amended from time to time. Such limits are defined as 80% of the area median income as adjusted for household size and revised annually.

Mortgage Assistance (MAP) in the form of down payment assistance shall mean an amount of money, up to \$25,000.00, offered to the Homebuyer to aid in the purchase of a Residence under this Policy and the ensuing Agreement.

Ownership Interest means any of the following interests in residential property including fee simple estate with the right of survivorship, joint tenancy, and tenancy in common. It does not include a remainder interest, a lease with or without an option to purchase, or any interest acquired on the execution of a purchase contract.



Owner-Occupied Residence: A dwelling intended and used for occupancy by one household which is the owner of the property. A home with a city-approved accessory dwelling unit also qualifies.

Participating Entity shall mean those property taxing agencies who participate in the RDA's project areas; namely Eagle Mountain City, Alpine School District¹, Utah County, Unified Fire Authority, and the Central Utah Water Conservancy District.

Principal (Primary) Place of Residence means a home of any kind where you reside most (at least 51%) of the time. This is not the only test; other factors that will be relevant to the determination include, but are not limited to:

- a. The address on your valid driver's license;
- b. Your place of employment (city, state);
- c. Where your immediate family lives;
- d. The address you use to file your federal and state income tax return;
- e. Where you are registered to vote;
- f. The property where you claim your homeowner's property tax exemption;
- g. The mailing address you use for general mail, bills, cell phone statements, and other general bills (utility bills do not necessarily establish residency);
- h. Where you maintain your bank accounts, brokerage statements, and other banking or financial relationships, i.e., credit cards, etc.;
- i. Where you maintain social memberships, such as health and/or country clubs, religious affiliations, etc.

All facts and circumstances will be considered when making the determination.

Public Employee shall mean a homebuyer who is an employee of a federal, state, or local governmental agency, institution, department, division, court, or in military service.

Purchase Price means the Amount for which the purchased home will be sold.

RDA shall mean the Eagle Mountain Redevelopment Agency, a separate body corporate and politic which is a political subdivision of the state of Utah.

Residence shall mean a single-family dwelling, townhome, or condominium, to be purchased by the Homebuyer, who will receive mortgage assistance under the

¹ At time of drafting (2024) there is an initiative to create a separate west-side school district from Alpine School District. If approved, the new district should be inserted here. Forgiveness eligibility should apply to employees who originate their purchase while employed for Alpine School District.



provisions of this Policy.

Spouse/Partner: Includes two persons who are legally married, or in a common law marriage, or reside together in a marriage or domestic partner type relationship.

Staff shall mean the person(s) designated to administer the Mortgage Assistance Program. This person may be an employee of the RDA, Eagle Mountain City, or a contractor engaged by the City.

Term means the 15-year period of agreement between the buyer and the City.

5.0 Program Availability

5.1 This Mortgage Assistance Program is available only when approved allocations from RDA Housing Funds are available and may, at any time, be discontinued either temporarily or permanently, at the discretion of the City Council. Nothing in this Policy creates an entitlement to Mortgage Assistance to any Applicant until a successful Applicant enters into a written Agreement.

5.2 Applications will be received, considered, and approved during regularly scheduled and advertised application periods with priority given in the following order:

- a. Public Employees of a Participating Entity;
- b. Public Employees; and
- c. Other qualified Applicants.

Then applicants will be prioritized based on their income relative to the area median income (AMI). Lower income households will receive higher priority.

6.0 Mortgage Assistance Program Terms and Conditions

6.1 The stated term of the MAP loan is 15 years.

6.2 The MAP loan will be secured by a lien in second position at 0% interest. Subject to Loan Forgiveness Eligibility (see Section 8.0 below), after 15 years, the lien may be removed completely from title and no repayment will be required.

6.3 The Agreement shall be recorded with the Utah County Recorder's Office, as a lien and covenant of restriction enforceable by the City against the Homebuyer's Residence, until the terms of the Agreement are fulfilled.



- 6.4 The Homebuyer may not refinance the first mortgage without notice to and approval of the City. A cash out refinancing of the Residence by the Homebuyer during the Term of the Agreement shall require a full repayment, less any loan forgiveness eligibility, to the City of the MAP loan. In addition, if a cash out refinancing occurs within the first two years of the Term, a penalty of up to \$2,000 may be assessed.

7.0 Mortgage Assistance Program Loan Amount and Payment

- 7.1 The maximum amount of a MAP loan is 7.5% of the actual purchase price of the Residence or \$25,000.00, whichever is less;
- 7.2 Only one MAP Loan is allowed per Residence or Homebuyer during the term of the Agreement; and
- 7.3 Payment of the MAP Loan will be made directly to the title company managing the closing transaction of the Residence for the Applicant and lender.

8.0 Loan Forgiveness Eligibility

- 8.1 Homebuyers who are Public Employees of a Participating Entity shall be eligible for loan forgiveness on a prorated basis between three and five full years of continuing public employment for a participating entity, and continuous occupancy of the residence;
- 8.2 Homebuyers who are Public Employees, other than those in 8.1, shall be eligible for loan forgiveness on a prorated basis between five and ten full years of continuing public employment, and continuous occupancy of the residence; and
- 8.3 All other homebuyers shall be eligible for loan forgiveness on a prorated basis between 10 and 15 years of continuous occupancy.
- 8.4 To receive loan forgiveness, the Homebuyer must submit a request in writing to the City for MAP Loan forgiveness, in whole or in part, at the time of sale, conversion, or eligibility for discharge of the MAP Loan.
- 8.5 Upon verification of employment, a Homebuyer who has submitted a request for loan forgiveness per 8.4 above, may be given credit for full years of public employment under sections 8.1 and 8.2. A Homebuyer whose status as a public employee ended during the term of the loan or began after the loan



term began may receive credit for their years of public employment when receiving loan forgiveness.

- 8.6. Hardship: A Homebuyer may also be eligible for loan forgiveness if, after the purchase of a home, the Homebuyer dies or is permanently and totally disabled. Staff may review and consider other types of hardships.
- 8.7 Proration in this section shall be calculated in full years, not in portions thereof.

9.0 Qualifications

- 9.1 The Applicant, along with all others over the age of eighteen who will reside in the residence shall have a combined family income, which qualifies the Applicant(s) for “income targeted housing” as defined in Utah Code § 17C-1-102(32)(a) which is currently no more than 120% of the current median annual income for Utah County, as published from time to time by the US Department of Housing and Urban Development (HUD) for the size of Family at the time of Application;
- 9.2 The Residence, for which the Application is being made, must be within the corporate limits of Eagle Mountain City to be approved. Staff may reject an Application if the Residence is located violates Eagle Mountain City or Utah State codes or is unfit or unsound for occupancy;
- 9.3 The Applicant must pay a down payment towards the purchase of the Residence of at least \$1,000;
- 9.4 The Applicant must qualify for and receive fixed-rate financing for the purchase of the Residence, other than an amount paid by Applicant’s own savings, through a Customary Mortgage Lender; and
- 9.5 The Applicant must submit a Completed Application and all requested financial, employment, and tax payment information, have an acceptable credit rating, and be otherwise approved by Staff.

