

Shared Appreciation Example - Low Income Borrower

Funds	
Purchase Price	\$370,000
Closing Costs (assumed at 4%)	\$14,800
Total Funds Needed	\$384,800

Financing	
LAHD Purchase Assistance Loan	\$90,000
American Dream Downpayment Initiative Loan (ADDI)	\$22,200
Total LAHD Loan	\$112,200
Shared Appreciation Percentage (LAHD Loan ÷ Purchase Price)	30.32%
First Mortgage (at 6.25% interest, amortized for 30 years)	\$268,900
Borrower Downpayment	\$3,700
Total Funding Sources	\$384,800

Appreciation	
Assumed Rate of Property Appreciation	4.00%
Years in Home	10
Future Sales Price (accounting for 4% rate of annual appreciation for 10 years)	\$547,690
Original Purchase Price	\$370,000
Appreciation (Future Sales Price - Original Purchase Price)	\$177,690

Amounts Due LAHD	
LAHD Purchase Assistance Loan Balance	\$90,000
American Dream Downpayment Initiative Loan (ADDI)	\$22,200
LAHD's Share of Appreciation (Shared Appreciation Percentage × Appreciation)	\$53,883
Total Due LAHD for Purchase Assistance, Shared Appreciation	\$166,083

Funds to Owner	
Sales Price (in the future)	\$547,690
less Total due LAHD for Purchase Assistance and Shared Appreciation	(\$166,083)
less Transaction Costs (Agent Fees and Closing Costs at 8%)	(\$43,815)
less First TD Loan Balance (after 10 years)	(\$226,515)
Total Funds to Owner	\$111,277