

The Rocky Mountain Homes Fund (RMHF) is an innovative, first-in-the-nation program using proportionate home ownership to open up a pathway to individual teachers and their families who are currently renting or have unaffordable mortgages. This program offers an immediate route to achieving the key element of the American Dream - home ownership. Weber School District is already among the leaders in Utah in teacher retention. This provides an additional opportunity to strengthen the relationship between the district and its teachers.

RMHF creates housing stability for teachers in the following ways:

1. Eliminates the need for a down payment in order to begin home ownership
2. Lowers the monthly cost of home ownership
3. Creates a rainy-day savings account for teachers while still lowering monthly home ownership costs
4. Reduces teachers' income-to-housing cost ratio

RMHF benefits the school district by:

1. Offering an ongoing incentive to participating teachers through a one-time investment by the district that produces a stable return in a secure investment portfolio
2. Creating a long-term incentive for teachers to remain employed by the district
3. Creating a stable housing situation for teachers, which decreases the need to shop for new employment in a different area where housing may be more available or affordable
4. Using existing funds to proactively and directly benefit the district's number one asset – teachers, and still produce a stable return for those funds

RMHF will work with the school district to implement the program for candidates that meet the district's criteria.

HOW THE RMHF PROGRAM WORKS:

1. WSD identifies a potentially qualifying teacher participant (individual or family)
2. RMHF performs an intake analysis based on the school district's and RMHF criteria;
3. For each qualifying teacher, determines an appropriate and affordable monthly payment based on their unique financial situation, and helps them locate a suitable home;
4. RMHF will purchase the home, place each home into an individual LLC, and secure third-party financing for a portion of the cost of the home;
5. The teacher's monthly payment will be based on their proportional ownership. The payment will consist of three elements:
 - a. A portion of the payment will go to the third-party lender (the loan will be a 10-year loan based on a 30-year amortization. Current loan rates will be 4%);
 - b. A portion will go to RMHF for the balance of the cost of the home as an interest-only loan at 4%;

- c. The final portion is a mandatory savings requirement based on a minimum of 50% of their monthly savings from their pre-RMHF payment until they have a 6-month reserve established in a Fund-managed savings account.
6. As a result, each teacher's monthly payment for housing will be significantly less than their rent payment, AND they will be earning equity in a home they own AND creating a savings account that can be accessed in an emergency.
7. The teacher will enter into a rental contract with the LLC, wherein they:
 - a. Secure their right to purchase the home at any time during their tenancy, receive the equity benefit of their principle payments on the Loan, and their share of the appreciation of the home over time;
 - b. Commit to the requirements of the RMHF program as designed by the school district; and
 - c. Have optional access to a Resource Integration Coach provided by the Weber County Prosperity Center of Excellence, giving them the benefit of a wide variety of services and support.

The teacher is free to sell the home, refinance with RMHF or an outside lender, or remain in the program at their discretion. They maintain the full benefits of home ownership under this model. The LLC/lease model prevents the fund from having to foreclose if a participant fails in the program. The school district will commit to a minimum of a ten-year term on their investment. They will receive a quarterly payment based on an annual return of 2% on their investment during the term. The district will also receive their portion of the appreciation of the homes upon any sale or other triggering event when the gain is realized by the fund.

Our anticipation is that homes will require an average of \$125,000 in RMHF investment and will be matched by a similar amount with a 3rd party loan for an average home price of \$250,000. Based on these estimates, every \$1 million invested will provide affordable home ownership to approximately 8 teachers as a part of the RMHF program. We will have monthly reporting and quarterly distributions of income.

The following example shows the purpose and projected outcomes of the Weber School District/ Rocky Mountain Homes Fund Program. The Program benefits the District, the teachers and the community, while complying with WSD Board Rules and other applicable State laws. Teachers will have an additional incentive to work for and remain employed by the District, helping with both attraction and retention.