10.0 Occupancy

- 10.1 The Residence shall become the permanent and primary Residence of the Homebuyer after closing, and Homebuyer shall continue to reside in the Residence throughout the Term of the Agreement;



- 10.2 The Residence shall not be conveyed, sold, leased, rented, sublet or the like during the Term of the Agreement; and
- 10.3 Conveyance or Sale of the Residence by the Homebuyer during the Term of the Agreement shall require repayment of the MAP Loan. Leasing, renting, subletting or the like of the Residence by the Homebuyer during the Term of the Agreement shall require repayment of the MAP Loan. In addition, if the sale or rental occurs within the first two years of the Term, a penalty of up to \$2,000 may be assessed. For a residence that is occupied by the Homeowner throughout the Term of the Agreement there shall be no repayment of the loan upon resale or rental thereafter.

11.0 Discretionary Funding

Availability of the Mortgage Assistance Program is subject to annual appropriation of funds by the RDA and the City. Nothing in this Policy shall guarantee any present or future appropriations.

12.0 Singular and Plural

Wherever appropriate or required by the context in this Policy a singular term shall also refer to the plural form of the same term and vice versa.

13.0 Right to Appeal

Within 30 days of notification of a denial for a loan, an Applicant shall have the right to Appeal any written decision or determination by the City on an Application. The Appeal process is outlined in Section 30 of Part III. An Appeal and obtaining a decision on appeal is mandatory before an Applicant may seek any other relief or remedy. Failure to Appeal within the Appeal Period shall preclude any other relief or remedy on the decision or action.

14.0 Statement of Nondiscrimination

It is the intent of this Policy to comply with The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 – 3619), as amended, which prohibits discrimination against individuals because of race, color, religion, sex, familial status, national origin, or handicap status. Nothing in this Policy shall be construed to violate the Fair Housing Act.

15.0 Compliance with Utah Code, Title 17C



1650 E. STAGECOACH RUN
EAGLE MOUNTAIN, UT 84005
EAGLEMOUNTAIN.GOV

This Policy, and the use or expenditure of Housing Funds under this Policy, shall be construed and interpreted to comply with Utah Code Title 17C the “Limited Purpose Local Government Entities - Community Reinvestment Agency Act” (Act). No Housing Funds may be used or expended in violation of the Act.

16.0 Notice and Contact Information

Communications pertaining to Applications, loan forgiveness, etc., may be addressed as follows:

By email: mortgageprogram@eaglemountain.gov
By mail: Mortgage Assistance Program
1650 E Stagecoach Run
Eagle Mountain, Utah 84005

Notice of Appeals may be sent as follows:

By email: cityrecorder@eaglemountain.gov
By mail: City Recorder
1650 E Stagecoach Run
Eagle Mountain, Utah 84005



PART II APPLICATION REQUIREMENTS

- 1.0 Applications may be submitted online, by email to mortgageprogram@eaglemountain.gov, or in person at Eagle Mountain City Hall.
- 2.0 The Applicant must have a pre-approval for a first-mortgage loan from a lender of his/her choice. Mortgage Assistance is not available for use with refinancing of existing mortgages.
- 3.0 An eligibility review and loan qualification will be performed to ensure that the Applicant meets the requirements of the program. Prioritization will be made per Part I, Section 5.0 of this manual. When all available program funds have been tentatively committed (i.e., applications are preapproved), Applications may no longer be accepted.
- 4.0 Potential Homebuyer must deliver a Complete Application for the MAP Loan along with all the listed documentation in the Application's checklist. An incomplete Application package will not be processed. The Complete Application package includes, but may not be limited to:
 - a. Completed and signed Application;
 - b. Signed agreement;
 - c. Copies of Federal Tax Returns for the immediately preceding three years;
 - d. Proof of income: Copies of paystubs for the immediately preceding three months for all working household members who are at least 18 years old. Statements for all other types of income must also be submitted for the last three months, including but not limited to wages, commissions, tips, bonuses, interest, social security, self-employment income, pension/retirement, unemployment, workers compensation, child support/alimony, adoption credits, etc.
 - e. Copies of bank statements for the previous three months (all checking, savings, and investments must be included regardless of current balance);
 - f. Home Ownership Class certificate or receipt indicating course has begun;
 - g. Loan pre-approval letter from lender (dated within the last 30 days);
 - h. Documentation for all debts, showing outstanding amount and terms, including but not limited to credit card statements, loan balances, etc.;
 - i. Proof of identity: birth certificate, driver's license, US-issued passport, or permanent resident card for all household members plus Social Security Cards. Scanned copies are okay.
- 5.0 Staff will make an eligibility determination that the Applicant meets the minimum qualifications for the program and will advise the Applicant and lender no later than 15 business days after receiving the Complete Application. This eligibility determination includes:



- a. Verification of household income eligibility, including debt-to-income and housing- expense ratios;
 - b. Verification of household liquid assets (must be under \$3,000 after closing);
 - c. Background checks for all household members who are at least 18 years old;
 - d. Property is an eligible type and is located within an eligible area.
- 6.0 Once eligibility determination (i.e., preapproval) is verified and completed, Staff will contact the first mortgage lender and request the following documentation and any additional documentation as appropriate to determine qualification to receive the loan:
- a. First Mortgage Application (HUD-1003 form);
 - b. Loan Estimate (LE);
 - c. Verification(s) of Employment (VOE);
 - d. Credit Reports. The middle or representative credit score must be 650 or higher, unless the Automated Underwriting System approves an applicant with a lower score;
 - e. If the home is under contract, the following must also be submitted:
 - i. Real Estate Purchase Contract (REPC), including seller's disclosure form;
 - ii. Appraisal;
 - iii. Preliminary Title Report or Commitment for Title Insurance (PR) for Mortgage Assistance;
 - iv. Standard Flood Hazard Determination Form; and
 - v. Home inspection report
- 7.0 When the eligibility determination and loan qualification is verified and completed, the loan will be submitted to the Mayor, City Manager, or designee, for review and approval.
- 8.0 Staff may send a conditional approval to the Applicant, copying the first mortgage lender, if the inspection report is not finalized and/or the appraisal has not been received by the Staff, or the Applicant does not yet have a home under contract. The conditional approval letter will state that a final approval is necessary and will be issued when a home is under contract and the REPC, PR, flood hazard determination form, inspection report, and appraisal are received. The Homebuyer has 120 days from the date of conditional approval to have a contract signed for the purchase of a home. Once these items are received, Staff will send a "Final Approval" letter to Homebuyer, copying the first mortgage lender, indicating the maximum loan amount for which the Homebuyer is qualified and the loan terms. The letter will reiterate that the property must remain the Homebuyer's principal residence.
- 9.0 Upon notification of Final Approval by the first mortgage lender, the lender must inform the Staff which title company will be closing the loan. The City requires three business days' notice of closing. Staff will send an instruction letter informing the title



company that the City will transfer the MAP Loan funding directly to them.

- 10.0 Careful coordination is necessary to ensure timing for funding of the MAP Loan. The letter will include the following instructions and request of documents:
- a. A Preliminary Title Report (PR) must be ordered for the loan in the amount of the MAP Loan.
 - b. The Homebuyer is required to invest a minimum of \$1,000 in the purchase of the home before any MAP Loan proceeds can be used.
 - c. The Homebuyer should not receive any cash back from the purchase. (In rare cases, such as when the seller agrees to pay the homebuyer's closing costs and the lender provides 97% financing, Earnest Money Deposit (EMD) less the minimum \$1,000 Homebuyer's down payment may be returned.)
 - d. A signed copy of the Closing Disclosure must be submitted to the City to verify that the MAP Loan funds, and the title policy charge have been correctly included.
 - i. Submit wiring instructions to the City; payment is made only to the Title Company which holds the Loan in escrow until funding is finalized.
 - e. Staff will contact the title company to request recording information from the first mortgage which must be included in City's Notice of Lien.
 - f. After Staff has received the requested documentation from the title company:
 - i. Staff prepares Notice of Lien;
 - ii. After execution of the final agreement, Staff requests City's Finance Department to wire funds to the title company that is closing the first mortgage;
 - g. Upon successful recordation of a Notice of Lien, Staff will send a copy of the recorded Lien and request the issuance of the title insurance policy to the Applicant.



PART III ADMINISTRATIVE POLICIES

Eagle Mountain City reserves the right to evaluate and underwrite Applicant eligibility based on the following criteria in a manner consistent with the intent and purpose of the Mortgage Assistance Program (MAP) and Utah Code Title 17C the “Limited Purpose Local Government Entities - Community Reinvestment Agency Act.” No Housing Funds may be used or expended in violation of the Act.

1.0 Applicant Eligibility and Responsibilities

1.1 Age Requirement: Applicant(s) must be at least 18 years old.

1.2 Eligible Homebuyer Certification

Except under an approved economic hardship and/or a displaced homemaker, present ownership interest shall disqualify an Applicant from eligibility. The following shall constitute a present ownership interest:

- a. A fee simple interest;
- b. A joint tenancy, tenancy in common, tenancy in the entirety, or community property interest;
- c. The interest of a tenant-shareholder in a cooperative;
- d. A life estate;
- e. A land contract (i.e., a contract pursuant to which a possession and the benefits and burdens of ownership are transferred even though legal title is not transferred until a later time; and
- f. An interest held in trust for the Applicant (whether created by the Applicant) that would constitute a present ownership interest if held directly by the Applicant.

1.3 Positive Identification

- a. Proof of identity must be shown to all household members who will reside on the property for which an MAP Loan is requested. For security purposes, faxed or copied documents are not accepted unless approved by Staff. All original documents provided to the City will be returned to the Applicant. Any name variation from source documentation must be accompanied by legal authorizing documents identifying the updated information (marriage, divorce, or court order).
- b. Identity and Legal/Lawful Status Verification (must provide one):
 - i. Valid unexpired Utah Driver’s License or other State issued ID;



- ii. Valid unexpired U.S. passport or passport card;
- iii. Birth Certificate (household members under the age of 18); or
- iv. Permanent Resident card.

c. Social Security Verification (must provide one):

- i. Social Security card issued by the U.S. government that has been signed and has not been laminated; or
- ii. If the Social Security card is not available, the Applicant may present one of the following documents which contain the Applicant's name and SSN:
 - iii. W-2 Form;
 - iv. SSA-1099 Form;
 - v. Non SSA-1099 Form;
 - vi. Pay stub showing Applicant's name and SSN; or
 - vii. Letter from the Social Security Administration indicating ineligible to obtain a Social Security Number because of their legal/lawful presence status.

1.4 Credit Scores, Reports, and Title Holders

To meet underwriting criteria, credit reports will be required and evaluated to determine credit worthiness for both Head of Household and Spouse/Partner. The determination is effective for the Mortgage Assistance Program even if Spouse/Partner is not included in first mortgage.

Frequently, lenders use a three repository merged credit report (TRMCR) to determine a mid-credit score. These reports include scoring information from three different agencies: TransUnion, Equifax, and Experian. The City will use the lowest mid-credit score of the applicant and co-applicant (if applicable) as it evaluates credit worthiness from Applicant(s). Scores of 649 and below will result in an automatic denial of the Applicant. The mid-credit score will also be used to determine if conditional exceptions to the debt ratio apply.

Credit reports will also be required from other household members, who are at least 18 years old, whose income is required to make the loan feasible and meet underwriting criteria and/or to qualify for the MAP Loan or any superior lien interest. Designated Head of Household and Spouse/Partner must be on title for the MAP Loan.

1.5 Debt Ratios

Monthly Housing Expense Ratio (HER), or front-end ratio: The mortgage



payment, including HOA fees, escrows for taxes and insurance, cannot exceed 33% of Applicant’s gross monthly income if their mid credit score is 650-699, and cannot exceed 35% if their mid credit score is 700 or higher. Applicant’s total monthly fixed debt-to-income ratio (DTI) cannot exceed 43% of Applicant’s gross monthly income if their mid credit score is 650- 699 and 45% if their mid credit score is 700 or higher. Any Applicant whose DTI exceeds the established limits must reduce their ratios before they will be eligible to receive the MAP Loan. The amount a person can receive is up to 7.5% of the purchase price, not to exceed \$25,000.

BASE REQUIREMENTS

Credit Score	Maximum Qualifying Ratios % (HER/DTI)
650-699	33/43
700 and Above	35/45

Conditional Exceptions to the above ratios may be considered if any of the following apply:

CONDITIONAL EXCEPTIONS

Credit Score	Maximum Qualifying Ratios % (HER/DTI)	Acceptable Compensating Factors
650 and Above	40/47	One of the following: <ul style="list-style-type: none"> • Verified and documented cash reserves (minimum of \$1,000); • Minimal increase in housing payment (no more than \$100 or 5%); or • Residual Income (minimum of 20% of Gross Income according to RI calculator)
650 and Above	43/43	No discretionary debt (for example: credit card debt)



650 and Above	43/50	Two of the following: <ul style="list-style-type: none"> • Verified and documented cash reserves (minimum of \$1,000); • Minimal increase in housing payment (no more than \$100 or 5%); or • Residual Income (minimum of 20% of Gross Income according to RI calculator)
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Loan to Value not to exceed 103%.

Further exceptions may be considered for applicants with credit scores above 740. Financial counseling may be required to obtain exceptions. Any exceptions granted must be documented in writing by Staff and approved by the Mayor, City Manager, or designee.

1.6 Guarantors

Applicant(s) must meet credit and underwriting criteria established by the City and must be able to qualify for Mortgage Assistance on their own credit history. The Program does not allow for co-signers that will not be owner-occupants of the house being purchased.

1.7 Applicant Contribution

Applicant(s) shall make a cash contribution toward the down payment and closing costs of at least \$1,000. Down payment, closing costs subsidies available to Applicant(s) as gifts from relatives, seller-paid closing costs, employer assistance, other government subsidies, etc., are acceptable and allowed.

1.8 Homeowner Education

Prior to closing, Applicants will be required to participate in a homeowner’s education class designed to assist new homeowners. The City will only accept certificates of completion from approved homeowner education course providers. (See Appendix for a list of approved homeowner education providers). Applicants who have begun but not yet finished the course may be conditionally approved but must submit a completion certificate before closing. The purposes of this requirement are:

- a. To enable the Applicant to understand the responsibilities that



- accompany participation in the City’s Mortgage Assistance Program;
- b. To enable the Applicant to understand the home buying process;
- c. To enable the Applicant to understand and prepare to assume homeownership responsibilities and tasks;
- d. To develop an understanding of homeownership to promote self-respect, pride, and community responsibility.