Example

Cindy is a 2nd year teacher in the school district. She is currently renting a two bedroom apartment in Ogden. Cindy's current income to housing ratio is 43% - meaning 43% of her income is dedicated to the cost of housing. She is offered an opportunity to participate in the program.

Current Rent	\$1,500
Current Income	\$42,000
Current Income to Housing Ratio	43%
Approved Home Purchase Budget	\$230,000
WSD/RMHF investment	\$115,000
3 rd Party Loan	\$115,000
Required Down Payment for Home Purchase	\$0
Monthly Payment Under RMHF Program	\$1,150
New Income to Housing Ratio	33%

Now let's look at how the monthly savings and appreciation of the home benefit Cindy. Home values in Utah have appreciated at about 3% per year over any 10-year period for the last 80 years. The following numbers are based on that average.

Monthly Cash Savings	\$350
Annual Cash Savings	\$4,200
Teacher's share of 5-year appreciation (50% of total growth)	\$18,317
Total 5-year benefit to teacher (savings, principal, appreciation)	\$51,614
Total 10-year benefit to teacher (savings, principal, appreciation)	\$108,311

It's also worth noting that during the same 10-year period, the school district will have an economic benefit from its investment in Cindy's home of about \$62,500 (5.4% net average annual return). WSD gives Cindy an effective 10% *cash raise* while improving her standard of living, providing her an opportunity to earn equity in her home, and have increased stability in her job and in the community.



The Vision

A New Path to Stable and Successful Homeownership

With Investment from the Weber School District

Partnering with Charitable Organizations to provide an opt-in support network:

- ✓ Financial and Homeowner Education
- ✓ Peer support
- ✓ Credit building and repair
- ✓ Access to Financial, Health and Social Services

The Solution

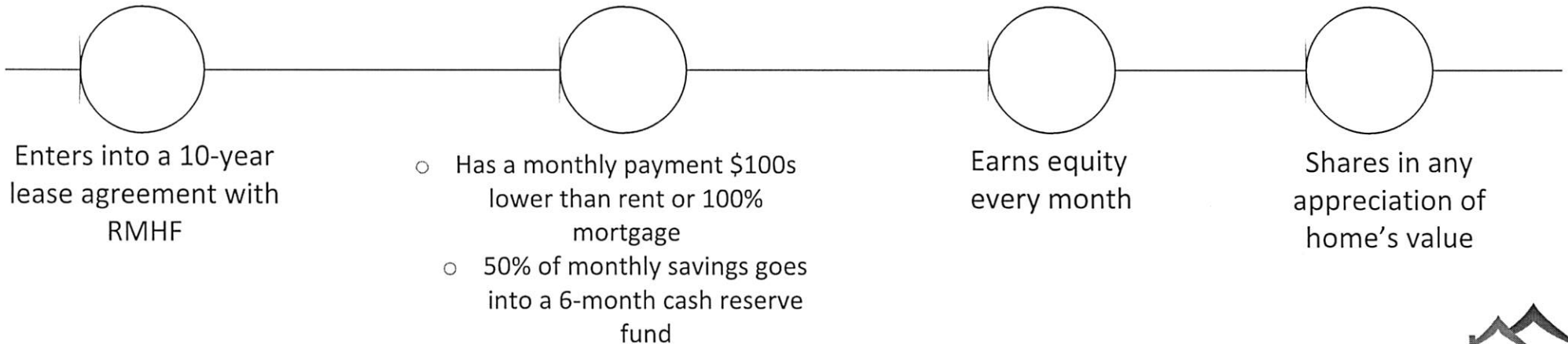
[The Every Home Affordable Model]

\$230,000 Home – placed in an Individual LLC

\$115,000 – 30-year Mortgage at lowest market rates

\$115,000 – Interest only Loan from RMHF at 4%

The Teacher:



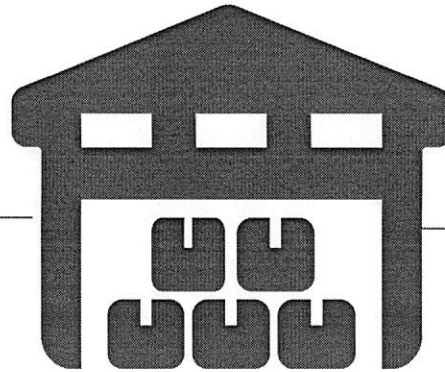
The Solution

[The Every Home Affordable Model]

Teacher's Current Rental

Paying \$1,500 per month in Rent
Paying \$175 per month in Additional Fees
Building **\$0 Equity and no personal Wealth**

Teacher's gain is **\$0**



\$230,000 HOME

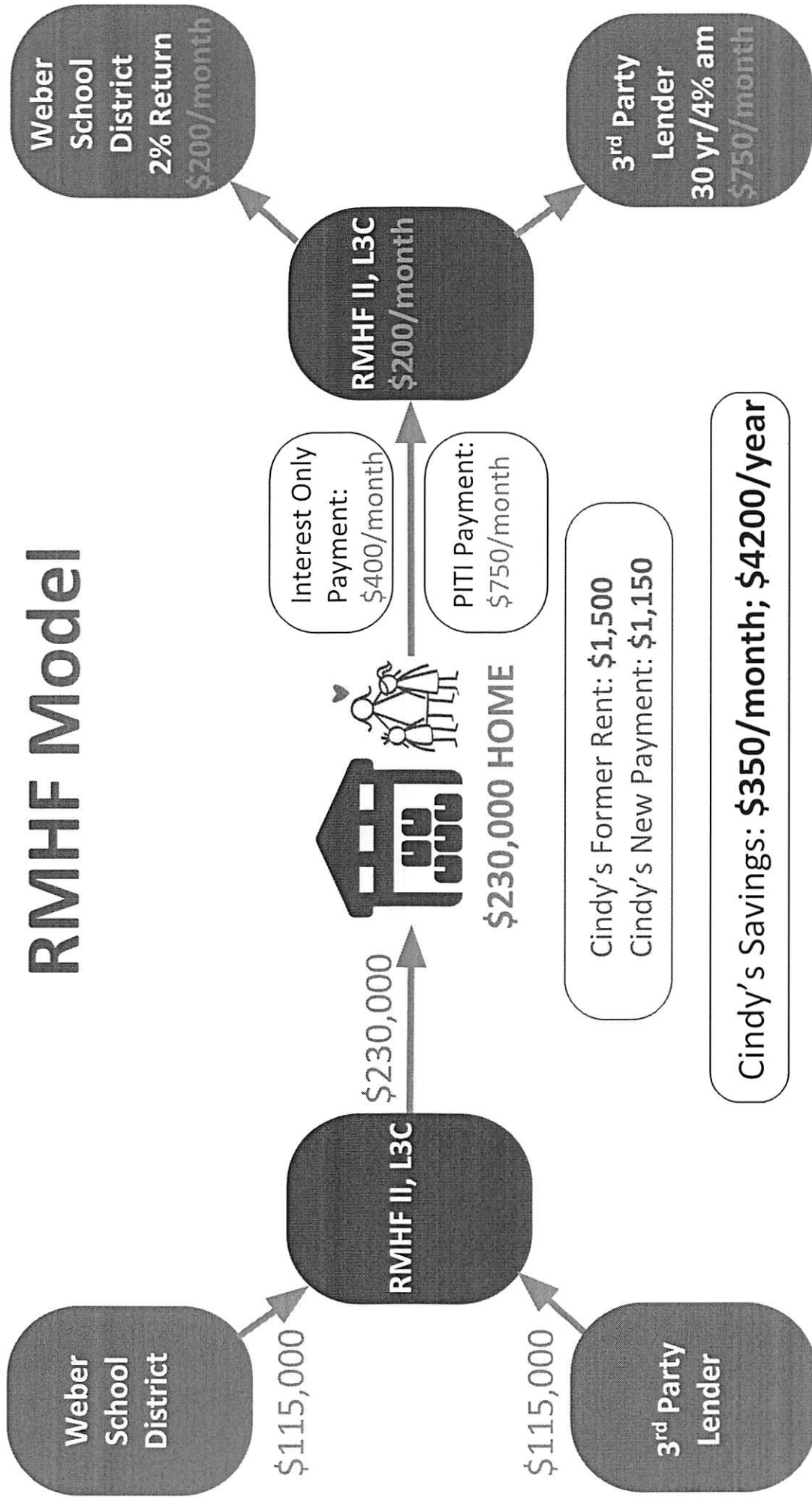
Rocky Mountain Homes Fund Model

\$115,000 Mortgage
\$115,000 Loan from Fund
After 5 years home has appreciated by 10%
Principle paid down is **\$12,297**
Monthly **SAVINGS** of \$350 for 60 months is **\$21,000**
Home sells for \$253,000
Teacher's share of equity gain is **\$11,500** (50% of gain)



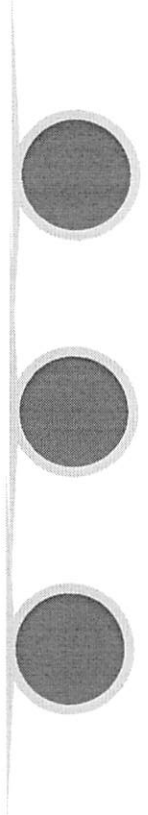
Teacher's gain is **\$44,797**

RMHF Model



The Results

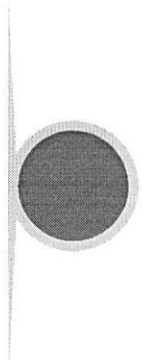
**After 10 years in the
RMHF Program**



Teacher has saved thousands on
rent payments

Teacher has earned
thousands in equity in their
home