1.9 Homeowner Tax and Insurance Requirements

Applicant shall agree to have taxes and homeowner’s insurance escrowed as part of the first mortgage monthly payment. Insurance must be in an amount acceptable and comparable to the value of the home and covering all existing buildings and structures present on the property, as determined by the first mortgage lender. Eagle Mountain City shall be listed as a Lien Holder on all property damage policies with usual loss payable to Mortgagee.

1.10 Household Assets

There are no minimum nor maximum limitations to an Applicant’s total household liquid assets after closing. Liquid assets include:

- a. Savings accounts;
- b. Checking accounts;
- c. Stocks, bonds, savings certificates, money market funds and other investment accounts, not including retirement accounts;
- d. Lump-sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements and other claims; and
- e. Cash value of trusts available to household members.

1.11 Household Income

The RDA will use the annual income definition found at 24 CFR Part 5 to determine program eligibility. The Part 5 definition of annual income is the gross amount of income of all household members over the age of 18 that are anticipated to be received during the coming 12-month period. This definition also states that income of minors or live-in aides will not be included.

- a. Gross Amount. For those types of income counted, gross amounts (before any deductions have been taken) are used;
- b. Income of all adult household members. The Part 5 definition of annual income contains “inclusions”—types of income to be counted—and “exclusions”—types of income that are not considered (for example



- earned income of minors);
- c. Anticipated to be received. The Part 5 annual income is used to determine eligibility and use a household's expected ability to pay, rather than past earnings; and
- d. Income Verification. All income must be fully documented and verified. Stated income is not allowed.

1.13 Income Limits²

The Mortgage Assistance Program is available on a one-time basis, to households and individuals whose gross income does not exceed 120% of the median income level adjusted for family size as determined by HUD for Utah City, UT HUD FMR Area and updated annually. The total household income of a Homebuyer must not exceed the income limit established by the City for this program.

1.14 Marital Status

Applicants may be single, divorced, or married. Applicants with a Spouse/Partner must co-apply for the MAP even if only one of them is obtaining the first mortgage. A credit check will be performed on all Applicants to determine qualification for a MAP Loan. The middle or representative credit score must be 650 or higher unless the Automated Underwriting System approves an applicant with a lower score.

1.15 Pre-Approved for First Mortgage

Applicant(s) shall be pre-approved for a first mortgage prior to making Application for a MAP Loan.

1.16 Principal (Primary) Residence

The borrower(s) shall agree to occupy the property as their primary place of residence for as long as the MAP Loan Agreement is in place but no less than two years from the closing date. The MAP Loan amount shall be immediately due and repayable in full at any time the Borrower(s) does not use the subsidized property as their Principal (Primary) Place of Residence.

² Normally, programs like this are intended for low- to moderate-income households with gross household incomes no higher than 80% of Area Median Income (AMI). Due to a shortage of affordable housing and in recognition that it is difficult to find affordable housing for sale, Utah (per UCA 17C-1-102(32)) allows up to 120% AMI for income targeted housing to be occupied by the owner.



Leasing, renting, subletting or the like of the Residence by the Homebuyer during the Term of the Agreement shall require the repayment of the full amount of the Mortgage Assistance Loan to the City.

It is the Borrower's responsibility to inform the City if they lease, rent, sublet, vacate, sell, transfer, and/or assign any legal or equitable interest in the property. If Borrowers vacate the property prior to two years from closing date, they will incur a \$2,000 penalty beyond the outstanding MAP loan repayment amount, which must be paid at the same time the loan is paid off. No exceptions will be made for partial time lived in the property that is less than two years from the closing date.

A MAP Loan for a residence that is occupied by the Homeowner through the end of the Term of the Agreement (15 years) or after full loan forgiveness shall require no repayment of the loan upon resale or rental thereafter.

2.0 Eligible Property

2.1 Properties shall meet all applicable requirements of the Mortgage Assistance Program, including:

- a. Inspections. A Certificate of Occupancy will be verified by Staff and a home inspection report performed by a professional home inspector shall be submitted by the Applicant before final approval of the MAP Loan. If substantial repairs are deemed necessary by Staff, the completion and cost shall be negotiated between buyer and seller. Repairs must be completed prior to closing and occupancy of any property subsidized with an MAP Loan. A MAP Loan may be denied if construction on the property has taken place for which no Certificate of Occupancy exists or if repairs cannot be made by the time of the closing and occupancy of the property.
- b. Location. Properties must be located within Eagle Mountain City limits.
- c. Unit Characteristics. Properties shall be situated on a permanent foundation with a permanent utility hook-up.

2.2 Eligible properties include:

- a. Single-family detached property;
- b. Single-family detached property with a City-approved legal accessory dwelling unit (if part of the unit is owner occupied); and
- c. Single-family attached properties (i.e., one half of a twin home or a town



home or condominium).

2.3 Ineligible properties:

- a. Duplexes or larger multi-unit buildings under single ownership; and
- b. Mobile homes

2.4 Occupancy Status (prior to purchase). Single-family units are eligible provided the property is vacant, occupied by the existing owner and/or occupied (rented) by the Applicant/Borrower.

3.0 Appraisals.

3.1 Utah State licensed appraisers must perform all appraisals, and all appraisals must be dated within six (6) months of closing date. The MAP Loan plus the first mortgage amount cannot exceed the lesser of the appraised value or purchase price. All appraisals used to determine Fair Market Value must meet the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970 (URA) definition of an appraisal (see 49 CFR 24.2(a)(3)) and the five following requirements (see 49 CFR 24.103(a)(2)):

- a. An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, an adequate description of the remaining property), including items identified as personal property, a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least 5-year history of sales of the property.
- b. All relevant and reliable approaches to value. If the appraiser uses more than one approach, there shall be an analysis and reconciliation of approaches to value used that is sufficient to support the appraiser's opinion of value.
- c. A description of comparable sales, including a description of all relevant physical, legal, and economic factors, such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.
- d. A statement of value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property, where appropriate.
- e. The effective date of valuation, date of appraisal, signature, and certification of the appraiser.



- 3.2 Occupancy. After closing, the property must be the principal residence of all Applicants and household members which were included in the Complete Application.
- 3.3 Agreement Period. Housing purchased with an MAP Loan must remain the principal place of residence of the Borrower for at least 15 years or until the loan is repaid or forgiven.
- 3.4 Seller Responsibilities. Individuals selling a property in a transaction which is to assisted with an MAP Loan shall agree to comply with all local requirements as applicable and corresponding to the funding source including:
 - a. Inspection/Repairs & Corrections. The seller must make any corrections needed for the property to obtain a Certificate of Occupancy for any construction on the property not covered by such. A MAP Loan cannot be committed until Staff have reviewed and approved an inspection of the property performed by a professional home inspector.
- 3.5 Lender Responsibilities.
 - a. Scheduling the Closing Date. The Lender shall schedule a closing date no earlier than two (2) days from the Loan Agreement execution date. Lender must notify the City at least three (3) business days in advance of the closing date so that the Agreement execution date can also be scheduled. Failure to notify the City could result in a delay in funding. A commitment shall expire 90 days from the date of the Final Approval. An extension of 15 business days may be requested by submitting a written request to the Staff. The City shall make a single payment to the title company engaged in closing the First Mortgage to the property. If the requested loan amount is more than the actual amount needed at closing, the title company will be requested to return the difference to the City at closing. If it is determined by the City after closing that the Borrower has not contributed a minimum of \$1,000 to the closing costs or down payment, the City will request the Borrower to return the Loan to the City an amount that would satisfy the \$1,000 requirement.
 - b. Misrepresentation. If Lender becomes aware of misstatements, whether negligently or intentionally made, it shall be their responsibility to immediately notify the Staff. The City will take appropriate action which may include denial or cancellation of the MAP Loan.
- 3.6 RDA & City Responsibilities.



- a. Compliance with Utah Code, Title 17C. This Policy, and the use or expenditure of Housing Funds under this Policy, shall be construed and interpreted to comply with Utah Code Title 17C the “Limited Purpose Local Government Entities - Community Reinvestment Agency Act”. No Housing Funds may be used or expended in violation of the Act.
- b. Conflict of Interest. No person who exercises or has exercised any functions or responsibilities with respect to activities of the Mortgage Assistance Program or who are in a position to participate in a decision-making process of the program, may obtain a financial interest or benefit from an MAP assisted activity, or have an interest in any contract, subcontract or agreement with the City, or the proceeds from the program, either for themselves or an immediate family member (a spouse, parent, child), during their tenure or for one year thereafter. The conflict of interest provisions applies to any person or family member, defined above, who is an employee, agent, consultant, officer, elected official, appointed official or any person who exercises policy or decision-making responsibilities in the Mortgage Assistance Program on behalf of the RDA or City. Exceptions to this policy can be made only after local public disclosure and formal approval by the City Council. Staff shall provide to the Board the following information:
 - i. A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
 - ii. The opinion of the City’s attorney is that the interest for which the exception is sought would not violate State or local law.

4.0 Non-Discrimination

Implementation of the Mortgage Assistance Program will be consistent with the City’s commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination based on religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, national origin, ancestry, or source of income.

5.0 Application Review

Staff shall review the Borrower(s) Complete Application package to determine both Borrower and property eligibility as outlined in this policy manual.



Staff may rely on the income and assets information required by policy as calculated by a licensed loan officer (for preapproval purposes), and then confirmed by the mortgage underwriter (for final approval purposes).

6.0 Zoning Compliance Verification

A zoning compliance verification will be obtained for all properties by submitting a Zoning Verification Request Form from Eagle Mountain City to ensure that all properties are eligible.

7.0 Eligible Costs

Proceeds from the MAP Loan must be used for down payment and closing costs. The City reserves the right to determine the eligibility of all closing costs and to request lender documentation of normal and reasonable costs. The following is a list of items for which assistance can be provided if all MAP eligibility and qualification requirements are met:

- a. Down Payment. Loans shall primarily be used to reduce the principal borrowed by the Homebuyer from Lender.
- b. Eligible Closing Costs
 - i. Title Company Settlement or Closing Fees;
 - ii. Recording Fees;
 - iii. Surveying Fees;
 - iv. Loan Origination Fees;
 - v. Credit Reports;
 - vi. Appraisal Fees;
 - vii. Property Inspections;
 - viii. Underwriting Fees;
 - ix. Document Preparation Fees;
 - x. Lender's Title Insurance;
 - xi. Daily Interest Charges;
 - xii. Aggregate Adjustment Amounts;
 - xiii. Mortgage Insurance Premiums;
 - xiv. Homeowner's Insurance Premiums and Fees;
 - xv. Property Taxes;
 - xvi. Interest (points) buy downs;
 - xvii. Prepaid items; and
- c. Personal Property
MAP Loan proceeds cannot be used to finance the acquisition of furnishings, appliances, or other personal property.



d. Consumer Debt/Judgments

MAP Loan proceeds cannot be used to pay off all or any portion of Borrower's consumer debt, liens, or judgments. Delinquent property taxes are also ineligible costs.

e. Corrections and Repairs

MAP Loan proceeds cannot be used to pay for any required corrections or repairs to the property.

8.0 Underwriting

The City reserves the right to evaluate an Applicant/Borrower(s) eligibility based on the criteria listed in this program policy manual in a manner consistent with the intent and purpose of the Mortgage Assistance Program.

The City may rely in part on the Automated Underwriting System (AUS) documentation (i.e., the underwriting approval letter) from the Lender to verify loan eligibility.

9.0 Approval of Mortgage Assistance Program Loan

Once all required documentation has been received from the lender and the loan processor has determined that the Applicant(s) meets all the requirements, the loan is submitted to the Mayor, City Manager, or designee, for review and approval. If a special exception to the above approval conditions needs to be made, an email will be sent to all City Council members showing all appropriate information and the exception being requested. A majority vote of approval is required to approve a special exception. Once approval has been received, a letter will be sent to the Applicant, copying lender, stating approval and terms of the loan.

10.0 Preapprovals

Staff may preapprove the applicant³ (subject to credit, income, assets, lender preapproval letter, background check, etc.) so that the Applicant can go searching for a home, obtain a purchase contract, and then provide the City with the remainder of documentation (i.e., anything related to the selected property such as the purchase contract, appraisal, title report, inspection, etc.) needed by the City to approve the funding. Preapprovals will remain in place for 30 days.

³ See Part II, Items 4 and 5.



11.0 Determining Whose Income to Count

The income of all family members over 18 who will occupy the home purchased must be included in the determination of “annual income.” In practice, this means that Staff determining income must first determine the number of persons comprising the family, and then calculate the income of all persons in the family, which persons are at least 18 years old. Earnings more than \$480 per month for each full-time student who is at least 18 years old (excluding the head of household and Spouse/Partner) are not included in the household’s annual income.

12.0 Determining Household Size

Households may include persons who are not counted as family members for the purposes of the Program Income Limits and whose income, if any, is not considered when calculating Anticipated Gross Annual Income. Therefore, the following household members DO NOT COUNT when determining household size for the purpose of comparing “annual income” to Program Income Limits:

- a. Foster Children;
- b. Live-in Aides;
- c. Children of Live-in Aides;
- d. Unborn Children;
- e. Children being pursued for legal custody or adoption who are not currently living with the household; or
- f. A child who is subject to a shared-custody agreement in which the child resides with the household at least 51 percent of the time can be counted.

13.0 Loans

13.1 **CREDIT:** Credit score must be above 650 (using middle score). No unsatisfied judgments; clean credit within the last 12 months including past due payments⁴; no bankruptcies or repossessions.

13.2 **CAPACITY:** Six months of employment. Same line of employment or related education if new job is less than six months. No probationary period.

- a. **33%** or less of gross income is for monthly housing costs – Housing Expense Ratio (HER).
- b. **43%** or less of gross income is for total monthly debt costs – Debt to Income Ratio (DTI).

⁴ Late payments should certainly be considered for potential disqualification but should be overridden if the Automated Underwriting System overrides them in its review.