Teacher is more financially
stable, and more committed to
the Weber Way



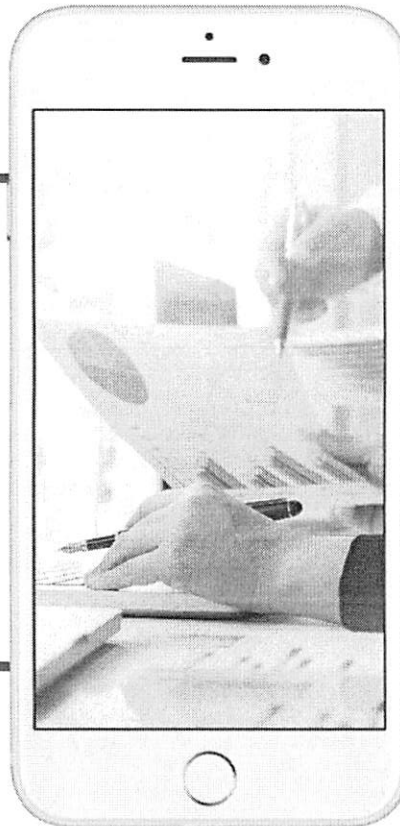
Weber School District and
RMHF have taken a
teacher from renting and
instability, to
homeownership and
stability

The Request

Homes in the Fund will be held in individual LLCs, providing protection for WSD ✓

Goals and program requirements are designed by WSD and RMHF and managed by RMHF, providing separation for WSD ✓

WSD helps launch a new program that will help teachers achieve the American dream--home ownership ✓



Initial funding request: \$1,000,000 investment, providing an affordable housing solution for 8 Teachers ✓

Fund preserves WSD capital at a 2% annual cash return, plus appreciation (est. 3%) ✓

Income from the Fund will provide Resource Integration Coaches upon request of Teacher ✓

WSD receives quarterly reports and distributions over 10-year term of the Fund ✓