- 13.3 **MAXIMUM LOAN:** Up to \$25,000 or 7.5% of purchase price whichever is less as needed.
- 13.4 **COLLATERAL:** Loan to Value (LTV) must not exceed 103% including Mortgage Assistance.
- 13.5 **LIEN IN SECOND POSITION:** A MAP Loan must be in second position and may not be relegated to a lower position.
- 13.6 Housing monthly payments used to calculate the Housing Expense Ratio (HER) include:
- a. Principal and interest;
 - b. Escrow deposits for real estate taxes;
 - c. Hazard insurance;
 - d. Mortgage insurance premium;
 - e. Homeowner's association duties; and
 - f. Special assessments.
- 13.7 Expenditures used to calculate the Debt to Income Ratio (DTI) include:
- a. All housing payments above;
 - b. Long-term installment debt (beyond 10 months remaining to be paid) including student loans, unless Applicant(s) can provide documentation of at least one-year deferment;
 - c. Revolving accounts and lines of credit;
 - d. Alimony, child support or maintenance payments, as applicable;
 - e. Stock pledges, if applicable.
- 13.8 A loan will be automatically denied if any of the following conditions exist:
- a. Mid credit score equal to or less than 649;
 - b. Unsatisfied local, state, or federal tax liens;
 - c. Bankruptcy or repossessions within the past year;
 - d. Clouded credit history over past 12-24 months (i.e., unsatisfied judgments or collections, derogatory comments, or a history of past due payments);
 - e. Current employment history less than six months;
 - f. Unsatisfactory response from employer concerning probability of job retention;
 - g. Probationary status of current employment.



13.9 All available resources of an Applicant must be disclosed (i.e., verification of deposit).

14.0 Outstanding Debt

All outstanding debt for both Applicants must be counted toward the ratios unless there is less than 10 months left on the terms of the loan. Student loan payments do not count if the Applicant can provide proof that they are deferred for one year.

15.0 Self-Employed Income

Net Income from the operation of a business or profession is considered annual income. To determine this type of income, the previous two years of itemized expenditures must be provided as well as the current balance sheet and profit & loss statements. Self-employed income will only be accepted when it can be verified for at least one year prior to Application. To determine capability, if the Applicant has been in business less than one year, employment history for the prior two years must be presented. The City may rely on the assistance of a licensed loan officer to determine self-employed income.

16.0 Permanently Absent Family Members

Documentation will be required to substantiate that the family member is no longer residing at the household address. This documentation may consist of a legal separation agreement, prior year's tax return showing separate filing, or any other documentation which adequately verifies a separate residence for the absent family member.

17.0 Ineligibility

Applicants will be considered ineligible for one or more of the following:

- a. Providing false or incomplete information or previously providing false information under oath;
- b. Failing to complete required forms or to supply requested information;
- c. Having previously received Mortgage Assistance from the program, except in extreme cases where applicant is granted an exception by the City;
- d. Failure to successfully pass the required background check;
- e. Unsatisfied judgements.

18.0 Application Period, Prioritization, and Use of Funds



Based on available funds, the City will allocate a certain number of loans or loan funds per quarter. Any unspent, returned, or recovered funds will be made available in the next quarter for loans.

Applications will be received, considered, and approved during regularly scheduled and advertised application periods with priority given in the following order:

- a. Public Employees of a Participating Entity;
- b. Public Employees; and
- c. Other qualified Applicants.

Then applicants will be prioritized based on their income relative to the area median income (AMI). Lower income households will receive higher priority.

If funds are unavailable, the City may suspend or discontinue accepting Applications until funds become available.

19.0 Reservation of Funds

A MAP Loan will be reserved for each Applicant when the loan application is complete. A Loan will be offered for 120 days and may be extended for 60 days with a total maximum of 180 days.

20.0 Projected Obligations

Debt payments such as a student loan or balloon note scheduled to begin or come due within 12 months of the mortgage loan closing must be included by the lender as anticipated monthly obligations during the underwriting analysis.

Debt payments do not have to be classified as projected obligations if the Borrower provides written evidence that the debt will be deferred to a period outside the 12-month period.

Obligations not considered debt, and therefore not subtracted from gross income, include:

- a. Federal, state, and local taxes;
- b. Federal Insurance Contributions Act (FICA) or other retirement contributions, such as 401(k) accounts (including repayment of debt secured by these funds);
- c. Commuting costs;



- d. Union dues;
- e. Open accounts with zero balances;
- f. Automatic deductions to savings accounts;
- g. Childcare; and
- h. Voluntary deductions.

21.0 Grounds for Denial of Financial Assistance

21.1 Rationale

A cornerstone of a healthy community is sustainable home ownership. The Mortgage Assistance Program exists to provide opportunities for home ownership and strengthening and maintaining existing homeowners. Good relations and connections within neighborhoods are essential to building unity and encouraging homeowners to make the choice to invest their time, money, and energy into their neighborhood and community. Providing financial assistance to those required to register as sex offenders and those with serious and/or violent criminal records or drug-related criminal activity would undermine our goal of attracting new homeowners and encouraging existing homeowners to stay in the neighborhoods.

21.2 Policy

The City will deny assistance to Applicants who:

- a. Do not meet the established eligibility/underwriting criteria; or
- b. Have engaged in or threatened abusive or violent behavior towards any Staff; or
- c. Have been convicted of any violent crime against a person which includes, but is not limited to, murder, sexual assault, aggravated assault, or any offence of a sexual nature including any individual required to register as a sex offender; or
- d. Have been convicted of any Drug-Related Criminal Activity.

21.3 Background Check

In this screening of Applicants, the City shall perform criminal history background checks necessary to determine criminal history and whether any household member is required to register as a sex offender in the State of Utah or in other States where the household members are known to have resided.



22.0 Accessory Apartments

Housing stock with a City-approved accessory dwelling unit is an eligible type of housing allowed if the home remains owner occupied. Anticipated rent must be included in the calculation of projected income to determine income eligibility.

23.0 Employment History

All Applicants must have a minimum of six months employment with current employer and the employer must certify they are not in a probationary period. If any of the Applicants have less than six months employment with current employer, they must verify employment in the same line of work (position, duties, and responsibilities) for at least six months prior. Education, technical or professional, may be considered when Applicants are employed for less than six months only if it relates to the current position. Staff may take economic hardships such as changes in marital status or similar situations into consideration if this requirement is not met.

An applicant who has changed jobs to advance within the same line of work, which maintains income continuity, and is successful in that work (i.e., is retained beyond a probationary period for that position), will also receive favorable consideration.

The Applicant's probability for continued employment should be evidenced in the file. In the case of negative comments received from the employer, Staff must perform a detailed investigation. A summary of their findings should be provided in the file and the underwriting decision should be supported by comments in the file.

24.0 Assessing Income Information

All facts underlying the income information collected shall be assessed using the following considerations:

Pay Periods. Determine the basis on which employees are paid:

- i. Hourly, weekly, or monthly
- j. With or without overtime
- k. Bonus, shift differentials and other forms of payment

An employee who gets paid "twice a month" may be paid either twice a month (24 times a year) or every two weeks (26 times a year). The calculation will bear a significant difference. Be sure to get clarification!

An annual salary is counted as annual income regardless of the payment schedule. For



example, if a teacher's annual salary is \$30,000, this is the amount used to calculate annual (gross) income regardless of whether the teacher is paid over a 9 or 12-month period.

Variation in pay: For Applicants, whose jobs provide steady employment (e.g., 40 hours a week, 52 weeks a year), it can be assumed that there will only be slight variations in the amount of earnings reflected in monthly or bi-weekly pay stubs. In such cases, three consecutive months of income documentation is an appropriate amount upon which to base a projection of income over the following 12-month period.

For those whose annual employment is less stable or does not conform to a twelve-month schedule (e.g., seasonal laborers, construction workers, teachers), the City will examine income documentation that covers the entire previous twelve-month period. Such workers can experience substantial variations in earned income over the course of a year. As such, an examination of three months of income documentation may not provide an accurate basis upon which to project the Applicant's income for the following 12 months.

Sources of earned income: In addition to hourly earnings, Staff will account for all earned income. In addition to the base salary, this will include annual cost of living adjustments (COLAs), bonuses, shift differentials and overtime pay. In the case of overtime, it is important to clarify whether overtime is sporadic or a predictable component of an employee's income. If it is determined that an Applicant has earned and will continue to earn overtime pay on a regular basis, the City will calculate the average amount of overtime pay earned by the Applicant over the pay period the City is using to calculate income eligibility (3 months or 12 months). This average amount is then to be added to the total amount of projected earned income over the following 12-month period.

25.0 Initial Certifications

Applicant's status as a moderate-income household must be certified at the time of Application. [Under State current law, the Mortgage Assistance Program will allow up to 120% AMI.]

A preliminary determination of eligibility is made to verify that the Applicant(s) meets the minimum requirements of the Program.

The City will not re-examine a household's income during the Application process, unless more than six months have elapsed since the household's income was



certified by Staff.

26.0 Assets, Inclusions, and Exclusions

26.1 Determining Assets Income

The City counts the actual income generated by the asset, such as interest on a savings or checking account, for the purpose of determining “annual income.” The income is counted even if the household elects not to receive it. For example, though an Applicant may elect to reinvest interest or dividends from an asset, the interest or dividends are still counted as income. In the same manner as with other forms of income, the income from assets that is included in determining “annual income” is the income that is anticipated to be received from the asset during the coming 12 months.

Checking and savings account balances are considered assets. This rule is not intended to count monthly income as an asset, but rather, it recognizes that households sometimes keep assets in their checking accounts. To avoid counting monthly income as an asset, the City will use the average monthly balance over a three-month period as the cash value of the checking account.

When Assets Produce Little or No Income: An “imputed” income will be calculated on assets with little or no income based on the “Passbook Rate⁵” applied to the cash value of assets. This rule only applies if the total cash value of all assets is more than \$5,000.

26.2 Computing the Value of Assets

Assets have both a market value and a cash value. Only the cash value (rather than the market value) of an item is counted as an asset. The market value of an asset is simply its dollar value on the open market.

26.3 Inclusions

- a. Cash held in savings and checking accounts, safe deposit boxes, homes, etc. For savings accounts the current balance will be used. For checking accounts, the average three-month balance will be used.
- b. Cash value of revocable trusts available to the Applicant, or any adult household member.
- c. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.

⁵ The Passbook Rate is established by HUD and is updated annually. For 2025 the rate is 0.45%.



- d. Cash value of life insurance policies available to household members before death (e.g., surrender value of a whole life or universal insurance policy).
- e. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
- f. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
- g. Income from retirement and pension payouts.

26.4 Exclusions

- a. Necessary personal property, such as clothing, furniture, cars, and vehicles specially equipped for persons with disabilities.
- b. Interest in Indian trust lands.
- c. Assets not effectively owned by the Applicant (or an adult household member). That is, when assets are held in an individual's name, but the assets or any income they generate is accrued to the benefit of someone else who is not a member of the household, and that other person is responsible for income taxes incurred on income generated by the asset.
- d. Equity in cooperatives in which the family lives.
- e. Assets which are not accessible and that provide no income for the Applicant.
- f. Term life insurance policies (i.e., where there is no cash value).
- g. Assets that are part of an active business.
- h. Balances of retirement and pension funds.

27.0 Subordination Requirements

The outstanding MAP Loan will not be due upon prepayment or refinance of the first loan, provided that such refinancing of the property, the principal balance of the new first mortgage and the MAP Loan proceeds do not exceed the appraised value of the property, and the refinancing is not a cash out refinance. Evaluate LTV upon refinancing.

Subordination of City's Mortgage Assistance Loan to a new first mortgage is allowed when the loan is a streamline loan with no cash out. The borrower's account must be current, which in the case of deferred loans means continuing to be owner occupants of the property for which the assistance was provided. The new loan must have a fixed rate and must have a 30-, 20- or 15- year term. The Homebuyer must intend to continue occupying the property as their principal (primary) place of



residence. A comparison of the old and new loans must be provided including loan amounts, interest rates, monthly payments, and terms for both loans. The interest rate and monthly payment must be lower than the previous loan. CD's and LE must also be provided for the proposed new loan. A copy of the pay-off from the mortgage to be paid must be included.

The City will subordinate for free, but no more than once in a three-year period. If additional subordinations are requested or required, a \$250.00 fee each must be paid. The City will provide Templates for the Subordination Agreement and Request for Notice.

28.0 Default

28.1 Conditions of Default

- a. Transfer of title, sale, or lease of the property;
- b. Ceasing to occupy the property as the principal place of residence, for any reason without authorization from the City;
- c. Default on the payment of property taxes;
- d. Failing to maintain current, valid, and sufficient homeowner's insurance against the property;
- e. Failing to adhere to any other deed restrictions agreed upon by signing all the closing documents.

28.2 Determination of Default on an Agreement

MAP Loans are normally retired either by conversion to a grant when Borrower fully satisfies the terms of the Agreement or repaid in the normal course of business as the Borrowers contract to sell their property to a new owner. On occasion, borrowers will move out of the property for other reasons without remembering that vacating the property puts them in default and that it triggers immediate repayment of the MAP Loan received to acquire the property.

Once the City has learned of a default, staff will contact borrowers to verify that borrowers have indeed vacated the property and to ascertain facts as to the circumstance that caused them to move out.

28.3 Repayment of MAP Loan in Default

Once it has been established that a MAP Loan is in default the Borrower must commit to repaying the MAP Loan either in full or prorated, depending on the



situation under the contract.

The offer of a payment plan by the City is to assist Borrowers in fulfilling their responsibility to repay the Loan. The terms for repayment established here are to cause the quickest repayment possible as the City is responsible for accounting for the Affordable Housing Funds under the Act if the Term period is not met.

Lump sum payments are the ideal repayment method and will be accepted without charging the default interest percentage if paid within 60 days or sooner. Options may be presented when beneficiaries find themselves in situations where full payment is not immediately possible:

- a. 0% interest if repaid within 12 months or less
- b. 2.0% interest if repaid in 13 to 24 months
- c. 4.0% interest if repaid in 25 to 36 months
- d. 6.0% interest if repaid in 37 to 48 months
- e. 8.0% interest if repaid in 49 to 60 months

Options offered will vary depending on the outstanding loan amount.

- a. For amounts of \$5,000 or less only options a) through c) may be offered
- b. For amounts between \$5,000 and \$25,000 only options a) through e) may be offered

29.0 Repeat Applicant

Only in extreme cases, Applicants who have previously received assistance from the City's Mortgage Assistance Program may be eligible to receive further assistance.

Consideration will only be given to Applicants where the original established Agreement Period has expired for the property to which they received assistance. The history of their previous account with City must be satisfactory; bankruptcy, foreclosure, short sale, and/or any other form of delinquency shall immediately disqualify Applicants from consideration to receive further assistance.

If Applicants are afforded consideration to a second opportunity, in addition to meeting eligibility requirements for the program to which they are applying, they must submit a letter to the City providing specific information as to why they are seeking additional assistance from the program and why they think another opportunity should be afforded to them. Documentation must be included verifying the reasons included in the letter.



30.0 Appeal Process

- 30.1 The City will notify in writing any Applicants who have applied a MAP Loan and who, for any reason, have been determined to be ineligible. The notification shall state the reason for ineligibility. All information relative to the rejection of the Application shall be documented and placed in the Applicant's file.

An Applicant who has been determined ineligible for Mortgage Assistance or disagrees with any written decision may request a review within thirty (30) days of the date on the written notification. The appeal must be in writing and received by City on or before the expiration of the Appeal Period. If the last day of the Appeal Period falls on a weekend or City holiday the Appeal Period will be extended until the next following City business day. After the close of the Appeal Period the decision or action becomes final and non-appealable, An Appeal and the decision on Appeal is mandatory before Applicant may seek any other relief or remedy. The Appeal shall state the basis for the Appeal and why the decision or action being appealed should be reversed or modified. The right to Appeal will be identified and described in all written decisions or actions of the City sent to the Applicant.

- 30.2 Notice of Right to Appeal. All written decisions or actions of the City shall contain a notice provision like the following:

As the Applicant for a Mortgage Assistance Loan, you have the right to Appeal any decision or action on your Application for a Mortgage Assistance Loan. You may Appeal the decision or action communicated herein to the City Mayor by filing a written notice of Appeal and statement of the grounds for the Appeal with the Eagle Mountain City Recorder within thirty (30) days from the date of decision or action set forth above (Appeal Period). If the last day of the Appeal Period falls on a weekend or City holiday the Appeal Period will be extended until the next following City business day. After the close of the Appeal Period the decision or action communicated herein becomes final and non-appealable, An Appeal and the decision on Appeal is mandatory before seeking any other relief or remedy. Failure to Appeal within the thirty (30) day Appeal Period may preclude any other relief or remedy. To pursue your Appeal additional information regarding your Appeal may be required. For further information regarding your right to Appeal please contact the City or legal counsel of your choosing.

- 30.3 Appeal Process.



The Mayor, or designee, shall conduct a hearing on the Appeal within thirty (30) days of receipt of the Notice of Appeal by the City Recorder. Written notice of the date, time and location of the hearing will be provided at least ten (10) days prior to the hearing. The Mayor or designee hear all evidence regarding the Appeal presented by the Applicant, or Applicant's attorney or designee, and the Staff or legal counsel both oral or written provided at or prior to the hearing. The Applicant and the City may call witnesses. The Mayor, or designee, shall determine whether the decision or action being appealed was in error or if unusual circumstances existed that would justify approval of the Application. A written decision on the Appeal and the reasons therefore shall be issued within fourteen (14) days from the date of the hearing on the Appeal. The written decision on the Appeal shall be mailed, emailed, or hand delivered to the Applicant.

30.4 Failure to Render Decision.

If a written decision by the Mayor, or designee, is not issued within thirty (30) days of the hearing the Appeal is deemed denied and the decision or action being Appeal is upheld.

31.0 Other Requirements

- a. No co-signers who will not be owner-occupants are allowed.
- b. Purchase price may not exceed appraisal valuation.
- c. Self-employed Applicants must show one year of signed and dated individual tax returns, plus all applicable schedules and signed and dated copies of federal business income tax returns with all applicable schedules and a 12-month Profit & Loss Statement.

32.0 Partial Applications

Notwithstanding a preapproval granted, no partial Applications will be accepted. Once the Complete Application is signed and turned in with all the pertinent documentation no other documents may be submitted that would alter the determination of eligibility or qualification. Applications submitted remain "active" for six months from date of submission. At the end of that period a denied Applicant may submit a new Application.

33.0 Non-Traditional Credit

Non-traditional credit will be reviewed if an Applicant does not have a credit score



from any of the three bureaus. Lack of non-traditional credit will not be grounds for denial as no credit history is deemed better than a derogatory credit history.

34.0 Staffing and Administrative Matters

The Mortgage Assistance Program is funded by an appropriation from the RDA, which funding attributable to Community Reinvestment Project Area funds intended to support affordable housing initiatives. The program is administered by the City.

As authorized by the City, a modest fee of no more than 10% of the amount loaned may be assessed to the Housing Funds to cover the costs for Staff to administer the Mortgage Assistance Program. Said fee is payable to the entity employing the person administering the program.

35.0 Annual Reporting

Staff shall provide, in writing, an annual report to the RDA Board, the City Council, the Mayor, City Manager, and Planning Director, which report includes:

- a. The number of people that received a benefit from the program;
- b. The number of public employees, by agency, who participated in the program;
- c. The total amounts expended, recovered, and outstanding by age; and
- d. Such other information that provides an assessment of the reach and success of the program.



APPENDIX

2024 HUD AREA MEDIAN INCOME CHART

HUD publishes income limits to determine eligibility for different HUD programs. The income limits are based on the median family income for an area. The City of Eagle Mountain is in the Provo-Orem UT MSA Area. The median income for the Utah County area, as published by HUD, for FY 2024 is \$109,500. The table below shows the income limit categories based on the number of persons in the family.

FY 2024 Income Limits Table (Provo-Orem UT MSA)

Household Size Income (AMI)	1	2	3	4	5	6	7	8
Low (80%) Income (\$)	61,050	69,750	78,500	87,200	94,200	101,200	108,150	115,150

(Source: <https://www.huduser.gov/portal/datasets/il.html>)

Effective July 1, 2024, through June 30, 2025:

% of Area Median Income			
Household Size	80%	100%	120%
1	\$61,050	\$76,300	\$91,600
2	\$69,750	\$87,200	\$104,700
3	\$78,500	\$98,100	\$117,800
4	\$87,200	\$109,500	\$131,400
5	\$94,200	\$117,800	\$141,300
6	\$101,200	\$126,500	\$151,800
7	\$108,150	\$135,200	\$151,800
8	\$115,150	\$143,900	\$151,800

HOMEBUYER EDUCATION COURSES

Applicants can take any HUD-approved homebuyer education course (see list at <https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>) or any of the following courses:

- <https://utahhousingcorp.org/homebuyer/education>
- <https://extension.usu.edu/hbe/homebuyer-course-certificate/index>
- <https://www.hometrek.org/>
- <https://learn.frameworkhomeownership.org/cdcutah/>
- <https://neighborworksmchs.org/counseling-services/home-buyer-education-class/>